CASE 66621 SHERON REERGY CONFUNATION FOR A DUAL COMPLETION AND DOWNHOLE COM-MINGLENG, RIO ARRIBA COUNTY, NEW MEXICO

Cont to

CASE NO.

6662

APPlication,
Transcripts,
Small Exhibits,

ETC.



STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

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

Mr. William F. Carr Campbell and Black Attorneys at Law Post Office Box 2208 Santa Fe, New Mexico Re: CASE NO. 6662 ORDER NO. R-6326

Applicant:

Supron Energy Corporation

Dear Sir:

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

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. 6662 Order No. R-6326

APPLICATION OF SUPRON ENERGY CORPORATION FOR A DUAL COMPLETION AND 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 October 17, 1979, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

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

FINDS:

- (1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Supron Energy Corporation, seeks authority to complete its Jicarilla "A" Well No. 22Y, located in Unit K of Section 24, Township 26 North, Range 4 West, MMPM, Rio Arriba County, New Mexico, as a dual completion (conventional) to produce gas from the Blanco Mesaverde Pool through tubing and to commingle and produce the Wildhorse Gallup and Basin-Dakota zones through a parallel tubing string.
- (3) That the mechanics of the proposed dual completion are feasible and in accord with good conservation practices insofar as the Blanco Mesaverde and one or the other of the other two zones are concerned.
- (4) That the shut-in surface pressure of the Dakota formation in the subject well is 1725 psi.

-2-Case No. 6662 Order No. R-6326

- (5) That although the shut-in surface pressure of the Gallup formation in the subject well is unknown, the shut-in surface pressure of the Gallup formation in eight nearby wells ranges from 323 psi to 446 psi, and averages 572 psi.
- (6) That there is no reason to believe that the pressure in the Gallup formation in the subject well is substantially different than in the nearby wells and, in fact, applicant stated that the Gallup pressure in the subject well "...would be 350 psi, plus or minus 25 psi."
- (7) That assuming a Gallup pressure of 350 psi and a Dakota pressure of 1725 psi, without regard to any pressure build-up due to gas gradient, the Dakota pressure would be some 4.9 times the Gallup pressure.
- (3) That such a pressure differential is not conducive to the prevention of cross-flow between zones, particularly during intervals when the well may be shut in, and could result in waste.
- (9) That the application to commingle the Gallup and Dakota formations in the well bore of the subject well should be denied.
- (10) That the applicant should be permitted to dually complete the subject well to produce gas from the Blanco Mesaverde Pool through one string of tubing and to produce gas from either the Gallup formation or the Dakota formation through another parallel string of tubing, but only after taking such action as may be necessary to isolate the Gallup and Dakota formations from each other.

IT IS THEREFORE ORDERED:

(1) That the application of Supron Energy Corporation for authority to complete its Jicarilla "A" Well No. 22Y, located in Unit K of Section 24, Township 26 North, Range 4 West, NMPM, Rio Arriba County, New Mexico, as a dual completion (conventional) to produce gas from the Blanco Mesaverde Pool through tubing and to commingle and produce the Wildhorse Gallup and Basin-Dakota sones through a parallel tubing string is hereby denied.

PROVIDED HOWEVER, that the applicant is hereby authorised to seek approval, pursuant to the provisions of Rule 112-A of the Division Rules and Regulations, of the dual completion of

-3-Case No. 6662 Order No. R-6326

the aforesaid well to produce gas from the Blanco Mesaverde Pool and from the Wildhorse Gallup or the Basin-Dakota Pools through parallel strings of tubing.

PROVIDED FURTHER, that prior to such approval, applicant shall furnish evidence to the Division Director that the Wildhorse Gallup and the Basin-Dakota reservoirs in the subject well have been adequately isolated from each other to prevent communication between the two reservoirs.

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

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

OIL CONSERVATION DIVISION

JOE D. RAMEY Director Nutra

STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION AZTEC DISTRICT OFFICE

Case No. 6662.

October 12, 1979

1000 FIO BHAZOS ROAD AZTEC, NEW MEXICO 87410 (505) 334-8178

Mr. Rudy Motto Supron Energy Corp. P. O. Box 808 Farmington, NK 87401

Re: Supron Energy Corp. Jicarilla A #22Y K-24-26N-4W

OIL CONSTRUCTION DIVISION SANTA FE

Dear Mr. Motto:

We agree with the following production split for the captioned downhole commingled well:

> Gallup. 75% of all produced gas 50% of all produced oil

> 25% of all produced gas Dakota 50% of all produced oil

If there are questions please contact us.

Yours very truly.

A. R. Kendijek

Supervisor, District #3

ARK:mc

xc: Oll Conservation Division, Santa Fe, NM Gas transporter- Gas Company of New Mexico Oil Transporter- Plateau, Inc.



STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION AZTEC DISTRICT OFFICE

BRUCE KING GOVERNOR LARRY KEHOE SECRETARY

October 12, 1979

1000 RIO BRAZOS ROAD AZTEC, NEW MEXICO 97410 (505) 334-6178

Care 6662

Mr. Rudy Motto Supron Energy Corp. P. 0. Box 808 Farmington, NM 87401

Re: Supron Energy Corp. Jicarilla A #22Y K-24-26N-4W OIL CONSERVATION DIVISION SANTA EE

Dear Mr. Motto:

We agree with the following production split for the captioned downhole commingled well:

Gallup 75% of all produced gas 50% of all produced oil

Dakota 25% of all produced gas 50% of all produced oil

if there are questions please contact us.

Yours very truly,

ar Kendrick

Supervisor, District #3

ARK:mc

xc: Oil Conservation Division, Santa Fe, NM
Gas transporter- Gas Company of New Mexico
Oil Transporter- Plateau, Inc.

SUPRON ENERGY CORPORATION POST OFFICE BOX 808 FARMINGTON, NEW MEXICO 87401

October 10, 1979

Oil Conservation Division 1000 Rio Brazos Road Aztec, New Mexico 87410

Attention: Mr. A. R. Kendrick

Al,

Per our conversation on 10-9-79 the production split on our Jicarilla "A" No. 22-Y well (24-26N-4W) will be as follows:

•	<u>Gas</u>	011
Gallup	75%	50%
Dakota	25%	50%

Kenneth E. Roddy

Production Superintendent

VPD . b

cc: Bob Large - Kutz

OCT 10 1979 WISION CONSERVATION DIVISION

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EXAMINER HEARING

IN THE MATTER OF:

CASE 6662

Application of Supron Energy Corporation for) a dual completion and downhole commingling, Rio Arriba County, New Mexico.

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

APPEARANCES

For Supron Energy Corporation:

William F. Carr, Esq. CAMPBELL AND BLACK

Jefferson Place Santa Fe, New Mexico, 8750I

For the Gil Conservation Divison:

Ernest L. Padilla, Esq. Legal Counsel for the Division State Land Office Building Santa Fe, New Mexico 87503

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INDEX

JERRY LEE

Direct Examination by Mr. Carr

Cross Examination by Mr. Nutter

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EXHIBITS

Applicant Exhibit A

SALLY WALTON BOYD
ENTRED SHORTHAND REPORTE
20 Plaza Blazon (1015) 411-344
Senta Po, Novy Mostloy 97591

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MR. NUTTER: We'll call Case Number 6662.

MR. PADILLA: Application of Supron Energy Corporation for a dual completion and downhole commingling, Rio Arriba County, New Mexico.

MR. CARR: Mr. Examiner, my name is William

F. Carr, law firm of Campbell and Black, P. A., Santa Fe,

appearing on behalf of the applicant. I have one witness

who needs to be sworn.

(Witness sworn.)

MR. CARR: Mr. Examiner, I believe the record should reflect that this case was continued from the September 19, 1979, Examiner Hearing, and was continued to enable the applicant to put together additional data concerning pressures of the downhole commingled zones.

MR. NUTTER: I believe that's correct but I don't have the case file. We'll have a short recess and I'll get the case file.

(Thereafter a brief recess was taken.)

JERRY LEE

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

DIRECT EXAMINATION

BY MR. CARR:

Will you state your full name and place of residence?

Jerry Lee, Dallas, Texas.

Mr. Lee, by whom are you employed and in what position?

Supron Energy Corporation as a Drilling and Production Engineer.

have you previously testified before this Commission and had your credentials accepted and made a matter of record?

Yes, I have.

Are you familiar with the application in this case?

Yes, I am.

MR. CARR: Are the witness' qualifications

acceptable?

MR. NUTTER: They are.

(Mr. Carr continuing.) Mr. Lee, have you prepared for introduction at this hearing today certain exhibits?

Yes, I have.

And are those exhibits stapled together

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and labeled Supron Exhibit A?

They are.

Will you please refer to those exhibits and explain the information contained therein to Mr. Nutter?

Exhibit A consists of three parts, the first being a map showing the offset Gallup or Wild Horse Gallup completions to the A-22-Y Well.

The second is a table summarizing the 1977 annual shut-in pressures for each of the Supron operated wells in the Wild Horse Gallup Field.

In addition there is -- I have made some analyses of this data, to the effect that basically the shutin pressures of all Wild Horse or Supron operated Wild Horse Gallup Wells are within 100 psi of the same in 1977.

In 1978, February of 1978, Supron drilled its dicarilla E-15 Well. Even though the Well was located in excess of a half mile from the closest producing Gallup Well, or Wild Horse Gallup well, its original shut-in pressur was within 30 psi of that closest offset. This is indicative of a high degree of pressure communication in the Wild Horse Gallup Field. This is further supported by the lack of major differences in shut-in pressure of each of the offset wells; i. e., all of the shut-in pressures were within 100 psi of each other.

The third portion of the exhibit basically

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just states the shut-in pressure for the Dakota formation, being in the Jicarilla A-22-Y Well, being 1725 psi on Hovember 28th, 1978. This pressure is the maximum shut-in pressure that has been observed in the subject well and it is in line with the anticipated shut-in pressure for the Dakota formation in this area.

Q Has the Commission approved downhole commingling of Dakota and Gallup production in other wells in the area?

A. Yes, they have in the Jicarilla A-8 Well in the northwest quarter of Section 23, and in the Jicarilla E-7 Well in Section 13 of Township 26 North, 4 West, and in the Jicarilla E-8 Well, also in that same section.

MR. NUTTER: Let's see, what were those two wells, Mr. Lee?

A. The Jicarilla --

MR. NUTTER: In Section 13?

A. Jicarilla E-7 and E-8. Those are Supron operated wells.

Or excuse me, that is not Section 13. It should be in Section 15.

MR. NUTTER: Oh.

A It's not on this map.

MR. NUTTER: It's not on the map. Okay.

Now, Mr. Lee, directing your attention to

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the subject well, are both of the zones that you are proposing to downhole commingle capable of only marginal production?

A. That is correct. On testing of these zones only extremely marginal shows of gas, in fact, shows too small to actually measure at a rate, sustained rate, were encountered in either zone.

Do you believe the proposed completion will be such as to prevent migration between zones?

A The -- as long as the well is in the producing situation the shut-in pressures of either zone exceed the line pressure in the area, so in that sense, as long as the well is producing, obviously there can be no communication because the drawdown at the surface is -- exceeds the, or is lower than the pressure of either zone, and therefore the flow would be to the surface.

marginal production, there would be no reason to shut this well in other than to meet certain State requirements; i. e., packer tests or annual deliverability tests.

If the well is required to be shut in for some reason, there is the possibility of cross flow occurring between the two zones. The differential pressure of approximately 1400 psi between zones could result in some minor cross flow. This flow would be extremely between zones, of

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zone to the Gallup Zone. It would necessarily be due to the tight nature of both zones, and particularly the Dakota reservoir, which would be the zone which would be doing the flowing, the amount of flow that could occur would be restricted primarily due to the permeability of the Dakota Zone.

Any flow that did occur in this shut-in situation would serve to tend to pressure up the Gallup Zone and thereby would further tend to restrict the ability of cross flow to occur.

If however, there were some cross flow that did occur between the two zones, as soon as the well was returned to the producing status, a drawdown would then again occur on the Gallup formation and by the same virtue that the Gallup could take the production from the Dakota Zone, it would then turn around and give it back up to the production stream.

Since the interest in both Dakota and Gallup Zones is the same, there would be no loss to any of the interest owners involved.

- Do you believe that the proposed application would be in the interest of conservation, the protection of correlative rights, and the prevention of waste?
 - A. Yes, I do.
 - Are you prepared to make a recommendation

SALLY WALTON BOY(
ERIFED SHORTHIND REPORTE
316 Plaza Bladca (565) 471-44

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to the Examiner as to the allocation of production between zones?

Mr. Ken Roddy with Supron and Mr. Al Kendrick, the District
Supervisor for the Commission, a proposed allocation of
production is as follows: On the gas portion, 25 percent to
the Dakota Formation and 75 percent to the Gallup Formation.
On the oil production, commingled oil production, 50 percent
would be attributed to the Dakota and 50 percent to the
Gallup. This proposed allocation was arrived at on the basis
of analysis of offset production primarily in the Jicarilla,
Supron Jicarilla A No. 12 Well, located in the northwest
quarter of Section 24.

It was also compared to the Jicarilla A-14 Well, also located in the northeast quarter of 24.

Q. Do you have anything further to add to your testimony?

A. No, I don't.

MR. CARR: At this time, Mr. Examiner, I would offer into evidence Supron's Exhibit A.

MR. NUTTER: Supron Exhibit A will be admitted into evidence.

MR. CARR: I have nothing further of Mr. Lee on direct.

CROSS EXAMINATION

BY MR. NUTTER:

Mr. Lee, you stated that individually these
two zones were very low marginal and neither could sustain
commercial producing rates, yet you have this test that was
submitted at the last hearing, and the two zones together
have an absolute open flow of 1.2 million. That's a pretty
fair well for the San Juan Basin, isn't it?

A. 1.2 million absolute open flow, no, sir, from the Gallup in particular. From the Gallup formation an absolute open flow of that degree is very low for the Gallup.

- Q What's your pipeline pressure in this area?
- A Approximately 300 psi, and it's my understanding that that should be reduced significantly below that in the near future due to some plans of Gas Company of New Mexico to put additional compression in in that area.
- What do you think that a well with an absolute open flow of 1.2 million would make into the pipeline
 at that pressure?
- A. As a general rule, the maximum in the San Juan Basin for any formation, a maximum of about 10 percent of the absolute open flow is deliverability to the pipeline.
 - And then this is a dual completion and the

ALLY WALTON BOY RIPED SHOPMAND REPORTS (Plane Blance (1945) 411-44 heats Ft. Five Section 2156

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SALLY WALTON BOYD CERTIFUED SHORTHAND REPORTER 3020 Plain Blance (105) 411-446 Santa Fe, New Handon 37501

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Mesaverde side is much better, is that correct?

- A Yes, sir, that is correct.
- Q I think it potentialed for about 5.5 million.
- A I am not --- I don't remember --- recall the figures offhand, but that seems about right.
- Now, have you made any calculations as to the actual pressure of the Dakota at the Gallup datum? In other words, measured that pressure by coming up the hole?

A. No, sir, I haven't? I have not made a calculation of that nature. It would be essentially the same

The zones are only approximately 7 or 800 feet, and the gas -

- And what you've got --- right, and the gradient is negligible and ---
 - A. Yes.
- Q. And what you've got here are shut-in pressures taken at the surface?

A Yes, sir, these are shut-in pressures at the surface for the offset wells.

MR. NUTTER: Are there any further questions for Mr. Lee? He may be excused.

Do you have anything further, Mr. Carr?
MR. CARR: No, Mr. Examiner.

MR. NUTTER: Does anyone have anything they wish to offer in case Number 6662?

We'll take the case under advisement.

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REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a Court Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of the 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, from my notes taken at the time of the hearing.

Sally W. Boyd, C.S.R.

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Oil Conservation Division, Examiner

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STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION State Land Office Building Santa Fe, New Mexico I7 October 1979

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EXAMINER HEARING

IN THE MATTER OF:

CASE 6662

Application of Supron Energy Corporation for a dual completion and downhole commingling, Rio Arriba County, New Mexico.

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

APPEARANCES

For Supron Energy Corporation: William F. Carr, Esq. CAMPBELL AND BLACK

Jefferson Place

Santa Fe, New Mexico, 8750I

For the Oil Conservation

Ernest L. Padilla, Esq. Legal Counsel for the Division State Land Office Building

Santa Fe, New Mexico 87503

Divison:

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JERRY LEE

Direct Examination by Mr. Carr 3 10

Cross Examination by Mr. Nutter

EXHIBITS

Applicant Exhibit A

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MR. NUTTER: We'll call Case Number 6662.

MR. PADILLA: Application of Supron Energy Corporation for a dual completion and downhole commingling, Rio Arriba County, New Mexico.

MR, CARR: Mr. Examiner, my name is William F. Carr, law firm of Campbell and Black, P. A., Santa Fe, appearing on behalf of the applicant. I have one witness who needs to be sworn.

(Witness sworn.)

MR. CARR: Mr. Examiner, I believe the record should reflect that this case was continued from the September 19, 1979, Examiner Hearing, and was continued to enable the applicant to put together additional data concerning pressures of the downhole commingled zones.

MR. NUTTER: I believe that's correct but I don't have the case file. We'll have a short recess and I'll get the case file.

(Thereafter a brief recess was taken.)

JERRY LEE

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

SALLY WALTON BOYD CENTIFED SHOWTHAND REPORTER 3020 Plant Blance (\$6.5) 471-4442 Sente Po., New Hidration 471-4442

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DIRECT EXAMINATION

BY MR. CARR:

Q Will you state your full name and place of residence?

A. Jerry Lee, Dallas, Texas.

Q Mr. Lee, by whom are you employed and in what position?

A Supron Energy Corporation as a Drilling and Production Engineer.

Q Have you previously testified before this

Commission and had your credentials accepted and made a

matter of record?

A. Yes, I have.

Q Are you familiar with the application in this case?

A. Yes, I am.

MR. CARR: Are the witness' qualifications

acceptable?

MR. NUTTER: They are.

Q (Mr. Carr continuing.) Mr. Lee, have you prepared for introduction at this hearing today certain exhibits?

A. Yes, I have.

Q And are those exhibits stapled together

and labeled Supron Exhibit A?

They are.

Will you please refer to those exhibits and explain the information contained therein to Mr. Nutter?

Exhibit A consists of three parts, the first being a map showing the offset Gallup or Wild Horse Gallup completions to the A-22-Y Well.

The second is a table summarizing the 1977 annual shut-in pressures for each of the Supron operated wells in the Wild Horse Gallup Field.

In addition there is -- I have made some analyses of this data, to the effect that basically the shutin pressures of all Wild Horse or Supron operated Wild Horse Gallup Wells are within 100 psi of the same in 1977.

In 1978, February of 1978, Supron drilled its Jicarilla E-15 Well. Even though the well was located in excess of a half mile from the closest producing Gallup Well, or Wild Horse Gallup well, its original shut-in pressure was within 30 psi of that closest offset. This is indicative of a high degree of pressure communication in the Wild Horse Gallup Field. This is further supported by the lack of major differences in shut-in pressure of each of the offset wells; i. e., all of the shut-in pressures were within 100 psi of each other.

The third portion of the exhibit basically

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Q. Has the Commission approved downhole commingling of Dakota and Gallup production in other wells in the area?

A. Yes, they have in the Jicarilla A-8 Well in the northwest quarter of Section 23, and in the Jicarilla E-7 Well in Section 13 of Township 26 North, 4 West, and in the Jicarilla E-8 Well, also in that same section.

MR. NUTTER: Let's see, what were those two wells, Mr. Lee?

A The Jicarilla --

MR. NUTTER: In Section 13?

A. Jicarilla E-7 and E-8. Those are Supron operated wells.

Or excuse me, that is not Section 13. It should be in Section 15.

MR. NUTTER: Oh.

A. It's not on this map.

MR. NUTTER: It's not on the map. Okay.

Now, Mr. Lee, directing your attention to

WALTON BOYD
SHORTPAN PREPAREN
Blance (3-8) 471-442
6, New Meido 813-91

the subject well, are both of the zones that you are proposing to downhole commingle capable of only marginal production?

A. That is correct. On testing of these zones only extremely marginal shows of gas, in fact, shows too small to actually measure at a rate, sustained rate, were encountered in either zone.

Q Do you believe the proposed completion will be such as to prevent migration between zones?

A. The -- as long as the well is in the producing situation the shut-in pressures of either zone exceed the line pressure in the area, so in that sense, as long as the well is producing, obviously there can be no communication because the drawdown at the surface is -- exceeds the, or is lower than the pressure of either zone, and therefore the flow would be to the surface.

Since the wells are both -- both zones are marginal production, there would be no reason to shut this well in other than to meet certain State requirements; i. e., packer tests or annual deliverability tests.

If the well is required to be shut in for some reason, there is the possibility of cross flow occurring between the two zones. The differential pressure of approximately 1400 psi between zones could result in some minor cross flow. This flow would be extremely between zones, of

SALLY WALTON BOY CERTIFIED SHORTHALD REPORT 1936 Pains Blanca (5.15) 471-24 Rente Po, New Highton 8755

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Any flow that did occur in this shut-in situation would serve to tend to pressure up the Gallup Zone and thereby would further tend to restrict the ability of cross flow to occur.

If however, there were some cross flow that did occur between the two zones, as soon as the well was returned to the producing status, a drawdown would then again occur on the Gallup formation and by the same virtue that the Gallup could take the production from the Dakota Zone, it would then turn around and give it back up to the production stream.

Since the interest in both Dakota and Gallup Zones is the same, there would be no loss to any of the interest owners involved.

Q Do you believe that the proposed application would be in the interest of conservation, the protection of correlative rights, and the prevention of waste?

A. Yes, I do.

Are you prepared to make a recommendation

to the Examiner as to the allocation of production between zones?

Mr. Ken Roddy with Supron and Mr. Al Kendrick, the District Supervisor for the Commission, a proposed allocation of production is as follows: On the gas portion, 25 percent to the Dakota Formation and 75 percent to the Gallup Formation. On the oil production, commingled oil production, 50 percent would be attributed to the Dakota and 50 percent to the Gallup. This proposed allocation was arrived at on the basis of analysis of offset production primarily in the categorical Supron Jicarilla A No. 12 Well, located in the northwest quarter of Section 24.

It was also compared to the Jicarilla A-14 Well, also located in the northeast quarter of 24.

Q Do you have anything further to add to your testimony?

A. No, I don't.

MR. CARR: At this time, Mr. Examiner, I would offer into evidence Suprem's Exhibit A.

MR. NUTTER: Supron Exhibit A will be admitted into evidence.

MR. CARR: I have nothing further of Mr. Lee on direct.

SALLY WALTO

...

CROSS EXAMINATION

BY MR. NUTTER:

Mr. Lee, you stated that individually these
two zones were very low marginal and neither could sustain
commercial producing rates, yet you have this test that was
submitted at the last hearing, and the two zones together
have an absolute open flow of 1.2 million. That's a pretty
fair well for the San Juan Basin, isn't it?

A. 1.2 million absolute open flow, no, sir, from the Gallup in particular. From the Gallup formation an absolute open flow of that degree is very low for the Gallup.

Q What's your pipeline pressure in this area?

A. Approximately 300 psi, and it's my understanding that that should be reduced significantly below that in the near future due to some plans of Gas Company of New Mexico to put additional compression in in that area.

Q. What do you think that a well with an absolute open flow of 1.2 million would make into the pipeline at that pressure?

A As a general rule, the maximum in the San Juan Basin for any formation, a maximum of about 10 percent of the absolute open flow is deliverability to the pipeline.

Q And then this is a dual completion and the

SALLY WAL!! (N. BO) CENTIFIED SHORTH: JUD REPOY 1988 Plaza Binnoz. (1985) 471-2 Sanda Po, New 3-67400 875

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AND REPORTE	Set) 471-246	Mexico 87161			
CERTIFIED SHORTH AND REPORTE	3030 Plexa Blancia	Santa Fe, New Mexico 87501			

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Mesaverde side is much better, is that correct?

A. Yes, sir, that is correct.

Q I think it potentialed for about 5.5 million.

A I am not -- I don't remember -- recall the figures offhand, but that seems about right.

Q. Now, have you made any calculations as to the actual pressure of the Dakota at the Gallup datum? In other words, measured that pressure by coming up the hole?

A. No, sir, I haven't? I have not made a calculation of that nature. It would be essentially the same

The zones are only approximately 7 or 800 feet, and the gas -

Q And what you've got -- right, and the gradient is negligible and --

A. Yes.

Q And what you've got here are shut-in pressures taken at the surface?

A Yes, sir, these are shut-in pressures at the surface for the offset wells.

MR. NUTTER: Are there any further questions for Mr. Lee? He may be excused.

Do you have anything further, Mr. Carr?
MR. CARR: No, Mr. Examiner.

MR. NUTTER: Does anyone have anything they wish to offer in case Number 6662?

We'll take the case under advisement.

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a Court Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of the 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, from my notes taken at the time of the hearing.

Sally W. Boyd, C.S.R.

I do had a great the foregoing is a constant man of the proceedings in the Examiner hearing of Case No. 643 heard by me on 1919.

Oil Conservation Division

CASE 6680: (Continued from October 2, 1979, Examiner Hearing)

Application of Robert C. Anderson for surface commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the surface commingling of all production from his Ute Mountain Ute Lease, Wells Nos. 1, 3 and 4, located in Section 14, Township 31 North, Range 16 West.

CASE 6631: (Continued from August 22, 1979, Examiner Hearing)

Application of Reserve 0il, Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Jalmat gas and Langlie Mattix oil production in the wellbore of its Cooper Jal Unit Well No. 149-306 located in Unit J of Section 18, Township 24 South, Range 37 East.

CASE 6700: Application of Doyle Hartman for an unorthodox well location, a non-standard proration unit, and approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 120-acre non-standard proration unit comprising the NW/4 NW/4 and S/2 NW/4 of Section 29, Township 25 South, Range 37 East, Jalmat Gas Pool, to be dedicated to a well to be drilled at an unorthodox location 2310 feet from the North line and 330 feet from the West line of said Section 29; applicant further seeks a waiver of existing well spacing requirements and a finding that the drilling of said well is necessary to effectively and efficiently drain that portion of the existing proration unit which cannot be so drained by the existing well.

CASE 6701: Application of Doyle Hartman for compulsory pooling, non-standard gas proration unit, unorthodox well location, and approval of infill drilling, lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Seven Rivers-Queen formations underlying the SE/4 of Section 30, Township 21 South, Range 36 East, Eumont Gas Pool, to form a 160-acre non-standard gas proration unit to be dedicated to his J. K. Rector Well No. 1 at an unorthodox location 2310 feet from the South line and 330 feet from the East line of said Section 30. 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. Applicant further seeks a waiver of existing well spacing requirements and a finding that the drilling of said well is necessary to effectively and efficiently drain that portion of the existing proration unit which cannot be so drained by the existing well.

CASE 6676: (Continued from October 2, 1979, Examiner Hearing)

Application of Doyle Hartman for an unorthodox well location and a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre non-standard gas proration unit comprising the SW/4 NE/4 and SE/4 NW/4 of Section 36, Township 24 South, Range 36 East, Jalmat Gas Pool, to be dedicated to a well to be drilled at an unorthodox location 2310 feet from the North line and 1650 feet from the East line of said Section 36.

CASE 6664: (Continued from September 19, 1979, Examiner Hearing)

Application of Doyle Hartman for an unorthodox well location, two non-standard proration units and approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 40-acre non-standard proration unit comprising the NW/4 SW/4 of Section 27, Township 25 South, Range 37 East, Jalmat Pool, to be dedicated to El Paso Natural Gas Company's Harrison Well No. 1, and also a 120-acre unit comprising the E/2 SW/4 and SW/4 SW/4 of said Section 27 to be dedicated to a well to be drilled at an unorthodox location 330 feet from the South and West lines of the section; applicant further seeks a waiver of existing well spacing requirements and a finding that the drilling of said well is necessary to effectively and efficiently drain that portion of an existing proration unit which cannot be so drained by the existing well.

CASE 6662: (Continued from September 19, 1979, Examiner Hearing)

Application of Supron Energy Corporation 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 Jicarilla "A" Well No. 22Y located in Unit K of Section 24, Township 26 North, Range 4 West, to produce gas from the Blanco Mesaverde Pool through tubing and to commingle and produce the Wildhorse Gallup and Basin-Dakota zones through a parallel tubing string.

CASE 6702: Application of El Paso Natural Gas Company for downhole commingling, Rio Arriba County, New Mexico.

Applicant, in the above-styled cause, seeks approval for the downhole commingling of South BlancoPictured Cliffs and Blanco Mesaverde production in the wellbore of its San Juan 27-5 Unit Well No.

67 located in Unit B of Section 31, Township 27 North, Range 5 West.

Supron Energy Corporation well location a offset operator plat

JICARILLA A-22-Y SEC. 24 T26N, R4W RIO ARRIBA COUNTY

CIL CCT PERMATERN DIVISION Syron EXHIST NO. A
CASE NO. 6662

				المنافضة فالكلام والمنافضة	n. B. al. have being thereto represent the Principal States
SUF NA 320-A 320-A 10-R033 7-8-68 17-A 32-PC-Gal 10-7619 12-14-74	PRON 1-970	NM - 970 SUPRON 13 - A Jia ☆ PC · Kd TDB000' 9 - 30 - 71	CONSOL. Jenny SUPRON MV·K4 21-A T08030' T03709' IP1669 8-18-78	MeHUGH ☆I-AJiq. ☆ Gal·Kd TD 8032	
TD3619' 4-19-84 Jice	11-A Gol:Kd TDB241' & 18-A (d. 5-20-68' Pa' Sal. 9-27-68 TD3910' 11-11-74 Arilla	SUPRON 4-A Jia 17 Pc 10 3915' 1 N P 0.5 7+1-55 7	I-A Jenny 文 (e) TD BIIO 2-5-79 IP 2236 PtL 551 Gdi	MoHUGH	
6-22-67 8-A Gal·Kd TD/SC5 220-A TD 3597'	PRON -970 \$5.4 \$70.0 \$7.17-55	(((0+31-71)) MM 10-84 (10-8350) 19-4 (10-8350) 10-4000) 9-18-74	PRON 4: A 4: A 4: A 5: A 5: A 5: A 5: A 5: A	Me HUGH 公 3-A 公 6ai Kd TD 8100' MOBIL 公 8-8 TD 3795'	ADBIF ADBIF
7-16-70 2: 21-A T08041' 5-28-54 Jica	10-A \$\forall \text{Pc-Kd}\$ \$\forall \text{TD 80 45} \\ \text{Kd 9-20-68} \\	6-AXF (D35 6-AXF (D35 7D3918' 7-25-60	24 Ay Sisi Tilla	McHUGH	MOBIL 2-A Jic.B ☆ Mv T0 6030'
NM-971 SUPRON 5-B Jic Pc-Kd TD8020' 11-23-61 CONTRACT		B-II	2.8 交替 TD 6050 H-5-56	SUPRON NH-966 \$15-0 703995 11-20-74	₩4-D ₩Pc TD3849' 7-25-56
8UPRON 24 9-8Jio N	CONSOL. Lowe 中央 中央 TD3715' I-AJICB 中外 TD6080' IP2086	2 (PUEL 3-16-78 B-8 B-8 Pc·My TD 5929' 1P523Po-1 33 3-15-78 →7-B TD 3675' 6-28-85 7 Jica) 4-8	30 \$5-0 TD3934' 7-26-56 Jicorilla	CONTRACT 16-0 N 10 39 0' 10 - 19 - 74

OF	FSET OPERATORS	WELL IDENTIFICATION CODE			
	CONSOLIDATED OIL & GAS	JICARILLA A-22-Y	•		
	JEROME P. McHUGH	O MESAVERDE COMPLETION			
	DAKOTA/GALLUP - JEROME P	GALLUP COMPLETION			
<u> </u>	McHUGH	O DAKOTA COMPLETION			
L. J	Mv/Pc - MOBIL OIL CORPORATION				

ANNUAL SHUT-IN PRESSURES Wild Horse Callup Field

WELL NAME	LOCATION	DATE OF TEST	SHUT-IN PRESSURE
Jicarilla E-15*	SW/4 Sec 16	2/78	448 ps1
Jicarilla E-6	NE/4 Sec 21	5/77	413 psi
Jicarilla E-8	NW/4 Sec 15	5/77	388 psi
Jicarilla E-7	SE/4 Sec 15	5/77	- 369 psi
Jicarilla A-8	NW/4 Sec 23	4/77	364 psi
Jicarilla A-11	SE/4 Sec 14	4/77	340 ps1
Jicarilla A-12	NW/4 Sec 24	4/77	328 psi
Jicarilla A-14	NE/4 Sec 24	4/77	323 psi

*The Jicarilla E-15 well was completed in February, 1978. Even though this well was in excess of one half mile from the closest producing Gallup well, its original pressure was within 30 point the closest offset. This is indicative of the high degree of pressure communication that exist in the Wild Horse Gallup Field. This pressure communication is further supported by the fact that the annual shut-in pressure of all Supron operated wells were within 100 psi of each other in 1977. From this data, it is obvious that the shut-in pressure of the Gallup in the Jicarilla A-22-Y well would be 350 psi, plus or minus 25 psi.

JICARILLA A-22-Y

Dakota Shut-In Pressure

On November 28, 1978, the surface shut-in pressure of the Dakota Formation was 1725 psi in the Jicarilla A-22-Y well. This is the maximum shut-in pressure that has been observed in the subject well and appears to be in line with anticipated shut-in pressure for the Dakota Formation in this area.

Supron Energy Corporation

WELL LOCATION & OFFSET OPERATOR PLATRAMINER MUTTE

JICARILLA A-22-Y SEC. 24 T26N, R4W RIO ARRIBA COUNTY OIL CONSERVATION DIVISION

EXHIBIT NO. A

CASE NO. LLLZ

		A 000K11	CASE NO. 6462	
SUPRON	NM-970 SUPRON 13-A Jic \$PG-Kd TD8000' 9-30-71	CONSOL. Venny SUPRON MY·Kd 21-A' TD8030' TD3709 IP1069 8-18-78	· .	×.
2-A TD8241 ☆	SUPRON 4-AJie 10' 14-D TD3915 740 TD3915 740 TD3915	\$UPRON ☆ 16-AJle. ☆ PC TD3710 10-5-74		
SUPRON NM-970 6-22-67 6-22-67 Gal·Kd 7-17-55 TD79C5 20-A Pc TD3597' IP 766 7-16-78 23	(10-31-71) NM 12-A C F0 Rd 19-A C F0 TD 4000' 9-18-74	7A 14.A 7A 14.A 7A MY TD3850 TD7590 7-27-59 II-20-73	Me HUGH 芬 GG Kd TD BIOO' MOBIL ☆ P-B TD 3795'	TDEIIO, 為 S-B
☆ I-A ☆ Pc TD 8041' 5-28-54 ☆ Pc-Kd TD 8045' Kd 9-20-68 Jicarillo Pc 9-27-68	6-A37 TD 35 6-A37 TD 35 TD 3918' 7-25-60	el	MCHUGH \$\frac{4-A}{4-A} TD8280 MOBIL MAG. 1-B TD3930' TD6250' Jicarilla	MOBIL 2-A Jic.
NM-971 SUPRON \$5-8 Jic \$705020' 11-23-61 CONTRACT SUPRON 1-8 Jic 1-8 Jic	703 19689 Kd 2323 My 6-B 196 TD 3700' 7-24-65	971 2-8 \$ MV TD 6050' II-5-56	SUPRON NM-966 \$18-D T03995' II-20-74	☆ ^{4-D} Fr TD 3849° 7-26-56
SUPRON 26 CONSC 9-9 Jis 1 Lowe \$\frac{1}{2} \text{Niv} \frac{1}{2} \text{TD 5900'} \text{TD 371} \text{IP 1110} \text{I-A} \frac{1}{2} \text{TD 6086} \text{IP 2086}	DL. (DUEL 3-16-78) 1	☆ 4-8 ☆ Ppg・ TD5934' 7-3-89	30 ⇒ 5-D ⇒ 20-1 ↑ 103934 ↑ 7-26-58 Jicarilla	CONTRACT 16-D 16-D 10-19-74

OF	FSET	OPE	RAT	ORS
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- CONSOLIDATED OIL & GAS
- JEROME P. McHUGH
- DAKOTA/GALLUP JEROME P.
 McHUGH
- MY/Pc MOBIL OIL CORPORATION

WELL IDENTIFICATION CODE

- JICARILLA A-22-Y
- MESAVERDE COMPLETION
- GALLUP COMPLETION
- O DAKOTA COMPLETION

ANNUAL SHUT-IN PRESSURES Wild Horse Gallup Field

WELL, NAME	LOCATION	DATE OF TEST	SHUT-IN PRESSURE
_ Jicarilla E-15*		2/78	448 psi -
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Jicarilla E-8	NW/4 Sec 15	5/77	388 psi
Jicarilla E-7	SE/4 Sec 15	5/77	369 psi
Jicarilla A-8	NW/4 Sec 23	4/77	364 ps1
Jicarilla A-11	SE/4 Sec 14	4/77	340 psi
Jicarilla A-12	NW/4 Sec 24	4/77	328 ps1
Jicarilla A-14	NE/4 Sec 24	4/77	323 psi -

*The Jicarilla E-15 well was completed in February, 1978. Even though this well was in excess of one half mile from the closest producing Gallup well, its original pressure was within 30 psi of the closest offset. This is indicative of the high degree of pressure communication that exist in the Wild Horse Gallup Field. This pressure communication is further supported by the fact that the annual shut-in pressure of all Supron operated wells were within 100 psi of each other in 1977. From this data, it is obvious that the shut-in pressure of the Gallup in the Jicarilla A-22-Y well would be 350 psi, plus or minus 25 psi.

25% DK 75% Ap gas 50% DK 50% Ap oil A-12 in See 24 A-14 in NE See 24 basis for accordion

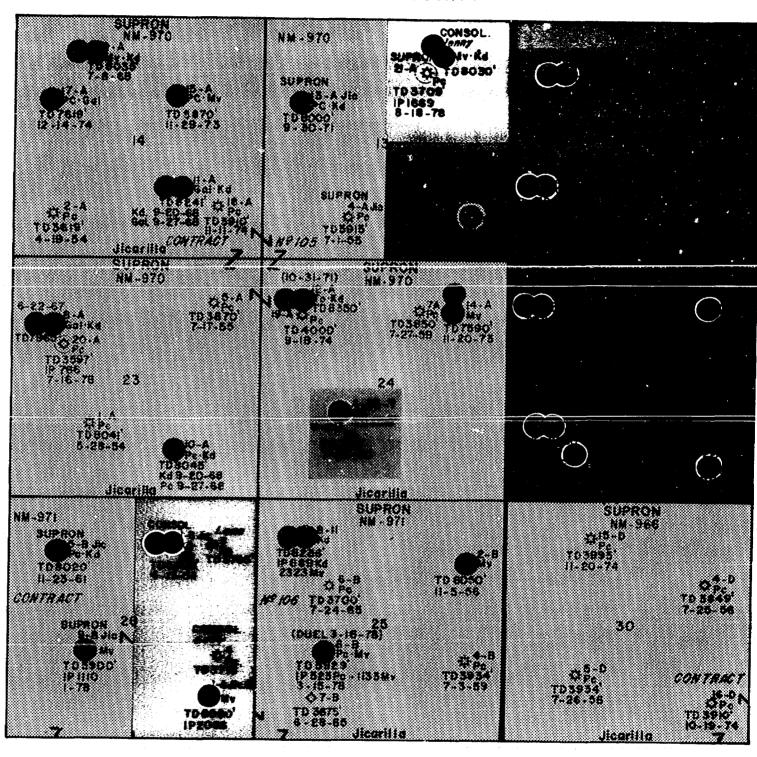
JICARILLA A-22-Y

Dakota Shut-In Pressure

On November 28, 1978, the surface shut-in pressure of the Dakota Formation was 1725 psi in the Jicarilla A-22-Y well. This is the maximum shut-in pressure that has been observed in the subject well and appears to be in line with anticipated shut-in pressure for the Dakota Formation in this area.

Supron Energy Corporation well location & offset operator plat

JICARILLA A-22-Y SEC. 24 T26N, R4W RIO ARRIBA COUNTY



OFFSET OPERATORS

- CONSOLIDATED OIL & GAS
- JEROME P. McHUGH
- DAKOTA/GALLUP-JEROME P. McHUGH
- MV/Pc MOBIL OIL CORPORATION

WELL IDENTIFICATION CODE

- JICARILLA A-22-Y
- MESAVERDE COMPLETION
- GALLUP COMPLETION

DAKOTA COMPLETION BEFORE EXAMINER NUTTER OIL CONSERVATION DIVISION SUPPEND EXHIBIT NO. 1

CASE NO. 6662

BEFORE EXAMINER NUTTER Supron Energy Corporation OIL CONSERVATION DIVISION JICARILLA A-22Y SUPPOND EXHIBIT NO. 2 SW/4 Sec. 24, T26N R4W CASE NO. 4662 RIO ARRIBA CO., NEW MEXICO STIMULATION ZONE 103/4" H-40 Set @ 200' CMT'ED TO Stc W/250'sks 3134 BBLS Gel Water 196,000 # Sand Dakota 1233 BBLS Gel Water 62,500 # Sand Galiup CEMENT TOP @ 2150' 2280 BBLS Water 57,000 # Sand Mesa Verde EINER HANGER & JOIG! 75/8", 26.4, K-55 Set @ 4050'
CMT'ED W/200 sks ZONE **PERFORATIONS** Z 189 Joints 21/16"1J LANDED @ 6105" 5964-6100 Mesa Verde 243 Joints 21/16" IJ LANDED @ 7874 BAKER MODEL "R" PACKER @ 7479' Gallup 7537 - 7548 LINER HANGER @ 7888 51/2" 15.5 #K-55 Set @ 8037' CMT'ED W/465 sks 8044 - 8214 Dakota

31/2" 9.2 N-80 Set @ 8275'
TD-8,275'

NORTHWEST NEW MEXICO PACKER-LEAKAGE TEST

^						Well
Operator	JUPRON ENERGY	CORPORATION		.ease <u>Jic</u> a	arilla "A"	No. 22-Y
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Completion	Mesave	erde	Gas		Flow	Tubing
Lower		_				
Completion	<u>Dakota</u>	ı - Gallup	Gas	F	Flow	Tubing

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Lower Hour,	date 9:00 6	a.m. Length	h of	SI pre	ess.	Stabilized?
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-4-79	1 hour	1223	197	560		
:00 noon		-			+	
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		M D=	-TEST SHUT-IN PRE	ESSURE DATA		
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Compl Shut-	-in 5-28-79	g time sh	nut-in 17 days	osig	1241	
Lower Hour, o	date 12:00 noc	oon Length	n of	SI pre	988•	Stabilized?
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	since	Upper Company	Lower Compre	Тещь.		arks
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6-14-79		364	1630	620	1	-
12:30 a.m.						**************************************
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as:	7	MCFPD; Tested	thru (Orifice	or Meter):	Orifice	
	Departor SURRON EMBERGY CORPORATION Lease Jicarilla 14" No. 22-X No. 22-X					
REMARKS:	Depart SUPRON SUPRON CORPORATION Lease Jicarilla 'A' No. 22-7					
				~~	-	A
▼	Lfy that the :	information h	erein contained	is true ar	d complete to	the best of my
I hereby cart:	ify that the .	information l	•		<u>-</u>	
mowledge.	·		Operator	r SUPRON E	ENERGY CORPORAT	TAON A
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MORTHWEST NEW MEXICO PACKER LEAKAGE TEST INSTRUCTIONS

1. A packer leakage test shall be commenced on each multiply completed well within seven days after actual completion of the well, and annually thereafter as prescribed by the order authorizing the multiple completion. Such tests shall also be commenced on all multiple completions within neven days following recompletion and/or chemical or fracture treatment, and whenever remedial work has been done on a well during which the packer or the tubing have been disturbed. Tests shall also be taken at any time that communication is suspected or when requested by the commission.

At least 72 hours prior to the commencement of any packer lonking test, operator shall notify the Commission in writing of the exact time the t is to be commenced. Offset operators shall also be so notified.

3. The packer leakage test shall commence when both mones of the dual completion are shut-in for pressure stabilization. Both mones shall remain shut-in until the well-bead pressure in each has stabilized, provided however, that they need not remain shut-in more than seven days.

4. For flot Test No. 1, one more of the dual completion shall be produced at the normal rate of production while the other more remains shut-in. Buch test shall be continued for seven days in the case of a gas well and for 24 hours in the case of an oil well. Note: If, on an initial packer leakage test, a gas well is being flowed to the amomphere due to the lack of a pipeline connection the flow period shall be three hours.

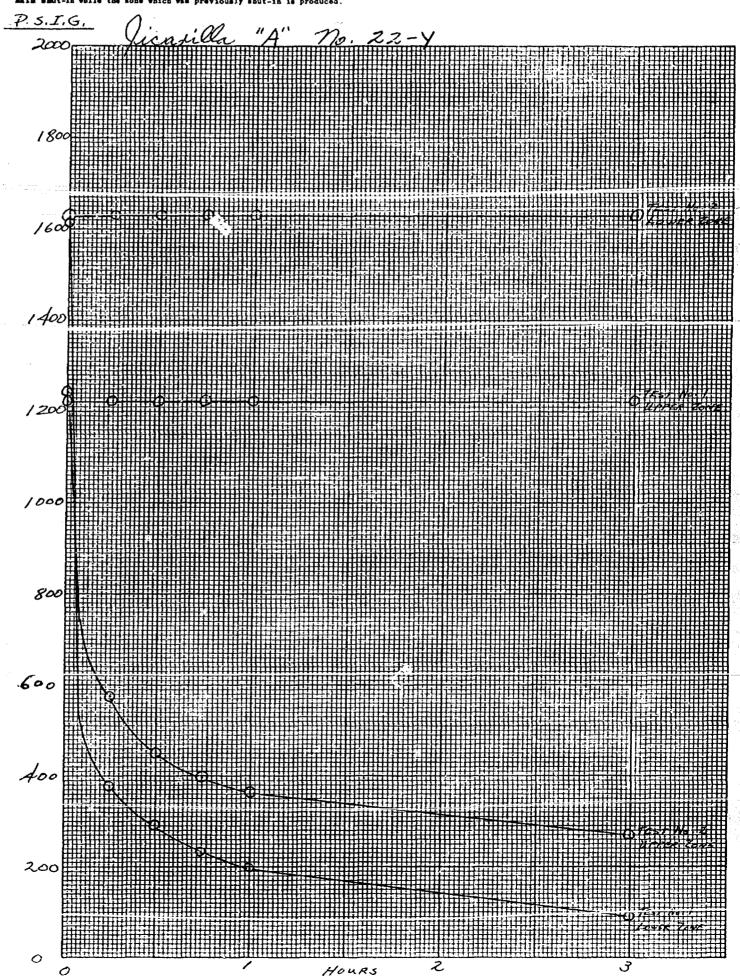
Pollowing completion of Flow Teet No. 1, the well shall again be shut-in accordance with Paragraph 3 above.

6. Flow Test No. 2 shall be conducted even though no leak was indicated during Flow Test No. 1. Procedure for Flow Test No. 2 is to be the same as for Flow Test No. 1 except that the previously produced some shall remain shut-in while the some which was previously shut-in is produced.

7. Pressures for gas-zone tests must be measured on each zone with a deadweight pressure gauge at time intervals as follows: 3-bour tests: immediately prior to the beginning of each flow-period, at fifteen-minute intervals during the first bour thereof, and at bourly intervals there-after, including one pressure measurement immediately prior to the conclusion of each flow period. 7-day tests: immediately prior to the beginning of each flow period, at least one time during each flow period (at approximately the midway point) and immediately prior to the conclusion of each flow period. Other pressures may be taken as desired, or may be requested on wells which have previously shown questionable test data.

24-bour oil zone tests: all pressures, throughout the entire test, ohall be continuously measured and recorded with recording pressure gauges, the accuracy of which must be checked at least twice, once at the beginning and once at the end of each test, with a deadweight pressure gauge. If a well is a gas-oil or as oil-gas dual completion, the recording gauge shall to required on the oil zone only, with deadweight pressure as required above being takes on the gas zone.

8. The results of the above-described tests shall be filed in triplicate within 15 days after completion of the test. Tests shall be filed with the Astec District Office of the New Mexico Oil Conservation Commission on Northwest New Mexico Packer Leakage Test Form Revised il-158, with all deaderight pressures indicated thereon as well as the flowing tesperatures (gas zones only) and gravity and GOR (oil zones only). A pressure versus time curve for each zone of each test shall be constructed on the reverse side of the Packer Leakage Test form with all deaderight pressure points taken indicated thereon. For oil zones, the pressure curve should also indicate all key pressure charges which may be reflected by the recording gauge charts. These key pressure changes should also be tabulated on the front of the Packer Leakage Test Form.



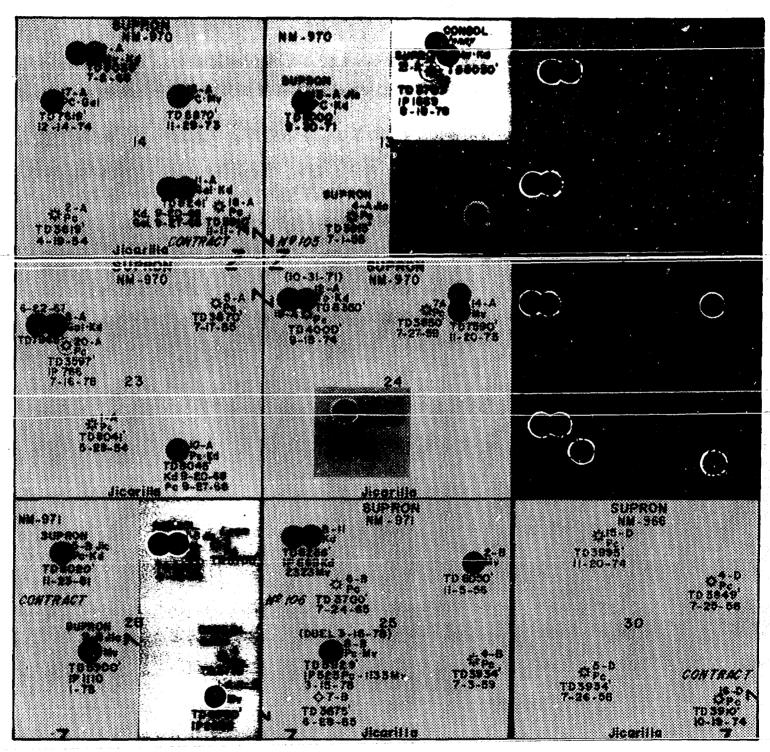
уро Тепі					······································	Test				R NUT
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Supron Energy Corporation

WELL LOCATION & OFFSET OPERATOR PLAT

JICARILLA A-22-Y SEC. 24 T26N, R4W RIO ARRIBA COUNTY



OFFSET OPERATORS

- [] CONSOLIDATED OIL & GAS
- JEROME P. McHUGH
- DAKOTA/GALLUP JEROME P.
- MV/Pc MOBIL OIL CORPORATION

WELL IDENTIFICATION CODE

- JICARILLA A-22-Y
- MESAVERDE COMPLETION
- GALLUP COMPLETION
 - DAKOTA COMPLETION

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION

Super EXHIBIT NO.

CASE NO. 6662

OIL CONSERVATION DIVISION

SUPROM EXHIBIT NO. 2

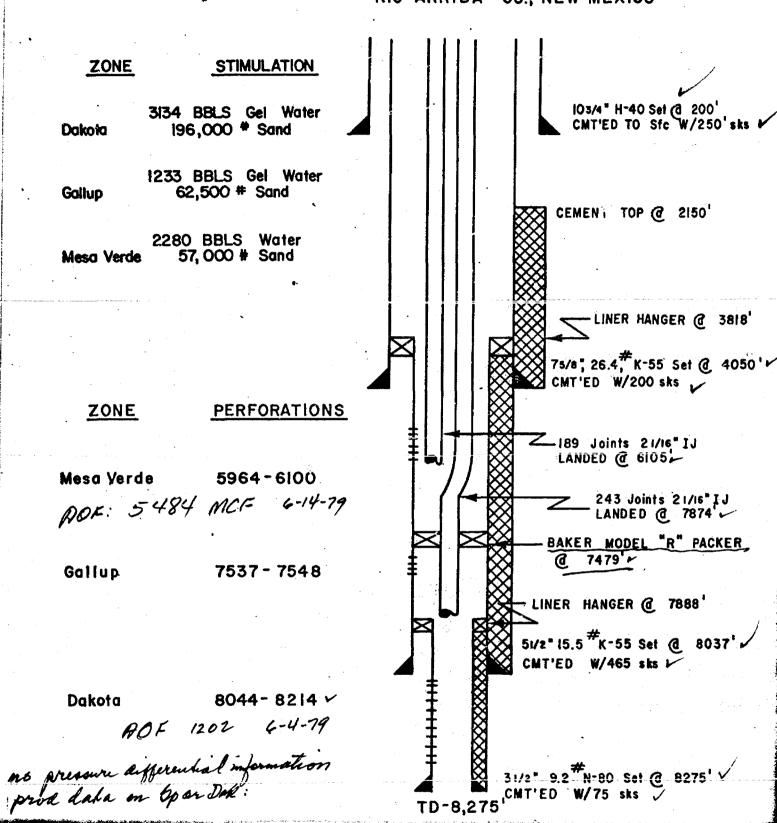
CASE NO. 6662

Supron Energy Corporation

JICARILLA A-22Y

SW/4 Sec. 24, T 26N R4W

RIO ARRIBA CO., NEW MEXICO



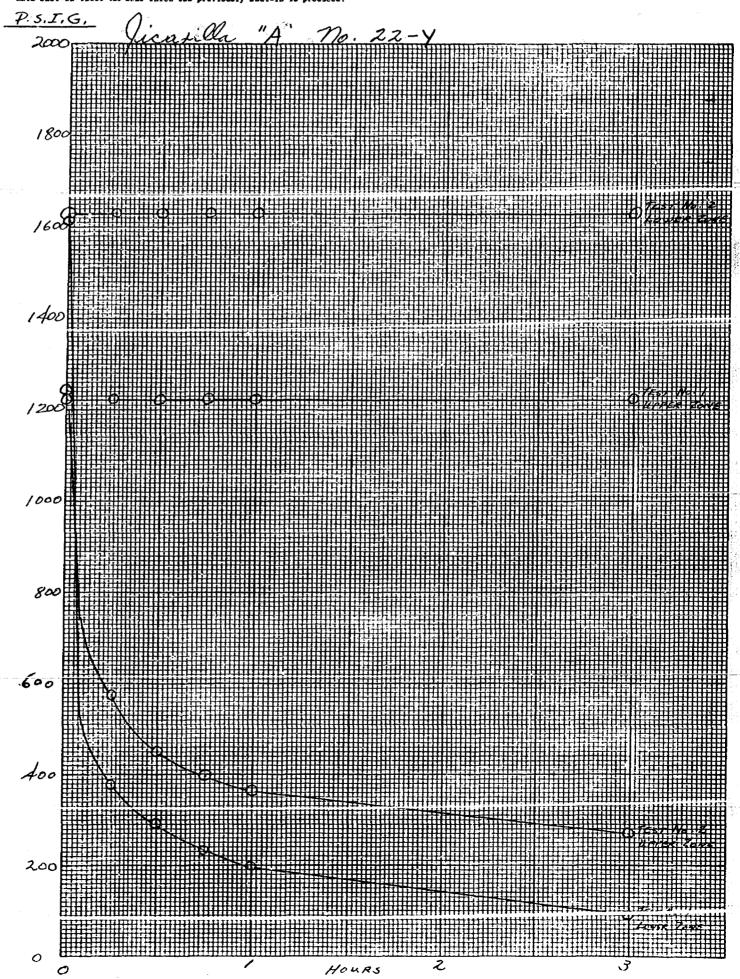
NORTHWEST NEW MEXICO PACKER-LEAKAGE TEST

Onemeton	CUDBON PURPOR	CORPORATION		Topoo 73		Well
Location	SUPRON ENERGI	CORPORATION		Lease <u>Jica</u>	riila "A"	No. 22-Y
	nit <u>K</u> Sec	24 Twp. 26	Vorth R	ge. <u>4 w</u>	est County	Rio Arriba
	Mama of Pos	owiela en Beel	Type of Prod	d. Method	d of Prod.	Prod. Medium (Tbg. or Csg.)
Upper	Name of Res	BLAOIL OF LOOT	(Ull or Ges	(Flow of	r Art. Liit)	(Tog. or Usg.)
Completion	Mesave	erde	Gas	F	low	Tuhing
Lower	Dolote	Callum				
Completion	Dakota	PRE-	Gas FLOW SHUT-IN PR	RESSURE DATA	10W	Tubing
Upper Hour,	date 9:00	a.m. Length	of	SI pre	88.	Stabilized?
Compl Shu	t-in 5-28-	79 time sh	ut-in 7 day	s psia	1222	(Yes or No) No
Compl Shu	date 9:00 t-in 5-28-	79 time sh	of ut-in 7 day	SI pre	1613	Stabilized? (Yes or No) No
Commenced at	(hour, date))* 9:00 a.m.	FLOW TEST N 6-4-79 ssure	Zone p	roducing (Uppe	r or Lower): Lower
Time (hour, date)	Lapsed time	Ibper Compl	Lower Compl.	Prod. Zone	Rem	arks
9:00 a.m.	STILLE.	Оррег сощра-	Bower compr.	Temp.	i item	dino
6-4-79	-0-	1222	1613			
9:15 a.m. 6-4-79	15 min.	1223.	377	55°		
9:30 a.m.	TO 1117119	1223.	3//	25		
6-4-79	30 min.	1223	293	56°		
9:45 a.m. 6-4-79	45 min.	1223	231	56°		Section 1997
10:00 a.m.		1223	231	38		
6-4-79	1 hour	1223	197	560	 	· · · · · · · · · · · · · · · · · · ·
12:00 noon 6-4-79		1223	90	570		
Production r	ate during te	st			<u> </u>	
0il:	BOPD b	ased on	Bbls. in_	Hr	sGrav	rGOR
Gas:			thru (Orifice CEST SHUT-IN PR			
Upper Hour,	date 9:00 a.	m. Length	of	SI pre	35.	Stabilized?
Compl Shut	<u>-in 5-28-79</u>	time shu	t-in 17 days of	psig	1241	(Yes or No) No Stabilized?
Compl Shut	-in 6-4-79	on Length time shu	t-in <i>10 days</i>	psig	1627	(Yes or No) No
			FLOW TEST NO	0.2		
Commenced at Time	(hour, date)	** 9:30 a.m. Pres	6-14-79	Zone pr Prod. Zone		or Lower): Upper
(hour, date)	since **	Upper Compl.	Lower Compl.		Rema	rks
9:30 a.m.		4				
6-14-79 9:45 a.m.	-0-	1241	1627			ALLED AUTT
6-14-79	15 min.	576	1629	60 ⁰	BEFORE EX	AMINER NUTTI
10:00 a.m.	30 min.	450	7620	61 ⁰	OIL CONSI	RVATION DIVISION
10:15 a.m.	30 min.	430	1630	67	Sand E	CHIBIT NO. 3
6-14-79	45 min.	397	1630	61°	CASE NO.	662
10:30 a.m. 6-14-79	1 hour	364	1630	62 ⁰	CASE INO.	
12:30 a.m.			1030			
	3 hours		1630	62 ⁰		
Production ra	ice during tes BOPD ba	sed on	Bbls. in	Hrs.	Grav.	COR
Gas:		MCFPD; Tested	thru (Orifice	or Meter):	Orifice	
DEMIDEC.					 	
REMARKS:						
I hereby cert	ify that the	information he	orein contained	is true an	d complete to	the best of my
I hereby cert		• • •	Operato		d complete to	
I hereby cert knowledge. Approved:		19	Operato	r <u>SUPRON E</u>	NERGY CORPORAT	ION)
I hereby cert knowledge. Approved:		• • •	Operato	r <u>SUPRON E</u>	NERGY CORPORAT	
I hereby cert knowledge. Approved: New Mexico C	il Conservati	19	Operato By	r <u>SUPRON E</u> Kenneth	NERGY CORPORAT	eth E. Koldy
I hereby cert knowledge. Approved: New Mexico C	il Conservati	19 on Commission	Operato By Title	r <u>SUPRON E</u> Kenneth	E. Roddy from	eth E. Koldy

MORTHWEST MEN MEXICO PACKER LEAKAGE TEST INSTRUCTIONS

- 1. A packer leakage test shall be commenced on each multiply completed well within seven days after actual completion of the well, and annually thereafter as prescribed by the order authorizing the multiple completion. Such tests shall also be commenced on all multiple completions within seven days following recompletion and/or chemical or fracture treatment, and whenever remedial work has been done on a well during which the packer or the tubing have been disturbed. Tests shall also be taken at any time that communication is suspected or when requested by the Commission.
- 2. At least 72 hours prior to the commencement of any packer leakage test. the operator shall notify the Commission is writing of the exact time the test is to be commenced. Offset operators shall also be so notified.
- 3. The packer leakage test shall commence when both mones of the dust completion are sbut-in for pressure stabilisation. Both mones shall remain shut-in until the well-head pressure in each has stabilized, provided however, that they need not remain shut-in more than seven days.
- 4. For Flow Test No. 1, one zone of the dual completion shall be produced at the normal rate of production while the other zone remains shut-in. Such test shall be continued for seven days in the case of a gas well and for 24 hours in the case of an oil well. Note: If, on an initial packer leskage test, a gas well is being flowed to the atmosphere due to the lick of a pipeline connection the flow period shall be three hours.
- 5. Following completion of Flow Test No. 1, the well shall again be shutin, in accordance with Paragraph 3 above.
- 6. Flow Test No. 2 shall be conducted even though no leak was indicated during Flow Test No. 1. Procedure for Flow Test No. 2 is to be the same as for Flow Test No. 1 except that the previously produced some shall remain shut-in while the some which was previously shut-in is produced.

- 7. Pressures for gas-sone tests must be measured on each sone with a deadweight pressure gauge at time intervals as follows: 3-bour tests; inmediately prior to the beginning of each flow-period, at fifteen-minute intervals during the first hour thereof, and at hourly intervals thereafter, including one pressure measurement immediately prior to the conclusion of each flow period. 7-day tests: immediately prior to the beginning of each flow period, at least one time during each flow period (at approximately the midday point) and immediately prior to the conclusion of each flow period. Other pressures may be taken as desired, or may be requested on wells which have previously shown questionable test data.
- 24-bour oil zone tests: all pressures, throughout the entire test, shall be continuously measured and recorded with recording pressure gauges, the accuracy of which must be checked at least twice, once at the beginning and once at the sand of each test, with a deadweight pressure gauge. If a well is a gas-oil or an oil-gas dual completion, the recording gauge shall be required on the oil zone only, with deadweight pressure as required above being taken on the gas zone.
- 5. The results of the above-described tests shall be filed in triplicate within 15 days after completion of the test. Tests shall be filed with the Artec District Office of the New Mexico Oil Conservation Commission on Northwest New Mexico Packer Leakage Test Form Revised 11-1-58, with all deadweight pressures indicated thereon as well as the flowing temperatures (gas zones only) and gravity and GOR (oil zones only). A pressure versus time curve for each zone of each test shall be constructed on the reverse side of the Packer Leakage Test Form with all deadweight pressure neglect tests indicated thereon. For oil zones, the pressure curve should also indicate all key pressure changes which may be reflected by the recording gauge charts. These key pressure changes should also be tabulated on the front of the Packer Leakage Test Form.

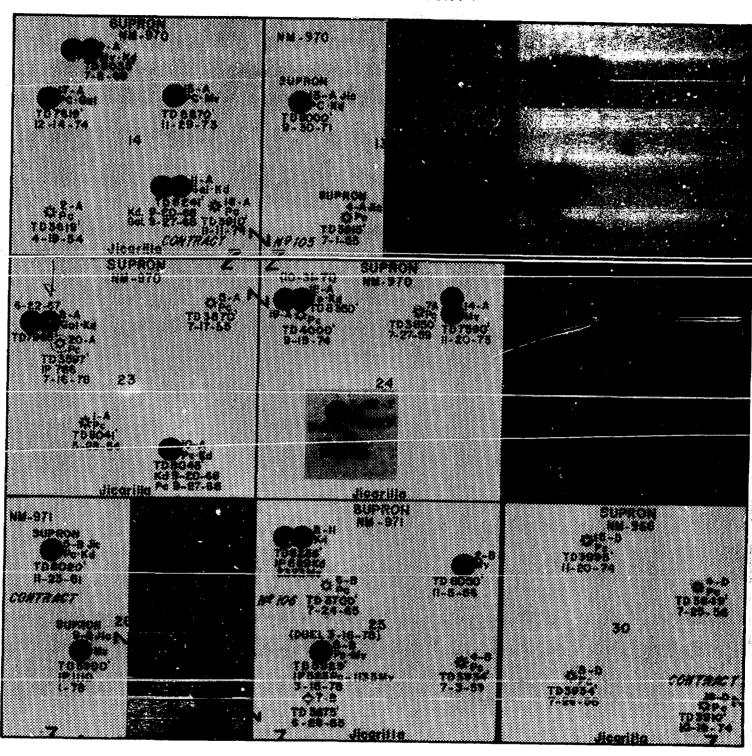


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Supron Energy Corporation well location a offset operator plat

JICARILLA A-22-Y SEC. 24 T26N, R4W RIO ARRIBA COUNTY



OFFSET OPERATORS

- CONSOLIDATED OIL & GAS
- JEROME P. McHUGH
- DAKOTA/GALLUP-JEROME P. McHUGH
- MV/Pc MOBIL OIL CORPORATION

WELL IDENTIFICATION CODE

- JICARILLA A-22-Y
- MESAVERDE COMPLETION
- GALLUP COMPLETION

BEFORE EXAMINER NUTTER OIL CONSERVATION DIVISION SUPPORT SUBJECT NO. 1 CASE NO. 6662

OIL CONSERVATION DIVISION

SUPEN EXHIBIT NO. 2

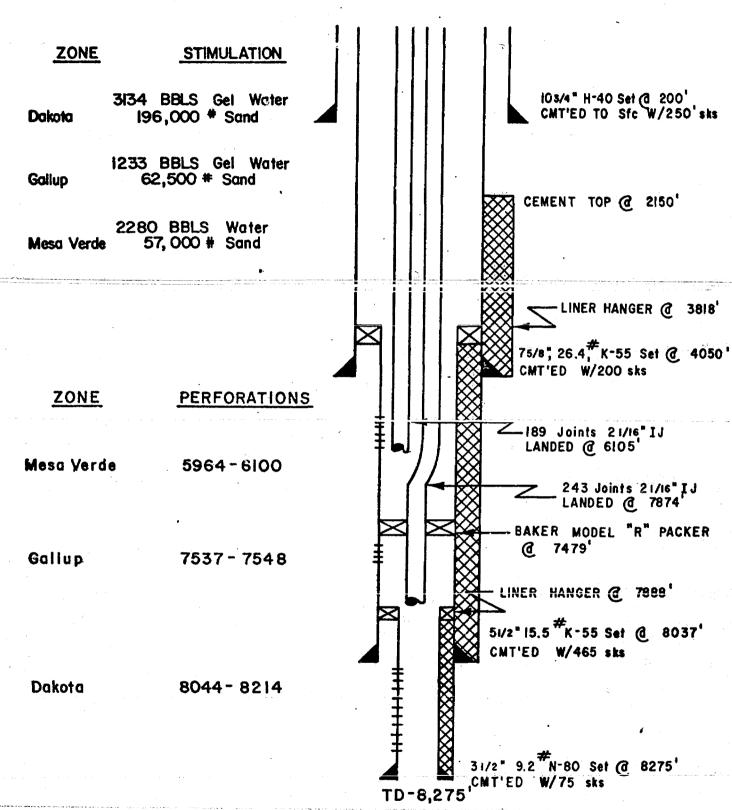
CASE NO. 466 Z

Supron Energy Corporation

JICARILLA A-22Y

SW/4 Sec. 24, T 26N R4W

RIO ARRIBA CO., NEW MEXICO



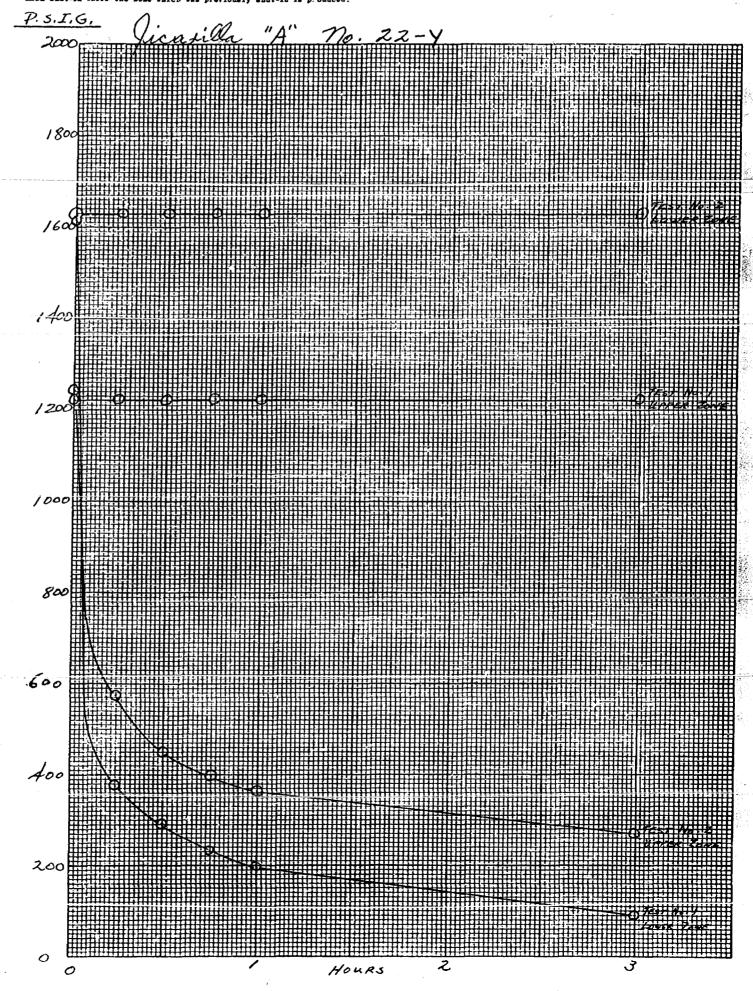
NORTHWEST NEW MEXICO PACKER-LEAKAGE TEST

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MORTHVEST MEN MEXICO PACKER LEAKAGE TEST INSTRUCTIONS

- 1. A packer leakage test shall be commenced on each multiply completed well within seven days after actual completion of the well, and annually thereafter as prescribed by the order authorizing the multiple completion. Such tests shall also be commenced on all multiple completions within seven days following recompletion and/or chemical or fracture treatment, and whenever remedial work has been done on a well during which the packer or the tubing have been disturbed. Tests shall also be twent at any time that communication is suspected or when requested by the Commission.
- 2. At least 72 hours prior to the commencement of any packer leakage test, the operator shall notify the Commission in writing of the exact time the test is to be commenced. Offset operators shall also be so notified.
- 3. The packer leakage test shall commence when both somes of the dual completion are shut-in for pressure stabilisation. Both somes shall remain shut-in until the well-head pressure in each has stabilised, provided however, that they need not remain shut-in more than seven days.
- 4. For Flow Test No. 1, one zone of the dual completion shall be produced at the normal rate of production while the other zone remains shut-in. Such test shall be continued for seven days in the case of a gas well and for 24 hours in the case of an oil well. Note: If, on an initial packer leakage test, a gas well is being flowed to the atmosphere due to the lack of a pipeline connection the flow period shall be three hours.
- 5. Pollowing completion of Flow Test No. 1, the well shall again be shut-in, in accordance with Paragraph 3 above.
- 8. Flow Test No. 2 shall be conducted even though no leak was indicated during Flow Test No. 1. Procedure for Flow Test No. 2 is to be the same as for Flow Test No. 1 except that the previously produced some shall remain shut-in while the some which was previously shut-in in produced.

- 7. Pressures for gas-zone tests must be measured on each sone with a deadweight pressure gauge at time intervals as foliows: 3-hour tests; immediately prior to the beginning of each flow-period, at fifteen-minute intervals during the first hour thereof, and at hourly intervals there-after, including one pressure measurement immediately prior to the conclusion of each flow period, 7-day tests: immediately prior to the beginning of each flow period, at least one time during each flow period (at approximately the midway point) and immediately prior to the conclusion of each flow period. Other pressures may be taken as desired, or may be requested on wells which have previously shown questionable test data.
- 24-bour oil some tests: all pressures, throughout the entire test, shall be continuously measured and recorded with recording pressure gauges, the accuracy of which must be checked at least twice, once at the beginning and once at the end of each test, with a deadweight pressure gauge. If a well is a gas-oil or an oil-gas dual coapletion, the recording gauge shall be required on the oil zone only, with deadweight pressures as required above being taken on the gas zone.
- 8. The results of the above-described tests shall be filed in triplicate within 15 days after completion of the test. Tests shall be filed with the Axtec District Office of the New Mexico Oil Conservation Commission on Northwest New Mexico Packer Leakage Test Form Revised 11-1-58, with all deadweight pressures indicated thereon as well as the flowing temperatures (gas somes only) and gravity and GOR (oil somes only). A pressure versus time curve for each some of each test shall be constructed on the reverse side of the Packer Leakage Test Form with all deadweight pressure points taken indicated thereon. For oil somes, the pressure curve should also indicate all key pressure changes which may be reflected by the recording gauge charts. These key pressure changes should also be tabulated on the front of the Packer Leakage Test Form.



NEW MEXICO OIL CONSERVATION COMMSSION MULTIPOINT AND ONE POINT BACK PRESSURE TEST FOR GAS WELL

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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
Oil Conservation Division
State Land Office Bldg.
Santa Fe, New Mexico
19 September 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Supron Energy Cor-)
poration for a dual completion)
and downhole commingling, Rio)
Arriba County, New Mexico.)

CASE 6662

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TRANSCRIPT OF HEARING

APPEARANCES

For the Oil Conservation Division:

BEFORE: Daniel S. Nutter

Ernest L. Padilla, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87503

For the Applicant:

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

SALLY WALITON BO PRITTING SHORTHAND REPO STOTING BRIDGE (54 S.) 471-BOME PC, NOW (44 PC) 471-

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RUDY MOTTO

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FLY WALTON BO

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Applicant Exhibit Two, Sketch 7

Applicant Exhibit Three, Document 8

Applicant Exhibit Four, Well Log 8

Applicant Exhibit Five, Back Pressure Test 9

Applicant Exhibit Six, Back Pressure Test 9

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MR. NUTTER: Call next Case Number 6662.

MR. PADILLA: Application of Supron Energy Corporation for a dual completion and downhole commingling, Rio Arriba County, New Mexico.

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

(Witness sworn.)

RUDY MOTTO

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

DIRECT EXAMINATION

BY MR. CARR:

Q Will you state your full name and place of residence?

A. My name is Rudy Motto, Bloomfield, New Mexico.

Q And how do you spell your last name?

A. M-O-T-T-O.

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

SALLY WALTON BO CENTIPIED SHONTHAID REPON 1020 Plaza, Blanca (5) (5) 4713-4 Banta Po, New Michiga 4713-

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A. Supron Energy Corporation, Area Superintendent at Farmington, New Mexico.

Q Have you previously testified before this Commission and had your credentials accepted and made a matter of record?

A. No, I have not.

Q. Would you briefly summarize your work experience for the Examiner?

A. Yes. I've been employed by Supron Energy
Corporation for a period of twenty-five years as production
and operation superintendent in various places; also pipeline construction and well drilling and completion.

Q While employed by Supron have you participated in a number of educational programs through the company?

A. I have, the various programs in different areas of my work.

Q. Are you familiar with the application of Supron in this case?

A. I am.

Q. Are you familiar with the area involved in this case?

A. Yes, I am.

MR. CARR: Mr. Examiner, are the witness' qualifications acceptable?

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ENTINES SUSSITIONS REPORT
128 Place Blace (1015) 411-34
Sente Fe, New Mixton 5159

SALLY WALTON BOY CENTIFED SHORTHUN : REPOR 1018 Plaza Blanca (1615) 471-4 Santa Fo, New Herico 871

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MR. NUTTER: Yes, they are.

0 Mr. Motto, will you briefly state what Supron is seeking with this application?

A Yes. We're seeking approval to downhole commingle our Jicarilla "A" No. 22-Y Well, located in Unit K of Section 24, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.

Q. Will you please refer to what has been marked for identification as Supron's Exhibit Number One, and explain to the Examiner what it is and what it shows?

offset operator plat showing Supron Energy Corporation's leases, Consolidated Oil and Gas leases, McHugh and Mobil Oil Company leases.

Yos. Exhibit Number One is a well location

Also we have spotted -- the orange color is the Supron Energy "A" 22-Y Well. The green is Mesaverde completions on ours and offset operator wells. The blue circle is Gallup completion on Supron and offset operator wells, and the red circle is the Dakota completions on Supron and offset operator wells.

Q What does the yellow block indicate?

A. The yellow block is the well that we are seeking approval to commingle and the dedication area of this well is the southwest quarter of Section 24.

And what zones are you proposing to com-

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mingle?

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A. We are asking for approval to commingle the Gallup and Dakota zones.

Q. Are there other wells in the area in which these zones are downhole commingled?

A. Yes. The Jicarilla "A" No. 8 in the north-west quarter of Section 23 is commingled downhole in the same zones.

Q. Will you refer to what -
MR. NUTTER: All three? All three of the

A. No, sir, we're only asking for two zones to be commingled.

MR. NUTTER: Okay, so this well is to be commingled in Gallup and --

A. And Dakota.

MR. NUTTER: -- and Dakota?

A. Yes, sir.

MR. NUTTER: And the No. 8 over here in Section 23 is commingled in Gallup and Dakota?

A. Yes, sir.

MR. NUTTER: But you would also dual complete this well in the Mesaverde?

A That is correct.

MR. NUTTER: Okay, go ahead.

Q (Mr. Carr continuing.) Will you refer to what has been marked for identification as Exhibit Number Two and explain to the Examiner what this is and what it shows?

A. Exhibit Number Two is a diagrammatic sketch of the subject well, showing surface casing, size 10-3/4, set at 200 feet and cemented to the surface with 250 sacks of cement.

The intermediate casing, which is 7-5/8ths, 26.40 pound pipe, set at 4050 feet, cemented with 200 sacks of cement.

5-1/2 inch liner set at 8037 feet and
3-1/2 -- and that was cemented with 465 sacks of cement.

And 3-1/2 inch liner set at 8275 feet and cemented with 75 sacks of cement.

It also shows the Dakota zone perforations to be from 8044 feet to 8214 feet. That zone was perforated and fractured using 3134 barrels of gel water and 196,000 pounds of sand.

It also shows the Gallup zone to be perforated from 7537 feet to 7548 feet. That zone was fractured with 1233 barrels of gel water and 62,500 pounds of sand.

We have a packer set above that zone, a Baker Model "R" Packer, at 7479 feet, and the Mesaverde zone is perforated from 5964 feet to 6100 feet, and that zone was

SALLY WALTCH BOYD
CERTIPED SHORTHAID REPORTER
1910 Plant Blanca (\$11) 411-5462
Santa Po, New Milpideo 97501

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fractured with 2280 barrels of water and 57,000 pounds of sand.

It also shows the strings of tubing. The long string of tubing is 2-1/16th TJ tubing landed at 6105 feet, and the short string of tubing, which is 2-1/16th IJ.

MR. NUTTER: That would be the long string.

Let's see. I'm sorry. The short string

was landed at 6105 feet and the long string was landed with a Baker Model "R" Packer at 7479 feet.

Q Is the well currently being produced?

A. No, it is not.

Q When the well is put on production, do you anticipate that the zones will be flowing or will they have to be artificially lifted?

A. We anticipate they will be flowing.

Q And has a packer leakage test been run?

A. Yes, it has been.

Q. And the results of that test are marked for identification as Exhibit Number Three, is that correct?

A. That is correct.

Q. Now I would like to direct your attention to what has been marked for identification as Supron's Exhibit Number Four, which is the well log, and ask you to explain that to the Examiner.

A Exhibit Number Four is an induction gamma

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Sente Po, New Mexico 5750

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ray log which was run on the well.

This log shows the top of the Mesaverde zone at 5480 feet. The perforations are marked with red dashed lines down through the point lookout from 5964 feet to 6100 feet. It shows the top of the Gallup zone at 7502 feet and the perforations from the Gallup zone from 7537 feet to 7548 feet, and shows the top of the Dakota zone to be at 8020 feet with perforations shown at 8044 feet 46 feet, 48 feet, and 50 feet, and 8060, 62, 64, 66, and 68 feet.

Now this log does not show additional perforations at 8208, 10, 12, and 14 feet, and these perforations were put in the casing using the "A" No. 8 log and overlaying it on this because we could not log that section of the hole.

Q Will you now refer to what has been marked for identification as Exhibit Number Five and review this for the Examiner?

A. Exhibit Number Five is a New Mexico Oil

Conservation Commission Multipoint Back Pressure Test on the

Basin Dakota formation and that should be the Basin Dakota

and Gallup formation. It's the commingled zone.

This test briefly shows the flow rate of this well to be 1171 Mcfd, with an absolute open flow of 1202 Mcfd, with a shut-in pressure of 1613 pounds.

Q. Will you now refer to what has been marked for identification as Exhibit Number Six and review this for

SALLY WALTON BOY CERTIFIED SHORTHAMD REPORT 3010 PEALS BELICA (646) 471-34 Santa Po, New Marido 379

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the Examiner?

A. Exhibit Number Six is the Multipoint Back

Pressure Test for the Mesaverde zone of this same well. The

Q flow rate of this well was 3438 Mcfd with an absolute open

flow of 5484 Mcfd and shows a shut-in pressure of 1241

pounds.

Q Mr. Motto, in your opinion are the pressure differentials in the zones to be commingled such as to prevent migration between zones?

A. Yes. I believe they are, in that we expect very marginal flows from these and we expect the well to be of a marginal classification, which means that they will be continuously flowing.

Q. Do you have independent pressure data on the zones that are to be commingled?

A. No, we do not.

Q And what are you basing your conclusion on that you will not have the migration?

A. We expect this well to be of a marginal classification and as such will be on the line at all times. The pipeline pressures in that area run below 300 pounds at all times, and I do not believe that there can be comminglined of zones with a lower line pressure than shut-in pressure on either zone.

Q You have examined pressures in offsetting

SALLY WAL ON BOY CERTIFIED SHORT (AND REPORT 1018 Plaza Blacia (\$15) 411-34 Sauta Fe, New Hearles 1750

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wells that are completed in these zones?

A Yes, we have.

Q And their pressures are in excess of any anticipated line pressure?

A. That is so.

Q Mr. Motto, will this well be equipped so that the pressure from each of the zones can be determined?

A. It is not. In the Gallup and Dakota zones it is not equipped that way.

Q Are gas condensates being produced?

A. We are not producing the well at all pending outcome of this hearing; however, the well is expected to make small amounts of condensate and natural gas.

Q And do you believe that the fluids have -- that will be produced will be compatible?

A-Yes, I do.

Q Do you have a recommendation to make to
the Examiner as to the allocation of production between
the commingled zones?

A. No. Except that we would like to get with the District Supervisor of the Commission and ask him to meet with us and agree on some allocation of gas and oil out of each producing zone.

Q In your opinion will granting this application result in the recovery of hydrocarbons that otherwise

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would not be produced?

Yes, very much so. We think that we could not produce either zone without -- without commingling.

In your opinion will granting the application be in the interest of conservation, the prevention of waste, and the protection of correlative rights?

Yes. This -- we have common ownership of the leases on this well and surrounding area.

Mr. Motto, were -- have you reviewed Exhibits One through Six and can you testify of your own knowledge as to their accuracy?

Yes, I have, and they are accurate to the best of my knowledge.

MR. CARR: Mr. Examiner, at this time we would offer Applicant's Exhibits One through Six.

MR NUTTER: Applicant's Exhibits One through Six will be admitted in evidence.

CROSS EXAMINATION

BY MR. NUTTER:

Mr. Motto, you have no pressure information on either the Gallup or the Dakota formation in this well, is that correct?

That is correct, sir. We only have the commingled pressure, which is on the Multipoint Back Pressure

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Test, of 1613 pounds.

Q. But we have no way of knowing what the differential is between the two zones.

A. No, sir.

Q. Whether there's any cross flow between those zones or not.

A. No, sir.

Q. You have no production data on either of the two zones separately?

A. No, sir, we cannot produce it until we -we can get approval to produce it.

Q Well, you're not going to be able to get any individual production if we give you approval to commingle it. Didn't you take any tests prior to the time you commingled it?

A. No, sir.

Q. Before you opened the other zone up? You have no individual tests on either zone?

A. No, sir.

Q Well then you stated that you expect to meet with the District Supervisor of the Division and arrive at an allocation formula, what information are you going to be able to give him that you can't give us here today?

A. Hopefully on offset wells producing from the same horizons in those formations.

I think you could have gotten that informa-

tion and brought it here today, Mr. Motto. I don't see how

we can approve this without any information at all to go on

be continued to the Examiner Hearing scheduled to be held

SALLY WALTON BOYC CÉRTIPED SHORT) IAND REPORTE 1938-Pinza Bianca (668) 411-346 Sansta Fe, New Monico 171-34

at this same place at 9:00 o'clock a. m. October 17th, 1979.

(Hearing continued.)

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a court reporter, DO HEREBY

CERTIFY that the foregoing and attached Transcript of

Hearing before the Oil Conservation Division was reported

record of the hearing, prepared by me to the best of my

by me; that the said transcript is a full, true, and correct

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ability from my notes taken at the time of the hearing.

I do heroup carry that the foregoing is a complete respect of the proceedings in the lixaminer hearing of Case No. 6665

Examiner

Oil Conservation Division

STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT Oil Conservation Division State Land Office Bldg. Santa Fe, New Mexico 19 September 1979 --

EXAMINER HEARING

IN THE MATTER OF:

Application of Supron Energy Cor-) poration for a dual completion) and downhole commingling, Rio Arriba County, New Mexico.

CASE 6662

BEFORE: Daniel_S. Nutter

TRANSCRIPT OF HEARING

APPEARANCES

For the Oil Conservation Division:

Ernest L. Padilla, Esq. Legal Counsel for the Division State Land Office Bldg. Santa Fe, New Mexico 87503

For the Applicant:

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

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EXHIBITS

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Applicant Exhibit Two, Sketch 7
Applicant Exhibit Three, Document 8
Applicant Exhibit Four, Well Log 8
Applicant Exhibit Five, Back Pressure Test 9
Applicant Exhibit Six, Back Pressure Test 9

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MR. NUTTER: Call next Case Number 6662.

MR. PADILLA: Application of Supron Energy Corporation for a dual completion and downhole commingling, Rio Arriba County, New Mexico.

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

(Witness sworn.)

RUDY MOTTO

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

DIRECT EXAMINATION

BY MR. CARR:

Will you state your full name and place of residence?

My name is Rudy Motto, Bloomfield, New Mexico.

And how do you spell your last name?

M-O-T-T-O.

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

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A. Supron Energy Corporation, Area Superintendent at Farmington, New Mexico.

Q Have you previously testified before this Commission and had your credentials accepted and made a matter of record?

A No, I have not.

Q Would you briefly summarize your work experience for the Examiner?

A Yes. I've been employed by Supron Energy Corporation for a period of twenty-five years as production and operation superintendent in various places; also pipeline construction and well drilling and completion.

Q While employed by Supron have you participated in a number of educational programs through the company?

A I have, the various programs in different areas of my work.

Q. Are you familiar with the application of Supron in this case?

A. I am.

Q. Are you familiar with the area involved in this case?

A Yes, I am.

MR. CARR: Mr. Examiner, are the witness' qualifications acceptable?

SALLY WALTON BOY CERTIFIED SHORTHAND REPORT 1919 Plans Blanca (1415) 471-3. Senta Pe, New Me Ide 100 8714 10

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MR. NUTTER: Yes, they are.

Mr. Motto, will you briefly state what Supron is seeking with this application?

A Yes. We're seeking approval to downhole commingle our Jicarilla "A" No. 22-Y Well, located in Unit K of Section 24, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.

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offset operator plat showing Supron Energy Corporation's leases, Consolidated Oil and Gas leases, McHugh and Mobil Oil Company leases.

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What does the yellow block indicate?

A. The yellow block is the well that we are seeking approval to commingle and the dedication area of this well is the southwest quarter of Section 24.

And what zones are you proposing to com-

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A We are asking for approval to commingle the Gallup and Dakota zones.

Q Are there other wells in the area in which these zones are downhole commingled?

A. Yes. The Jicarilla "A" No. 8 in the north-west quarter of Section 23 is commingled downhole in the same zones.

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MR. NUTTER: All three? All three of the
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A No, sir, we're only asking for two zones to be commingled.

MR. NUTTER: Okay, so this well is to be commingled in Gallup and --

A. And Dakota.

MR. NUTTER: -- and Dakota?

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MR. NUTTER: And the No. 8 over here in Section 23 is commingled in Gallup and Dakota?

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MR. NUTTER: But you would also dual complete this well in the Mesaverde?

A. That is correct.

MR. NUTTER: Okay, go ahead.

(Mr. Carr continuing.) Will you refer to what has been marked for identification as Exhibit Number Two and explain to the Examiner what this is and what it shows?

Exhibit Number Two is a diagrammatic sketch of the subject well, showing surface casing, size 10-3/4, set at 200 feet and cemented to the surface with 250 sacks of cement.

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A Let's see. I'm sorry. The short string was landed at 6105 feet and the long string was landed with a Baker Model "R" Packer at 7479 feet.

- Q Is the well currently being produced?
- A. No, it is not.
- Q When the well is put on production, do you anticipate that the zones will be flowing or will they have to be artificially lifted?
 - A We anticipate they will be flowing.
 - And has a packer leakage test been run?
 - A. Yes, it has been.
- Q And the results of that test are marked for identification as Exhibit Number Three, is that correct?
 - A. That is correct.
- Now I would like to direct your attention to what has been marked for identification as Supron's Exhibit Number Four, which is the well log, and ask you to explain that to the Examiner.
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Exhibit Number Five is a New Mexico Oil Conservation Commission Multipoint Back Pressure Test on the Basin Dakota formation and that should be the Basin Dakota and Gallup formation. It's the commingled zone.

This test briefly shows the flow rate of this well to be 1171 Mcfd, with an absolute open flow of 1202 Mcfd, with a shut-in pressure of 1613 pounds.

Will you now refer to what has been marked for identification as Exhibit Number Six and review this for

ALLY WALTON BOYE STREE SHORTHAND REPORTE 18 Place Blades (505), 471-244 Marte Pe, Now House, 67501 the Examiner?

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Q Mr. Motto, in your opinion are the pressure differentials in the zones to be commingled such as to prevent migration between zones?

A. Yes. I believe they are, in that we expect very marginal flows from these and we expect the well to be of a marginal classification, which means that they will be continuously flowing.

Q Do you have independent pressure data on the zones that are to be commingled?

A No, we do not.

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- A. Yes, we have.
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- A. It is not. In the Gallup and Dakota zones it is not equipped that way.
 - Are gas condensates being produced?
- pending outcome of this hearing; however, the well is expected to make small amounts of condensate and natural gas.
- Q And do you believe that the fluids have --that will be produced will be compatible?
 - A. Yes, I do.
- Do you have a recommendation to make to
 the Examiner as to the allocation of production between
 the commingled zones?
- A. No. Except that we would like to get with the District Supervisor of the Commission and ask him to meet with us and agree on some allocation of gas and oil out of each producing zone.
- Q In your opinion will granting this application result in the recovery of hydrocarbons that otherwise

SALLY WALION BOY CERTPRED SHORTHAN MEPORT 1916 Plant Blanca (1815) 411-54 Section 191, New Medico 2716 would not be produced?

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A Yes, very much so. We think that we could not produce either zone without -- without commingling.

In your opinion will granting the application be in the interest of conservation, the prevention of waste, and the protection of correlative rights?

A. Yes. This -- we have common ownership of the leases on this well and surrounding area.

Q Mr. Motto, were -- have you reviewed Exhibits One through Six and can you testify of your own knowlodge as to their accuracy?

A. Yes, I have, and they are accurate to the best of my knowledge.

MR. CARR: Mr. Examiner, at this time we would offer Applicant's Exhibits One through Six.

MR NUTTER: Applicant's Exhibits One through Six will be admitted in evidence.

CROSS EXAMINATION

BY MR. NUTTER:

Mr. Motto, you have no pressure information
 on either the Gallup or the Dakota formation in this well,
 is that correct?

A. That is correct, sir. We only have the commingled pressure, which is on the Multipoint Back Pressure

SALLY WALTON BOY CENTIFIED SHORTHAND REPORT 1938 Plans Blanca (646), 171-31 Fants Pe., New Maxico 3719 9

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Test, of 1613 pounds.

Q But we have no way of knowing what the differential is between the two zones.

A. No, sir.

Q. Whether there's any cross flow between those zones or not.

A. No, sir.

Q You have no production data on either of the two zones separately?

A. No, sir, we cannot produce it until we --we can get approval to produce it.

Q Well, you're not going to be able to get any individual production if we give you approval to commingle it. Didn't you take any tests prior to the time you commingled it?

A. No, sir.

Q Before you opened the other zone up? You have no individual tests on either zone?

A. No, sir.

Q Well then you stated that you expect to meet with the District Supervisor of the Division and arrive at an allocation formula, what information are you going to be able to give him that you can't give us here today?

A. Hopefully on offset wells producing from the same horizons in those formations.

Q I think you could have gotten that information and brought it here today, Mr. Motto. I don't see how we can approve this without any information at all to go on as far as pressure or production allocation is concerned.

MR. CARR: Mr. Nutter, would it be appropriate at this time to request that this be continued to enable the applicant to put together pressure data and then reopen the case at a later date?

MR. NUTTER: I'd be most happy to.

MR. CARR: Okay, at this time we'd like

to --

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MR. NUTTER: And I think since this Examine: started hearing the case --

MR. CARR: Yes, that we bring it back before you.

MR. NUTTER: -- it ought to come back before me.

MR CARR: All right.

MR. NUTTER: I think with that information in mind we should continue the case and as far as I know, I'll be hearing the docket on October 17th.

MR. CARR: Okay, we would request that it be docketed on that date.

MR. NUTTER: Case Number 6662, then, will be continued to the Examiner Hearing scheduled to be held

at this same place at 9:00 o'clock a. m. October 17th, 1979.

(Hearing continued.)

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REPORTER'S CERTIFICATE

I, SALLY W. 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 the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability from my notes taken at the time of the hearing.

I do hereby certify that the foregoing is a complete record of the proceedings the Examiner hearing of Case Examiner

Oil Conservation Division

- CASE 6658: Application of Texas Pacific Oil Company, Inc. for an unorthodox well location and a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit comprising the S/2 NE/4 and N/2 SE/4 of Section 14, Township 24 South, Range 36 East, Jalmat Gas Pool, to be dedicated to its J. W. Cooper Well No. 8 at an unorthodox location 2010 feet from the North line and 2310 feet from the East line of said Section 14.
- CASE 6659: Application of Amoco Production Company for an exception to Order No. R-3221, Eddy County, New Nexico.

 Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit disposal of produced brine in several unlined surface pits located in Sections 27, 34 and 35, Township 18 South, Range 31 East.
- CASE 6660: Application of B. & W. Oil Reclaiming for an oil treating plant permit, Eddy County, New Mexico.

 Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the NE/4 NE/4 of Section 34, Township 18 South, Range 26 East.
- CASE 6661: Application of LaRue and Muncy for an exception to R-111-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the casing-cementing rules of Order R-111-A to permit a well to be drilled in Unit C of Section 22, Township 18 South, Range 30 East, Leo Queen-Grayburg Pool, to be cased by setting surface casing at the top of the salt, circulating cement on the oil string, and omitting the intermediate casing required by R-111-A; applicant further requests special rules to apply to all of Sections 15 and 22 of said township to permit additional wells to be completed in the same manner.
- CASE 6662: Application of Supron Energy Corporation 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 Jicarilla "A" Well No. 22Y located in Unit K of Section 24, Township 26 North, Range 4 West, to produce gas from the Blanco Mesaverde Pool through tubing and to commingle and produce the Wildhorse Gallup and Basin-Dakota zones through a parallel tubing string.
- CASE 6663: Application of Doyle Hartman for an unorthodox well location and approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well spacing requirements and a finding that the drilling of a well at an unorthodox location 330 feet from the South line and 2010 feet from the West line of Section 36, Township 23 South, Range 36 East, Jaimat Cas Pool, is necessary to effectively and efficiently drain that portion of the existing proration unit which cannot be so drained by the existing well.
- CASE 6664: Application of Doyle Hartman for an unorthodox well location, two non-standard proration units and approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 40-acre non-standard proration unit comprising the NW/4 SW/4 of Section 27, Township 25 South, Range 37 East, Jalmat Pool, to be dedicated to El Paso Natural Gas Company's Harrison Well No. 1, and also a 120-acre unit comprising the E/2 SW/4 and SW/4 SW/4 of said Section 27 to be dedicated to a well to be drilled at an unorthodox location 330 feet from the South and West lines of the section; applicant further seeks a waiver of existing well spacing requirements and a finding that the drilling of said well is necessary to effectively and efficiently drain that portion of an existing proration unit which cannot be so drained by the existing well.
- CASE 6647: (Continued from September 5, 1979, Examiner Hearing)

 Application of O. H. Berry for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Seven Rivers well to be located 1650 feet from the North line and 330 feet from the East line of Section 15, Township 24

ship 19 South, Range 29 East, and Section 19, Township 19 South, Range 30 East.

- CASE 6665:
 Application of Amax Chemical Corporation for the amendment of Order No. R-111-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-111-A to extend the boundaries of the Potash-Oil Area by the inclusion of certain lands in Sections 22 and 23, Town-
- CASE 6666: Application of Exxon Corporation for a non-standard proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 377.57-acre non-standard gas proration unit comprising Lots 1, 2, 3, and 4 and the N/2 N/2 of Section 36, Township 26 South, Range 25 East, and Lots 3 and 4 and the N/2 NW/4 of Section 31, Township 26 South, Range 26 East, to be dedicated to a Morrow test well to be located in Unit A of said Section 36.
- CASE 6667: Application of Exxon Corporation for a non-standard proration unit, an unorthodox well location, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the approval of a 320-acre non-standard gas proration unit comprising the W/2 of Section 10, Township 21 South, Range 36 East, Eumont Pool, to be simultaneously dedicated to its A. J. Adkins Com Well No. 1 located in Unit L, and to its Well No. 2, at an unorthodox location 1650 feet from the North and West lines of said Section 10.

CAMPBELL AND BLACK, P.A.

LAWYERS

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

POST OFFICE BOX 2208

JEFFERSON PLACE

SANTA FE, NEW MEXICO 87501

TELEPHONE (505) 988-4421

August 28, 1979

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

Dear Mr. Ramey:

Enclosed herewith, in triplicate, is the application of Supron Energy Corporation for Downhole Commingling and Dual Completion, Rio Arriba County, New Mexico.

Supron Energy Corporation requests that this case be set for the examiner hearing to be held on September 19, 1979.

Very truly yours

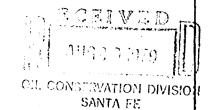
William F. Carr

WFC:tn

Enclosure

cc: Mr. William Jameson
Supron Energy Corporation
Building V., Fifth Floor
10300 North Central Expressway
Dallas, Texas 75231





BEFORE THE

OIL CONSERVATION DIBISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF SUPRON ENERGY CORPORATION FOR DOWNHOLE COMMINGLING AND DUAL COMPLETION, RIO ARRIBA COUNTY, NEW MEXICO.

CASE 6662

APPLICATION

COMES NOW, Supron Energy Corporation, by and through its undersigned attorneys, and hereby makes application to the Oil Conservation Division for Downhole Commingling and Dual Completion and in support thereof respectfully states:

- 1. Applicant is the operator of the Jicarilla "A" Well
 No. 22Y located 1,710 feet from the west line and 1,850
 feet from the south line of Section 24, Township 26. North
 Range 4 West, N.M.P.M., Rio Arriba County, New Mexico,
- 2. Applicant proposes to commingle in one string of tubing in said well production from the Wildhorse Gallup and Basin Dakota Oil Pools.
- 3. Applicant seeks approval to dually complete said well to produce the Mesa Verde formation, Blanco Mesa Verde Pool, through a second string of tubing in said well.
- 4. The completion of this well will be in such a manner as to effectively prevent communication between the Wildhorse Gallup and Basin Dakota Pools and the Blanco Mesa Verde Pool and will result in the greater recovery of hydrocarbons.

5. Granting the application will prevent waste, protect correlative rights including those of all offset operators and will be in the interest of conservation.

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

Respectfully submitted,

CAMPBELL AND BLACK, P.A.

By William F. Carr

Attorneys for Applicant Post Office Box 2208

Santa Fe, New Mexico 87501

BEFORE THE

OIL CONSTRUCTION DIVISION
SANTA FE

OIL CONSERVATION DIBISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF SUPRON ENERGY CORPORATION FOR DOWNHOLE COMMINGLING AND DUAL COMPLETION, RIO ARRIBA COUNTY, NEW MEXICO.

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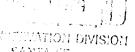
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Respectfully submitted, CAMPBELL AND BLACK, P.A.

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

BEFORE THE

OIL CONSERVATION DIBISION



NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF SUPRON ENERGY CORPORATION FOR DOWNHOLE COMMINGLING AND DUAL COMPLETION, RIO ARRIBA COUNTY, NEW MEXICO.

CASE 6662

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5. Granting the application will prevent waste, protect correlative rights including those of all offset operators and will be in the interest of conservation.

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

Respectfully submitted,

CAMPBELL AND BLACK, P.A.

William F. Carr
Attorneys for Applicant
Post Office Box 2208

Santa Fe, New Mexico 87501

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:

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CASE NO	٥.	6662	
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APPLICATION OF SUPRON ENERGY CORPORATION
FOR A DUAL COMPLETION AND DOWNHOLE COMMINGLING, RIO ARRI
COUNTY, NEW MEXICO.
ORDER OF THE DIVISION
BY THE DIVISION:
This cause came on for hearing at 9 o'clock a.m. on
October 17,1979, 19 79, at Santa Fe, New Mexico, before
Examiner Daniel S. Nutter
NOW, on this day of April , 19 79 , the
Division Director, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,
FINDS:
(1) That due public notice having been given as required by
law, the Division has jurisdiction of this cause and the subject
matter thereof.
(2) That the applicant, Supron Energy Corporation ,
seeks authority to complete its <u>Jicarilla "A" Well No. 22Y</u>
Market and the second of the s
Well Nex, located in Unit K of Section 24, Town-
ship 26 North , Range 4 West , NMPM,
County, New Mexico, as a dual completion (conventional) to
-oil- produce gas from the Blanco Mesaverde Pool through tubing and
to commingle and produce the Wildhorse Gallup and Basin-Dakota
zones through a parallel tubing string.

That the mechanics of the proposed are feasible and in accord with good conservation practices the Planco mesavorde and one or the other of the other two zones are concerned. (4) That the shut in surface pressure of the Dakola formation in the subject will is 1725 psi. (5) That although the whit in surface pressure of the Hadup formation in the subject will is unknown, the sul-in surface pressure of the Galley formation in eight nearly wills ranges from 323 pri to 448 pri, and Averages 372 psi (6) That there is no reason to believe that the pressure

in the Galling farmation in the subject well so substantially different than in the nearby wells and in Joch applicant stated that the Galley pressure in the sasject will "... would be 350 poi, plus or minus

(7) That assuming a Hallup pressure of 350 poi and a Dakata pressure of 1725 pin, without regard to any pressure build-up due to gas gradient, The Dakata pressure would be some 4.9 times the Ballappressure.

(8) That such a pressure differential in not conducion to the prevention of cross-flow between zone, particularly during intervals when the well may be shut in, and could result in waste.

to commingle the national Dakota formation (9) That the application phonels be clemed.

(10) That the applicant should be permitted to duelly complete the ansject will to produce go from the Assure mesavirke I bal through one string a tubing and to produce ger from either the Macarp fermation on the Dakela formation though to another percelled ating of theing, but only after taking such action as may be recessing to isolate the Isakup and Dakota formations from each other.

IT IS THEREFORE ORDERED:
(1) That the applicant Supron Energy Corporation
(1) That the applicant Supron Energy Corporation , for authority is hereby authoritied to complete its Jicarilla "A"
Well No. 22Y , located in Unit K of Section 24 ,
Township 26 North , Range 4 West , NMPM, Rio Arriba
County, New Mexico, as a dual completion(conventional) (combination) (tubingless)
to produce gas from the Blanco Mesaverde Pool through tubing and
to commingle and produce the Wildhorse Gallup and Basin-Dakota
zones through a parallel tubing string is hereby demid.
PROVIDED HOWEVER, that the applicant is hereby anthor-
god to seek approval, persuant to the provisions
Perce 112-A of the Division Recen and Legalations, of the
and completion of the aforesaid wise to enduce
gas from the Phanesturavade Pool and from
1 the Di :00 hora 10 Res 2 De 1 Con
the Willhorse Galleng or the Basin Dakola Pools
through farallel strings of tubing
PROVIDED FURTHER, that giver to such approval,
applicant shall furnish evidence to to the
Division Director that the Wildhorse Gallup
and the Basin Dakota Keservoirs in the suspect
well have been alquiely isolated from each
other to prevent communication theretother.
between the two reservoirs.
(2) Jurishchon
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