

CASE 6277: JEROME P. McHUGH FOR DOWN-  
HOLE COMMINGLING, RIO ARriba COUNTY,  
NEW MEXICO

*Continued to  
August 2*

CASE NO.

6277

APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,

ETC.



BRUCE KING  
GOVERNOR  
LARRY KEHOE  
SECRETARY

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

May 2, 1980

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

Mr. Richard Tully  
Attorney  
Jerome P. McHugh  
P.O. Box 234  
Farmington, New Mexico 87401

Re: CASE NO. 6277  
ORDER NO. R-6330

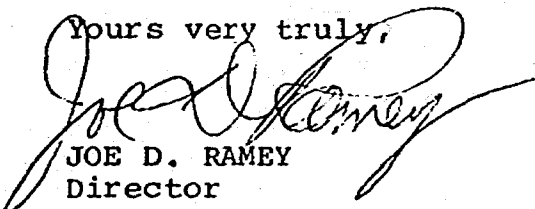
Applicant:

Jerome P. McHugh

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. 6277  
Order No. R-6330

APPLICATION OF JEROME P. McHUGH  
FOR DOWNHOLE COMMINGLING, RIO  
ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 2, 1978,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 30th day of April, 1980, the Division  
Director, having considered the record and the recommendations  
of the Examiner, and being fully advised in the premises,

FINDS:

That the subject matter of this case has become moot and  
the case should be dismissed.

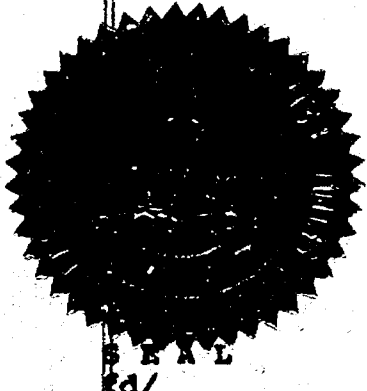
IT IS THEREFORE ORDERED:

That Case No. 6277 is hereby dismissed.

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
JOE D. RAMEY  
Director



Ed/  
Ed/

Dockets Nos. 24-78 and 25-78 are tentatively set for hearing on August 2 and 16, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 19, 1978

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

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

- ALLOWABLE: (1) Consideration of the allowable production of gas for August, 1978, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for August, 1978, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 6274: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Shar-Alan Oil Company, The Travelers Indemnity Co., and all other interested parties to appear and show cause why the Lillian State Well No. 2-X located in Unit P of Section 2 and the Emma McDaniel Well No. 2 located in Unit G of Section 22, both in Township 24 North, Range 1 West, Rio Arriba County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6241: (Continued from June 7, 1978, Examiner Hearing)

Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Eagle Creek Permo-Penn and West Atoka-Morrow gas production in the wellbore of its Powell DG Well No. 1 located in Unit O of Section 35, Township 17 South, Range 25 East, Eddy County, New Mexico.

CASE 6275: Application of Delta Drilling Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location of its Donaldson "A" Com. Well No. 1 located 1930 feet from the North line and 2303 feet from the West line of Section 23, Township 23 South, Range 28 East, Strawn formation, Eddy County, New Mexico, the W/2 of said Section 23 to be dedicated to the well.

CASE 6276: Application of Jerome P. McHugh for an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of his Chris Well No. 4 to be drilled 1902 feet from the South line and 1650 feet from the East line of Section 9, Township 27 North, Range 3 West, Blanco Mesaverde Pool, Rio Arriba County, New Mexico, the S/2 of said Section 9 to be dedicated to the well.

Applicant further seeks authority to commingle Blanco Mesaverde and Gavilan-Pictured Cliffs production in the wellbore of said well.

CASE 6277: Application of Jerome P. McHugh for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gavilan Pictured Cliffs and Blanco Mesaverde production in the wellbores of his Chris Wells Nos. 3 and 3A, located in Units H and I of Section 21, Township 27 North, Range 3 West, Rio Arriba County, New Mexico.

CASE 6253: (Continued and Readvertised)

Application of Merrion & Bayless for a non-standard proration unit and unorthodox location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 366.44-acre non-standard gas proration unit comprising the W/2 of Sections 30 and 31, Township 26 North, Range 2 West, Blanco Mesaverde Pool, Rio Arriba County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 1650 feet from the North line and 750 feet from the East line of said Section 30.

CASE 6278: Application of Consolidated Oil & Gas, Inc., for a dual completion and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Jenney Well No. 1-A located in Unit P of Section 13, Township 26 North, Range 4 West, Rio Arriba County, New Mexico, to produce gas from the Blanco Mesaverde Pool and the Basin-Dakota Pool and to commingle Greenhorn gas production with the aforesaid Dakota production in said well.

CASE 6279: Application of Hanagan Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the N/2 of Section 28, Township 21 South, Range 26 East, Avalon Hills-Morrow Pool, Eddy County, New Mexico, 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 6280: Application of Energy Reserves Group, Inc., for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle South Blanco-Pictured Cliffs and Otero-Chacra production in the wellbores of its Jicarilla 35 Well No. 6 located in Unit H of Section 1, Township 24 North, Range 5 West, and its Jicarilla 35 Wells Nos. 4 and 5, located in Unit M of Section 35 and Unit J of Section 36, respectively, both in Township 25 North, Range 5 West, Rio Arriba County, New Mexico.

CASE 6281: Application of Southern Union Exploration Co. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation through the perforated interval from 4300 feet to 4346 feet in its Susco State Well No. 3 located in Unit H of Section 19, Township 9 South, Range 33 East, Flying "M" San Andres Pool, Lea County, New Mexico.

CASE 6282: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order abolishing, contracting, extending vertical and horizontal limits, and redesignating certain pools in McKinley, Rio Arriba, Sandoval, and San Juan Counties, New Mexico:

(a) ABOLISH the Ojito-Gallup Oil Pool in Rio Arriba County, New Mexico, described as:

TOWNSHIP 25 NORTH, RANGE 3 WEST, NMPM  
Section 17: SW/4

(b) EXTEND the vertical limits of the Ojito-Dakota Oil Pool in Rio Arriba County, New Mexico, described as:

TOWNSHIP 25 NORTH, RANGE 3 WEST, NMPM  
Section 17: SW/4  
Section 18: SE/4  
Section 19: NE/4

to include the Gallup formation and redesignate said pool the Ojito Gallup-Dakota Oil Pool and extend said pool to include therein:

TOWNSHIP 25 NORTH, RANGE 3 WEST, NMPM  
Section 17: NW/4

(c) ABOLISH the Nipp-Pictured Cliffs Pool in San Juan County, New Mexico.

(d) EXTEND the horizontal limits of the WAW Fruitland-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 12 WEST, NMPM  
Section 2: W/2  
Section 3: All  
Section 10: N/2  
Section 11: W/2 and SE/4  
Section 14: NE/4

TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM  
Section 5: E/2  
Section 7: W/2 and SE/4  
Section 8: E/2 and SW/4  
Section 16: SW/4  
Sections 17 and 18: All  
Section 19: NE/4  
Section 20: All  
Section 21: W/2 and SE/4  
Section 22: S/2  
Section 26: SW/4  
Sections 27 and 28: All  
Section 29: N/2  
Sections 33, 34 and 35: All

TOWNSHIP 26 NORTH, RANGE 13 WEST, NMPM  
Section 1: N/2 and SE/4  
Section 2: NE/4  
Section 4: NE/4  
Section 12: E/2

TOWNSHIP 27 NORTH, RANGE 12 WEST, NMPM  
Section 30: SW/4

TOWNSHIP 27 NORTH, RANGE 13 WEST, NMPM

Section 18: W/2  
 Section 19: N/2  
 Section 25: SE/4  
 Section 27: NW/4  
 Section 30: W/2  
 Section 34: SE/4  
 Sections 35 and 36: All

which includes, among other lands, the lands formerly contained in the Nipp-Pictured Cliffs Pool.

(e) CONTRACT the South Gallegos-Fruitland Pool in San Juan County, New Mexico, by deleting:

TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM

Section 8: N/2  
 Section 9: N/2  
 Section 10: N/2

(f) EXTEND the Ballard-Pictured Cliffs Pool in Rio Arriba, San Juan, and Sandoval Counties, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 3 WEST, NMPM

Section 7: S/2  
 Section 8: SW/4

(g) EXTEND the Blanco Mesaverde Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 4 WEST, NMPM

Section 5: SW/4

(h) EXTEND the Blanco-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 8 WEST, NMPM

Section 9: SE/4

TOWNSHIP 30 NORTH, RANGE 10 WEST, NMPM

Section 22: NW/4

(i) EXTEND the South Blanco-Pictured Cliffs Pool in Rio Arriba, San Juan, and Sandoval Counties, New Mexico, to include therein:

TOWNSHIP 28 NORTH, RANGE 8 WEST, NMPM

Section 10: All

(j) EXTEND the Bloomfield-Chacra Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 11 WEST, NMPM

Section 9: SW/4

(k) EXTEND the BS Mesa-Gallup Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 4 WEST, NMPM

Section 3: SE/4

(l) The advertised extension of the Chacon-Dakota Associated Pool in Rio Arriba and Sandoval Counties, New Mexico, will be deferred to a later date because of an error in advertising.

(m) EXTEND the Dufers Point Gallup Dakota Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 8 WEST, NMPM

Section 18: W/2

TOWNSHIP 25 NORTH, RANGE 9 WEST, NMPM

Section 12: W/2  
 Section 13: NE/4

(n) EXTEND the Fulcher Kutz-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 11 WEST, NMPM

Section 5: SW/4

(o) EXTEND the South Hospah-Lower Sand Oil Pool in McKinley County, New Mexico, to include therein:

TOWNSHIP 17 NORTH, RANGE 8 WEST, NMPM  
Section 6: NW/4 SE/4

TOWNSHIP 17 NORTH, RANGE 9 WEST, NMPM  
Section 12: NW/4 NW/4

(p) EXTEND the South Hospah-Upper Sand Oil Pool in McKinley County, New Mexico, to include therein:

TOWNSHIP 17 NORTH, RANGE 8 WEST, NMPM  
Section 5: W/2 SW/4  
Section 6: S/2 SE/4  
Section 7: N/2 NE/4  
Section 8: NW/4 NW/4

TOWNSHIP 17 NORTH, RANGE 9 WEST, NMPM  
Section 12: NW/4 NW/4

(q) EXTEND the Kutz-Fruitland Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 28 NORTH, RANGE 11 WEST, NMPM  
Section 33: NW/4

(r) EXTEND the South Los Pinos Fruitland-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 31 NORTH, RANGE 7 WEST, NMPM  
Section 2: NE/4  
Section 10: NE/4

(s) EXTEND the Lybrook-Gallup Oil Pool in Rio Arriba and Sandoval Counties, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 7 WEST, NMPM  
Section 8: NW/4

(t) EXTEND the Papers Wash-Entrada Oil Pool in McKinley County, New Mexico, to include therein:

TOWNSHIP 19 NORTH, RANGE 5 WEST, NMPM  
Section 15: SE/4 SW/4  
Section 16: NE/4 SE/4  
Section 22: NE/4 NW/4

(u) The advertised extension of the Rusty-Chacra Pool in Sandoval County, New Mexico, will be deferred to a later date because of an error in advertising.

(v) EXTEND the Ute Dome-Dakota Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 32 NORTH, RANGE 14 WEST, NMPM  
Section 24: S/2

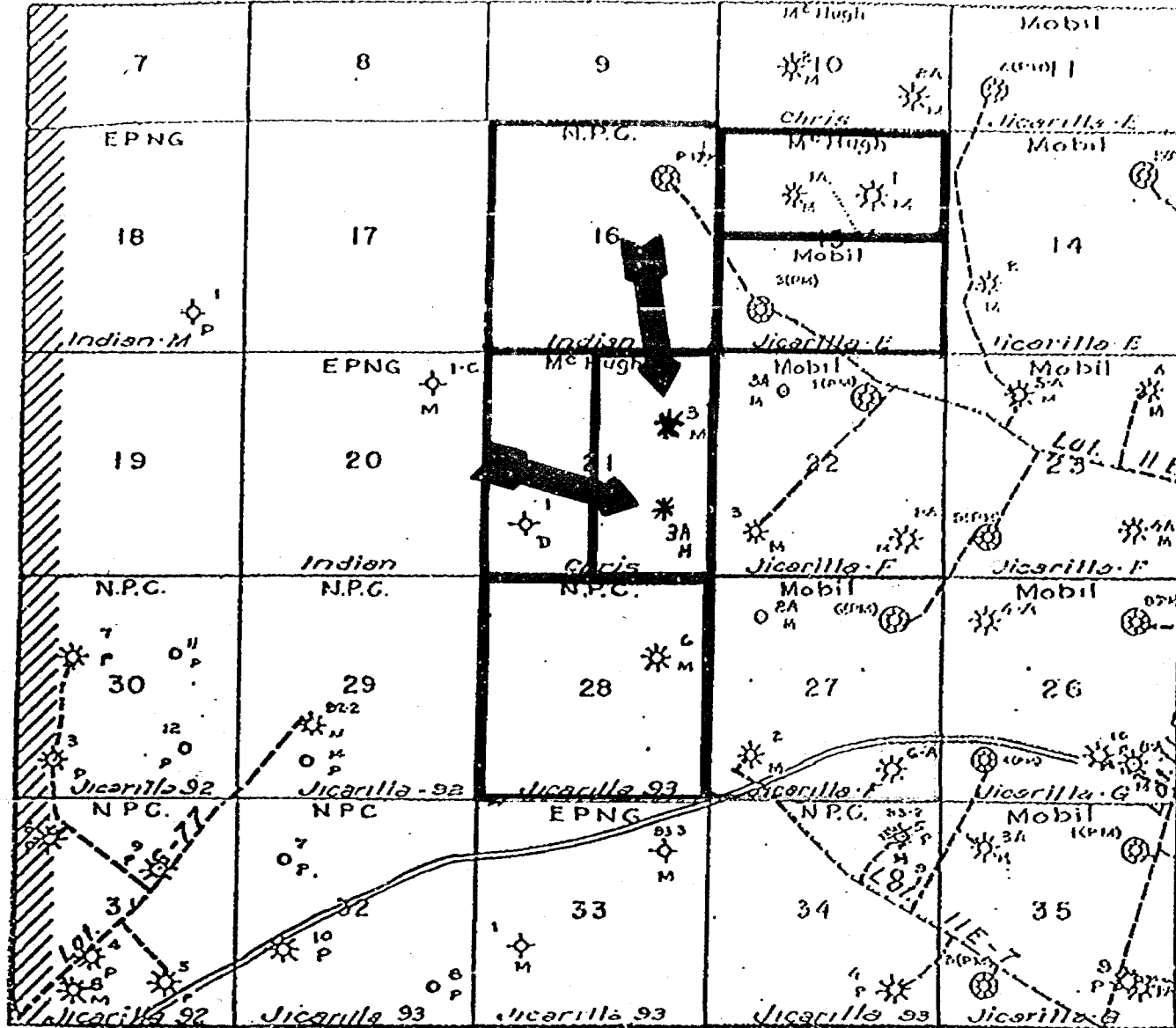


71

DAN NUTTER

#3 compl as MV well  
still prod

#4 no well in MV in 78  
att recompl in Apr 79  
as comm PE & MV - still no well



OFFSETTING LEASES AND OPERATORS

\* Well Locations

- A. — Jicarilla Apache Tribal Contract No. 90  
Jerome P. McHugh, Northwest Pipeline Corp., Phillips Petroleum Co.
- B. — Jicarilla Apache Tribal Contract No. 89  
Mobil Oil Corporation
- C. — Jicarilla Apache Tribal Contract No. 94  
Mobil Oil Corporation
- D. — Jicarilla Apache Tribal Contract No. 93  
Northwest Pipeline Corporation

In the Matter of the Applications of  
Jerome P. McHugh for Downhole Commingling  
of the Chris #3 and #3A Wells  
in Rio Arriba County, New Mexico  
Case No. 6277  
Exhibit No. 1-A

7	8	9	10	7791 (221684) 11
18	17	16	(83278) 15 666	(60130) 1925 14
19	20	Chris #3 21 * * Chris #3A	(288951) 11585 448 22	(841236) 23 42502 103
30	29	28	(732986) 24035 (1759) 27 0	(514690) (133080) (530) (210) 35967 6 3692 0 (917303) 39736 (22471) 0
31	32	33	(148078) (0) 55291 34 0 (24622) 11433 (781) 412	(1276063) (1955) 32358 141 35 (414612) (764157) (394) (1700) (394) 0 37152 19501

T-27-N

R-3-W

NMPM

# GAVILAN PICTURED CLIFFS POOL

\* Well Locations

— 1977 Gas Production (MCF)      — 1977 Oil Production (Bbl)  
 — Cumulative Gas Production (MCF)      ( — ) Cumulative Oil Production (Bbl)

In the Matter of the Applications of  
 Jerome P. McHugh for Downhole Commingling  
 of the Chris #3 and #3A Wells  
 in Rio Arriba County, New Mexico  
 Case No. 6277  
 Exhibit No. 4-A

7	8	9	10	11 • 493
18	17	16	15 • 135	14 152 0
19	20	Chris #3 21 * * Chris #3A	22 • 817 16	23 3809 14
30	29	28	27 1736 16	26 248 0 • 2515 3516 11 0
31	32	33	34 3280 0 741 47	35 1104 0 • 1858 579 0 0

T-27-N  
R-3-W  
NMPM

GAVILAN PICTURED CLIFFS POOL

\* Well Locations

April, 1978 Gas Production (MCF)

— April, 1978 Oil Production (Bbl)

In the Matter of the Applications of  
Jerome P. McHugh for Downhole Commingling  
of the Chris #3 and #3A Wells  
in Rio Arriba County, New Mexico

Case No. 6277

Exhibit No. 5-A

7	8	9	(0) 0 (0) 0 10 (0) 0 0	(653301) (0) 0 11 • 24279
18	17	(115945) (0) 0 16 4887	47 (136605) (47) 136605 15 (630647) (0) 0 • 20120	(830302) (0) 0 39748 19 (604685) (357) 0 22789
19	20	Chris #3 * Chris #3A *	(0) (0) (1226540) 0 0 (3438) 213 35606 22 16468 (442130) (44) 0 0 279 (156089) (279)	(151041) (381217) (87) (533) 87 469 151041 23 13187 (1244388) (5193) 45542 310
30	(311030) 29 (0) 0 0 11433	28	(0) (0) (1436076) 0 0 (7436) 306 53032 27 (689537) (252504) (1939) (90) 0 0 24680 35629	(163211) (6903) (240937) (526) 526 30808 240937 6 66297 138732 (1893835) (134732) (10363) (1030) 350 1030
67 31 (113701) (209) 37801	32	33	(2812768) (4927) 0 141298 34 808	(402644) (3650773) (1747) (23572) 747 347 214060 35 14987 (3613842) (212534) (2621) (2367) 0 258 175089 177849

T-27-N

R-3-W

NMPM

## BLANCO MESA VERDE POOL

\* Well Locations

- 1977 Gas Production (MCF)      — 1977 Oil Production (Bbl)  
 (-) Cumulative Gas Production (MCF)      (-) Cumulative Oil Production (Bbl)

In the Matter of the Applications of  
 Jerome P. McHugh for Downhole Commingling  
 of the Chris #3 and #3A Wells  
 in Rio Arriba County, New Mexico  
 Case No. 6277  
 Exhibit No. 6-A

7	8	9	70160 0	10 11543 0	11 • 1750 0
18	17	16 179 0	8366 0	7442 9	3461 0
19	20	Chris #3 21 * * Chris #3A	27366 73	3023 0	13878 0
			1215 0	15141 • 18	17176 325
30	29 • 254 0	28	• 0	3124 18	• 17156 29
			1292 • 0	17093 • 0	3009 0
31 • 2175 0	32	33	12558 154	• 19623 58	26 • 4452 29
			34	11247 29	8547 29
				35	• 19623 58
					11247 29
					13201 • 29
					12347 0

T-27-N

R-3-W

NMFM

BLANCO MESA VERDE POOL

\* Well Locations

— April, 1978 Gas Production (MCF)

— April, 1978 Oil Production (Bbl)

In the Matter of the Applications of  
 Jerome P. McHugh for Downhole Commingling  
 of the Chris #3 and #3A Wells  
 in Rio Arriba County, New Mexico  
 Case No. 6277  
 Exhibit No. 7-A

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
State Land Office Building  
Santa Fe, New Mexico  
2 August 1978

EXAMINER HEARING

IN THE MATTER OF:

Application of Jerome P. McHugh  
for downhole commingling, Rio  
Arriba County, New Mexico.

CASE 6277  
6276

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Lynn Teschendorf, Esq.  
Legal Counsel for the Division  
State Land Office Building  
Santa Fe, New Mexico 87501

For the Applicant:

Richard Tully, Esq.  
Farmington, New Mexico

SALLY WALTON BOYD

CERTIFIED SHORTHAND REPORTER

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## INDEX

THOMAS A. DUGAN

Direct Examination by Mr. Tully

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## EXHIBITS

Applicant Exhibit One, Map

17

Applicant Exhibit Two, Map

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Applicant Exhibit Three, Cross Section

17

Applicant Exhibit Four, Cross Section

17

Applicant Exhibit Four A, Plat

17

Applicant Exhibit Five, Plat

17

Applicant Exhibit Five A, Plat

17

Applicant Exhibit Six, Plat

17

Applicant Exhibit Seven, Plat

17

Applicant Exhibit Six A, Plat

17

Applicant Exhibit Seven A, Plat

17



MR. NUTTER: Call now Case Number 6276.

MS. TESCHENDORF: Case 6276. Application of Jerome P. McHugh for an unorthodox gas well location, Rio Arriba County, New Mexico.

MR. TULLY: May it please the Division, my name is Richard Tully, the attorney for Jerome P. McHugh. I have one witness to be called, Mr. Tom C. Dugan.  
(Witness sworn.)

THOMAS A. DUGAN

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

DIRECT EXAMINATION

BY MR. TULLY:

Q Would you state your name for the record, please?

A. Thomas C. Dugan.

Q And your occupation, Mr. Dugan?

A. I'm a consulting petroleum engineer from Farmington, New Mexico.

Q And your address?

A. 907 Hallett Circle, Farmington, New Mexico.

MR. TULLY: Are Mr. Dugan's qualifications a matter of record and acceptable?

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1 MR. NUTTER: Yes, they are.

2 Q Mr. Dugan, now handing you two pieces of paper,  
3 each of them entitled Application, and would you review  
4 these applications and please briefly summarize them?

5 A Okay. Jerome McHugh drilled three wells on  
6 Jicarilla Reservation and the initial intent was to com-  
7 plete them as single Mesaverde wells. The -- after  
8 drilling the wells the logs didn't come out quite as good  
9 as we had hoped and also the Pictured Cliffs formation  
10 developed a little bit better than we had hoped, so we  
11 decided that the most practical way of completing these  
12 wells was to request that -- to commingle the Pictured  
13 Cliffs and the Mesaverde in the wellbore and this applica-  
14 tion was for that purpose.

15 MR. NUTTER: Mr. Dugan, you mentioned three  
16 wells. Now, I notice this --

17 A Okay, excuse me, all right.

18 MR. NUTTER: These exhibits cover the wells  
19 in Section 9 and the wells in Section 21. We've called  
20 the case only for the one in Section 9 up to now.

21 A Okay, excuse me.

22 MR. NUTTER: Would you like to consolidate them  
23 for purpose of testimony?

24 MR. TULLY: That would be fine with us. We  
25 have two exhibits which we're going to use for both of

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
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Santa Fe, New Mexico 87501

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1 them.

2 A. And essentially they're all the same, really.  
3 The only --

4 MR. NUTTER: It's the same question except  
5 that the one case involving the well in Section 9 is also  
6 an unorthodox location, but outside of that they're identi-  
7 cal.

8 A. Yes, sir. Yes.

9 MR. NUTTER: So let's at this time call also  
10 Case Number 6277, then.

11 MS. TESCHENDORF: Case 6277. Application of  
12 Jerome P. McHugh for downhole commingling, Rio Arriba  
13 County, New Mexico.

14 MR. NUTTER: And we will consolidate Cases  
15 6276 and 6277 for purpose of hearing.

16 Q May it please the Division, at this time I  
17 would like to go ahead and present the exhibits for Case  
18 Number 6277 and entitle them A, the number and then dash  
19 A, would that be all right?

20 MR. NUTTER: That will be fine.

21 Q (Mr. Tully continuing.) At this time I'm  
22 handing you two more pieces of paper, both of them en-  
23 titled Application. Would you please briefly describe  
24 these applications, also?

25 A This is our application for -- request to

**SALLY WALTON BOYD**

**CERTIFIED SHORTHAND REPORTER**

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Santa Fe, New Mexico 87501

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1 commingle the Chris 3 and 3-A Well in the Pictured Cliffs  
2 and Mesaverde formation in the wellbore.

3 Q. Would you please describe the leases that these  
4 wells are located on?

5 A. Okay, these are the --- all of the leases are  
6 on the Jicarilla Reservation and they are --- McHugh has  
7 the rights through the Mesaverde, all rights through the  
8 Mesaverde formation and all of the ownership, royalty and  
9 working interests are identical on all leases.

10 Q. Would you please describe to the Division  
11 exactly where these leases are located?

12 Or these wells are located?

13 A. Okay. The Chris 3 is located in the northeast  
14 quarter of Section 21, Township 27 North, Range 3 West,  
15 Rio Arriba County, New Mexico.

16 The 3-A is located in the southeast quarter  
17 of Section 21, Township 27 North, Range 3 West, Rio Arriba  
18 County, New Mexico.

19 And the Chris 4 is located in the east half  
20 of Section 9, Township 27 North, Range 3 West, Rio Arriba  
21 County, New Mexico.

22 Q. I'm now handing you what has been marked as  
23 Exhibit Number One and Exhibit Number One-A. Would you  
24 please briefly describe these exhibits?

25 A. Okay. This is a map of the area that shows

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Page 7

1 the offset wells and the location of the wells in question,  
2 along with the proration unit of the two wells -- of the  
3 three wells.

4 Q Would you briefly describe for us the drilling  
5 operations and your completion efforts on these three  
6 wells, the Chris 3, 3-A, and 4?

7 A Okay. We moved in in April, the latter part of  
8 April, and drilled the three wells in succession and com-  
9 pleted our drilling operation in the middle of June.  
10 We set 4-1/2 casing through the Mesaverde formation on  
11 the Chris 3 Well and cemented it in two stages with the  
12 cement coming close to the surface. I don't think we got  
13 it quite to the surface.

14 The Chris 3-A and 4 Well was drilled in a  
15 similar manner with -- except that the 5-1/2 casing was  
16 set from the surface through the Mesaverde formation to  
17 TD and cemented in two stages.

18 MR. NUTTER: Those last two had 5-1/2 and the  
19 first had 4-1/2?

20 A Yes, sir.

21 MR. NUTTER: Okay.

22 A And we haven't started the completion of any  
23 of the wells at this time, waiting on this hearing, among  
24 other things that we're waiting on.

25 Q Referring back to Exhibit Number One, directing

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1 your attention to that Section 9, it looks like it's a  
2 fractional section.

3 A. Yes.

4 Q. Was it your impression when you filed the  
5 application for permit to drill that that would be considered  
6 as the north half of that section?

7 A. Well, yeah. We were, of course, keeping it  
8 as far to the east as we could, which was as close to  
9 existing production as was possible, and so realizing it  
10 was a partial section, assumed that that was the northeast  
11 quarter and also that the entire section would be dedicated  
12 to the proration unit.

13 Q. Did you then find out subsequently that this  
14 fractional section of Section 9 would be considered as the  
15 south half?

16 A. Yes.

17 Q. So thus it was your intention that this would  
18 probably be the northeast quarter and thus be in compliance  
19 with the special rules of the Blanco-Mesaverde Pool, but  
20 then subsequently you found out later that this would be  
21 considered the south half and thus not in the southwest  
22 quarter and thus you would need to come to hearing for  
23 an exception to these special rules?

24 A. Yeah, that's true. Of course, we would have  
25 wanted to drill it on the east side, anyway, because of

1 the "closeology" theory.

2 Q Do you have anything more to say about this  
3 Exhibit Number One?

4 A Not at this time.

5 Q I'm now handing you what has been marked as  
6 Exhibit Number Two. Would you please describe this exhibit  
7 for us?

8 A This is a cross section AA prime as shown on  
9 the little map at the bottom of it, the exhibit, and we  
10 have -- are attempting to show with this exhibit that un-  
11 fortunately the Chris 3, 3-A, and 4 Wells are rather edge  
12 wells along an existing trend of Mesaverde production, and  
13 also Pictured Cliffs production, so what we have done is  
14 duplicated both the Mesaverde and Pictured Cliffs zones  
15 from various logs and what we hope to show is that while  
16 we are next to some fairly decent existing wells, we are  
17 also in close proximity to some dry holes to the west of  
18 us, and these logs, particularly the Mesaverde zone in all  
19 three wells, aren't -- isn't near as well developed as the  
20 wells to the east.

21 The Pictured Cliffs zone is rather marginal  
22 in all of the wells in the area.

23 MR. NUTTER: Well, now, Mr. Dugan, on this  
24 Exhibit Two, this lefthand well --

25 A Yeah, it's a dry hole.

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1 MR. NUTTER: -- is labeled as the Phillips  
2 Indian C-3, I think.

3 A. Yeah, it's a dry hole.

4 MR. NUTTER: Or C-1.

5 A. Uh-huh.

6 MR. NUTTER: But on the map it shows that as  
7 an El Paso lease. Is that just a change of ownership from  
8 Phillips to --

9 A. Yeah, that's what it is. It was originally  
10 drilled in 1952 and Phillips was the operator and in sub-  
11 sequent to '50s the approval of the Pacific Northwest  
12 Pipeline, all of their leases was turned over to Pacific  
13 Northwest, who in turn merged with El Paso; probably back  
14 to Northwest Pipeline now.

15 MR. NUTTER: Yeah.

16 A. So this is -- this is an old well.

17 MR. NUTTER: Okay.

18 A. But it is a dry hole.

19 And there's other dry holes in the immediate  
20 vicinity.

21 MR. NUTTER: It was dry in both formations?

22 A. Yes, sir. And then you can see that the Chris  
23 3 log isn't a lot different and then as you get back into  
24 the production, why, the sands are developed, particularly  
25 in the Mesaverde, considerably better.



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1 MR. NUTTER: Now, with respect to this same  
2 exhibit, Number Two, the plat on the exhibit shows that  
3 the Mobil 3-A is a location and not a completed well.

4 A. Yeah, it has since been --- is has since been,  
5 since this map was made it's been completed or at least it  
6 should have been shown as a completed well on the plat.

7 MR. NUTTER: I see.

8 A. Because it is now.

9 MR. NUTTER: It's a producing well?

10 A. Yes. I'm not sure that they've got it hooked  
11 up.

12 MR. NUTTER: Now I see perforations in the  
13 Mesaverde. I don't see any perforations in the Pictured  
14 Cliffs.

15 A. Yeah, I don't -- I believe it's a single Mesa-  
16 verde.

17 MR. NUTTER: Then the next well is an old  
18 Magnolia well.

19 A. Yeah, it's a dual.

20 MR. NUTTER: And it's got perforations in both  
21 zones.

22 A. Yes, sir.

23 MR. NUTTER: And then the far right well is  
24 the 5-A, it's got perforations in the Mesaverde and appar-  
25 ently none in the Pictured Cliffs.

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1 A. Well, it's a dual. No, it's not either, excuse  
2 me. It's a new well that they've drilled fairly recently  
3 and it's a Mesaverde single completion.

4 MR. NUTTER: Okay.

5 A. So the purpose of this exhibit is to show that  
6 unfortunately we haven't got the greatest of wells in this  
7 thing. Probably be a marginal type completion and our  
8 reason -- that's our reason for being down here to try to  
9 commingle it.

10 MR. NUTTER: How good a well did Mobil get in  
11 their Number 3-A there in Section 22, do you know?

12 MR. TULLY: Mr. Nutter, if it's possible, could  
13 we hold off that question? We have some more exhibits  
14 that can answer that more.

15 MR. NUTTER: Oh, okay, yeah.

16 A. Those are production figures.

17 MR. TULLY: Yeah, we've got production figures  
18 as well as -- for 1977 as well as for April, 1978.

19 MR. NUTTER: Now are you going to Exhibit Three?

20 MR. TULLY: Yes.

21 Q. (Mr. Tully continuing.) Now handing you what  
22 has been labeled as Exhibit Number Three. Would you please  
23 describe this exhibit for us?

24 A. Well, this again is a cross section BB prime  
25 as shown on the little plat at the bottom of the cross

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1 section and again we've shown the logs in the Mesaverde  
2 and Pictured Cliffs formations, and just as comparison  
3 purposes, all of the logs along this western edge of this  
4 particular trend are approximately the same.

5 And this shows --- and all three wells in question  
6 show up on this cross section. That was really the prin-  
7 cipal reason for making it, to get all three wells logs to  
8 show up.

9 The second well, the northwest -- let's see,  
10 we're showing it as Pacific Northwest Corporation's Indian  
11 P-1, but it's now a Northwest Pipeline well, but that was  
12 off the log head; Pacific drilled it, but it's not a very  
13 good well. I think we'll get to that a little later.

14 MR. NUTTER: Now I see on the map here that it's  
15 got a little symbol "P" by it and in parentheses "PN" but  
16 I don't see any perforations in either formation here.

17 What is that well?

18 A. Okay, it's a dual; it's a dual completion, I'm  
19 sure.

20 MR. NUTTER: Pictured Cliffs and Mesaverde?

21 A. Uh-huh. Although it's -- it's probable or  
22 possible that we'll look at that a little bit later. I  
23 don't believe the Mesaverde produced, or at least was cap-  
24 able of production.

25 MR. TULLY: Not in the Pictured Cliffs.

1 A. Oh, it's the -- one zone is not producing.

2 MR. TULLY: Right, it is in the Mesaverde.

3 A. Yeah. Yes, that is the only -- do you have  
4 any other questions on this?

5 MR. TULLY: Mr. Nutter, do you have any more  
6 questions on this particular exhibit at this time?

7 MR. NUTTER: No, I don't. Go ahead.

8 Q. (Mr. Tully continuing.) I'm now handing you  
9 what has been labeled as Exhibits Four, Four-A, Five and  
10 Five-A, would you please describe these exhibits for us?

11 A. Okay, this is -- this is Pictured Cliffs  
12 production from offset wells, showing the cumulative gas  
13 that has been produced from the wells and on Four, and  
14 cumulative gas and oil on Four-A. On Four that's cumulative  
15 gas and oil, also, and Five and Five-A is April, 1978,  
16 production.

17 That's monthly production, so none of the wells  
18 are very good, unfortunately.

19 MR. TULLY: Mr. Nutter, directing your attention  
20 to Section 16 on the Pictured Cliffs exhibits you'll note  
21 that there is no production shown for the well that you  
22 asked about --

23 MR. NUTTER: But there is Mesaverde zone.

24 MR. TULLY: But there is Mesaverde. We'll be  
25 getting to that in just a second.

1 Q Do you have anything further to say about these  
2 exhibits?

3 A No. I guess the purpose of these exhibits is  
4 to show the Pictured Cliffs production in the area, and  
5 unfortunately, it's not very good.

6 Q I'm now handing you what has been marked as  
7 Exhibits Six and Seven and Six-A and Seven-A. Would you  
8 please identify and --

9 A Okay, this is showing production from the  
10 Blanco-Mesaverde horizon and on the offset wells, the  
11 cumulative and April, '78 production.

12 You can note that the Mesaverde is a much  
13 better producing horizon and some of the wells are doing  
14 quite well.

15 And you'll also note that the Mobil well that's  
16 in the -- let's see, was that the one in 10?

17 MR. NUTTER: That was the one up there in the  
18 northwest of 22.

19 A Oh, 22, all right, yeah. Northwest of 22,  
20 the cumulative production was zero for last -- up to the  
21 first of this year, but in April the well is on. It's a  
22 pretty good well.

23 MR. NUTTER: Almost a million a day.

24 A Yeah. So it must have been -- that must have  
25 been its first month's production.

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1 So you can see -- I'm glad to see these figures  
2 a little better. It justifies why we drilled the wells.  
3 I thought after looking at the Pictured Cliffs, that  
4 Pictured Cliffs production, I was wondering why we drilled  
5 those wells.

6 No, we started out to drill Mesaverde wells  
7 and the Mesaverde horizon kind of got away from us there  
8 and so we were hoping to make a commercial well by com-  
9 mingling both zones in the wellbore.

10 MR. NUTTER: Looking at some of these figures,  
11 though, there's a possibility of a commercial well in the  
12 Mesaverde.

13 A. Yes. Yes. It's very possibly that -- or  
14 hopefully, we'll be able to make a fair well in the Mesa-  
15 verde. Although the logs aren't near as attractive looking  
16 as the logs to the west and in the McHugh wells that we  
17 have drilled prior to this. They're in Sections 10 and  
18 the north half of 15. They're quite good wells.

19 Q. Is there also some economic considerations  
20 involved in commingling these instead of trying to dually  
21 complete them at this time?

22 A. Yes, by commingling in the wellbore as opposed  
23 to a dual completion we could save between \$25,000 to  
24 \$40,000 per well.

25 Q. Were these exhibits prepared under your super--

1 vision and control?

2 A. Yes.

3 MR. TULLY: I'd now like to move for the intro-  
4 duction of these exhibits, One through Seven, and One-A  
5 through Seven-A, into evidence.

6 MR. NUTTER: Exhibits One through Seven and  
7 One-A through Seven-A -- no, we don't have a Seven-A.

8 We have an Exhibit One-A and an Exhibit Three-  
9 A through Seven-A and Exhibits One through Seven.

10 MR. TULLY: Yes.

11 MR. NUTTER: Will be admitted in evidence.

12 Q In your professional opinion would the proposed  
13 commingling of these pools for these three wells result  
14 in recovery of additional hydrocarbons, the prevention of  
15 waste, and the commingling will not violate correlative  
16 rights?

17 A. Yes, I'm sure that if we're not given permission  
18 to commingle in the wellbore, we probably won't attempt  
19 a Pictured Cliffs completion, so that gas would at least  
20 not be available for production at this time and so it  
21 will definitely mean more gas available and yes, the  
22 answer is yes.

23 MR. TULLY: I have no further questions.

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

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1 Do you have anything further, Mr. Tully?

2 MR. TULLY: Just one question. Have you re-  
3 ceived waivers?

4 MR. NUTTER: Yes. We do have some waivers  
5 here.

6 We've received a waiver of objection to the  
7 No. 4 Well from Southland Royalty.

8 We've received a waiver of objection to the  
9 Chris No. 4 from Phillips Petroleum Company.

10 And we've received a waiver of objection from --  
11 to the No. 4 Well from Northwest Pipeline Corporation.

12 MR. TULLY: Have you received any waivers on  
13 the Chris Nos. 3 and 3-A?

14 MR. NUTTER: Well, we may have. Let me look.  
15 We've received a waiver on the No. 3 from Mobil and also  
16 the 3-A.

17 We've received a waiver from Northwest Pipeline  
18 to the No. 3 and the 3-A, and we've received a waiver from  
19 Phillips to the No. 3.

20 And they said in their letter that they were  
21 sending one on the No. 3-A also, but we didn't get it.

22 MR. TULLY: I have a copy of that. I'll pre-  
23 sent it to you.

24 Would you like the original or would you like  
25 me to Xerox it or -- we'd like to keep, of course, one



1 for our file.

2 MR. NUTTER: Well, we'll work it all after the  
3 hearing and see what we've got, if you've got any waivers  
4 we don't have, you can give us copies.

5 MR. TULLY: That's all I have, Mr. Nutter.

6 MR. NUTTER: Okay. Does anyone have anything  
7 to offer in Cases 6276 or 6277?

8 We'll take the cases under advisement.

9 (Hearing concluded.)

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STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
State Land Office Building  
Santa Fe, New Mexico  
19 July 1978

EXAMINER HEARING

IN THE MATTER OF:

Application of Jerome P. McHugh for  
downhole commingling, Rio Arriba  
County, New Mexico.

CASE 6277

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Lynn Teschendorf, Esq.  
Legal Counsel for the Division  
State Land Office Building  
Santa Fe, New Mexico 87501

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MR. STAMETS: Call next Case 6277.

MS. TESCHENDORF: Case 6277. Application of  
Jerome P. McHugh for downhole commingling, Rio Arriba  
County, New Mexico.

The Applicant has requested that this case  
also be continued to the August 2nd Examiner Hearing.

MR. STAMETS: The case will be so continued.

(Hearing concluded.)

SALLY WALTON BOYD  
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REPORTER'S CERTIFICATE

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I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY  
CERTIFY that the foregoing and attached Transcript of  
Hearing before the Oil Conservation Division was reported  
by me; that said transcript is a full, true, and correct  
record of the hearing, prepared by me to the best of my  
ability, knowledge, and skill from my notes taken at the  
time of the hearing.

Sally Walton Boyd CSE  
Sally Walton Boyd, C.S.R.

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
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Santa Fe, New Mexico 87501

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 4222  
heard by me on 2-7-79, 1978  
Richard R. Harsh, Examiner  
New Mexico Oil Conservation Commission

REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY  
CERTIFY that the foregoing and attached Transcript of  
Hearing before the Oil Conservation Division was reported  
by me; that said transcript is a full, true, and correct  
record of the hearing, prepared by me to the best of my  
ability, knowledge, and skill from my notes taken at the  
time of the hearing.

Sally Walton Boyd C.S.R.  
Sally Walton 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. 6276-6277  
heard by me on Aug 7, 19 78.

[Signature], Examiner  
New Mexico Oil Conservation Commission

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
730 Bishop's Lodge Road • Phone (505) 988-3404  
Santa Fe, New Mexico 87501

WAIVER OF OBJECTION AND CONSENT  
TO THE DOWNHOLE COMMINGLING OF  
THE CHRIS #3A WELL

The undersigned, as an operator of a lease offsetting the E/2 of Section 21, Township 27 North, Range 3 West, NMPM, Rio Arriba County, New Mexico, does hereby acknowledge receipt of the Application for Downhole Commingling of the Chris #3A Well.

The undersigned states that it waives any objection to this Application, and voluntarily consents to the commingling of the Chris #3A Well as stated in the above mentioned Application.

Dated this 5 day of July, 1978.

Phillips Petroleum Company  
Company Name  
By: Raulo [Signature]  
Title: Attorney-in-fact  
Address: 1000 Security Life Bldg.  
Denver, Co, 80202

Please send one executed copy to Joe D. Ramey, Division Director, New Mexico Oil Conservation Division, P.O. Box 2088, Santa Fe, NM 87501, and return one executed copy to the Applicant. The remaining copy is for your files.

*Mr. Ramey*

*Case 6277*

JUL 15 1978

Santa Fe

WAIVER OF OBJECTION AND CONSENT  
TO THE DOWNHOLE COMMINGLING OF  
THE CHRIS #3 WELL

The undersigned, as an operator of a lease offsetting the E/2 of  
Section 21, Township 27 North, Range 3 West, N.M.P.M., Rio Arriba County,  
New Mexico, does hereby acknowledge receipt of the Application for  
Downhole Commingling of the Chris #3 Well.

The undersigned states that it waives any objection to this  
Application, and voluntarily consents to the commingling of the Chris #3  
Well as stated in the above mentioned Application.

Dated this 7th day of July, 1978.

Phillips Petroleum Company  
Company Name

By: *J. P. Denny*  
J. P. Denny

Title: Rocky Mountain Area Operations  
Manager

Address: 1000 Security Life Building  
Denver, Colorado 80202

Please send one executed copy to Joe D. Ramey, Division Director,  
New Mexico Oil Conservation Division, P. O. Box 2088, Santa Fe, NM 87501,  
and return one executed copy to the Applicant. The remaining copy is for  
your files.

Dockets Nos. 25-78 and 26-78 are tentatively set for hearing on August 16 and 30, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 2, 1978**  
9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

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

**CASE 6238:** (Continued from June 21, 1978, Examiner Hearing)  
Application of Barber Oil, Inc., for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for its Saladar Unit Area comprising 240 acres, more or less, of Federal and fee lands in Township 20 South, Range 28 East, Eddy County, New Mexico.

**CASE 6226:** (Continued from June 21, 1978, Examiner Hearing)  
Application of Barber Oil, Inc., for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its Saladar Unit, by the injection of water into the Yates formation through five wells located in Units K, L, N and O of Section 33, Township 20 South, Range 28 East, Saladar-Yates Pool, Eddy County, New Mexico.

**CASE 6283:** Application of Texas Oil & Gas Corporation for a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard gas proration unit comprising the W/2 of Section 16, Township 20 South, Range 36 East, North Osudo-Morrow Gas Pool, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon.

**CASE 6276:** (Continued from July 19, 1978, Examiner Hearing)  
Application of Jerome P. McHugh for an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of his Chris Well No. 4 to be drilled 1902 feet from the South line and 1650 feet from the East line of Section 9, Township 27 North, Range 3 West, Blanco Mesaverde Pool, Rio Arriba County, New Mexico, the S/2 of said Section 9 to be dedicated to the well.  
Applicant further seeks authority to commingle Blanco Mesaverde and Gavilan-Pictured Cliffs production in the wellbore of said well.

**CASE 6277:** (Continued from July 19, 1978, Examiner Hearing)  
Application of Jerome P. McHugh for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gavilan Pictured Cliffs and Blanco Mesaverde production in the wellbores of his Chris Wells Nos. 3 and 3A, located in Units H and I of Section 21, Township 27 North, Range 3 West, Rio Arriba County, New Mexico.

**CASE 6279:** (Continued from July 19, 1978, Examiner Hearing)  
Application of Hanagan Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the W/2 of Section 28, Township 21 South, Range 26 East, Avalon Hills-Morrow Pool, Eddy County, New Mexico, 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 6284:** Application of Harvey E. Yates Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Welch "A" Well No. 1 located 480 feet from the North line and 500 feet from the West line of Section 9, Township 18 South, Range 29 East, Eddy County, New Mexico, the W/2 of said Section 9 to be dedicated to the well.

**CASE 6285:** Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Atoka and Perno-Penn gas production in the wellbore of its Federal "HQ" Well No. 1 located in Unit O of Section 5, Township 21 South, Range 22 East, Little Box Canyon Field, Eddy County, New Mexico.

**CASE 6241:** (Continued from July 19, 1978, Examiner Hearing)  
Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Eagle Creek Perno-Penn and West Atoka-Morrow gas production in the wellbore of its Powell DG Well No. 1 located in Unit O of Section 35, Township 17 South, Range 25 East, Eddy County, New Mexico.



WAIVER OF OBJECTION AND CONSENT  
TO THE DOWNHOLE COMMINGLING OF  
THE CHRIS #3 WELL

JUL 20 1978  
NEW MEXICO OIL CONSERVATION COMMISSION  
Case 6277

The undersigned, as an operator of a lease offsetting the E/2 of Section 21, Township 27 North, Range 3 West, N.M.P.M., Rio Arriba County, New Mexico, does hereby acknowledge receipt of the Application for Downhole Commingling of the Chris #3 Well.

The undersigned states that it waives any objection to this Application, and voluntarily consents to the commingling of the Chris #3 Well as stated in the above mentioned Application.

Dated this 17 day of July, 1978.

Mobil Oil Corporation  
Company Name

By: J. A. Morris

J. A. Morris  
Title: Regulatory Engineering Supervisor

Address: 9 Greenway Plaza  
Houston, TX 77046

Please send one executed copy to Joe D. Ramey, Division Director, New Mexico Oil Conservation Division, P. O. Box 2088, Santa Fe, NM 87501, and return one executed copy to the Applicant. The remaining copy is for your files. ✓

JUL 20 1978  
CONSERVATION DIV.  
SANTA FE, N.M.

Case 6277

WAIVER OF OBJECTION AND CONSENT  
TO THE DOWNHOLE COMMINGLING OF  
THE CHRIS #3A WELL

The undersigned, as an operator of a lease offsetting the E/2 of Section 21, Township 27 North, Range 3 West, NMPM, Rio Arriba County, New Mexico, does hereby acknowledge receipt of the Application for Downhole Commingling of the Chris #3A Well.

The undersigned states that it waives any objection to this Application, and voluntarily consents to the commingling of the Chris #3A Well as stated in the above mentioned Application.

Dated this 17 day of July, 1978.

Mobil Oil Corporation  
Company Name

By: J. A. Morris  
J. A. Morris

Title: Regulatory Engineering Supervisor

Address: 9 Greenway Plaza  
Houston, Tx 77046

Please send one executed copy to Joe D. Ramey, Division Director, New Mexico Oil Conservation Division, P.O. Box 2088, Santa Fe, NM 87501, and return one executed copy to the Applicant. The remaining copy is for your files.

NORTHWEST PIPELINE CORPORATION

JUN 28 1978

PRODUCTION AND DRILLING

WAIVER OF OBJECTION AND CONSENT

TO THE DOWNHOLE COMMINGLING OF

THE CHRIS #3 WELL

Case 6277

The undersigned, as an operator of a lease offsetting the E/2 of Section 21, Township 27 North, Range 3 West, N.M.P.M., Rio Arriba County, New Mexico, does hereby acknowledge receipt of the Application for Downhole Commingling of the Chris #3 Well.

The undersigned states that it waives any objection to this Application, and voluntarily consents to the commingling of the Chris #3 Well as stated in the above mentioned Application.

Dated this 28 day of June, 1978.

Northwest Pipeline Corp.

Company Name

By: [Signature]

Title: Manager, Production and Drilling

Address: P. O. Box 90

Farmington, New Mexico 87401

Please send one executed copy to Joe D. Ramey, Division Director, New Mexico Oil Conservation Division, P. O. Box 2088, Santa Fe, NM 87501, and return one executed copy to the Applicant. The remaining copy is for your files.

WAIVER OF OBJECTION AND CONSENT  
TO THE DOWNHOLE COMMINGLING OF  
THE CHRIS #3A WELL

The undersigned, as an operator of a lease offsetting the E/2 of Section 21, Township 27 North, Range 3 West, NMPM, Rio Arriba County, New Mexico, does hereby acknowledge receipt of the Application for Downhole Commingling of the Chris #3A Well.

The undersigned states that it waives any objection to this Application, and voluntarily consents to the commingling of the Chris #3A Well as stated in the above mentioned Application.

Dated this 25 day of June 1978.

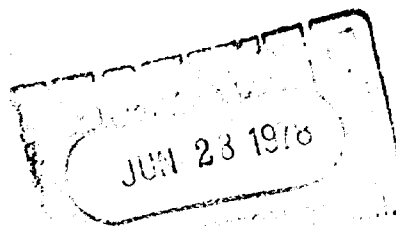
Northwest Pipeline Corporation  
Company Name  
By: [Signature]  
Title: Manager, Production and Drilling  
Address: P. O. Box 90  
Farlington, New Mexico 87401

Please send one executed copy to Joe D. Ramey, Division Director, New Mexico Oil Conservation Division, P.O. Box 2088, Santa Fe, NM 87501, and return one executed copy to the Applicant. The remaining copy is for your files.

|||  
= dp =  
|||

dugan production corp.

June 27, 1978



Case 6277

Joe D. Ramey  
Division Director  
New Mexico Oil Conservation Division Santa Fe  
P. O. Box 2088  
Santa Fe, NM 87501

Re: Application for Downhole Commingling of  
Jerome P. McHugh for the Chris #3 Well  
(Pictured Cliffs and Mesa Verde) in  
Rio Arriba County, New Mexico.

#3

Unit H  
21-27-3

Dear Mr. Ramey:

Enclosed are the following instruments concerning the Application for  
Approval of Downhole Commingling by Jerome P. McHugh for the Chris #3  
Well located in the E/2 of Section 21, Township 27 North, Range 3 West,  
N.M.P.M., Rio Arriba County, New Mexico.

1. Three copies of the Application.
2. Three copies of a Certificate of Mailing stating that all operators  
of leases offsetting the dedicated acreage for this well, the  
U. S. Geological Survey, and the Supervisor of the District III  
Office of the New Mexico Oil Conservation Division have been  
notified of this Application.

We would appreciate it if you will place this Application for hearing on  
July 19, 1978.

Thank you for your assistance and cooperation in this matter. Please advise  
if you need further information.

Sincerely,

*Thomas A. Dugan*  
Thomas A. Dugan  
Agent for Applicant

pb

Enclosures

Joe D. Ramey  
Division Director  
New Mexico Oil Conservation Division  
Page 2  
June 27, 1978

Distribution:

Al R. Kendrick  
Supervisor, District III Office  
Energy and Minerals Department  
New Mexico Oil Conservation Division  
1000 Rio Brazos Road  
Aztec, NM 87410

Jerry Long  
District Engineer  
U.S. Geological Survey  
Box 1809  
Durango, CO 81301

R. A. Wolgast, Area Landman  
Phillips Petroleum Company  
Security Life Bldg.  
Denver, CO 80202

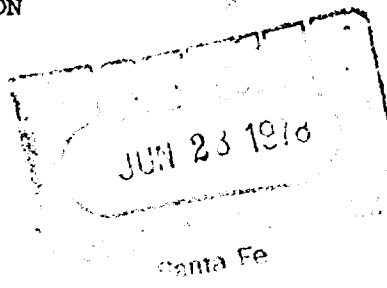
P. Moody, Land Manager  
Mobil Oil Corporation  
Box 5444  
Denver, CO 80217

F. H. Wood  
Manager - Production & Drilling  
Northwest Pipeline Corporation  
Box 90  
Farmington, NM 87401

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO

In the Matter of the Application of  
Jerome P. McHugh for Downhole Commingling  
of the Chris #3 Well in  
Rio Arriba County, New Mexico



Case 6277

APPLICATION

Pursuant to Rule 303 C of the Rules and Regulations of the State of New Mexico Oil Conservation Division, the Applicant, Jerome P. McHugh, by and through his agent, Thomas A. Dugan, hereby makes application for approval of downhole commingling in the well bore of the Chris #3 Well in Rio Arriba County, New Mexico.

The Applicant further states:

1. The Operator of the Chris #3 Well is the Applicant Jerome P. McHugh.
2. The Chris #3 Well is located on Jicarilla Apache Tribal Contract No. 90 insofar as it covers the following described lands.

Township 27 North, Range 3 West, N.M.P.M.  
Section 21: NE/4 (Gavilan Pictured Cliffs Extension)  
Section 21: E/2 (Blanco Mesa Verde)  
Rio Arriba County, New Mexico

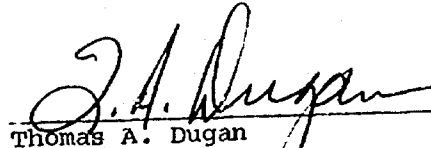
3. The legal location of the well is as follows:

Township 27 North, Range 3 West, N.M.P.M.  
Section 21: 1640' FNL - 1000' FEL  
(Unit Letter H)  
Rio Arriba County, New Mexico

4. The Chris #3 Well is not currently dually completed in the Gavilan Pictured Cliffs Extension Pool and the Blanco Mesa Verde Pool.
5. The Chris #3 Well is capable of only low marginal production from the Gavilan Pictured Cliffs Extension Pool, and the well is also only capable of low marginal production from the Blanco Mesa Verde Pool.
6. The ownership of the above mentioned Pools is common.
7. The proposed commingling from the above Pools will result in the recovery of additional hydrocarbons from each of these Pools thereby preventing waste, and the commingling will not violate correlative rights.

WHEREFORE, the Applicant requests this Application be set for hearing on July 19, 1978 and that after this hearing the New Mexico Oil Conservation Division grant this Application by giving approval to the downhole commingling of the Chris #3 Well in Rio Arriba County, New Mexico.

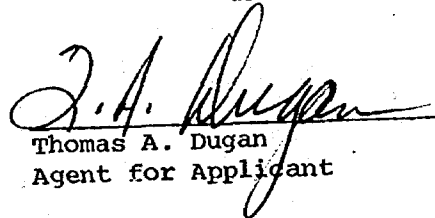
Respectfully submitted,



Thomas A. Dugan  
Agent for Applicant  
P. O. Box 234  
Farmington, NM 87401

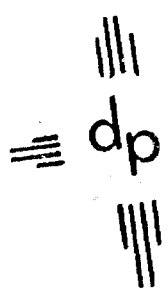
CERTIFICATE OF MAILING

I certify that I mailed a copy of the Application for Downhole Commingling of the Chris #3 Well in Rio Arriba County, New Mexico to all operators of leases offsetting the dedicated acreage for this well, the U. S. Geological Survey, and the Supervisor of the District III Office of the New Mexico Oil Conservation Division on the 27th day of June, 1978.



Thomas A. Dugan  
Agent for Applicant





dugan production corp.

June 27, 1978

JUN 28 1978

Santa Fe

Case 6277

# 3A

Unit I  
21-27-3

Joe D. Ramey  
Division Director  
New Mexico Oil Conservation Division  
P.O. Box 2088  
Santa Fe, NM 87501

Re: Application for Downhole Commingling of Jerome P. McHugh  
for the Chris #3A Well (Pictured Cliffs and Mesa Verde)  
in Rio Arriba County, New Mexico

Dear Mr. Ramey:

Enclosed are the following instruments concerning the Application for  
Approval of Downhole Commingling by Jerome P. McHugh for the Chris #3A  
Well located in the E/2 of Section 21, Township 27 North, Range 3 West,  
NMPM, Rio Arriba County, New Mexico.

1. Three copies of the Application.
2. Three copies of a Certificate of Mailing stating that all operators  
of leases offsetting the dedicated acreage for this well, the U.S.  
Geological Survey, and the Supervisor of the District III Office  
of the New Mexico Oil Conservation Division have been notified of  
this Application.

We would appreciate it if you will place this Application for hearing  
on July 19, 1978.

Thank you for your assistance and cooperation in this matter. Please  
advise if you need further information.

Sincerely,

*Thomas A. Dugan*  
Thomas A. Dugan  
Agent for Applicant

vs

Enclosures

709 BLOOMFIELD RD. • P. O. BOX 234 • FARMINGTON, NEW MEXICO 87401 • PHONE 505-325-0238

Joe D. Ramey  
Division Director  
New Mexico Oil Conservation Division  
Page 2  
June 27, 1978

Distribution:

Al R. Kendrick  
Supervisor, District III Office  
Energy and Minerals Department  
New Mexico Oil Conservation Division  
1000 Rio Brazos Road  
Aztec, NM 87410

Jerry Long  
District Engineer  
U.S. Geological Survey  
Box 1809  
Durango, CO 81301

R. A. Wolgast, Area Landman  
Phillips Petroleum Company  
Security Life Bldg.  
Denver, CO 80202

P. Moody, Land Manager  
Mobil Oil Corporation  
Box 5444  
Denver, CO 80217

F. H. Wood  
Manager - Production & Drilling  
Northwest Pipeline Corporation  
Box 90  
Farmington, NM 87401

DRAFT

dr/

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. 6277

Order No. R- 6330

APPLICATION OF JEROME P. MCHUGH  
FOR DOWNHOLE COMMINGLING, RIO  
ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on ~~July 2~~ August 2, 1978,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this April day of April, 1980, the Division  
Director, having considered the record and the recommendations of  
the Examiner, and being fully advised in the premises,

FINDS:

That the subject matter of this case has become moot and the  
case should be dismissed.

IT IS THEREFORE ORDERED:

That Case No. 6277 is hereby dismissed.

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