

Case No.

1443

Application, Transcript,  
Small Exhibits, Etc.



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BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF THE STATE OF NEW  
MEXICO FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 1443  
Order No. B-1214

APPLICATION OF THE OIL CONSERVATION  
COMMISSION WITH THE NEW NOTION TO  
AMEND RULE 112-A OF THE COMMISSION  
RULES AND REGULATIONS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

.This cause came on for hearing at 9 o'clock a.m. on May 14, 1958, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 3<sup>rd</sup> day of July, 1958, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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 Rule 112-A of the Commission Rules and Regulations should be revised in order to facilitate the granting of applications for dual completions by administrative order.

IT IS THEREFORE ORDERED:

That Rule 112-A of the Commission Rules and Regulations be and the same is hereby revised to read as follows:

RULE 112-A - MULTIPLE COMPLETIONS

I. The multiple completion of any well may be permitted only by order of the Commission after notice and hearing, except as herein-after provided. Multiple completion of any well without prior approval by the Commission shall be solely at the operator's risk and shall in no way commit the Commission to subsequent approval thereof.

II. The Secretary-Director of the Commission shall have the authority to grant an exception to the requirements of Rule 112-A I and approve the dual completion of a well without notice and hearing where application has been filed in due form; and

(a) the well is to be dually completed within the limits of two defined pools or within one mile thereof, and the Commission has previously authorized the dual completion of a well in the same zones as proposed, after notice and hearing; or the well is to be dually completed outside the limits of a defined pool and there is a dual completion in the same zones within one mile of the proposed dual completion which has previously been authorized by the Commission after notice and hearing, provided however that in Rio Arriba, San Juan, and Sandoval Counties, a proposed gas-oil dual completion may be approved even though it is not within defined pools nor within one mile of a previously authorized dual completion of similar nature, if both the upper zone and the lower zone of the proposed dual completion have been recognized by the Commission as being gas producing zones suitable for dual completion; and

(b) The applicant proposes to utilize one of the mechanical installations described below:

1. The well is to be completed as a gas-gas dual completion and the hydrocarbons from each of the two zones can be safely and efficiently produced through parallel strings of tubing or through a single string of tubing and the tubing-casing annulus.

2. The well is to be completed as a gas over oil dual completion and the hydrocarbons from each of the two zones can be safely and efficiently produced through parallel strings of tubing or through the tubing-casing annulus and a single string of tubing respectively.

3. The well is to be completed as an oil over gas dual completion and the hydrocarbons from each of the two zones can be safely and efficiently produced through parallel strings of tubing or through a single string of tubing and the tubing-casing annulus respectively by means of a crossover flow assembly.

4. The well is to be completed as an oil-oil dual completion and the hydrocarbons from each of the two zones can be safely and efficiently produced through parallel strings of tubing; and

(c) All strings of tubing used for the production of oil in the proposed dual completion will have a nominal inside diameter of not less than 1.750 inches nor greater than 2.50 inches; and

(d) The packer used to segregate the separate producing zones of the dual completion will be a permanent type production packer.

III. Application for administrative approval of a dual completion shall be made in quadruplicate, with two copies of the application to be mailed to the Commission's Santa Fe office, and two copies to the District Office for the area in which the well is located. Application shall be made on the Commission Form entitled, "Application for Dual Completion," and shall be accompanied by the following:

(a) Diagrammatic Sketch of the Dual Completion, showing all casing strings, including size and setting, top of cement, perforated intervals, tubing strings, including diameters and setting depth, location of packers, side door chokes, and such other information as may be pertinent.

(b) Plat showing the location of all wells on applicant's lease, all offset wells on offset leases, and the names and addresses of operators of all leases offsetting applicant's lease.

(c) Writors consenting to such dual completion from each offset operator, or in lieu thereof, evidence that said offset operators have been furnished copies of the application.

(d) Electrical log of the well or other acceptable log with tops and bottoms of producing zones and intervals of perforation indicated thereon. (If such log is not available at the time application is filed, it shall be submitted as hereinafter provided.)

The Secretary-Director may approve the dual completion, if after a period of 20 days following the filing of the application, no operator has filed objection to the proposed dual completion.

IV. Application for public hearing to authorize a multiple completion shall be made in triplicate to the Commission's Santa Fe Office. Application shall be made on the Commission Form entitled "Application for Dual Completion," and shall set forth all material facts relative to the common sources of supply involved and the manner and method of completion proposed. Application shall be accompanied by an exhibit showing the location of all wells on applicant's lease and all offset wells on offset leases.

V. All dual completions, whether approved after hearing or by administrative procedure, shall be subject to the following rules:

(a) Prior to actual dual completion of a well, operator shall make adequate pressure tests of the casing to determine that no casing leaks exist. Results of casing tests shall be reported to the Commission on Form C-103.

(b) The well shall be completed and thereafter produced in such a manner that there will be no commingling of hydrocarbons from the separate strata.

(c) The operator shall commence a segregation test and packer leakage test not later than seven days after actual dual completion of the well. Segregation tests and packer leakage tests shall also be made any time the packer is disturbed and at such other intervals as the Commission may prescribe. The operator shall also make all other tests and determinations deemed necessary by the Commission. Offset operators as well as the Commission shall be notified of the time such tests are to be commenced. Tests may be witnessed by representatives of offset operators and of the Commission at their election. Results of such tests shall be filed with

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the Commission within 15 days after the completion of tests; provided however, that in the event a segregation test or packer leakage test indicates that there is communication between the separate strata, the operator shall immediately notify the Commission and commence remedial action on the well.

(d) A packer setting affidavit shall accompany the report of the initial segregation test and packer leakage test.

(e) The well shall be so equipped that accurate production may be determined for each of the separate strata and further, be so equipped that meters may be installed and the gas, oil and gas, and oil produced from each of the separate strata may be accurately measured, and the gas-oil ratio or the gas-liquid ratio thereof determined.

(f) Within 15 days after the completion of the well, the operator shall furnish the Commission with a diagrammatic sketch of the mechanical installation which was actually used in completing the well together with a report of the gravity, gas-oil ratio or gas-liquid ratio, and reservoir pressure for each of the separate zones, and the log of the well if the same has not been previously submitted.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*E. L. Mechem*

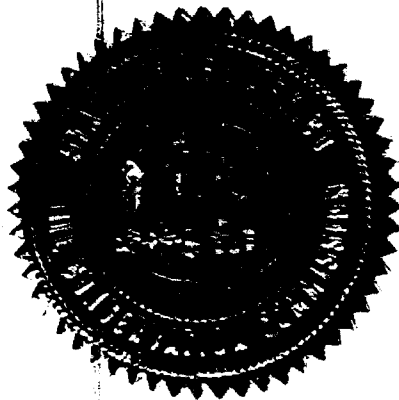
EDWIN L. MECHEM, Chairman

*Murray E. Morgan*

MURRAY E. MORGAN, Member

*A. L. Porter, Jr.*

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



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# Memo

From

A. L. Porter Jr.

To Randall

1 JUN 10 AM 3 :  
Please look this over and call us immediately and let us know if you agree or advise of any change you think desirable. We want to finalize the order and get it signed by Friday.

Thanks

Rule 112-A - MULTIPLE COMPLETIONS

(a) The multiple completion of any well may be permitted only by order of the Commission after notice and hearing, except as hereinafter provided. Multiple completion of any well without prior approval by the Commission shall be solely at the operator's risk and shall in no way exempt the Commission from subsequent approval thereof.

*Operator cannot do any production work without approval + we cannot give approval under 12th section*

(b) The Secretary-Director of the Commission shall have the authority to grant an exception to the requirements of Rule 112-A (a) and approve the dual completion of a well without notice and hearing where application has been filed in due form; and

(1) The well is to be dually completed within the limits of a defined pool or pools in which a similar dual completion has previously been authorized by the Commission, after notice and hearing; or the well is to be dually completed outside the limits of a defined pool and there is a similar dual completion within one mile of the proposed dual completion which has previously been authorized by the Commission after notice and hearing; provided however that in Rio Arriba, San Juan, and Sandoval Counties, a proposed gas-gas dual completion need not be within a defined pool nor need it be within one mile of a previously authorized dual completion of similar nature. The Secretary-Director may approve a gas-gas dual completion in the aforesaid counties if both the upper zone and the lower zone of the proposed dual completion have been recognized as gas producing zones, and tentative approval of the dual completion has been obtained from the supervisor of the Commission's Astec office.

(2) The applicant proposes to utilize one of the mechanical installations described below:

(a) The well is to be completed as a gas-gas dual completion and all the hydrocarbons from each of the two zones can be safely and efficiently produced through parallel strings of tubing or through a single string of tubing and the tubing-casing annulus.

(b) The well is to be completed as a gas over oil dual completion and the hydrocarbons from each of the two zones can be safely and efficiently produced through parallel strings of tubing or through the tubing-casing annulus and a single string of tubing respectively.

(c) The well is to be completed as an oil over gas dual completion and the hydrocarbons from each of the two zones can be safely and efficiently produced through parallel strings of tubing or through a single string of tubing.

and the tubing-casing annulus respectively by means of a crossover flow assembly.

(d) The well is to be completed as an oil-oil dual completion and the hydrocarbons from each of the two zones can be safely and efficiently produced through parallel strings of tubing.

PROVIDED, HOWEVER, that no string of tubing used for the production of oil in any of the above described dual completions shall have a nominal inside diameter of less than 1.750 inches nor greater than 2.441 inches.

PROVIDED, FURTHER, that the packer used to segregate the separate producing zones of the dual completion shall be a permanent type production packer.

(c) Application for administrative approval of a dual completion shall be made in triplicate, with two copies of the application to be mailed to Commission Santa Fe office, and one copy to the District office for the area in which the well is located. Application shall be made on the Commission Form entitled, "Application for Dual Completion." The application shall be accompanied by the following:

1. Electrical log of the well or other acceptable log with tops and bottoms of producing zones and perforated intervals indicated thereon.
2. Packer-setting Report.
3. Diagrammatic Sketch of the Dual Completion, showing all casing strings, including size and setting, <sup>depth</sup> top of cement, perforated intervals, tubing strings, including diameters and setting depth, location of packers, side door chokes, <sup>method of proposed venting</sup> and such other information as may be pertinent.
4. Packer Leakage Test.
5. Plat showing the location of all wells on applicant's lease, all offset wells on offset leases, and the names and addresses of operators of all leases offsetting applicant's lease.
6. Waivers consenting to such dual completion from each offset operator, or in lieu thereof, evidence that said offset operators have been furnished copies of the application.

Aggrav. Assent (a)

If items 1, 2, or 4 above are not available at the time application for dual completion is filed, they shall be submitted to the Commission as soon as possible, but in no event more than thirty days following actual dual completion.

The Secretary-Director may approve the dual completion, if after a period of 20 days following <sup>receipt of the application</sup> ~~the mailing of application to the Commission~~

*Filed*

~~to the effect that~~ no operator has ~~any~~ objection to the proposed dual completion.

(c) ~~Application~~ Application for public hearing of a multiple completion shall be made in triplicate to the Commission's Santa Fe office. Application shall be made on the Commission Form entitled "Application for Dual Completion," and shall set forth all material facts relative to the common sources of supply involved and the manner and method of completion proposed. Application shall be accompanied by an exhibit showing the location of all wells on applicants' lease and all offset wells on offset leases.

(e) All dual completions, whether approved after hearing or by administrative procedure, shall be subject to the following rules:

- (1) Prior to actual dual completion of a well, operator shall make adequate pressure tests of the casing to determine that no casing leaks exist. Results of casing tests shall be reported to the Commission on Form C-103.
- (2) The well shall be completed and thereafter produced in such a manner that there will be no commingling within the well-bore, either within or outside the casing, of ~~gas, oil and gas~~ <sup>gas, oil and gas</sup> produced from the separate strata.
- (3) The operator shall make tests, including <sup>(segregation tests)</sup> and <sup>(packer leakage tests)</sup> ~~and~~ <sup>and</sup> such other tests and ~~determinations~~ <sup>determinations</sup> as deemed necessary by the Commission, upon actual dual completion <sup>at</sup> whenever the packer is disturbed, <sup>and only immediately during the C.O.R. Survey</sup> or at such intervals as may be <sup>of the Commission</sup> prescribed by the Commission. Offset operators as well as the Commission shall be notified of the time such tests are to be commenced. Tests shall be witnessed by representatives of offset operators and of the Commission at their election. Results of such tests shall be filed with the Commission within 15 days after the completion of tests.
- (4) The well shall be so equipped that reservoir pressures may be determined for each of the separate strata and further, be so equipped that ~~gas~~ <sup>gas</sup> may be installed and the gas, oil and gas, and oil produced from the separate strata may be accurately measured, and the gas-oil ~~ratio~~ <sup>ratio</sup> and the gas-liquid ratio thereof determined.

(5) Within 15 days after the completion of the well, the operator shall submit the Commission with a diagrammatic sketch of the well installation which was actually used in completing the well.

protecting the seal between the separate producing zones as well as a special  
report of production, gas-oil ratio or gas:liquid ratio and reservoir pressure  
determination for each of the separate zones obtained immediately following  
completion.

would like to see form,

DOCKET: REGULAR HEARING MAY 14, 1958

Oil Conservation Commission 9 a.m., Mabry Hall, State Capitol, Santa Fe, New Mexico

- ALLOWABLE:**
- (1) Consideration of the oil allowable for June, 1958.
  - (2) Consideration of the allowable production of gas for June, 1958, for six prorated pools in Lea County, New Mexico, and also presentation of purchasers' nominations for the six-month period beginning July 1, 1958; consideration of the allowable production of gas from six prorated pools in San Juan and Rio Arriba Counties, New Mexico, for June, 1958.

NEW CASES

CASE 977: In the matter of the rehearing in Case 977, Order No. R-794-D upon the petition of Southern Union Gas Company, et al., to reconsider its application for the establishment of 320-acre drilling units in the Tapacito-Pictured Cliffs Gas Pool in Rio Arriba County, New Mexico.

CASE 1439: In the matter of the hearing called by the Oil Conservation Commission of New Mexico on its own motion to consider the institution of gas prorationing in the Tapacito-Pictured Cliffs Gas Pool in Rio Arriba County, New Mexico.

CASE 1440: Application of Skelly Oil Company for an order promulgating temporary special rules and regulations for the Otero-Gallup Oil Pool in Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating temporary special rules and regulations for the Otero-Gallup Oil Pool in Rio Arriba County, New Mexico, to provide for 80-acre proration units, well spacing, and such other provisions as the Commission may deem necessary and proper.

CASE 1441: Application of Pubco Petroleum Corporation for an order promulgating temporary special rules and regulations for the Verde-Gallup Oil Pool in San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating temporary special rules and regulations for the Verde-Gallup Oil Pool in San Juan County, New Mexico, to provide for 80-acre proration units, well spacing, and such other rules and regulations as the Commission may deem necessary and proper.

CASE 1442: Application of Pure Oil Company for the extension of the South Vacuum (Devonian) Pool and for the promulgation of special rules and regulations for said pool. Applicant, in the above-styled cause, seeks an order extending the horizontal limits of the South Vacuum (Devonian) Pool to include certain acreage in Township 18 South, Ranges 35 and 36 East; Township 19 South, Ranges 35 and 36 East, in Lea County, New Mexico. The applicant further proposes that

special rules and regulations for the South Vacuum (Devonian) Pool be promulgated incorporating, among other provisions, the establishment of 80-acre proration units in the South Vacuum (Devonian) Pool.

CASE 1443:

In the matter of the hearing called by the Oil Conservation Commission of New Mexico on its own motion to revise Rule 112 (a) to permit administrative approval of oil over gas and oil-oil dual completions under certain circumstances.

CASE 1444:

Southeastern New Mexico Nomenclature case calling for an order for the creation of new pools and the extension of existing pools in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico.

(a) Create a new oil pool for San Andres production, designated as the West Crossroads-San Andres Pool, and described as:

TOWNSHIP 9 SOUTH, RANGE 35 EAST, NMPM  
Section 21: SW/4

(b) Create a new gas pool for Pennsylvanian production, designated as the Halfway-Pennsylvanian Gas Pool, and described as:

TOWNSHIP 20 SOUTH, RANGE 32 EAST, NMPM  
Section 25: SE/4

(c) Create a new gas pool in Eddy County, New Mexico, classified as a gas pool for Pennsylvanian production, designated as the Shugart-Pennsylvanian Gas Pool, and described as:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM  
Section 34: NE/4

(d) Extend the Atoka-Grayburg Pool to include:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM  
Section 13: SW/4 NE/4

(e) Extend the Caprock-Queen Pool to include:

TOWNSHIP 13 SOUTH, RANGE 32 EAST, NMPM  
Section 29: W/2 NW/4

TOWNSHIP 14 SOUTH, RANGE 31 EAST, NMPM  
Section 20: E/2 SE/4

- (f) Extend the Jalmat Gas Pool to include:

TOWNSHIP 22 SOUTH, RANGE 35 EAST, NMPM  
Section 11: SW/4

TOWNSHIP 24 SOUTH, RANGE 36 EAST, NMPM  
Section 10: SW/4

- (g) Extend the Justis-Drinkard Pool to include:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM  
Section 24: NW/4

- (h) Extend the Justis-McKee Pool to include:

TOWNSHIP 25 SOUTH, RANGE 37 EAST, NMPM  
Section 13: S/2 SE/4

- (i) Extend the Pearl-Queen Pool to include:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM  
Section 28: S/2 & NE/4  
Section 29: S/2  
Section 30: SE/4  
Section 31: NE/4

- (j) Extend the Roberts Pool to include:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM  
Section 9: W/2 SW/4

- (k) Extend the North Shugart-Grayburg Pool to include:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM  
Section 9: SE/4  
Section 10: SW/4  
Section 15: N/2 NW/4

- (l) Contract the Forrest Pool by the deletion of the following described area:

TOWNSHIP 16 SOUTH, RANGE 29 EAST, NMPM  
Section 35: NE/4, N/2 SE/4, and SE/4 SE/4

- (m) Contract the Square Lake Pool by the deletion of the following described area:

TOWNSHIP 16 SOUTH, RANGE 29 EAST, NMPM  
Section 35: SW/4 SE/4

- (n) Extend the Square Lake Pool to include:

TOWNSHIP 16 SOUTH, RANGE 29 EAST, NMPM  
Section 35: NE/4

- (o) Extend the Townsend-Wolfcamp Pool to include:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM  
Section 6: Lots 1, 2, 7 & 8

- (p) Extend the Warren-McKee Pool to include:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM  
Section 19: SW/4 NE/4

- (q) Extend the Milnesand-Pennsylvanian Pool to include therein:

TOWNSHIP 8 SOUTH, RANGE 35 EAST, NMPM  
Section 18: SE/4 & N/2 NW/4

CASE 1445:

Northwestern New Mexico nomenclature case calling for an order for the extension of existing pools in San Juan and Rio Arriba Counties, New Mexico.

- (a) Extend the Aztec-Pictured Cliffs Pool to include:

TOWNSHIP 29 NORTH, RANGE 9 WEST, NMPM  
Section 35: All

TOWNSHIP 29 NORTH, RANGE 10 WEST, NMPM  
Section 32: N/2  
Section 33: NW/4

TOWNSHIP 30 NORTH, RANGE 10 WEST, NMPM  
Section 7: S/2

- (b) Extend the Blanco-Pictured Cliffs Pool to include:

TOWNSHIP 29 NORTH, RANGE 9 WEST, NMPM  
Section 4: S/2  
Section 9: All  
Section 10: NW/4  
Section 15: NW/4  
Section 16: N/2  
Section 17: All

TOWNSHIP 30 NORTH, RANGE 9 WEST, NMPM  
Section 31: SE/4

- (c) Extend the Gavilan-Pictured Cliffs Pool to include:

TOWNSHIP 24 NORTH, RANGE 1 WEST, NMPM  
Section 6: NW/4

TOWNSHIP 24 NORTH, RANGE 2 WEST, NMPM  
Section 1: E/2

TOWNSHIP 25 NORTH, RANGE 1 WEST, NMPM  
Section 19: W/2

TOWNSHIP 25 NORTH, RANGE 2 WEST, NMPM  
Section 3: SW/4  
Section 4: SE/4  
Section 10: W/2 & NE/4  
Section 13: S/2  
Section 36: E/2

- (d) Extend the South Blanco-Pictured Cliffs Pool to include:

TOWNSHIP 24 NORTH, RANGE 2 WEST, NMPM  
Section 8: N/2  
Section 9: All  
Section 14: SE/4  
Section 22: S/2  
Section 23: All  
Section 24: SW/4  
Section 25: N/2  
Section 27: NW/4

TOWNSHIP 24 NORTH, RANGE 5 WEST, NMPM  
Section 3: W/2

TOWNSHIP 25 NORTH, RANGE 3 WEST, NMPM  
Section 21: S/2  
Section 22: W/2

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM  
Section 34: S/2

TOWNSHIP 25 NORTH, RANGE 6 WEST, NMPM  
Section 4: All  
Section 9: NW/4

TOWNSHIP 26 NORTH, RANGE 6 WEST, NMPM  
Section 31: S/2

TOWNSHIP 27 NORTH, RANGE 8 WEST, NMPM  
Section 32: N/2

TOWNSHIP 28 NORTH, RANGE 8 WEST, NMPM  
Section 23: S/2  
Section 26: N/2

- (e) Extend the Tapacito-Pictured Cliffs Pool to include:

TOWNSHIP 25 NORTH, RANGE 3 WEST, NMPM  
Section 1: SW/4  
Section 2: S/2

- (f) Extend the West Kutz-Pictured Cliffs Pool to include:

TOWNSHIP 27 NORTH, RANGE 12 WEST, NMPM  
Section 5: SE/4  
Section 8: NE/4

- (g) Extend the Otero Graneros-Dakota Pool to include:

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM  
Section 10: SW/4  
Section 15: NW/4

- (h) Extend the Bisti-Lower Gallup Oil Pool to include:

TOWNSHIP 24 NORTH, RANGE 9 WEST, NMPM  
Section 9: SW/4  
Section 17: N/2

TOWNSHIP 24 NORTH, RANGE 10 WEST, NMPM  
Section 4: S/2  
Section 9: NE/4  
Section 12: S/2  
Section 13: NE/4

TOWNSHIP 25 NORTH, RANGE 12 WEST, NMPM  
Section 10: NE/4

TOWNSHIP 26 NORTH, RANGE 13 WEST, NMPM  
Section 20: SW/4

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Docket No. 14-58

(i) Extend the Verde Gallup Oil Pool to include:

TOWNSHIP 31 NORTH, RANGE 15 WEST, NMPM

Section 20: SW/4

Section 31: NW/4

Proposed General Rule of Statewide Application Pertaining to  
Multiple Zone Completions

**RULE 112. MULTIPLE ZONE COMPLETIONS**

(a) The multiple zone completion of any well may be approved only by order of the Commission upon notice and hearing, except as hereinafter provided.

(b) (This paragraph should recite the general types and relative position of reservoirs and the type or types of mechanical installations which may be approved).

(c) Application for approval of a multiple completion shall be filed on Form No.       , "Application for Multiple Completion". The application shall be accompanied by the following:

1. Electrical log or other acceptable log with tops and bottoms of producing zones and perforated intervals shown and marked.
2. Packer Setting Report - Form No.       .
3. Diagrammatic Sketch of Multiple Completion Installation.
4. Packer Leakage Test.
5. Plat showing the location of all wells on applicant's lease, all offset wells on offset leases, and the names and addresses of operators of all leases offsetting applicant's lease.
6. Waivers consenting to such multiple completion from each offset operator, or in lieu thereof, copies of letters requesting such waivers.

Concurrent with the filing of the application with the Commission, a copy of the application shall be forwarded by registered mail to each operator of a lease offsetting applicant's lease.

(d) The first application for approval of a multiple completion between two or more zones or reservoirs in each field may be ratified only by order of the Commission after notice and hearing. If, as a result of such hearing, the Commission shall authorize the multiple completion involving certain specific zones or reservoirs in a field, the Commission shall add such zones or reservoirs in said field to a list of zones or reservoirs in specific fields throughout the state approved for multiple completion. Subsequent applications for multiple completion of the same zones or reservoirs in the same fields may be approved administratively without the necessity of a hearing, under the following conditions:

Upon receipt of the application, with attachments as provided in (c) above, the Commission will first determine if the zones or reservoirs to be multiply completed were theretofore approved for multiple completion. If so, the Commission will hold such application for ten (10) days. If within said 10 day period any offset operator, reciting reasonable cause, shall file in writing with the Commission a protest to such multiple completion, or if the Commission is not in accord with the application, the matter shall be set down for hearing on the Commission's docket. If no such protests to such multiple completion are offered by either an offset operator or the Commission within said 10 day period, the application shall be approved and appropriate ratification issued by the Commission.

(e) With respect to a multiple completed well, the allowable of one zone, or reservoir, specified by the operator, shall become effective on the date of completion, or the first day of the calendar month, the same as if said well were singly completed in the specified reservoir. Allowables of additional zones or reservoirs shall become effective at 7:00 a.m. on the date on which the Commission issues its order or otherwise ratifies the multiple completion of the well.

(f) Every multiple completed well shall be so equipped, operated, produced, and maintained that there will be no commingling of the production from said formations. Upon request by the authorized agent of the Commission, any multiple completed well shall be tested at any time to demonstrate the effectiveness of the separation of sources of supply, such tests to be witnessed by representatives of the Commission and by offset operators if desired.

# DIAGRAMMATIC SKETCH SHOWING MULTIPLE COMPLETION INSTALLATION

Date: \_\_\_\_\_

Field: \_\_\_\_\_

County: \_\_\_\_\_

Operator: \_\_\_\_\_

Lease: \_\_\_\_\_

Well No.: \_\_\_\_\_

Well Location: \_\_\_\_\_

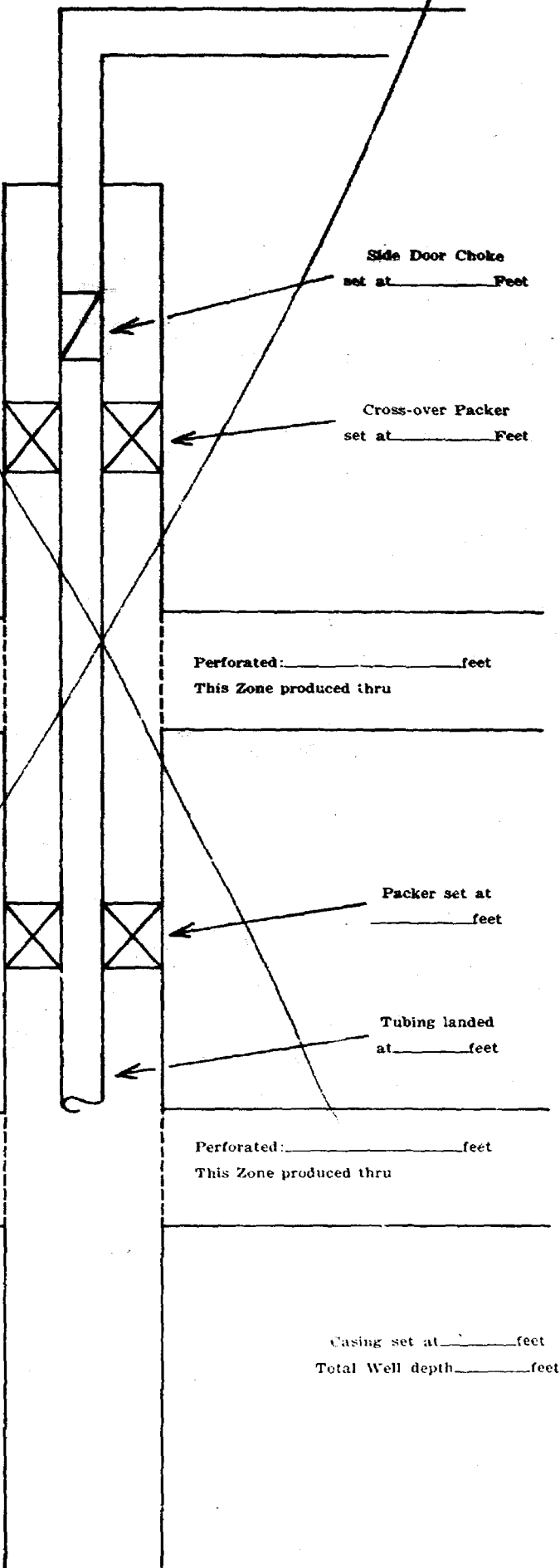
UPPER Name: \_\_\_\_\_

ZONE Completion this Zone: \_\_\_\_\_

LOWER Name: \_\_\_\_\_

ZONE Completion this Zone: \_\_\_\_\_

Note: This form is furnished only as an example. The diagrammatic sketch which is filed should depict the particular installation for which approval is being requested.



**OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO**

**BEFORE THE  
OIL CONSERVATION COMMISSION APPLICATION FOR MULTIPLE COMPLETION  
SANTA FE, NEW MEXICO**

Field Name \_\_\_\_\_ County \_\_\_\_\_ Date \_\_\_\_\_  
EXHIBIT No. 2  
Operator CASE \_\_\_\_\_ Lease \_\_\_\_\_ Well No. \_\_\_\_\_  
Location of Well Unit Letter \_\_\_\_\_ Section \_\_\_\_\_ Township \_\_\_\_\_ Range \_\_\_\_\_

1. Have the reservoirs herein requested to be used for multiple completion heretofore been approved for multiple completion by the NMOCC after notice and hearing? (Yes or No) \_\_\_\_\_  
2. Identify one instance (operator, lease, well number) wherein the \_\_\_\_\_ granted multiple completion involving these same reservoirs in this field: \_\_\_\_\_

3. The following facts are submitted:

- a. Name of reservoir  
b. Top and bottom of pay section (perforations)  
c. Type of production (Oil or Gas)  
d. Method of Production (Flg. or Art. Lift)

Upper Zone	Intermediate Zone	Lower Zone

4. The following are attached. (Please mark YES or NO)

- \_\_\_\_\_ a. Electrical log or other acceptable log with tops and bottoms of producing zones and perforated intervals shown and marked.  
OK \_\_\_\_\_ b. Packer Setting Report.  
\_\_\_\_\_ c. Diagrammatic Sketch of Multiple Completion Installation.  
OK \_\_\_\_\_ d. Packer Leakage Test.  
\_\_\_\_\_ e. Plat showing the location of all wells on applicant's lease, all offset wells on offset leases and the names and addresses of operators of all leases off-setting applicant's lease.

5. List all offset operators to the lease on which this well is located together with their correct mailing address.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

6. \_\_\_\_\_ The operators listed in Item 5 above have been notified and furnished a copy of this application. (Yes or No)  
Date furnished \_\_\_\_\_

7. \_\_\_\_\_ Waivers consenting to such multiple completion from each of the above offset operators attached. (Yes or No)

8. \_\_\_\_\_ Copies of letters requesting such waivers from each of these offset operators attached, in lieu of waivers. (Yes or No)

CERTIFICATE: I, the undersigned, state that I am the \_\_\_\_\_ of the \_\_\_\_\_  
(company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

Signature \_\_\_\_\_

Should all necessary waivers not accompany application, the New Mexico Oil Conservation Commission  
shall hold such application for a period of ten (10) days from date of receipt in \_\_\_\_\_ If, after  
said ten day period, no protest or request for hearing is received in the \_\_\_\_\_, the application will then be processed.

**BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO**  
EXHIBIT No. 2  
CASE 11123

Name of Regulatory Body _____
Application for Multiple Completion
Form No. P-3
Authorized by Order No. _____
Effective _____, 19____

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

PACKER SETTING REPORT

EXHIBIT No. 3

1443

I, CASE, being of lawful age and having full knowledge of the facts hereinbelow set out do state:  
Name of party making affidavit

That I am employed by \_\_\_\_\_ in the capacity of \_\_\_\_\_

that on \_\_\_\_\_, 19\_\_\_\_ I personally supervised the setting of a \_\_\_\_\_  
Make & type of packer

in \_\_\_\_\_  
Operator of well Lease name

Well no. \_\_\_\_\_ located in the \_\_\_\_\_ field, \_\_\_\_\_

county, state of \_\_\_\_\_, at a subsurface depth of \_\_\_\_\_ feet,

said depth measurement having been furnished me by \_\_\_\_\_:

That the purpose of setting this packer was to effect a seal in the annular space between two strings of pipe where the packer was set so as to prevent the commingling, in the bore of this well, of fluids produced from a stratum below the packer with fluids produced from a stratum above the packer; that this packer was properly set and that it did, when set, effectively and absolutely seal off the annular space between the two strings of pipe where it was set in such manner as that it prevented any movement of fluids across the packer.

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
EXHIBIT No. 3  
1443

Executed this the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

State of \_\_\_\_\_  
County of \_\_\_\_\_

Signature of Affiant

Before me, the undersigned authority, on this day personally appeared \_\_\_\_\_ known to me to be the person whose name is subscribed to the above instrument, who being by me duly sworn on oath states, that he is duly authorized to make the above report and that he has knowledge of the facts stated therein, and that said report is true and correct.

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

SEAL

My commission expires \_\_\_\_\_

Notary Public in and for \_\_\_\_\_  
County, \_\_\_\_\_

OIL CONS  
SANT  
BEFORE THE  
MISSION  
CASE 1443 3

Name of Regulatory Body \_\_\_\_\_  
Packer Setting Report  
Form No. P-4  
Authorized by Order No. \_\_\_\_\_  
Effective \_\_\_\_\_, 19\_\_\_\_

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

OIL CONSERVATION COMMISSION  
STATE OF NEW MEXICO

PACKER LEAKAGE TEST

Field No. 1443

County

Operator

Address

Lease

Well Number

Location

TEST NO. 1

Well Shut In Date	Time	Completion Producing (Indicate Casing or Tubing)	Reservoir	Completion Shut In (Indicate Casing or Tubing)	Reservoir
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DATA ON PRODUCING COMPLETION

Stabilized Shut In Pressure Prior to Test (P.S.I.)	Producing Completion—Well Opened Date	Time	Choke Size (Inches)	Stabilized Flowing Pressure During Test (P.S.I.)
Time Required For Stabilization of Flowing Pressure (HRS)		Stabilized Shut In Pressure At End of Test (P.S.I.)		Time Required For Obtaining This Stabilized Shut In Pressure (HRS)

DATA ON SHUT IN COMPLETION

Stabilized Shut In Pressure Prior To Test (P.S.I.)	Shut In Pressure During Test: Minimum (P.S.I.)	Maximum (P.S.I.)	Stabilized Shut In Pressure at the End of Test: (P.S.I.)
Length of Time Required For Obtaining Stabilized Pressure at End of Test (HRS.)		Maximum Pressure Change of Shut-In Completion During Test Increase (P.S.I.)	Decrease (P.S.I.)

TEST NO. 2

Well Shut In Date	Time	Same Well-Bore as Test No. 1 But With: Completion Producing (Indicate Casing or Tubing)	And Completion Shut In (Indicate Casing or Tubing)
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DATA ON PRODUCING COMPLETION

Stabilized Shut In Pressure Prior to Test (P.S.I.)	Producing Completion—Well Opened: Date	Time	Choke Size (Inches)	Stabilized Flowing Pressure During Test (P.S.I.)
Time Required for Stabilization of Flowing Pressure (HRS)		Stabilized Shut In Pressure at End of Test (P.S.I.)		Time Required for Obtaining This Stabilized Shut In Pressure (HRS)

DATA ON SHUT IN COMPLETION

Stabilized Shut In Pressure Prior to Test (P.S.I.)	Shut In Pressure During Test: Minimum (P.S.I.)	Maximum (P.S.I.)	Stabilized Shut In Pressure At The End of Test (P.S.I.)
Length of Time Required For Obtaining Stabilized Pressure at End of Test (Hrs)		Maximum Pressure Change of Shut In Completion During Test: Increase (P.S.I.)	Decrease (P.S.I.)

Class of Completion Testing, Whether Oil Well or Gas Well:  
Tubing Casing

Was The Well Notified of Test  
24 Hours Prior to The Shut In of Both Completions  
At The Start of Test (Yes or No)

Executed this the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

State of \_\_\_\_\_

County of \_\_\_\_\_

Signature of Affiant

Before me, the undersigned authority, on this day personally appeared \_\_\_\_\_ known to me to be the person whose name is subscribed to the above instrument, who being by me duly sworn on oath states, that he is duly authorized to make the above report and that he has knowledge of the facts stated therein, and that said report is true and correct.

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

SEAL

My commission expires \_\_\_\_\_

Notary Public in and for \_\_\_\_\_

County \_\_\_\_\_

The undersigned representative of the \_\_\_\_\_ has  
(witnessed and/or checked) the foregoing test.

Representative

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
EXHIBIT No. 1443

Name of Regulatory Body \_\_\_\_\_  
Packer Leakage Test  
Form No. P-5  
Authorized by Order No. \_\_\_\_\_  
Effective \_\_\_\_\_, 19\_\_\_\_

### INSTRUCTIONS

1. Prior to beginning the test the well shall be shut-in a sufficient length of time to allow wellhead pressures to become stabilized and for a minimum of 2 hours thereafter.
2. During any test the rate of production for the well being produced shall not be less than the anticipated scheduled allowable for an oil well and shall not be less than the anticipated maximum daily withdrawal for a gas well.
3. For Test No. 1 the well shall be produced on one side with the other side shut-in until well head pressures have become stabilized and for a minimum of 2 hours thereafter.
4. In the case of artificial lift, or flowing completions that produce intermittently or by heads, or wells which produce in such a manner that wellhead pressures will not stabilize in 24 hours, the minimum producing or shut-in time allowed for stabilization shall be 24 hours.
5. Following Test No. 1 the well shall be shut-in until wellhead pressures have become stabilized and for a minimum of 2 hours thereafter.
6. Test No. 2, with the previously shut-in well flowing and the previously flowing well shut-in, shall be conducted exactly as outlined for Test No. 1 and shall be performed even though no leak was indicated by Test No. 1.
7. All pressures shall be measured with recording gauges and copies of the charts shall be submitted along with the Packer Leakage Test form. It is desirable that the accuracy of the recording gauges be checked with a dead weight test gauge.
8. If two strings of tubing used, indicate on face of form whether upper or lower tubing.
9. If this is a triple completion, attach additional sheet to show test No. 3.

casing-tubing annulus to the surface, and to permit the production of oil from the Blinebry Oil Pool through the tubing.

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

(7) That the approval of the subject application will not cause waste nor impair correlative rights.

(8) That the subject application should be approved.

IT IS THEREFORE ORDERED:

(1) That the applicant, Gulf Oil Corporation, be and the same is hereby authorized to dually complete its Alice Paddock No. 5 Well, located 990 feet from the North line and 2310 feet from the East line of Section 1, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico, in such a manner as to permit the production of gas from the Tubb Gas Pool through tubing up to the Blinebry formation and thence through a cross-over flow assembly into the casing-tubing annulus to the surface and to permit the production of oil from the Blinebry Oil Pool through the tubing.

PROVIDED HOWEVER, That subject well shall be completed and thereafter produced in such a manner that there will be no commingling within the well-bore, either within or outside the casing, of gas, oil and gas, or oil produced from either or both of the separate strata,

PROVIDED HOWEVER, That prior to the actual dual completion the operator shall make pressure tests of the casing to prove that no casing leaks exist. In the event a casing leak is apparent the operator shall take appropriate steps to adequately repair the leak. The results of these tests shall be reported to the Commission on Form C-103.

PROVIDED FURTHER, That upon the actual dual completion of such subject well applicant shall submit to the appropriate District Office of the Commission copies of Oil Conservation Commission Form C-103, Form C-104, Form C-110, and Form C-122, outlining the information required on those forms by existing Rules and Regulations, and two copies of the electric log of the well.

PROVIDED FURTHER, That said subject well for dual completion and production shall be equipped in such a way that reservoir pressures may be determined separately for each of the two specified strata, and further, be equipped with all necessary connections required to permit recording meters to be installed and used at any time as may be required by the Commission or its representatives, in order that natural gas, oil, or oil and gas from each separate stratum may be accurately measured and the gas-oil or gas-liquid ratio thereof determined, and

PROVIDED FURTHER, That the operator shall make any and all tests, including segregation and packer-leakage tests upon completion and annually thereafter during the Annual Gas-Liquid Ratio Test Period for the Tubb Gas Pool, commencing in the year 1959, and whenever the packer is disturbed, but not excluding any other tests and/or determinations as deemed necessary

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF THE STATE OF NEW  
MEXICO FOR THE PURPOSE OF  
CONSIDERING:

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO  
*Commissioner* EXHIBIT No. 5  
CASE 1443

CASE NO. 1373  
Order No. R-1121

APPLICATION OF GULF OIL CORPORATION  
FOR AN OIL-GAS DUAL COMPLETION IN  
THE BLINEBRY OIL POOL AND THE TUBB  
GAS POOL, 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 January 29, 1958, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the New Mexico Oil Conservation Commission, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 12th. day of February, 1958, the Commission, a quorum being present, having considered the application, the evidence adduced and the recommendations of the Examiner Daniel S. Nutter, 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, Gulf Oil Corporation, is the owner and operator of the Alice Paddock No. 5 Well, located 990 feet from the North line and 2310 feet from the East line of Section 1, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.
- (3) That the Commission, by Administrative Order No. NSL-114, dated September 1, 1957, authorized the unorthodox gas well location of the above-described Alice Paddock No. 5 Well.
- (4) That the Commission, by Administrative Order No. DC-492, dated August 22, 1957, authorized the applicant to effect a gas-gas dual completion of the above-described well in the Blinebry and Tubb formations; upon the actual dual completion of said well it was found that the Blinebry formation is productive of oil rather than gas.
- (5) That the applicant now seeks authority to dually complete the above-described Alice Paddock No. 5 Well in such a manner as to permit the production of gas from the Tubb Gas Pool through tubing up to the Blinebry formation and thence through a cross-over flow assembly into the

-3-  
Case No. 1373  
Order No. R-1121

by the Commission; the original and all subsequent tests shall be witnessed by representatives of offset operators if any there be at their election, and the results of each test, properly attested to by the applicant herein and all witnesses, shall be filed with the Commission within fifteen (15) days after the completion of such tests, and further, that applicant shall file with the Commission in duplicate a packer-setting affidavit, which affidavit shall be due within fifteen (15) days of the dual completion or whenever the packer is disturbed, and

PROVIDED FURTHER, That upon the actual dual completion of such subject well, applicant shall submit to the Commission a diagrammatic sketch of the mechanical installation which was actually used to complete and produce the seal between the strata, and a special report of production, gas-oil ratio or gas-liquid ratio, and reservoir pressure determination for each producing zone or stratum immediately following completion.

IT IS FURTHER ORDERED, That jurisdiction of this cause is hereby retained by the Commission for such further order or orders as may seem necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of applicant to comply with any requirement of this order after proper notice and hearing the Commission may terminate the authority hereby granted and require applicant or its successors and assigns to limit its activities to regular single-zone production in the interests of conservation.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

EDWIN L. MECHEM, Chairman

MURRAY E. MORGAN, Member

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

S E A L

ir/

THE APPLICATION OF GULF OIL CORPORATION  
FOR PERMISSION TO EFFECT DUAL COMPLETION  
OF ITS J. N. CARSON "A" WELL NO. 6,  
LOCATED IN THE NW/4 SE/4 OF SECTION 28,  
TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM,  
LEA COUNTY, NEW MEXICO, IN SUCH A MANNER  
AS TO PERMIT THE PRODUCTION OF GAS FROM  
THE TUBB GAS POOL AND TO PERMIT THE  
PRODUCTION OF OIL FROM THE DRINKARD POOL.

ORDER NO. DC-599

ADMINISTRATIVE ORDER  
OF THE OIL CONSERVATION COMMISSION

Under the provisions of Rule 112-A (c) Gulf Oil Corporation made application to the New Mexico Oil Conservation Commission on April 28, 1958, for permission to dually complete its J. N. Carson "A" Well No. 6 located in the NW/4 SE/4 of Section 28, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, in such a manner as to permit the production of gas from the Tubb Gas Pool and to permit the production of oil from the Drinkard Pool.

Now, on this 8th day of May, 1958, the Secretary-Director finds:

- (1) That application has been duly filed under the provisions of Sub-section 'c' of Rule 112-A of the Commission's Rules and Regulations;
- (2) That satisfactory information has been provided that all operators of offset acreage have been duly notified; and
- (3) That no objections have been received within the waiting period as prescribed by said rule.
- (4) That the proposed dual completion will not cause waste nor impair correlative rights.
- (5) That the mechanics of the proposed dual completion are feasible and consonant with good conservation practices.

IT IS THEREFORE ORDERED:

That the applicant herein, Gulf Oil Corporation, be and the same is hereby authorized to dually complete its J. N. Carson "A" Well No. 6 located in the NW/4 SE/4 of Section 28, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, in such a manner as to permit the production of gas from the Tubb Gas Pool and to permit the production of oil from the Drinkard Oil Pool, through the casing-tubing annulus and the tubing respectively.

PROVIDED HOWEVER, That subject well shall be completed and thereafter produced in such a manner that there will be no commingling within the well-bore, either within or outside the casing, of gas, oil and gas, or oil produced from either or both of the separate strata,

PROVIDED HOWEVER, That prior to the actual dual completion the operator shall make pressure tests of the casing to prove that no casing leaks exist. In the event a casing leak is apparent the operator shall take appropriate steps to adequately repair the leak. The results of these tests shall be reported to the Commission on Form C-103.

PROVIDED FURTHER, That upon the actual dual completion of such subject well applicant shall submit to the appropriate District Office of the Commission copies of Oil Conservation Commission Form C-103, Form C-104, Form C-110, and Form C-122, outlining the information required on those forms by existing Rules and Regulations, and two copies of the electric log of the well.

PROVIDED FURTHER, That said subject well for dual completion and

production shall be equipped in such a way that reservoir pressures may be determined separately for each of the two specified strata, and further, be equipped with all necessary connections required to permit recording meters to be installed and used at any time as may be required by the Commission or its representatives, in order that natural gas, oil, or oil and gas from each separate stratum may be accurately measured and the gas-oil or gas-liquid ratio thereof determined, and

PROVIDED FURTHER, That the operator shall make any and all tests, including segregation and packer-leakage tests upon completion and annually thereafter during the Annual Gas-Oil Ratio Test Period for the Brighams Oil Pool, commencing in the year 1959, and whenever the packer is disturbed, but not excluding any other tests and/or determinations as deemed necessary by the Commission; the original and all subsequent tests shall be witnessed by representatives of offset operators if any there be at their election, and the results of each test, properly attested to by the applicant herein and all witnesses, shall be filed with the Commission within fifteen (15) days after the completion of such tests, and further, that applicant shall file with the Commission in duplicate a packer-setting affidavit, which affidavit shall be due within fifteen (15) days of the dual completion or whenever the packer is disturbed, and

PROVIDED FURTHER, That upon the actual dual completion of such subject well, applicant shall submit to the Commission a diagrammatic sketch of the mechanical installation which was actually used to complete and produce the seal between the strata, and a special report of production, gas-oil ratio or gas-liquid ratio, and reservoir pressure determination for each producing zone or stratum immediately following completion.

IT IS FURTHER ORDERED, That jurisdiction of this cause is hereby retained by the Commission for such further order or orders as may seem necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of applicant to comply with any requirement of this order after proper notice and hearing the Commission may terminate the authority hereby granted and require applicant or its successors and assigns to limit its activities to regular single-zone production in the interests of conservation.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

A. L. PORTER, Jr.,  
Secretary-Director

SEAL

BEFORE THE  
OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE NO. 1443

TRANSCRIPT OF PROCEEDINGS

4

DEARNLEY - METIER & ASSOCIATES  
GENERAL LAW REPORTERS  
ALBUQUERQUE NEW MEXICO  
Phone CHapel 3-6691

May 14, 1958

**IN THE MATTER OF:**

In the matter of the hearing called by the Oil Conservation Commission of New Mexico on its own motion to revise Rule 112 (a) to permit administrative approval of oil over gas and oil-oil dual completions under certain circumstances.

**CASE NO.**

1443

**BEFORE:**

A. L. Porter  
Murray Morgan

## TRANSCRIPT OF PROCEEDINGS

MR. PORTER: The Commission will consider next Case 1443.

MR. PAYNE: Case 1443. In the matter of the hearing called by the Oil Conservation Commission of New Mexico on its own motion to revise Rule 112 (a) to permit administrative approval of oil over gas and oil-oil dual completions under certain circumstances.

(Witness sworn.)

MR. COOLEY: If the Commission please, William J. Cooley appearing on behalf of the Commission. This case was called for the purpose of allowing some more flexibility in multiple completions in the State of New Mexico, wherein Rule

112-A as it now exists would require a formal hearing after notice to obtain a dual completion where the oil is over the gas or where it is requested that an oil-oil dual completion should be made.

We have one witness in this case, Mr. Nutter.

DAN NUTTER

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

DIRECT EXAMINATION

BY: MR. COOLEY:

Q Mr. Nutter, will you please state your full name and position for the record.

A Dan Nutter, engineer for the Oil Conservation Commission.

Q Mr. Nutter, in your official capacity as engineer for the Oil Conservation Commission, have you had an opportunity to make a study of the proposed revision of Rule 112-A of the New Mexico Oil Conservation Commission Rules and Regulations pertaining to dual completions?

A Yes, sir, I have.

Q Would you please state in general terms what the conclusions are that you have drawn from your study.

A The present provisions in Rule 112-A afford administrative approval of dual completions provided only that wells may be dually completed for the production of gas from both zones, or for the production of gas from the upper zone and oil from the lower zone,

and then only in the event that both zones are within defined pools. Quite a sizeable load had been placed on the Commission dockets as the result of applications for dual completions in the last several months. I recommend to the Commission that a change be made in Rule 112-A to provide administrative approval in a larger number of cases where dual completions are requested. I would recommend that administrative approval procedures be established for gas-gas dual completions, gas-oil dual completions, oil-gas dual completions where cross-over flow assembly is incorporated into the equipment to enable the well to be flowed through the tubing, and oil-oil dual completions where parallel strings of tubing are installed, and the tubing is either two inch, two and a half inch, or two and one-sixteenth inch or larger Hydrill "CS" Joint tubing. I would also recommend that certain provisions, which are included in every dual completion order relative to the manner in which the dual completion will be completed to separate the production from both zones, pertaining to testing casing to assure that no casing leaks exist, pertaining to the filing of certain forms to the Commission, pertaining to pressure tests and reservoir tests, pertaining to packer leakage tests, and pertaining to diagrammatic sketches which are required, all be either incorporated in one general completion order, and reference thereafter made to that dual completion order by a number instead of repeating all of these various provisos in the dual completion order, or that these provisions be incorporated in the dual completion

rule in the rule book. I picked two orders, one the result of a hearing, one the result of an administrative approval for dual completions, and marked a number of provisos with red pencil, and I think that these can be eliminated from each of these orders. It is an unnecessary burden to have to enter this into each order, so I therefore enter these two random orders as exhibits in this case with the recommendation that the portion that is marked in red either be entered in the Rule providing for dual completions, or in a general dual completion order, and reference in future orders to be made only by number.

MR. PORTER: Let the record show that the order to which Mr. Nutter just referred to is identified as Exhibit 4 in this case.

MR. COOLEY: Correction, let that be identified as Exhibit 5.

Q With reference to your last suggestion, Mr. Nutter, that general provisions be made to show the manner in which the wells are to be operated, tested, and reported, and such other requirements as imposed by the Oil Conservation Commission in a general order rather than each order, wouldn't it be feasible to refer, in Rule 112-A, to a memorandum issued by the Oil Conservation Commission setting forth the limitations upon all dual completion orders granted thereafter, whether by hearing or by administrative order.

A That would be possible, yes, sir.

Q And just for the sake of clarification, is it also your recommendation that the provision contained in the present Rule 112-A, which requires that no well shall be dually completed without a hearing, except as provided thereafter for administrative approval, the point of my question being that even under the revised 112-A, no one can dually complete unless the dual completion has either been approved after notice of hearing or after administrative approval in certain cases?

A That is correct.

Q Have you prepared a general revision of State Wide Rule 112-A, or do you feel that this should be written from your recommendations as just given?

A No, I have not prepared any revised rule, however, Phillips Petroleum Company has prepared a revised rule.

Q And have they asked you to present this on their behalf and not necessarily as your own recommendation?

A Yes, sir, they have. Mr. O. P. Nicola, Jr., Director of Proration, Production Department, Phillips Petroleum Company, Bartlesville, Oklahoma, was in Santa Fe at the time this hearing started, but he had to leave Santa Fe, and has requested that I enter as part of the evidence in this hearing the proposed rule for multiple completions, which Phillips has written. I'd like to read this rule into the record as this time.

Q Just a moment, Mr. Nutter. For the sake of the record, this proposed rule has been identified as Exhibit 1.

Exhibit 1 reads as follows:

"Proposed General Rule of Statewide Application pertaining to Multiple Zone Completions"

Rule 112. Multiple Zone Completions.

(a) The multiple zone completion of any well may be approved only by order of the Commission upon notice and hearing, except as hereinafter provided.

(b) (This paragraph should recite the general types and relative position of reservoirs and the type or types of mechanical installations which may be approved.)"

I would like at this time to recommend that the various mechanical dual completions that I mentioned a while ago be described in Paragraph (b).

"(c) Application for approval of a multiple completion shall be filed on Form No. \_\_\_\_\_, "Application for Multiple Completion". The application shall be accompanied by the following:

1. Electrical log or other acceptable log with tops and bottoms of producing zones and perforated intervals shown and marked.
2. Packer Setting Report - Form No. \_\_\_\_\_.
3. Diagrammatic Sketch of Multiple Completion Installation.
4. Packer Leakage Test.
5. Plat showing the location of all wells on applicant's lease, all offset wells on offset leases, and the names and addresses of operators of all leases offsetting applicant's lease.

6. Waivers consenting to such multiple completion from each offset operator, or in lieu thereof, copies of letters requesting such waivers."

Right here I might mention that several items are shown as being required to be submitted with the application here, which would not be possible to submit unless you had already completed the dual completion. I believe that provision should be made in the rule for the submission of these various items after the dual completion has been effected and the packer leakage test and the packer setting report and such other reports can be filed. To continue with the proposed rule:

"Concurrent with the filing of the application with the Commission, a copy of the application shall be forwarded by registered mail to each operator of a lease offsetting applicant's lease.

(d) The first application for approval of a multiple completion between two or more zones or reservoirs in each field may be ratified only by order of the Commission after notice and hearing. If, as a result of such hearing, the Commission shall authorize the multiple completion involving certain specific zones or reservoirs in a field, the Commission shall add such zones or reservoirs in said field to a list of zones or reservoirs in specific fields throughout the state approved for multiple completion. Subsequent applications for multiple completion of the same zones or reservoirs in the same fields may be approved administratively without the necessity of a hearing, under the

the following conditions:"

I would like to deviate again from the rule and recommend that the provision there for multiple completion between two or more zones be changed to two zones only for administrative approval. I do concur, however, with Phillips' recommendation that the first dual completion in a pool be the subject of a hearing to explore the various factors that may affect the dual completion or the efficiency of the dual completion in that area, and then after the first one has been approved by hearing, administrative approval would be possible, providing it met the requirements of Paragraph (b) above.

Going on:

"Upon receipt of the application, with attachments as provided in (c) above, the Commission will first determine if the zones or reservoirs to be multiply completed were theretofore approved for multiple completion." That means by hearing. "If so, the Commission will hold such application for ten (10) days. If within said 10 day period any offset operator, reciting reasonable cause, shall file in writing with the Commission a protest to such multiple completion, or if the Commission is not in accord with the application, the matter shall be set down for hearing on the Commission's docket. If no such protests to such multiple completion are offered by either an offset operator or the Commission within said 10 day period, the application shall be approved and appropriate ratification issued by the Commission."

Q Let me interrupt you there, Mr. Nutter. In your experience over the past two years with this administrative dual completion, have you found that ten days is adequate in most cases to make the determination necessary, both from the standpoint of the Santa Fe office and the field office?

A Ten days is not normally sufficient time for holding a request for an administrative approval.

Q Do you think that in many instances that some of the companies, especially major companies who have large chain of command to check through before determining whether they would object or concur with a given application, do you feel at this time it is sufficient for them to make a determination?

A In many cases, ten days is insufficient.

Q Would you then recommend another period, other than ten days?

A I would, except for one reason, and I will come to that in a minute. To get on with this, Paragraph (e) reads as follows:

"(e) With respect to a multiple completed well, the allowable of one zone, or reservoir, specified by the operator, shall become effective on the date of completion, or the first day of the calendar month, the same as if said well were singly completed in the specified reservoir. Allowables of additional zones or reservoirs shall become effective at 7:00 a.m. on the date on which the Commission issues its order or otherwise ratifies the multiple completion of the well."

Now, I would like to offer a couple of observations here.

This provides that the allowable will become effective for a dually completed well on the first day of the calendar month or the date of completion for whichever zone the operator has chosen to produce. I think this ought to be handled upon the approval of a C-104 and C-110.

MR. PORTER: Mr. Nutter, in that respect, do you think that the rule which now applies to the completion of any well should also apply to this?

A Yes, I think it should.

MR. PORTER: This is in effect a new well?

A Yes. Now, he has, Mr. Nicola, in his proposed rule here has also stated that he thinks the date of allowable for the additional zone in a dually completed well should be the date that the Commission has issued its order rather than the filing for the multiple completion of the well. I think, again, though, this should be handled upon a request for an allowable, and approval of the request.

"(f) Every multiple completed well shall be so equipped, operated, produced, and maintained that there will be no commingling of the production from said formations. Upon request by the authorized agent of the Commission, any multiple completed well shall be tested at any time to demonstrate the effectiveness of the separation of sources of supply, such tests to be witnessed by representatives of the Commission and by offset operators if

desired."

This concludes the proposed general rule which Phillips has submitted. Now, there are certain forms which --

Q Mr. Nutter, are you at this time able to answer the question about the waiting period or would you care to wait longer?

A No, sir, I will answer the question. Mr. Nicola, when he was here also put in my hand three forms, which are taken from the Book of Forms, which was adopted by the Interstate Compact Commission at Tulsa, Oklahoma, during the annual meeting in December 1957. These forms are labelled Exhibits 2, 3, and 4 respectively. Exhibit No. 2 is the Interstate Compact Commission's adopted application for multiple completion. This form, in the bottom paragraph, states as follows:

"Should all necessary waivers not accompany application," --and I have filled in the name, New Mexico Oil Conservation Commission--"shall hold such application for a period of ten (10) days from date of receipt in Santa Fe, New Mexico. If, after said ten day period, no protest or request for hearing is received in the Santa Fe office, the application will then be processed."

Now, I would be in accord with extending this ten day period to any reasonable length of time, twenty, twenty-five, or thirty days, providing that it won't upset the aim of the various companies and the Interstate Compact Commission to have the form adopted. Now, this form could be adopted and another number substituted in there for ten days. It would probably be at least a step in the

right direction. We would still be aiming toward uniformity in forms with the other states.

Q I have the greatest of sympathy with Mr. Nicola in his effort to obtain uniformity in the forms used by the other Oil Conservation Commissions throughout the country, but I think this hearing is to see what New Mexico should do about dual completions.

A I think ten days is a little bit short.

Q Now, what period would you recommend, Mr. Nutter?

A I think a minimum of twenty days should be provided.

Q Now, this Exhibit No. 2 is identified as an Application for Multiple Completion, is it not?

A Yes, it is.

Q And that is the same form to which the proposed rules identified as Exhibit 1 refers in sub paragraph (c)?

A Yes, it is.

Q Will you proceed to identify Exhibit No. 3.

A Exhibit 3 is a packer setting report. The New Mexico Oil Conservation Commission at this present time has a similar form known as the packer setting affidavit. There has been a trend toward eliminating affidavits from regulatory body forms, and perhaps the adoption of this packer setting report will serve the purpose that our present packer setting affidavit will serve. In essence, it is exactly the same form that we use at the present time.

Q And is it the same packer setting report which is referred

to in sub paragraph (c) of Rule 112-A?

A Yes, sir it is.

Q As proposed in Exhibit No. 1?

A Yes, it is.

Q Would you proceed to identify Exhibit No. 4, please?

A Exhibit No. 4 is a packer leakage test as adopted by the Interstate Oil Compact Commission. I wouldn't recommend the adoption of this form at this time. Copies of this proposed form have been submitted to the engineers for the Oil Conservation Commission in the Hobbs and the Aztec offices, and they are studying it, and we can arrive at a suitable packer leakage test form a little later on. We have a present form that is being used, and perhaps this form will be satisfactory. It depends on what the engineers in our other offices have to say about it. Now, on Exhibit 2 I have marked a couple of other changes, with Mr. Nicola's permission, and he agreed that they would be satisfactory and would not change the body of the form too drastically. I have provided that the Unit Letter, Section, Township, and acreage be used to identify the location of the well, as is on other Conservation Commission forms. I have also scratched out the blocks for intermediate zone completion, and have here two blocks for upper and lower zones.

Q Do you have any further recommendations to make in this case, Mr. Nutter?

A Yes, sir. I also recommend that the portion of the

application for multiple completion which requires a notary public's signature be scratched out and a certificate attached reading as follows: "CERTIFICATE: I, the undersigned, state that I am the \_\_\_\_\_ of the \_\_\_\_\_ (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge." and the man who files the application would sign it. A place for his signature is all that is provided.

Q Do you have any further recommendations in this case?

A I recommend that the application for multiple completion be adopted, that the packer setting report be adopted, that the packer leakage test form be substituted, and that Phillips' proposed Rule No. 112 be adopted with modifications.

MR. PORTER: With your modifications?

A With other modifications too, possibly.

Q Mr. Nutter, would you recommend the adoption of these forms as numbered forms?

A The packer setting report and application for multiple completion, yes.

MR. PAYNE: Mr. Nutter, to your knowledge, isn't it often the case that applications for dual completions are received in single copies?

A Yes, sir.

MR. PAYNE: Would you recommend that the rule which we write incorporate a provision stating that carbon copies will be

mailed to the district office in the area, and if in southeastern, New Mexico, that a copy be sent to the Hobbs Engineering Committee.

A That might save some time, because it has been the practice in the past to receive three copies in the Santa Fe office and mail a copy to the district office as well as the Engineering Committee. Any way, direct mailing to those people would save some time.

MR. PORTER: Under our present procedure, we have to wait for the form to be processed or the application to be processed in the Hobbs office and returned to us?

A That is correct.

MR. PORTER: Mr. Nutter, did your recommendations provide for immediate approval if the application is accompanied by waivers, or would you think that desirable?

A I think that no approval should be given until the district office of the Oil Conservation Commission which has jurisdiction of the area in which the subject well is located has had an opportunity to examine the application and furnish the Santa Fe office with a recommendation. For that reason, I think it would be impossible to grant immediate approval.

MR. PORTER: But it might be granted before the twenty day waiting period?

A Yes, sir, that's possible.

MR. PORTER: If those conditions were met?

A Yes, sir, that's right.

MR. PAYNE: Mr. Nutter, when you recommended, in the case of a new pool, that the first dual completion in a pool had to be set for hearing, you did not mean to imply that we would start now in all pools and have a hearing on each one, did you?

A No, sir. I think that if the dual completions have already been approved, that's fine.

MR. PAYNE: Thank you.

Q (By Mr. Cooley) Mr. Nutter, would you permit the administrative approval of dual completions in those areas which have not been designated as official oil and gas pools by the Commission?

A Yes, I would, providing the dual completion is within one mile of a well that has already been the subject of a hearing and is in the same zone.

Q That would require substantital revision of the proposed Exhibit 1 then, wouldn't it?

A Yes, it probably would.

MR. PORTER: You mean to include those wells within a mile limit from the pool?

MR. COOLEY: No, sir. Mr. Nutter, would you rephrase your answer please.

A If a hearing has been held for a dual completion on a well which is outside of a pool, and the dual completion was authorized for two certain zones, then if application is made for administrative approval of a dual completion in the same zones of a well which is located within one mile of the well which has

already been authorized by a hearing, then I think administrative approval should be granted, or it would be eligible for consideration of administrative approval.

MR. PORTER: That answered my question.

MR. UTZ: Mr. Nutter, does the packer leakage test report which you recommended include the space for Commission approval?

A I didn't recommend the packer leakage test report, Mr. Utz. I have one here which has been submitted to the district offices for their study, and it does not have a place for approval by the Commission of the packer leakage test.

MR. UTZ: Don't you recommend that it should have?

A I think the packer leakage test should be approved.

MR. PORTER: By a district representative?

A Yes, sir.

MR. UTZ: Does your recommended rule provide for notice before that packer leakage test so that the Commission may witness such test?

A This rule says: "Upon request by the authorized agent of the Commission, any multiple completed well shall be tested at any time to demonstrate the effectiveness of the separation of sources of supply, such tests to be witnessed by the representatives of the Commission and by offset operators if desired." Now, this says upon the request of the Commission that the well be tested. I think that there is a requirement that the well be tested upon the initial completion of the well, and this provides

in here that it be witnessed by representatives of the Commission, so it automatically provides that they would notify the Commission. It probably should be clarified. That's among those things that are included in those provisos in the dual completion orders which have been entered heretofore, and which should be continued. A number of them should be continued either in the rule or in a memorandum as Mr. Cooley suggested.

MR. PORTER: Does anyone else have a question of Mr. Nutter?

MR. SANDERS: John Sanders with Magnolia. I have some questions.

#### CROSS EXAMINATION

BY: MR. SANDERS:

Q Mr. Nutter, do you recommend then that the type of equipment, to be approved administratively, be specified in the order?

A It would be specified in the application. On the back of the application for multiple completion, there is an example diagram, which is not the diagram to be used, but an example of how the diagram for your dual completion should be sketched. It provides for all of the various components that make up the dual completion to be listed and shown on the application, and I don't know, it's a legal question as to whether you can dually complete a well in any other fashion other than what you have applied for. I think, perhaps, it should be specified in the order that it will

be completed as applied for.

Q What I was trying to clarify is, in this proposal by Phillips, in Rule 112, this Paragraph B. This paragraph recites: "This paragraph should recite the general types and relative position of reservoirs and the type or types of mechanical installations which may be approved." I understood you to say that you had a list of them that you would recommend they be approved.

A Yes, sir. Not of the reservoir. There is also a question on this application for multiple completion that says, "Have the reservoirs herein requested to be used for multiple completion heretofore been approved for multiple completion by the New Mexico Oil Conservation Commission after notice and hearing?" If the answer is yes, then it would be eligible for consideration by administrative approval, if the answer is no, then this would have to have an application for a hearing. The second question reads: "Identify one instance (operator, lease, well number) wherein the New Mexico Oil Conservation Commission has granted multiple completion involving these same reservoirs in the field." so the application would take care of that requirement. There has to have been one previous dual completion authorized by a hearing, and then I would recommend that the following dual completion be eligible for administrative approval, gas-gas dual completion flowing through the casing and the tubing, the casing annulus and the tubing; gas-oil dual completion flowing the gas through the casing and the oil through the tubing; oil-gas dual completion, flowing the oil

through the tubing by means of a cross-over assembly and the gas through the casing; an oil-oil dual completion utilizing parallel strings of tubing, and the tubing size requirements would be two inch, two and a half inch, or two and one-sixteenth inch Hydrill "CS" tubing, or larger.

MR. SANDERS: That is all.

MR. PORTER: Are there any further questions of Mr. Nutter?

MR. COOLEY: I have no further questions of the witness. I would like, however, to make a formal offer of Exhibits 1 through 5 in this case.

MR. PORTER: Without objection they will be admitted. Does anyone have anything further to offer in this case?

MR. PAYNE: I have a statement to read, Mr. Commissioner.

MR. PORTER: Just a minute. Mr. Sanders has a statement.

MR. SANDERS: John Sanders with Magnolia. Magnolia Petroleum Company is in agreement that administrative approval of dual completions is needed; that Magnolia would prefer a blanket order without specifying equipment covering the following points: Application to explain equipment in the procedure which has been outlined here; all operators in the field to be notified, and offset operators to be notified of any subsequent dual, and if any objection is forth coming, a hearing should be held. This differs from what has been recommended here; and we recommend approval of the first dual in a well, the first dual in a field without a hearing,

provided all operators are in agreement.

MR. PORTER: All operators in the pool?

MR. SANDERS: There is no objection to all operators.

We feel that by not specifying equipment, that it will give more latitude to the commission, and once the equipment has been approved, it shouldn't be set forth in the order, but will be able to continue to approve that equipment.

MR. CURRENS: Dan Currens with Pan American Corporation. Pan American is in accord with the Commission on this, that we do need some method for administrative approval of oil-oil dual completions and oil-gas dual completions by the methods Mr. Nutter outlined here today; parallel tubing strings, or in the one instance, cross-over assembly utilizing in each case a packer. We think that this will make a more efficient operation on the part of the operator as well as remove an unnecessary burden from the Commission.

MR. PORTER: The Commission favors the latter part of your statement.

MR. PAYNE: Statement of Humble Oil and Refining Company relative to Case No. 1443.

Humble is in favor of the proposal to revise Rule 112-A to permit administrative approval of oil over gas and oil-oil dual completions. Humble recommends that any rule adopted should provide for adequate notice to all offset operators affected by any proposed approval. Clarence E. Hinkle, attorney for Humble.

MR. PORTER: Does anybody have anything further to offer in this case? Take the case under advisement and the hearing is adjourned.

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STATE OF NEW MEXICO  
COUNTY OF BERNALILLO

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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 was reported by me in Stenotype at the time and place hereinbefore set forth; that same was thereafter transcribed into typewritten transcript by me, 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 3rd day of June, 1958, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

*Joseph A. Trujillo*  
NOTARY PUBLIC

My Commission Expires:

October 5, 1960