

RESEARCH CORPORATION, INC.  
1000 PINE HILLS ON A SPECIAL GAS-  
1000, ROOSEVELT COUNTY, NEW MEXICO

CASE NO.

6830

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APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,

ETC.



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

Other

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

CASE NO. 6830  
Order No. R-6291-A

APPLICATION OF ENSERCH EXPLORATION,  
INC. FOR SPECIAL POOL RULES OR, IN  
THE ALTERNATIVE, A SPECIAL GAS-OIL  
RATIO, ROOSEVELT COUNTY, NEW MEXICO.

NUNC PRO TUNC ORDER

BY THE DIVISION:

It appearing to the Division that Order No. R-6291, dated  
March 25, 1980, does not correctly state the intended order of  
the Division,

IT IS THEREFORE ORDERED:

(1) That all references to the South Peterson-Fusselman  
Pool, as contained in Findings Nos. (2) and (5), and in Orders  
Nos. (1) and (2) of said Order No. R-6291 should be changed to  
read "South Peterson-Pennsylvanian Pool."

(2) That this order shall be effective nunc pro tunc as of  
March 25, 1980.

DONE at Santa Fe, New Mexico, this 15th day of April,  
1980.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
JOE D. RAMEY  
Director

  
S E A L

sd/





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

**Applicant:**

**Dear Sir:**

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

Yours very truly,

JOE D. RAMEY  
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD	<u>x</u>
Artesia OCD	<u>x</u>
Aztec OCD	

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. 6830  
Order No. R-6291

APPLICATION OF ENSERCH EXPLORATION,  
INC., FOR SPECIAL POOL RULES OR, IN  
THE ALTERNATIVE, A SPECIAL GAS-OIL  
RATIO, ROOSEVELT COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 12, 1980,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 25th day of March, 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, Enserch Exploration, Inc., is  
the owner and operator of several wells in the South Peterson-  
Fusselman Pool, Roosevelt County, New Mexico.

(3) That the applicant seeks the promulgation of special  
rules for said pool, including a provision for a gas-oil ratio  
limitation of 4000 cubic feet of gas per barrel of oil or, in  
the alternative, the establishment of a special gas-oil ratio  
limitation of 4000 to one for one well, its Lambirth Well No. 3,  
located in Unit G of Section 31, Township 5 South, Range 33  
East, NMPM, Roosevelt County, New Mexico.

(4) That the reservoir characteristics of the subject pool  
justify the establishment of a gas-oil limitation of 4,000  
cubic feet of gas per barrel of liquid hydrocarbons.

-2-

Case No. 6830  
Order No. R-6291

(5) That in order to afford to the owner in the South Peterson-Fusselman Pool the opportunity to economically produce his just and equitable share of the oil and gas in the subject pool and for this purpose to use his just and equitable share of the reservoir energy, a limiting gas-oil ratio of 4,000 cubic feet of gas per barrel of liquid hydrocarbons should be established for the pool.

(6) That the required shutting in of any well in the subject pool which is three times overproduced on its casinghead gas allowable should be suspended until May 15, 1980, to permit the continued utilization of certain compression equipment which is contracted for until that date.

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

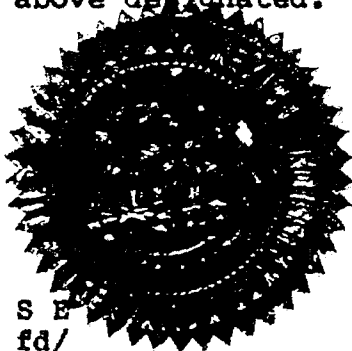
IT IS THEREFORE ORDERED:

(1) That effective March 1, 1980, the limiting gas-oil ratio in the South Peterson-Fusselman Pool, Roosevelt County, New Mexico, shall be 4,000 cubic feet of gas for each barrel of liquid hydrocarbons produced; that, effective March 1, 1980, each proration unit in the South Peterson-Fusselman Pool shall produce only that volume of gas equivalent to 4,000 multiplied by the top unit allowable for the pool.

(2) That the shut-in requirement for wells in the South Peterson-Fusselman Pool which are three times overproduced on their casinghead gas allowable shall be suspended until May 15, 1980.

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

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



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*Joe D. Ramey*  
JOE D. RAMEY  
Director

S E  
fd/

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
12 March 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Enserch Exploration, Inc., for special pool rules, or in the alternative, a special gas/oil ratio, Roosevelt County, New Mexico.

CASE  
6830

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Ernest L. Padilla, Esq.  
Legal Counsel to the Division  
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Santa Fe, New Mexico 87501

For the Applicant:

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I N D E X

LEONARD KERSH

Direct Examination by Mr. Carr	3
Cross Examination by Mr. Nutter	13

E X H I B I T S

Applicant Exhibit One, Structure Map	5
Applicant Exhibit One-A, Document	5
Applicant Exhibit Two, Graph & Tabulation	5
Applicant Exhibit Three, Data	6
Applicant Exhibit Four, Data	7
Applicant Exhibit Five, Tabulation	9
Applicant Exhibit Six, Report	9
Applicant Exhibit Seven, Rental Agreement	10

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1 MR. NUTTER: The hearing will come to  
2 order, please. We'll call next Case 6830.

3 MR. PADILLA: Application of Enserch  
4 Exploration, Inc., for special pool rules, or in the alter-  
5 native, a special gas/oil ratio, Roosevelt County, New Mexico.

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

10  
11 (Witness sworn.)

12  
13 LEONARD KERSH

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

16  
17 DIRECT EXAMINATION

18 BY MR. CARR:

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

21 A My name is Leonard Kersh, Midland, Texas.

22 Q By whom are you employed and in what  
23 capacity?

24 A Enserch Exploration, Inc., District  
25 Petroleum Engineer.

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1 Q Have you previously testified before  
2 this Commission?

3 A Yes, I have.

4 Q And your credentials as a petroleum en-  
5 gineer have been accepted and made a matter of record?

6 A Yes.

7 Q Are you familiar with the application in  
8 this case?

9 A Yes.

10 Q And the subject area?

11 A Yes.

12 MR. CARR: Are the witness' qualifications  
13 acceptable?

14 MR. NUTTER: Where did you go to school,  
15 Mr. Kersh?

16 A New Mexico Tech.

17 MR. NUTTER: New Mexico School of Mines.  
18 He's qualified.

19 MR. CARR: Does the Examiner request any  
20 additional information?

21 MR. NUTTER: No, he's qualified.

22 Q Will you please refer to what has been  
23 marked for identification as Applicant's Exhibit One, and  
24 also referring to Exhibit One-A, explain to the Examiner the  
25

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1 information contained thereon?

2 A Exhibit Number One is a structure map on  
3 top of the Penn formation in South Peterson Field. Enserch.  
4 interest in acreage is shaded in blue.

5 As you may note from the legend of pro-  
6 duction, only two wells are currently producing from the Penn,  
7 whereas the other producers in the field are producing from  
8 the Fusselman.

9 The two wells producing from the Penn are  
10 the Enserch Lambirth No. 3 and the Enserch Lambirth No. 4  
11 Well. However, as shown in Exhibit One-A, potential Penn  
12 pay exists in the Phillips Lambirth A No. 3 Well, the Enserch  
13 Lambirth No. 1, the Enserch Lambirth No. 6 and No. 7 Wells.

14 The Enserch Lambirth No. 5 Well was ori-  
15 ginally completed in the Penn but it was completed in a  
16 limited reservoir and we're currently evaluating this well  
17 for salt water disposal.

18 MR. NUTTER: Which one was that?

19 A That was Enserch Lambirth No. 5.

20 Q And the only two producing wells now are

21 the Lambirth No. 3 and the Lambirth No. 4.

22 A Right.

23 Q Will you now refer to what has been

24 marked Exhibit Number Two and review that for Mr. Nutter?

25 A Exhibit Number Two is a graphical display

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1 of the South Peterson-Penn production history. As shown,  
2 oil production in the Penn has declined since May of 1979,  
3 whereas the gas production over the same period has remained  
4 fairly constant at approximately 18-million standard cubic  
5 feet per month, and combining these data you will note that  
6 the gas/oil ratio has increased from approximately 5000  
7 standard cubic feet per barrel to 8000 standard cubic feet  
8 per barrel.

9 The second part of Exhibit Number Two  
10 is a tabulation of the Penn's production history. Note that  
11 as of February 1st, 1980, total hydrocarbons draws from the  
12 Penn amounted to 49,432 stock tank barrels of oil and 276,730  
13 Mcf gas. These data indicate an average produced gas/oil  
14 ratio of approximately 5600 standard cubic feet per barrel,  
15 thus indicating that the Penn reservoir is associated.

16 Q Will you now review the data contained  
17 on Applicant's Exhibit Number Three?

18 A Exhibit Number Three is pertinent pro-  
19 duction and completion data on the Enserch Lambirth No. 4  
20 Well. These data show that the Lambirth No. 4 Well was com-  
21 pleted September 6th, 1978, through perforations from 7696  
22 feet through 7705 feet at a potential rate of 204 barrels  
23 of oil plus 349 Mcf gas plus 58 barrels of water with a  
24 flowing tubing pressure of 350 psi and an initial GOR of  
25 1711 standard cubic feet per barrel.

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1 Since completion the Lambirth No. 4 has  
2 produced 43,786 stock tank barrels plus 60,849 Mcf gas.

3 The January's producing day average pro-  
4 duction was 65 barrels of oil plus 123 Mcf gas plus 47 bar-  
5 rels of water with a GOR of 1892 standard cubic feet per  
6 stock tank barrel.

7 The second part of Exhibit Number Three  
8 is a graphical display of the Lambirth No. 4 production  
9 history.

10 Note that the oil production has declined  
11 from 3500 barrels per month in May, 1979, to 1250 stock tank  
12 barrels a month in February of 1980. On the other hand, the  
13 gas production over the same period has remained fairly con-  
14 stant at approximately 4-million standard cubic feet per  
15 month.

16 These data have caused the GOR to in-  
17 crease to approximately 2000-to-1. If current trends exist  
18 in both oil and gas, the GOR will continue to increase at  
19 a very rapid pace.

20 Q. Will you now refer to Exhibit Number  
21 Four and review this for Mr. Nutter?

22 A. Okay. Exhibit Number Four is pertinent  
23 production and completion data on the Lambirth No. 3 Well.  
24 These data indicate that the Lambirth No. 3 was completed  
25 October 26, 1978, from perforations at 7702 feet through

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1 7715 feet with an absolute open flow of 16-million standard  
2 cubic feet per day with no condensate.

3 After being placed on-stream the well  
4 started producing oil and as of February 1st, 1980, had  
5 produced 5646 barrels of oil plus 215,881 Mcf gas.

6 January's producing day average production  
7 for the Lambirth No. 3 was 19 barrels of oil plus 570 Mcf  
8 gas with a GOR of 30,000.

9 The second part of Exhibit Number Four  
10 is a graphical display of the Lambirth No. 3 production  
11 history. Note that the oil production has constantly in-  
12 creased since completion, whereas the gas has remained rela-  
13 tively constant.

14 These data have reduced the GOR from  
15 60,000 standard cubic feet per barrel to 30,000 standard  
16 cubic feet per barrel.

17 In October of 1979 the Lambirth No. 3  
18 flowing tubing pressure dropped below Cities line pressure  
19 of 425 psi and Cities did not have a compressor capacity to  
20 switch the well into their low pressure system. Therefor,  
21 in order to continue operations on the Lambirth No. 3 a  
22 rental compressor was employed in November, 1979, at a rate  
23 of \$2899.70 per month for a minimum of six months.

24 In January, 1980, the Commission informed  
25 Enserch that the Lambirth No. 3 was overproduced insofar as

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1 casinghead gas by 50,000,059 Mcf; however, as shown in Ex-  
2 hibit Number Five, we currently estimate this overage to be  
3 44,897 Mcf as of February 1st, 1980.

4 In addition, we were also informed in  
5 January by Order Number R, as in Robert, -5853-A that the  
6 South Peterson-Penn Pool would revert back to 40-acre  
7 spacing effective March 1st, 1980.

8 As you may note, this reversion will re-  
9 duce the monthly gas allowable from approximately 60-million  
10 standard cubic -- 16-million standard cubic feet of gas to  
11 11-million standard cubic feet of gas per month.

12 Enserch believes that the Lambirth No. 3  
13 is currently being operated at its most efficient rate, which  
14 is allowing the oil production to be more competitive with  
15 the gas production. This is best demonstrated by Exhibit  
16 Number Four, which indicates the oil production has increased  
17 since the installation of the compressor.

18 Q Okay, will you now refer to Enserch Ex-  
19 hibit Number Six?

20 A Exhibit Number Six is an over and under  
21 casinghead gas report from the Commission. This exhibit is  
22 presented to verify that Enserch was notified of this over-  
23 age on the Lambirth No. 3 after November, 1979.

24 Q And it was in November that you contracted  
25 for a compressor.

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1 A Right.

2 Q Will you now refer to your Exhibit Number  
3 Seven?

4 A Exhibit Number Seven is a compressor  
5 rental agreement indicating a rental period from November  
6 15th, 1979, to May 15th, 1980, at a cost of \$2899.70 per  
7 month.

8 Q Mr. Kersh, is it possible to contract for  
9 this compressor for a period of time of less than six months?

10 A No, that was the minimum we could get  
11 the rental for.

12 Q And at the current time you're producing  
13 into a Cities Service line?

14 A Right.

15 Q And you have to use compression to buck  
16 the line pressure, is that correct?

17 A Yes.

18 Q Do you anticipate that the line pressure  
19 will remain high?

20 A Yes.

21 Q Now, Mr. Kersh, if the OCD retains a  
22 2000-to-1 COR, in your opinion how long -- how will this  
23 affect your method of operating the Lambirth No. 3 Well?

24 A By maintaining the 2000-to-1, we'll  
25 probably -- we'll probably have to rent a compressor for six

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1 months and then shut-in to make up the overage, and this may  
2 take from four to six months, because at present we believe  
3 that we're operating the well more efficiently at its current  
4 rate, which is approximately, about 16, 15-million a month.  
5 This way we're reducing the flowing bottom hole pressure,  
6 which is allowing more oil to enter the reservoir. Okay, by  
7 reducing or increasing the back pressure, which would more  
8 or less bring us more in line to the 2000-to-1 GOR after  
9 March 1st, this would, in our opinion, promote waste because  
10 the oil would not be -- could not compete with the gas pro-  
11 duction at that time.

12 Q So would more oil be left in the ground?

13 A Yes.

14 Q Could this result in reservoir damage,  
15 in your opinion?

16 A Yes.

17 Q In your opinion, producing the well, the  
18 Lambirth No. 3 Well, as you're now producing it, is any re-  
19 servoir damage resulting from this method of producing --

20 A No.

21 Q -- the rate of withdrawal?

22 A No, it's not.

23 Q If you were given a 4000-to-1 GOR, ap-  
24 proximately how long would it take you to bring the well  
26 back into balance?

1 A It would probably take us about two  
2 months at the current overage.

3 Q Would you now summarize for the Examiner  
4 the recommendation you are making to him in this case?

5 A Okay. Okay, in view of current and  
6 future rental compressor requirements, plus a reduced gas  
7 limitation due to spacing reversion, Enserch hereby requests  
8 that the Commission grant an increase in the gas/oil ratio  
9 of 4000-to-1 to the South Peterson-Penn Pool, effective  
10 March 1st, 1980.

11 In addition, Enserch also requests that  
12 the overage on the Lambirth No. 3 Well be accumulated through  
13 May, 1980, and at that time the Lambirth No. 3 will be  
14 shut in to make up the same.

15 The granting of such will enable Enserch  
16 to produce these wells more efficiently, and will not promote  
17 waste.

18 Q And your request that this be retroactive  
19 to March 1 is based on the fact that that's the date that  
20 the spacing reverts back 40-acres.

21 A Right.

22 Q And in your opinion will granting this  
23 application be in the interest of conservation, the prevention  
24 of waste, and the protection of correlative rights?

25 A Yes.

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1 MR. CARR: At this time, Mr. Examiner,  
2 we would offer Applicant's Exhibits One through Seven.

3 MR. NUTTER: Exhibits One through Seven  
4 will be admitted in evidence.

5 MR. CARR: And I have nothing further  
6 on direct.

7  
8 CROSS EXAMINATION

9 BY MR. NUTTER:

10 Q Mr. Kersh, why is the GOR on this well  
11 so much higher than it is on the other well, the No. 4?

12 A This well, back on initial completion,  
13 we originally thought the well was a gas well because it  
14 produced 16-million absolute open flow, was all gas with no  
15 condensate.

16 Q And no condensate.

17 A Right. So our beliefs are maybe we're  
18 on the edge -- edge of, say, an associated reservoir. We  
19 may be perforated -- well, we only have 13 feet, I guess.

20 Q Did you look at the perforated interval  
21 in this well? Is it identical to the perforated interval  
22 in -- on the No. 3 is it identical to the perforated inter-  
23 val in the No. 4?

24 A No, the No. 4 subsea-wise is higher.

25 Q Well, I wasn't talking about the struc-



1 tural position. I was talking about the zones themselves,  
2 the pay.

3 A It would -- the No. 3 would be lower.

4 Q It's a different zone, then?

5 A Well, it's -- I guess the best way to  
6 describe the Penn reservoir in the South Peterson Field is  
7 disassociated porosity pockets. Now, you'll note back on  
8 Exhibit One-A, we indicated the wells which had potential  
9 Penn pay.

10 Q Uh-huh.

11 A And as you'll note, well, I'll have to  
12 go all the way back to Exhibit Number One, starting in the  
13 south the Lambirth No. 5, which was a limited reservoir,  
14 you'll note the Penn is not continuous there.

15 Q Now, where is that No. 5?

16 A It would be in Section 1.

17 Q Okay. That's the -- the well is shown  
18 with a dry hole symbol.

19 A Right. Okay, we have -- okay, the No. 4,  
20 which would be northeast of 5, is producing.

21 Okay, the Phillips 3-A Lambirth has  
22 potential Penn pay.

23 The Enserch 1 has potential Penn pay,  
24 but the Phillips 1-A Lambirth did not have any potential  
25 Penn pay, nor does the Phillips 2-A Lambirth.

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Q So you have these porosity pockets that are coming in and out as you proceed through the reservoir, is that it?

A Right.

Q And do you anticipate that these various pockets are filled to a more or lesser degree with gas or with liquid hydrocarbons and that this No. 3 happened to encounter one that had a lot of gas in it and very little liquids to start with?

A I think just from the GOR increasing on the Lambirth No. 4 would more or less indicate that the Penn in this area is associated.

Q Well, the GOR increase in the No. 4 is not due to any change in the amount of gas that's being produced, though, is it?

A No, not at the present, but the gas did increase from May. It went up to 4-million, to approximately 4-million last May, but the initial completion on the well, the GOR was well over 1700.

Q Let's see, I'm having a hard time following that graph there on that No. 4. The initial point on the GOR there. The GOR's are the circles with the little circles inside them, aren't they?

A Right. Oh, I see what you're saying, because --

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Q So it originally had a GOR -- that looks like it had two GOR's, one at 700 and one at about 13 or 1400.

A Let me see if I can get this straight.

Q Now, what do you mean by a GOR as opposed to a liquid/gas ratio?

A Well, I plotted the liquid/gas ratio to more or less indicate if we're having any type of damage.

Q Does this include water, then?

A No. No, it's just the -- it's just the stock tank barrels of liquid produced divided by the gas produced.

Q And how does that -- what's that? What's the difference in that compared to the gas/oil ratio?

A It's nothing. It's a reciprocal.

Q Oh, I see, okay. One's liquid over gas and one's gas over liquids, then.

A Uh-huh.

Q Okay.

A I guess the problem that you may be having with this is, okay, we had -- we had analysis on the Fusselman zone, and the Fusselman, which is approximately 100 feet below the Penn, or greater, had an initial GOR of something like 760. Okay, whereas in the Penn case, we're looking at GOR's which are considerably higher.

Q What I'm concerned about here, Mr. Kersh,

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1 is whether this No. 3 Well was originally producing from a  
2 dry gas sand and that the rates of withdrawal were excessive  
3 and caused oil to migrate into that sand, because we do have  
4 an increase in oil production, while gas production has been  
5 rather steady. The gas/oil ratio has radically declined be-  
6 cause of this increase in oil production, and if we're having  
7 a migration of oil into a small gas cap or whatever it may  
8 be, this could result in reservoir damage. Or not reservoir  
9 damage, but loss of oil by the wetting of these dry sands.

10 A I don't think so. I think what has pro-  
11 bably happened is that upon initial completion, that gas, I  
12 mean, you know, it's just -- the oil cannot compete with the  
13 gas, due to just permeability difference.

14 Q Just the relative permeability.

15 A Right, just the relative perm, and once  
16 we put the, you know, the well on stream, you know, we had  
17 more back pressure on, and so forth, due to allowable situ-  
18 ations. That allowed more oil to more or less migrate into  
19 the wellbore and be produced.

20 Q Now how much gas is the No. 3 actually  
21 producing with the compressor in place now?

22 A With the compressor.

23 Q January's producing average was 570 Mcf  
24 per day.

25 A Right.

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1 Q Yeah, that's a daily average.

2 A Uh-huh. But it's our belief that by

3 putting a compressor on, we've more or less lowered the

4 flowing bottom hole pressure, which is thus allowing more

5 oil to enter the wellbore and be produced, and by increasing

6 this back pressure, I think we're going back to the same thing,

7 we're just going -- the oil will not be able to compete with

8 the gas.

9 Q Well now, looking at your Exhibit Number

10 Four, the second page, it would appear that the gas production

11 with the compressor is now just about equal to what it was

12 in the first half of 1979 before the pressure dropped and it

13 wouldn't buck the pipeline any more.

14 A Yes.

15 Q So you've actually just brought the pro-

16 duction of gas back up to where it was, really.

17 A Uh-huh. If you'll also notice -- okay,

18 the liquid production compared against the same liquid pro-

19 duction the first part of '79 was a lot higher.

20 Q Right.

21 A We're looking at 100 barrels or more. So

22 I don't think we're damaging the reservoir. I think we're

23 producing at the most efficient rate now.

24 Q And what are you seeking here? You're

25 seeking a GOR limit for the pool of 4000-to-1.

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1 A 4000-to-1. This will give us the flexi-  
2 bility.

3 Q And you're going to have this compressor  
4 on rental under contract until May 15th?

5 A Right.

6 Q So what you're asking is that this shut-  
7 in order for overproduction be suspended until May 15th?

8 A Yes.

9 Q And then as soon as you release the com-  
10 pressor, then you'd shut the well in.

11 A Right.

12 Q Or curtail production? Which would you  
13 do?

14 A I would shut it in.

15 Q Would it produce at all without a com-  
16 pressor?

17 A What we found is that we can shut it in  
18 and it will build up pressure and we can feed it into the  
19 line for a couple of days, but every time we do that, like  
20 the first five days we started getting all gas. I mean  
21 oil just cannot get, you know, cannot compete.

22 Q Here's this relative permeability thing  
23 again.

24 A Right; right. So we'd probably just  
25 shut the well in till we get the compressor going again.

1 Just shut it in and make up this overage and then go back --

2 Q And then rent a compressor again?

3 A Right; right.

4 Q I see. And is the well producing today?

5 A Yes, it is.

6 Q So pending this hearing, it's still on  
7 production?

8 A Right. We talked to Mr. Sexton in Hobbs  
9 about it and he said pending the outcome of the hearing he  
10 would allow us to continue operations on the well.

11 Q I see.

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

14 Do you have anything further, Mr. Carr?

15 MR. CARR: Nothing further, Mr. Nutter.

16 MR. NUTTER: Does anyone have anything  
17 they wish to offer in Case Number 6830? If there is nothing  
18 further, we'll take the case under advisement.

19  
20 (Hearing concluded.)

21

22

23

24

25

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REPORTER'S CERTIFICATE

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

Sally W. Boyd C.S.R.

SALLY W. BOYD, C.S.R.

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I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6830 heard by me on 3/12 1980.

[Signature] Examiner  
Oil Conservation Division

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STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
12 March 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Enserch Exploration,  
Inc., for special pool rules, or in  
the alternative, a special gas/oil  
ratio, Roosevelt County, New Mexico.

CASE  
6830

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

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State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant:

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I N D E X

LEONARD KERSH

Direct Examination by Mr. Carr	3
Cross Examination by Mr. Nutter	13

E X H I B I T S

Applicant Exhibit One, Structure Map	5
Applicant Exhibit One-A, Document	5
Applicant Exhibit Two, Graph & Tabulation	5
Applicant Exhibit Three, Data	6
Applicant Exhibit Four, Data	7
Applicant Exhibit Five, Tabulation	9
Applicant Exhibit Six, Report	9
Applicant Exhibit Seven, Rental Agreement	10

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1 MR. NUTTER: The hearing will come to  
2 order, please. We'll call next Case 6830.

3 MR. PADILLA: Application of Enserch  
4 Exploration, Inc., for special pool rules, or in the alter-  
5 native, a special gas/oil ratio, Roosevelt County, New Mexico.

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

10  
11 (Witness sworn.)  
12

13 LEONARD KERSH  
14 being called as a witness and having been duly sworn upon  
15 his oath, testified as follows, to-wit:  
16

17 DIRECT EXAMINATION

18 BY MR. CARR:

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

21 A My name is Leonard Kersh, Midland, Texas.

22 Q By whom are you employed and in what  
23 capacity?

24 A Enserch Exploration, Inc., District  
25 Petroleum Engineer.

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1 Q Have you previously testified before  
2 this Commission?

3 A Yes, I have.

4 Q And your credentials as a petroleum en-  
5 gineer have been accepted and made a matter of record?

6 A Yes.

7 Q Are you familiar with the application in  
8 this case?

9 A Yes.

10 Q And the subject area?

11 A Yes.

12 MR. CARR: Are the witness' qualifications  
13 acceptable?

14 MR. NUTTER: Where did you go to school,  
15 Mr. Kersh?

16 A New Mexico Tech.

17 MR. NUTTER: New Mexico School of Mines.  
18 He's qualified.

19 MR. CARR: Does the Examiner request any  
20 additional information?

21 MR. NUTTER: No, he's qualified.

22 Q Will you please refer to what has been  
23 marked for identification as Applicant's Exhibit One, and  
24 also referring to Exhibit One-A, explain to the Examiner the  
25

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1 information contained thereon?

2 A Exhibit Number One is a structure map on  
3 top of the Penn formation in South Peterson Field. Enserch  
4 interest in acreage is shaded in blue.

5 As you may note from the legend of pro-  
6 duction, only two wells are currently producing from the Penn,  
7 whereas the other producers in the field are producing from  
8 the Fusselman.

9 The two wells producing from the Penn are  
10 the Enserch Lambirth No. 3 and the Enserch Lambirth No. 4  
11 Well. However, as shown in Exhibit One-A, potential Penn  
12 pay exists in the Phillips Lambirth A No. 3 Well, the Enserch  
13 Lambirth No. 1, the Enserch Lambirth No. 6 and No. 7 Wells.

14 The Enserch Lambirth No. 5 Well was ori-  
15 ginally completed in the Penn but it was completed in a  
16 limited reservoir and we're currently evaluating this well  
17 for salt water disposal.

18 MR. NUTTER: Which one was that?

19 A That was Enserch Lambirth No. 5.

20 Q And the only two producing wells now are  
21 the Lambirth No. 3 and the Lambirth No. 4.

22 A Right.

23 Q Will you now refer to what has been  
24 marked Exhibit Number Two and review that for Mr. Nutter?

25 A Exhibit Number Two is a graphical display

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1 of the South Peterson-Penn production history. As shown,  
2 oil production in the Penn has declined since May of 1979,  
3 whereas the gas production over the same period has remained  
4 fairly constant at approximately 18-million standard cubic  
5 feet per month, and combining these data you will note that  
6 the gas/oil ratio has increased from approximately 5000  
7 standard cubic feet per barrel to 8000 standard cubic feet  
8 per barrel.

9 The second part of Exhibit Number Two  
10 is a tabulation of the Penn's production history. Note that  
11 as of February 1st, 1980, total hydrocarbons draws from the  
12 Penn amounted to 49,432 stock tank barrels of oil and 276,730  
13 Mcf gas. These data indicate an average produced gas/oil  
14 ratio of approximately 5600 standard cubic feet per barrel,  
15 thus indicating that the Penn reservoir is associated.

16 Q Will you now review the data contained  
17 on Applicant's Exhibit Number Three?

18 A Exhibit Number Three is pertinent pro-  
19 duction and completion data on the Enserch Lambirth No. 4  
20 Well. These data show that the Lambirth No. 4 Well was com-  
21 pleted September 6th, 1978, through perforations from 7596  
22 feet through 7705 feet at a potential rate of 204 barrels  
23 of oil plus 349 Mcf gas plus 58 barrels of water with a  
24 flowing tubing pressure of 350 psi and an initial GOR of  
25 1711 standard cubic feet per barrel.

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1 Since completion the Lambirth No. 4 has  
2 produced 43,786 stock tank barrels plus 60,849 Mcf gas.

3 The January's producing day average pro-  
4 duction was 65 barrels of oil plus 123 Mcf gas plus 47 bar-  
5 rels of water with a GOR of 1892 standard cubic feet per  
6 stock tank barrel.

7 The second part of Exhibit Number Three  
8 is a graphical display of the Lambirth No. 4 production  
9 history.

10 Note that the oil production has declined  
11 from 3500 barrels per month in May, 1979, to 1250 stock tank  
12 barrels a month in February of 1980. On the other hand, the  
13 gas production over the same period has remained fairly con-  
14 stant at approximately 4-million standard cubic feet per  
15 month.

16 These data have caused the GOR to in-  
17 crease to approximately 2000-to-1. If current trends exist  
18 in both oil and gas, the GOR will continue to increase at  
19 a very rapid pace.

20 Q Will you now refer to Exhibit Number  
21 Four and review this for Mr. Nutter?

22 A Okay. Exhibit Number Four is pertinent  
23 production and completion data on the Lambirth No. 3 Well.  
24 These data indicate that the Lambirth No. 3 was completed  
25 October 26, 1978, from perforations at 7702 feet through

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1 7715 feet with an absolute open flow of 16-million standard  
2 cubic feet per day with no condensate.

3 After being placed on-stream the well  
4 started producing oil and as of February 1st, 1980, had  
5 produced 5646 barrels of oil plus 215,881 Mcf gas.

6 January's producing day average production  
7 for the Lambirth No. 3 was 19 barrels of oil plus 570 Mcf  
8 gas with a GOR of 30,000.

9 The second part of Exhibit Number Four  
10 is a graphical display of the Lambirth No. 3 production  
11 history. Note that the oil production has constantly in-  
12 creased since completion, whereas the gas has remained rela-  
13 tively constant.

14 These data have reduced the GOR from  
15 60,000 standard cubic feet per barrel to 30,000 standard  
16 cubic feet per barrel.

17 In October of 1979 the Lambirth No. 3  
18 flowing tubing pressure dropped below Cities line pressure  
19 of 425 psi and Cities did not have a compressor capacity to  
20 switch the well into their low pressure system. Therefor,  
21 in order to continue operations on the Lambirth No. 3 a  
22 rental compressor was employed in November, 1979, at a rate  
23 of \$2899.70 per month for a minimum of six months.

24 In January, 1980, the Commission informed  
25 Enserch that the Lambirth No. 3 was overproduced insofar as

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1 casinghead gas by 50,000,059 Mcf; however, as shown in Ex-  
 2 hibit Number Five, we currently estimate this overage to be  
 3 44,897 Mcf as of February 1st, 1980.

4 In addition, we were also informed in  
 5 January by Order Number R, as in Robert, -5853-A that the  
 6 South Peterson-Penn Pool would revert back to 40-acre  
 7 spacing effective March 1st, 1980.

8 As you may note, this reversion will re-  
 9 duce the monthly gas allowable from approximately 60-million  
 10 standard cubic -- 16-million standard cubic feet of gas to  
 11 11-million standard cubic feet of gas per month.

12 Enserch believes that the Lambirth No. 3  
 13 is currently being operated at its most efficient rate, which  
 14 is allowing the oil production to be more competitive with  
 15 the gas production. This is best demonstrated by Exhibit  
 16 Number Four, which indicates the oil production has increased  
 17 since the installation of the compressor.

18 Q Okay, will you now refer to Enserch Ex-  
 19 hibit Number Six?

20 A Exhibit Number Six is an over and under  
 21 casinghead gas report from the Commission. This exhibit is  
 22 presented to verify that Enserch was notified of this over-  
 23 age on the Lambirth No. 3 after November, 1979.

24 Q And it was in November that you contracted  
 25 for a compressor.

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1 A Right.

2 Q Will you now refer to your Exhibit Number  
3 Seven?

4 A Exhibit Number Seven is a compressor  
5 rental agreement indicating a rental period from November  
6 15th, 1979, to May 15th, 1980, at a cost of \$2899.70 per  
7 month.

8 Q Mr. Kersh, is it possible to contract for  
9 this compressor for a period of time of less than six months?

10 A No, that was the minimum we could get  
11 the rental for.

12 Q And at the current time you're producing  
13 into a Cities Service line?

14 A Right.

15 Q And you have to use compression to buck  
16 the line pressure, is that correct?

17 A Yes.

18 Q Do you anticipate that the line pressure  
19 will remain high?

20 A Yes.

21 Q Now, Mr. Kersh, if the OCD retains a  
22 2000-to-1 GOR, in your opinion how long -- how will this  
23 affect your method of operating the Lambirth No. 3 Well?

24 A By maintaining the 2000-to-1, we'll  
25 probably -- we'll probably have to rent a compressor for six

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1 months and then shut-in to make up the overage, and this may  
2 take from four to six months, because at present we believe  
3 that we're operating the well more efficiently at its current  
4 rate, which is approximately, about 16, 15-million a month.  
5 This way we're reducing the flowing bottom hole pressure,  
6 which is allowing more oil to enter the reservoir. Okay, by  
7 reducing or increasing the back pressure, which would more  
8 or less bring us more in line to the 2000-to-1 GOR after  
9 March 1st, this would, in our opinion, promote waste because  
10 the oil would not be -- could not compete with the gas pro-  
11 duction at that time.

Q

So would more oil be left in the ground?

A

Yes.

Q

Could this result in reservoir damage,

15 in your opinion?

A

Yes.

Q

17 In your opinion, producing the well, the  
18 Lambirth No. 3 Well, as you're now producing it, is any re-  
19 servoir damage resulting from this method of producing --

A

No.

Q

-- the rate of withdrawal?

A

No, it's not.

Q

23 If you were given a 4000-to-1 GOR, ap-  
24 proximately how long would it take you to bring the well  
25 back into balance?

1 A It would probably take us about two  
2 months at the current overage.

3 Q Would you now summarize for the Examiner  
4 the recommendation you are making to him in this case?

5 A Okay. Okay, in view of current and  
6 future rental compressor requirements, plus a reduced gas  
7 limitation due to spacing reversion, Enserch hereby requests  
8 that the Commission grant an increase in the gas/oil ratio  
9 of 4000-to-1 to the South Peterson-Penn Pool, effective  
10 March 1st, 1980.

11 In addition, Enserch also requests that  
12 the overage on the Lambirth No. 3 Well be accumulated through  
13 May, 1980, and at that time the Lambirth No. 3 will be  
14 shut in to make up the same.

15 The granting of such will enable Enserch  
16 to produce these wells more efficiently, and will not promote  
17 waste.

18 Q And your request that this be retroactive  
19 to March 1 is based on the fact that that's the date that  
20 the spacing reverts back 40-acres.

21 A Right.

22 Q And in your opinion will granting this  
23 application be in the interest of conservation, the prevention  
24 of waste, and the protection of correlative rights?

25 A Yes.

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1 MR. CARR: At this time, Mr. Examiner,  
2 we would offer Applicant's Exhibits One through Seven.

3 MR. NUTTER: Exhibits One through Seven  
4 will be admitted in evidence.

5 MR. CARR: And I have nothing further  
6 on direct.

7  
8 CROSS EXAMINATION

9 BY MR. NUTTER:

10 Q Mr. Kersh, why is the GOR on this well  
11 so much higher than it is on the other well, the No. 4?

12 A This well, back on initial completion,  
13 we originally thought the well was a gas well because it  
14 produced 16-million absolute open flow, was all gas with no  
15 condensate.

16 Q And no condensate.

17 A Right. So our beliefs are maybe we're  
18 on the edge -- edge of, say, an associated reservoir. We  
19 may be perforated -- well, we only have 13 feet, I guess.

20 Q Did you look at the perforated interval  
21 in this well? Is it identical to the perforated interval  
22 in -- on the No. 3 is it identical to the perforated inter-  
23 val in the No. 4?

24 A No, the No. 4 subsea-wise is higher.

25 Q Well, I wasn't talking about the struc-

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1 tural position. I was talking about the zones themselves,  
2 the pay.

3 A It would -- the No. 3 would be lower.

4 Q It's a different zone, then?

5 A Well, it's -- I guess the best way to  
6 describe the Penn reservoir in the South Peterson Field is  
7 disassociated porosity pockets. Now, you'll note back on  
8 Exhibit One-A, we indicated the wells which had potential  
9 Penn pay.

10 Q Uh-huh.

11 A And as you'll note, well, I'll have to  
12 go all the way back to Exhibit Number One, starting in the  
13 south the Lambirth No. 5, which was a limited reservoir,  
14 you'll note the Penn is not continuous there.

15 Q Now, where is that No. 5?

16 A It would be in Section 1.

17 Q Okay. That's the -- the well is shown  
18 with a dry hole symbol.

19 A Right. Okay, we have -- okay, the No. 4,  
20 which would be northeast of 5, is producing.

21 Okay, the Phillips 3-A Lambirth has  
22 potential Penn pay.

23 The Enserch 1 has potential Penn pay,  
24 but the Phillips 1-A Lambirth did not have any potential  
25 Penn pay, nor does the Phillips 2-A Lambirth.

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1 Q So you have these porosity pockets that  
2 are coming in and out as you proceed through the reservoir,  
3 is that it?

4 A Right.

5 Q And do you anticipate that these various  
6 pockets are filled to a more or lesser degree with gas or  
7 with liquid hydrocarbons and that this No. 3 happened to  
8 encounter one that had a lot of gas in it and very little  
9 liquids to start with?

10 A I think just from the GOR increasing on  
11 the Lambirth No. 4 would more or less indicate that the  
12 Penn in this area is associated.

13 Q Well, the GOR increase in the No. 4 is  
14 not due to any change in the amount of gas that's being pro-  
15 duced, though, is it?

16 A No, not at the present, but the gas did  
17 increase from May. It went up to 4-million, to approximately  
18 4-million last May, but the initial completion on the well,  
19 the GOR was well over 1700.

20 Q Let's see, I'm having a hard time fol-  
21 lowing that graph there on that No. 4. The initial point  
22 on the GOR there. The GOR's are the circles with the little  
23 circles inside them, aren't they?

24 A Right. Oh, I see what you're saying,  
25 because --

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1 Q So it originally had a GOR -- that looks  
2 like it had two GOR's, one at 700 and one at about 13 or 1400.

3 A Let me see if I can get this straight.

4 Q Now, what do you mean by a GOR as opposed  
5 to a liquid/gas ratio?

6 A Well, I plotted the liquid/gas ratio to  
7 more or less indicate if we're having any type of damage.

8 Q Does this include water, then?

9 A No. No, it's just the -- it's just the  
10 stock tank barrels of liquid produced divided by the gas  
11 produced.

12 Q And how does that -- what's that? What's  
13 the difference in that compared to the gas/oil ratio?

14 A It's nothing. It's a reciprocal.

15 Q Oh, I see, okay. One's liquid over gas  
16 and one's gas over liquids, then.

17 A Uh-huh.

18 Q Okay.

19 A I guess the problem that you may be  
20 having with this is, okay, we had -- we had analysis on the  
21 Fusselman zone, and the Fusselman, which is approximately  
22 100 feet below the Penn, or greater, had an initial GOR of  
23 something like 760. Okay, whereas in the Penn case, we're  
24 looking at GOR's which are considerably higher.

25 Q What I'm concerned about here, Mr. Karsh,



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1 is whether this No. 3 Well was originally producing from a  
2 dry gas sand and that the rates of withdrawal were excessive  
3 and caused oil to migrate into that sand, because we do have  
4 an increase in oil production, while gas production has been  
5 rather steady. The gas/oil ratio has radically declined be-  
6 cause of this increase in oil production, and if we're having  
7 a migration of oil into a small gas cap or whatever it may  
8 be, this could result in reservoir damage. Or not reservoir  
9 damage, but loss of oil by the wetting of these dry sands.

10 A I don't think so. I think what has pro-  
11 bably happened is that upon initial completion, that gas, I  
12 mean, you know, it's just -- the oil cannot compete with the  
13 gas, due to just permeability difference.

14 Q Just the relative permeability.

15 A Right, just the relative perm, and once  
16 we put the, you know, the well on stream, you know, we had  
17 more back pressure on, and so forth, due to allowable situ-  
18 ations. That allowed more oil to more or less migrate into  
19 the wellbore and be produced.

20 Q Now how much gas is the No. 3 actually  
21 producing with the compressor in place now?

22 A With the compressor.

23 Q January's producing average was 570 Mcf  
24 per day.

25 A Right.

1 Q Yeah, that's a daily average.

2 A Uh-huh. But it's our belief that by  
3 putting a compressor on, we've more or less lowered the  
4 flowing bottom hole pressure, which is thus allowing more  
5 oil to enter the wellbore and be produced, and by increasing  
6 this back pressure, I think we're going back to the same thing  
7 we're just going -- the oil will not be able to compete with  
8 the gas.

9 Q Well now, looking at your Exhibit Number  
10 Four, the second page, it would appear that the gas production  
11 with the compressor is now just about equal to what it was  
12 in the first half of 1979 before the pressure dropped and it  
13 wouldn't buck the pipeline any more.

14 A Yes.

15 Q So you've actually just brought the pro-  
16 duction of gas back up to where it was, really.

17 A Uh-huh. If you'll also notice -- okay,  
18 the liquid production compared against the same liquid pro-  
19 duction the first part of '79 was a lot higher.

20 Q Right.

21 A We're looking at 100 barrels or more. So  
22 I don't think we're damaging the reservoir. I think we're  
23 producing at the most efficient rate now.

24 Q And what are you seeking here? You're  
25 seeking a GOR limit for the pool of 4000-to-1.

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1 A 4000-to-1. This will give us the flexi-  
2 bility.

3 Q And you're going to have this compressor  
4 on rental under contract until May 15th?

5 A Right.

6 Q So what you're asking is that this shut-  
7 in order for overproduction be suspended until May 15th?

8 A Yes.

9 Q And then as soon as you release the com-  
10 pressor, then you'd shut the well in.

11 A Right.

12 Q Or curtail production? Which would you  
13 do?

14 A I would shut it in.

15 Q Would it produce at all without a com-  
16 pressor?

17 A What we found is that we can shut it in  
18 and it will build up pressure and we can feed it into the  
19 line for a couple of days, but every time we do that, like  
20 the first five days we started getting all gas. I mean  
21 oil just cannot get, you know, cannot compete.

22 Q Here's this relative permeability thing  
23 again.

24 A Right; right. So we'd probably just  
25 shut the well in till we get the compressor going again.

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1 Just shut it in and make up this overage and then go back --

2 Q And then rent a compressor again?

3 A Right; right.

4 Q I see. And is the well producing today?

5 A Yes, it is.

6 Q So pending this hearing, it's still on  
7 production?

8 A Right. We talked to Mr. Sexton in Hobbs  
9 about it and he said pending the outcome of the hearing he  
10 would allow us to continue operations on the well.

11 Q I see.

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

14 Do you have anything further, Mr. Carr?

15 MR. CARR: Nothing further, Mr. Nutter.

16 MR. NUTTER: Does anyone have anything  
17 they wish to offer in Case Number 6830? If there is nothing  
18 further, we'll take the case under advisement.

19  
20 (Hearing concluded.)  
21  
22  
23  
24  
25

SALLY W. BOYD, C.S.R.

Rt. 1 Box 191-B  
Santa Fe, New Mexico 87501  
Phone (505) 433-7409

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that  
the foregoing Transcript of Hearing before the Oil Conserva-  
tion Division was reported by me; that the said transcript  
is a full, true, and correct record of the hearing, prepared  
by me to the best of my ability.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 195-B  
Santa Fe, New Mexico 87501  
Phone (800) 455-7409

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 6839  
heard by me on 3/12 1980.

[Signature], Examiner  
Oil Conservation Division

SOUTH PETERSON (PENN) POOL  
ROOSEVELT COUNTY, NEW MEXICO

WELL DATA SHEET

<u>Well Name</u>	<u>Net Pay (feet)</u>	<u>Average Porosity (%)</u>	<u>Average Water Saturation (%)</u>
<u>Enserch Wells</u>			
Lambirth No. 1	14	6.3	19.3
Lambirth No. 3*	13	8.0	23.0
Lambirth No. 4*	9	6.8	20.5
Lambirth No. 5	11	5.1	23.5
Lambirth No. 6	5	4.3	19.0
Lambirth No. 7	10	9.2	19.0
<u>Phillips Wells</u>			
Lambirth No. 3-A	5	11.8	25.0
Weighted Average	9.6'	7.2%	21.4%

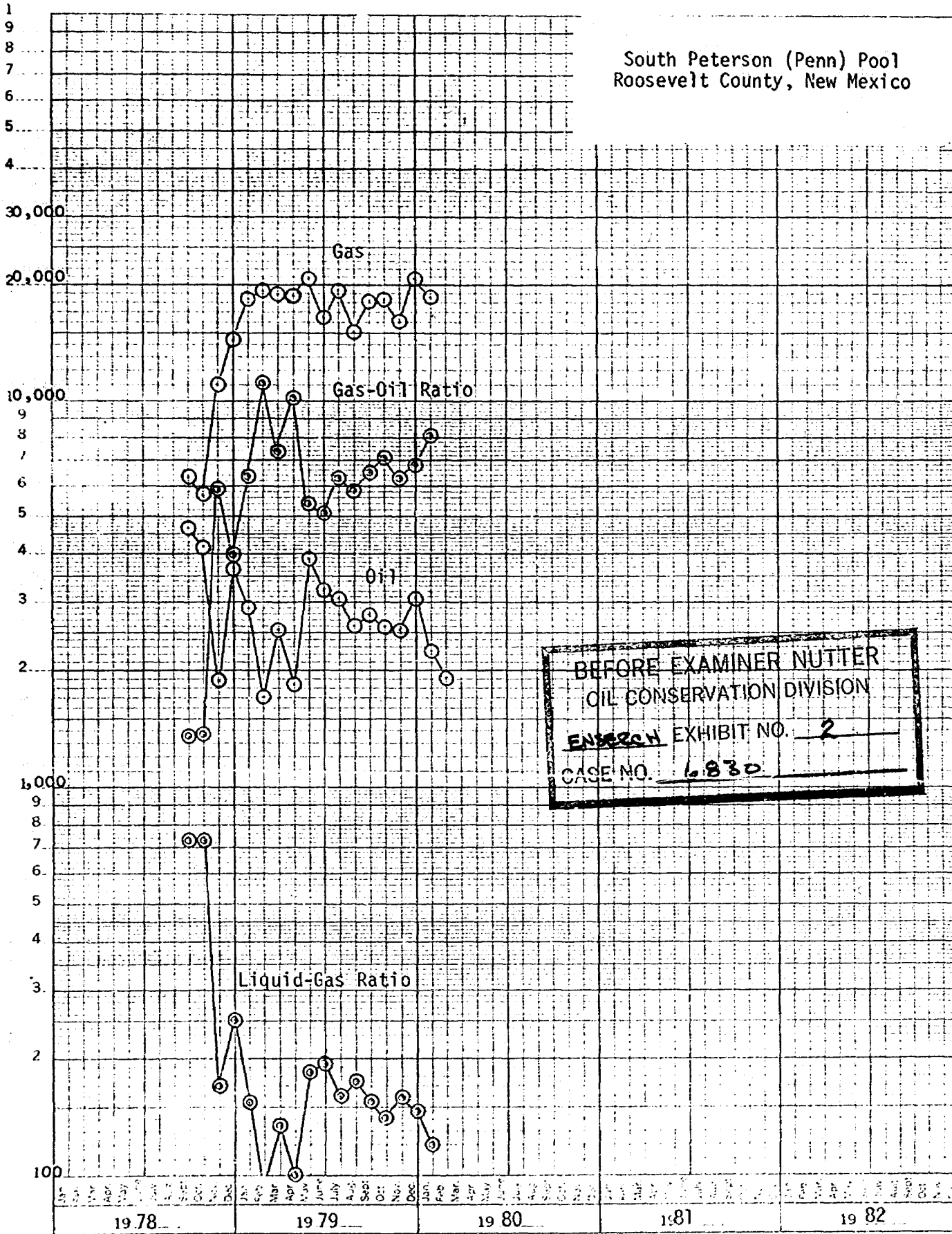
Note: All data taken from log calculations.

\* Wells currently producing from the Penn

BEFORE EXAMINER NUTTER  
OIL CONSERVATION DIVISION  
Enserch EXHIBIT NO. 1-A  
CASE NO. 6830

KE 5 YEARS BY MONTHS x 3 LOG CYCLES  
KEUFFEL & ESSER CO. MADE IN U.S.A.

South Peterson (Penn) Pool  
Roosevelt County, New Mexico



SOUTH PETERSON (PENN) POOL

ROOSEVELT COUNTY, NEW MEXICO

<u>MONTH/YEAR</u>	<u>OIL PRODUCTION (STB)</u>	<u>GAS PRODUCTION (MCF)</u>	<u>GAS-OIL RATIO (SCF/STB)</u>	<u>CUMULATIVE OIL (STB)</u>
9/78	4,678	6,364	1,360	4,678
10/78	4,188	5,730	1,368	8,866
11/78*	1,880	11,064	5,885	10,746
12/78	3,678	14,642	3,981	14,424
1/79	2,882	18,505	6,421	17,306
2/79	1,706	19,153	11,227	19,012
3/79	2,552	18,828	7,378	21,564
4/79	1,831	18,756	10,244	23,395
5/79	3,871	20,817	5,378	27,266
6/79	3,227	16,426	5,090	30,493
7/79	3,075	19,273	6,268	33,568
8/79	2,618	15,078	5,759	36,186
9/79	2,796	18,207	6,512	38,982
10/79	2,583	18,235	7,060	41,565
11/79	2,544	16,149	6,348	44,109
12/79	3,068	20,804	6,781	47,177
1/80	2,255	18,699	8,292	49,432
2/80	1,910			51,342

\*Lambirth No. 3 placed on stream



SOUTH PETERSON (PENN) POOL  
ROOSEVELT COUNTY, NEW MEXICO

<u>OIL PRODUCTION</u> <u>(STB)</u>	<u>GAS PRODUCTION</u> <u>(MCF)</u>	<u>GAS-OIL RATIO</u> <u>(SCF/STB)</u>	<u>CUMULATIVE OIL</u> <u>(STB)</u>	<u>CUMULATIVE GAS</u> <u>(MCF)</u>
4,678	6,364	1,360	4,678	6,364
4,188	5,730	1,368	8,866	12,094
1,880	11,064	5,885	10,746	23,158
3,678	14,642	3,981	14,424	37,800
2,882	18,505	6,421	17,306	56,305
1,706	19,153	11,227	19,012	75,458
2,552	18,828	7,378	21,564	94,286
1,831	18,756	10,244	23,395	113,042
3,871	20,817	5,378	27,266	133,859
3,227	16,426	5,090	30,493	150,285
3,075	19,273	6,268	33,568	169,558
2,618	15,078	5,759	36,186	184,636
2,796	18,207	6,512	38,982	202,843
2,583	18,235	7,060	41,565	221,078
2,544	16,149	6,348	44,109	237,227
3,068	20,804	6,781	47,177	258,031
2,255	18,699	8,292	49,432	276,730
1,910			51,342	

placed on stream

ENSERCH EXPLORATION, INC.

LAMBIRTH NO. 4

Date of Completion:	9-6-78
Elevation (Gr.):	4413'
Perforated Interval:	7696' - 7705'
Initial Potential:	204 BO + 349 MCF + 58 BW, FTP = 350, GOR = 1711
Original Bottom Hole Pressure:	2640 psi (9/12-16/78)
January's Producing Day Average:	65 BO + 123 MCF + 47 BW, GOR = 1892
Cumulative Production: (2/1/80)	43,786 BO + 60,849 MCF

BEFORE EXAMINER NUTTER  
OIL CONSERVATION DIVISION

ENSERCH EXHIBIT NO. 3

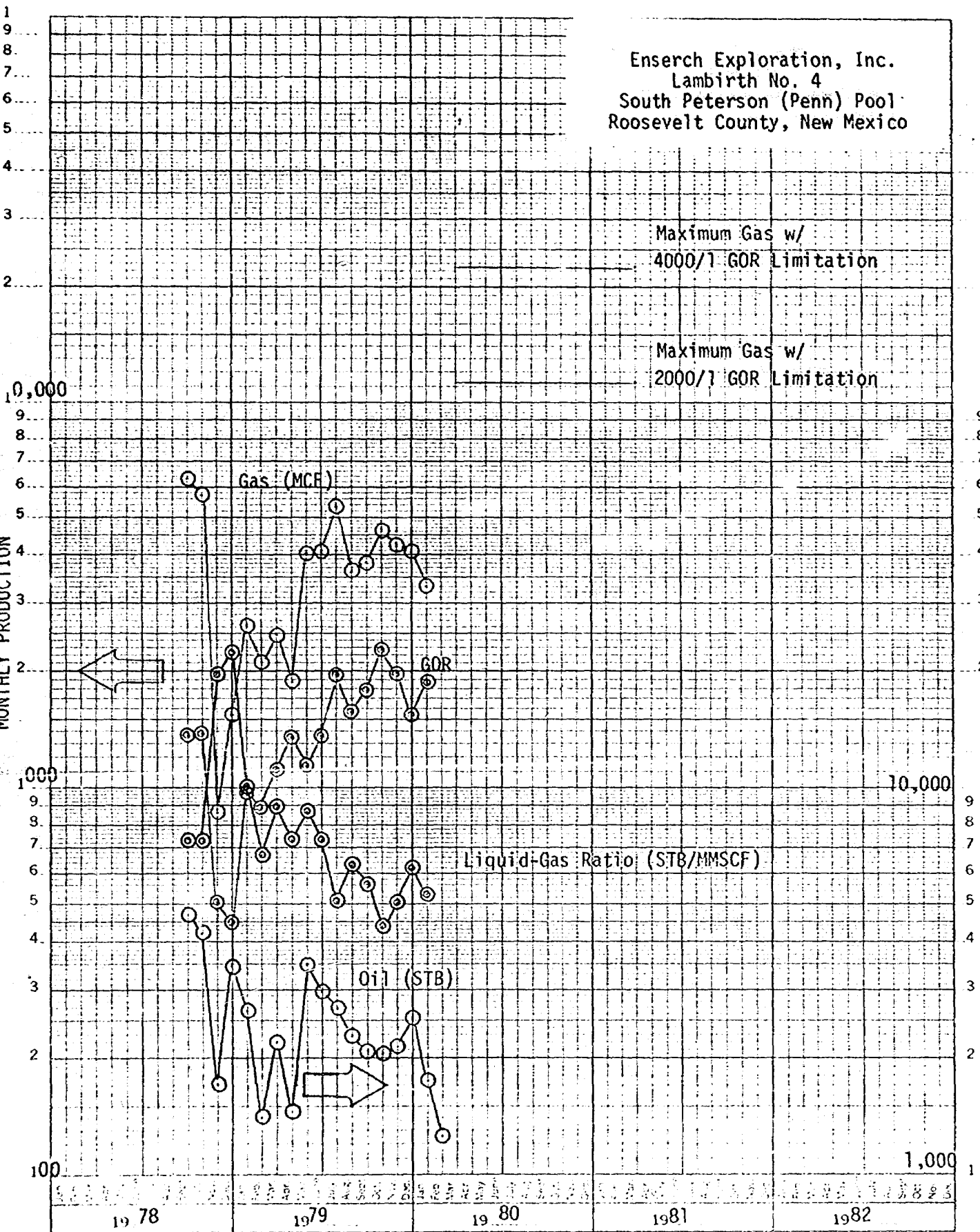
CASE NO. 6830

Enserch Exploration, Inc.  
 Lambirth No. 4  
 South Peterson (Penn) Pool  
 Roosevelt County, New Mexico

46 6690

5 YEARS BY MONTHS x 3 LOG CYCLES  
 KEUFFEL & ESSER CO. MADE IN U.S.A.

MONTHLY PRODUCTION



ENSERCH EXPLORATION, INC.

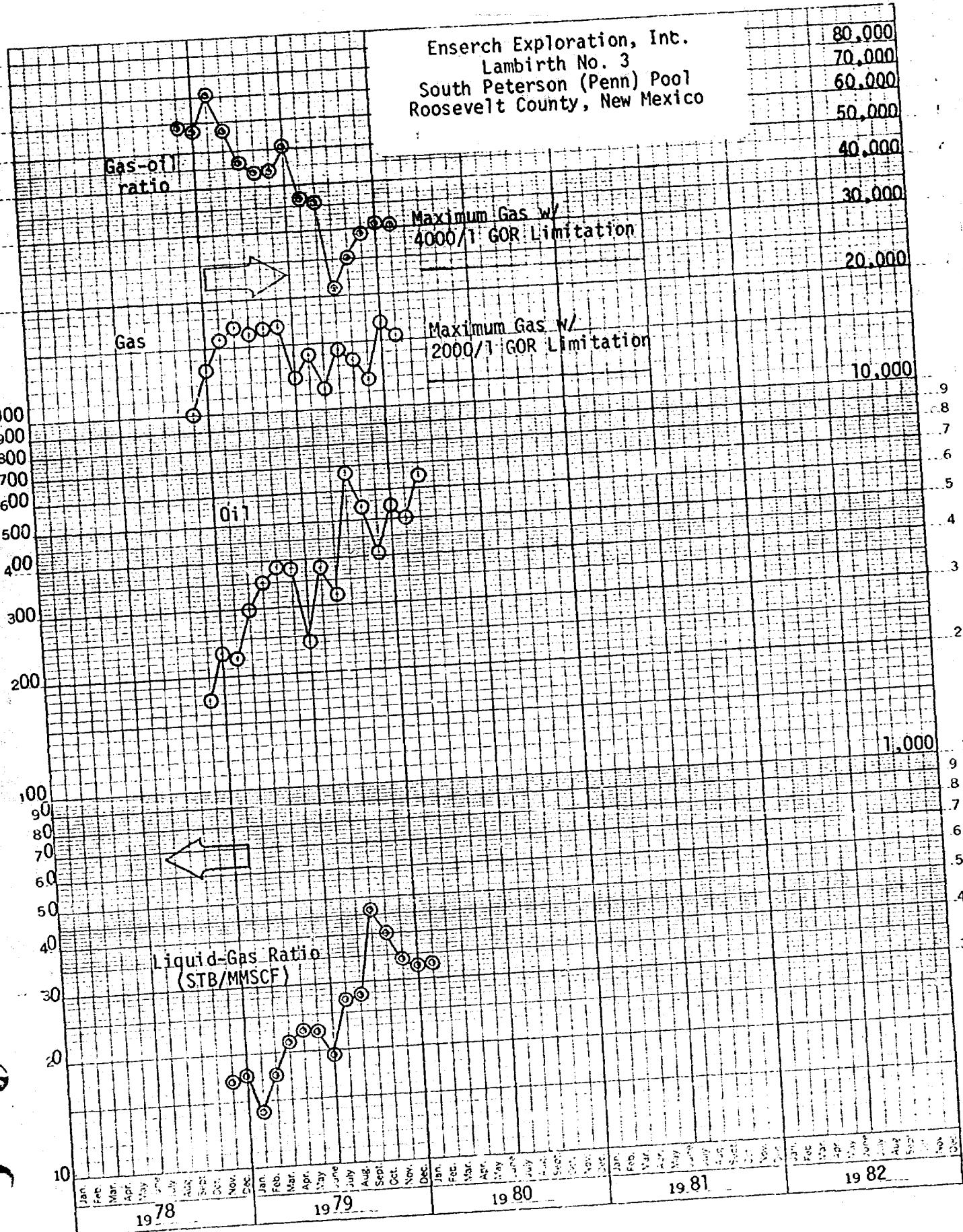
LAMBIRTH NO. 3

Date of Completion:	10-26-78
Elevation (Gr.):	4393'
Perforated Interval:	7702'-7715'
Absolute Open Flow:	16 MMSCFPD - No Condensate
Original Bottom Hole Pressure:	N/A
January's Producing Day Average:	19 BO + 570 MCF, GOR = 30,000
Cumulative Production: (2/1/80)	5646 BO + 215,881 MCF

BEFORE EXAMINER NUTTER  
OIL CONSERVATION DIVISION  
ENSERCH EXHIBIT NO. 4  
CASE NO. 6830

46 6690

K-E 5 YEARS BY MONTHS x 3 LOG CYCLES  
KEUFFEL & ESSER CO. MADE IN U.S.A.



ENSERCH EXPLORATION, INC.  
LAMBIRTH NO. 3  
SOUTH PETERSON (PENN) POOL  
CASINGHEAD GAS OVER/UNDER STATUS

<u>MONTH/YEAR</u>	<u>CASINGHEAD GAS PRODUCTION (MCF)</u>	<u>MONTHLY GAS ALLOWABLE (MCF)</u>	<u>MONTHLY OVER/UNDER STATUS (MCF)</u>	<u>CUMULATIVE OVER/UNDER STATUS (MCF)</u>
10/79	13,564	16,554	(2990)	50,059
11/79	11,907	16,020	(4113)	45,946
12/79	16,732	16,554	178	46,124
1/80	15,327	16,554	(1227)	44,897
2/80		15,486		
3/80		11,594*	23,188**	
4/80		11,220	22,440	
5/80		11,594	23,188	
6/80		11,220	22,440	

\* South Peterson (Penn) Pool reverts to 40 acre spacing

\*\* GOR Limitations 4000/1

BEFORE EXAMINER NUTTER OIL CONSERVATION DIVISION ENSERCH EXHIBIT NO. <u>5</u> CASE NO. <u>6830</u>
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STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

P. O. BOX 2088  
SANTA FE, NEW MEXICO, 87501

DECEMBER 22, 1979

RECEIVED

JAN 11 1980

ENSERCH EXPLORATION, INC.  
BOX 4815  
MIDLAND  
ZIP CODE 79701 TX

MIDLAND PRODUCTION

CUMULATIVE CASINGHEAD GAS OVER PRODUCTION, FOR MONTH ENDING OCTOBER 1979

PAGE 1

POOL - OPERATOR - LEASE NAME	WELL	U	S	T	R	M	S	POOL	AF	CSGHD	BEG	CSGHD	CSGHD	ENDING	HCEN	POD
														CUM-3/P		

PETERSEN-PENN, SOUTH POOL TOP UNIT ALLOW = 267

LAMBIRTH		3G	31	55	33E	P		2000	1.000	53049-		16554	13564	*	50059	00PN 5035
----------	--	----	----	----	-----	---	--	------	-------	--------	--	-------	-------	---	-------	-----------

BEFORE EXAMINER NUTTER  
OIL CONSERVATION DIVISION

ENSERCH EXHIBIT NO. 6

CASE NO. 6830

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

P. O. BOX 2088  
SANTA FE, NEW MEXICO, 87501

DECEMBER 22, 1979

RECEIVED

JAN 11 1980

MILLAND PRODUCTION

PRODUCTION, FOR MONTH ENDING OCTOBER 1979 PAGE 1

WELL	U	S	T	R	M	S	POOL	AF	CSGHD	BEG	CSGHD	CSGHD	ENDING	HCFM	POOL	JCC	CODES

POOL TOP UNIT ALLOW = 267

3G 31 5S 33E P 2000 1.000 53049- 16554 13564 \* 50059 COPN 50360 255800 404530

BEFORE EXAMINER NUTTER  
OIL CONSERVATION DIVISION  
EXHIBIT NO. 6  
CASE NO. 6830





BEFORE EXAMINER NUTTER  
OIL CONSERVATION DIVISION  
EXHIBIT NO. 7  
CASE NO. 6830

## RENTAL AGREEMENT

THE STATE OF TEXAS )

COUNTY OF MIDLAND )

Unit No. 9150  
Rental Agreement No. N-9150

This Rental Agreement made this 15 day of November, 1979, between  
COMPRESSOR SYSTEMS, INC., a Texas corporation, hereinafter called "Lessor," and  
Enserch Exploration Incorporated, hereinafter called "Lessee."

Lessor in consideration of the payment of the rentals hereinafter set out, hereby leases to Lessee and the Lessee leases from Lessor the following described personal property, hereinafter referred to as "Equipment":

A. General Description One 6 1/2" & 3 3/8" x 3" JG2-3 gas compressor powered by a Roline H884 natural gas engine; Air-X-Changer Model 48EH cooler; Murphy panel; Suction and interstage scrubber ASME coded; mounted on a skid.

B. Serial Numbers on Unit Frame #3  
Engine 18069 Cooler 04336  
Cylinders #6 #5

for use on Lessee's Lambirth #3 Lease, Field,  
Rosevelt, NM, County, Texas, which lease is more particularly described as follows:

for a minimum term of six (6) months beginning the 15 day of  
November, 1979, and ending on the 15 day of May, 1980, in  
consideration of which Lessor and Lessee hereby agree to perform the terms and conditions hereinafter set out and to pay the rental hereinafter set out.

### TERMS AND CONDITIONS

1. Lessee shall pay to Lessor monthly in advance at Lessor's offices in Midland, Midland County, Texas, the following rental plus any sales or use tax:

Monthly Rental Rate for Gas Compressor	\$ 2000.00
Monthly Rental Rate for Foundation Bases	105.00
Monthly Insurance Rate	74.70
Contract Maintenance Monthly Rate	720.00
Total Monthly Payment	\$ 2899.70

2. Lessee agrees to inspect the equipment within 48 hours after its receipt and agrees not to remove the equipment from the above described location during the time this Rental Agreement is in force or effect. Unless within said time Lessee notifies Lessor, in writing, to the contrary, stating the details of any defects, Lessee shall be conclusively presumed to have accepted the equipment in its then condition. Upon acceptance of delivery, Lessee assumes the care, custody, supervision and control of such equipment and of any and all persons or property in the vicinity of such equipment during time of operation, delivery and return and shall indemnify and hold Lessor harmless from claims as provided for in paragraph 18 hereunder. Lessee agrees to use said equipment only for the compression of gas according to manufacturer's specifications and in accordance with the other provisions of this Rental Agreement, which shall be considered to be the normal use of same.

3. Lessee agrees to use said equipment in a careful and prudent manner with competent employees or contractors, and shall operate the equipment within the manufacturer's recommended ratings, and in accordance with the normal use described in paragraph 2 above. Lessee agrees that its employees or contractors will furnish day-to-day routine maintenance of the equipment, including but not limited to maintaining the manufacturer's recommended oil level, water level and proper lubrication, maintaining proper levels of anti-freeze protection in cooling systems, changing of oil and filters at manufacturer's recommended intervals, lubricating all prescribed points, making minor adjustments as necessary for proper function, and making minor repairs, including all ignition, compressor valves, packing, piston rings and lubricator repairs. Lessee agrees to use only manufacturer's authorized parts and materials in performing, at Lessee's expense, the above specified routine maintenance and minor repairs. Lessee further agrees to reimburse Lessor for expense incurred, if after routine investigation Lessor determines that repairs or services of above nature are warranted for the protection of the unit. Lessee has the option of making recommended necessary repairs using Lessee's employees or qualified contractors. Lessee shall submit monthly maintenance reports listing dates of oil and filter changes, type of oil used, engine valve adjustment and parts replaced or repaired.

4. Lessee agrees to pay for damages to the equipment resulting from free water, excessive condensate or foreign solids, or impurities contained in the gas stream. Lessee further agrees to pay for all damages to the equipment resulting from abusive use, failure to maintain the equipment in accordance with this agreement, or from any negligence on the part of Lessee, its employees or contractors. It is agreed for purposes of this paragraph that the equipment described above has a value of \$ 62,250.00. Lessee agrees to carry acceptable all risk insurance coverage with a recognized insurance carrier in an amount at least equal to the agreed value. Lessee agrees that Lessor shall be named as an additional insured under the terms of said all risk insurance coverage.

5. Lessor presently carries and will maintain during the term hereof, external physical loss insurance coverage on the equipment. Lessee shall reimburse Lessor the monthly insurance rate set out above or Lessee shall submit an insurance certificate to bear all risks of loss or damage to the equipment not included within the terms of Lessor's insurance coverage, ordinary wear, tear and deterioration excepted.

6. Lessee agrees to notify Lessor promptly in the event of a breakdown. If the services of an engineer are required by the Lessee for superintending the loading or unloading, and operating or for instructing the employees of the Lessee, such engineer will be furnished by the Lessor for the sum of \$ per hour which Lessee will pay. Lessee shall also pay all traveling and living expense of said engineer while engaged in said work. The engineer, while engaged in such superintendence and instruction, shall be the

employee of the Lessee and subject exclusively to the Lessee's direction and control. Lessee shall not be entitled to reimbursement or compensation for repair parts or labor furnished by any party other than Lessor without Lessee's consent prior to the time repairs are made, or for any loss or damage resulting from Lessee's loss of use of the equipment following a breakdown thereof.

7. If Lessee elects to purchase Contract Maintenance furnished by Lessor, Lessee agrees to notify Lessor promptly in the event of a breakdown. Contract Maintenance Agreement terms are attached as Exhibit A.

8. During the first 90 days of this lease, Lessor agrees to make all repairs to the equipment needed in the course of the normal use of the equipment as described herein, except those provided for in paragraphs 3 or 7 above, required to keep same in operating condition, or at its election, to replace said equipment with other equipment equivalent in kind and condition, including the furnishing of all labor and material at its sole expense, provided however, Lessor shall not be obligated to make such repairs or replacements as results from abusive or abnormal use of said equipment or negligence. (Note: Not applicable if contract maintenance is purchased.)

9. Lessee agrees to bear all of the cost of disconnecting the equipment prior to returning the equipment to Lessor. Cost of transporting the equipment from Lessor's yard in Midland, Texas, to the lease described above, will be at the expense of Lessee. Transporting the equipment from said lease back to Lessor's yard will be at the expense of Lessee. Lessee shall not remove the equipment from the lease except with the prior written consent of Lessor.

10. The title to the equipment shall always remain in Lessor, and Lessee shall not give or attempt to give, create or allow to be created any conveyance, security interest, lien or encumbrance affecting this equipment. Upon termination of this lease agreement, Lessee shall surrender the equipment to Lessor.

11. Lessee shall pay all ad valorem taxes assessed against the equipment.

12. Lessor shall have the right at all times to enter upon the premises where equipment may be located for the purpose of inspecting it or observing its use.

13. No covenant or condition of this Rental Agreement can be waived except by the written consent of Lessor. Forbearance or indulgence by Lessor in any regard whatsoever shall not constitute a waiver of the covenant or condition to be performed by Lessee to which the same may apply, and, until complete performance by Lessee of said covenant or condition, Lessor shall be entitled to invoke any remedy available to Lessor under this Rental Agreement or by law or equity despite said forbearance or indulgence. Waiver of any default shall not waive any other default.

14. Service of all notices under this agreement shall be sufficient if given personally or mailed, by certified mail, to the party involved at its respective address set forth below, or at such address as such party may provide in writing from time to time. Any such notices mailed to such address shall be effective when deposited in the United States mails, duly addressed and with postage prepaid.

15. Any holding over at the expiration of the minimum term shall be on a month-to-month basis at the same rental and under the same terms and conditions as the last month of such minimum rental term; and may thereafter be terminated by either party upon thirty (30) days written notice to the other. Until such notice is given, the terms and conditions of this Rental Agreement shall remain in force and effect until the equipment is returned to Lessor's yard in Midland, Texas.

16. It is hereby expressly agreed that in the event of Lessee's default in any payment due, or which may become due hereunder, or a failure by Lessee to observe any of the terms or conditions hereof, or if said property is levied upon or seized by any public officer or receiver, or if Lessee becomes bankrupt or insolvent, or if a petition in bankruptcy is filed against Lessee, or if Lessee makes an assignment for the benefit of creditors, or if any warranty, representation or statement made or furnished to Lessor by or on behalf of Lessee in connection with this Rental Agreement shall prove to be false in any material respect when made or furnished, or if Lessor shall in good faith believe that the prospect of payment or performance by Lessee is impaired, or if Lessee dies, Lessor or its agents, may without notice or liability or legal process enter into any premises of or under the control of jurisdiction of Lessee or any agent of Lessee where said equipment may be or by Lessor is believed to be and repossess the equipment, disconnecting and separating all thereof from any other property and using all force necessary or permitted by applicable law. In the event of such notice, the Lessee agrees to then pay all rental due including the unpaid balance of the agreed minimum rental, damages for any injury to the equipment, costs of such removal of said equipment from the possession of the Lessee, and all freight, storage, transportation, and other charges incurred by such removal, shipping, and return to Lessor at its place of business. Lessee hereby waives all rights under exemption laws. Lessee agrees to indemnify and hold Lessor harmless from any and all claims of any nature whatsoever occasioned by the removal of the equipment, whether such claims result from the forfeiture of any oil, gas or mineral lease, damage to a producing reservoir or lease operations, or whatever, and Lessee agrees to pay all of Lessor's attorneys fees which may be occasioned by the removal of the equipment.

17. Upon repossession of the equipment, Lessor may, at Lessor's option re-lease the equipment for a term and rental which may be equal to, greater than, or less than the rental and term herein provided. Any rental payments received under a new lease made within that time for the period prior to the expiration of this Rental Agreement, less Lessor's expenses of taking possession, storage, reconditioning and re-leasing, shall be applied on the Lessee's obligations hereunder, and Lessee shall be and remain liable for the balance of the unpaid aggregate rental set forth above. Lessee's liability shall not be reduced by Lessor's failure to re-let the lease equipment. All past due rental installments and all sums due and payable after default of Lessee shall bear interest at the rate of ten percent (10%) per annum. If any legal proceeding be instituted by Lessor to recover any moneys due and to become due hereunder, Lessee shall pay fifteen percent (15%) of the sum sued for as attorneys fees and in the case of any action for possession of the equipment, a reasonable sum, as attorneys fees, in any event not to be less than Two Hundred Fifty and No/100 Dollars (\$250.00).

18. Lessee shall protect, indemnify and save Lessor and its assigns harmless against any and all claims, demands and causes of actions of every kind and character whatsoever, including attorneys fees, arising in favor of any person, including employees of Lessee, on account of personal injuries or death or damages or economic loss, whether direct, indirect, consequential, special or otherwise, to persons or property occurring, growing out of, incident to or resulting directly or indirectly from the use, maintenance, condition or delivery of the equipment during the existence of this Rental Agreement whether such loss, damage, injury or liability arises from or is contributed to by imperfections or defects of the equipment, whether latent or patent and whether of components or of design, or from other causes whatsoever, and Lessee shall provide adequate liability insurance at Lessee's own expense. Lessee further agrees to indemnify the Lessor and hold it harmless from all expenses, including attorneys' fees, caused by or related to any breach by Lessee of the covenants in this agreement. Lessee further agrees to exhibit adequate general liability insurance coverage with specific evidence of contractual liability coverage.

19. In addition to any other insurance which the Lessee may be required to carry, Lessee shall maintain in effect the following insurance, at Lessee's sole expense, in insurance companies acceptable to Lessor and shall furnish Lessor with certificates evidencing such insurance on Lessor's insurance form. These certificates shall state that the insurance cannot be cancelled and restrictive modifications cannot be made without giving thirty (30) days prior written notice to Lessor: Worker's Compensation statutory. (Under Worker's Compensation, endorsements shall include U. S. Longshoreman's and Harbor Workers' Compensation Act, when applicable, and All States Endorsements.) Employers Liability, \$100,000.00; Comprehensive General Liability, including Contractual Liability coverage for obligations assumed under this contract, Completed Operations/Products and Broad Form Property Damage; Bodily Injury/Property Damage, \$500,000.00 combined single limit. Comprehensive Auto Liability Including Owned, Nonowned & Hired Automobile Coverages, Bodily Injury - \$250,000.00 per person, \$500,000.00 per occurrence; Property Damage \$250,000.00 per occurrence; Boiler & Machinery, including Repair or Replacement Coverage - \$500,000.00 combined single limit and "All Risks" Property Coverage - (Dollar amount based upon specific equipment rented). Lessee agrees that Lessor shall be named on an additional insured under the Boiler & Machinery

and "All Risks" Property policies. Lessee agrees to incorporate Waiver of Subrogation endorsements in Lessor's behalf on the Worker's Compensation, Boiler & Machinery Property policies set forth above. Lessee agrees that all waivers of subrogation shall apply, not only to damage to the compressor itself, but to other plant property and equipment of the Lessee. It shall also extend to the loss of use of said equipment, whether insured or uninsured.

20. Lessee agrees that Lessor shall in no way be liable for and agrees to indemnify and hold Lessor harmless from any lost production which occurs while the equipment is not operating due to breakdown from any cause whatsoever.

21. Time is of the essence. Lessor's rights hereunder are cumulative and not alternative.

22. Lessor may assign its right and delegate its duties under this Rental Agreement. Lessor covenants to and with Lessee that Lessor is empowered to execute the Rental Agreement. Conditioned upon Lessee's performing the conditions hereof, Lessee shall peaceably and quietly hold, possess and use the equipment during said term without hindrance. If Lessor assigns the rents reserved herein or all or any of Lessor's rights hereunder, such assignee's rights shall be independent of any claim of Lessee against Lessor; Lessee on receiving notice of any such assignment shall abide thereby and make payment as may therein be directed. Following such assignment, the term "Lessor" shall be deemed to include or refer to Lessor's assignee, except such assignee's rights shall be independent of any claim of Lessee against the original Lessor as hereinabove provided.

23. Neither this Rental Agreement nor Lessee's rights hereunder shall be assignable by Lessee except with Lessor's written consent; the conditions hereof shall bind any permitted successors and assigns of Lessee. Lessee agrees and affirms: That information supplied and statements made by it in any financial or credit statement or application for credit prior to this Rental Agreement are true and correct; that the address of Lessee's residence and place or places of business are those appearing below its signature; that no financing statement which could be construed to cover the equipment rental hereunder, is on file in any public office and there is not adverse lien, security interest, or encumbrances created by Lessee which can attach to said equipment; and **THERE ARE NO EXPRESS WARRANTIES UNLESS THEY APPEAR IN WRITING SIGNED BY THE LESSOR AND THERE ARE NO IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE IN CONNECTION WITH THE LEASE OF THE EQUIPMENT WHICH EXTEND BEYOND THE FACE HEREOF.**

24. Lessee will not change or remove any insignia, serial number or lettering on the equipment and shall conspicuously identify each item of the leased equipment by suitable lettering thereon to indicate Lessor's ownership. If any part hereof is contrary to, prohibited by or deemed invalid under applicable laws or regulations of any jurisdiction, such provision shall be inapplicable and deemed omitted but shall not invalidate the remaining provisions hereof. Lessee admits the receipt of a true copy of this Rental Agreement. This Rental Agreement is irrevocable for the full term hereof and for the aggregate rental herein reserved, and the rent shall not abate by reason of termination of Lessee's right of possession and/or the taking of possession by Lessor or for any other reason.

25. It is the intention of the parties hereto to hereby create a lease on the equipment described herein, and not a conditional sale. To provide solely for the eventuality that a Court might hold this to be a conditional sale, Lessor hereby retains a purchase money security interest to secure payment of the sale price of such equipment as determined by such Court, and Lessee grants to Lessor all rights given to a secured party under the Uniform Commercial Code in addition to Lessor's other rights hereunder. It is the intention of the parties that the equipment shall be deemed personal property and that it not be deemed a fixture, even though it may be attached in some manner to realty. To provide solely for the eventuality that a Court might also hold the equipment to be a fixture, the parties state for the purpose of complying with the legal requirements for a financing statement that collateral is or includes fixtures. The above described equipment is affixed or is to be affixed to the realty described above. The record owner of said real estate is: Record owner(s) of surface and mineral estate subject to the oil, gas and mineral lease, or oil and gas lease, described above - \_\_\_\_\_

Owner(s) of said oil and gas lease, or oil, gas and mineral lease \_\_\_\_\_

26. "Lessor" and "Lessee" as used in this Rental Agreement shall include the heirs, executors, or administrators, successors or assigns of those parties.

27. If more than one Lessee executes this Rental Agreement, their obligations under this Rental Agreement shall be joint and several.

28. Lessee will, if requested by Lessor, join with Lessor in executing one or more financing statements, as may be described by Lessor, in form satisfactory to Lessor.

29. The law governing this Rental Agreement shall be that of the State of Texas in force at the date of this Rental Agreement.

30. This Rental Agreement contains the full agreement between the parties. No representation or promise has been made by either party to the other as an inducement to enter into this Rental Agreement. Lessor does not in any way or for any purpose become a partner of Lessee, or a joint adventurer, or a member of a joint enterprise with Lessee.

31. Other Conditions or Options: see attached letter.

EXECUTED as of the date first above written, in duplicate originals.

COMPRESSOR SYSTEMS, INC.

By *Barthelme Stroud* LESSOR

Witness:

*J. J. Johnson*

Witness:

*Arvis E. Mathis*

Enserch Exploration Incorporated  
By *J. P. Stephens* LESSEE

P. O. Box 4815

Address

Midland, TX 79701

City and State

#### GUARANTY

FOR VALUE RECEIVED, I, we or any or either of us jointly and severally guarantee the payment of the rentals set out in the above Rental Agreement and waive communication and notice of acceptance hereof.

WITNESS OUR HAND this 15 day of November, 19 79.

SOUTH PETERSON (PENN) POOL  
ROOSEVELT COUNTY, NEW MEXICO

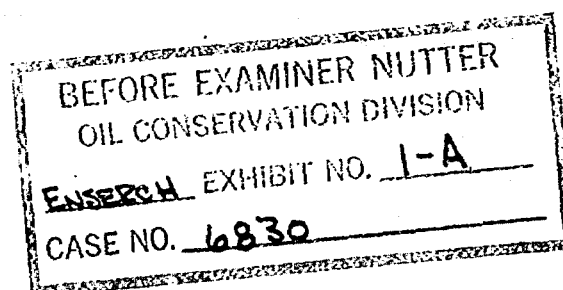
WELL DATA SHEET

<u>Well Name</u>	<u>Net Pay (feet)</u>	<u>Average Porosity (%)</u>	<u>Average Water Saturation (%)</u>
<u>Enserch Wells</u>			
Lambirth No. 1	14	6.3	19.3
Lambirth No. 3*	13	8.0	23.0
Lambirth No. 4*	9	6.8	20.5
Lambirth No. 5 *	11	5.1	23.5
Lambirth No. 6	5	4.3	19.0
Lambirth No. 7	10	9.2	19.0
<u>Phillips Wells</u>			
Lambirth No. 3-A	5	11.8	25.0
Weighted Average	9.6'	7.2%	21.4%

Note: All data taken from log calculations.

\* Wells currently producing from the Penn

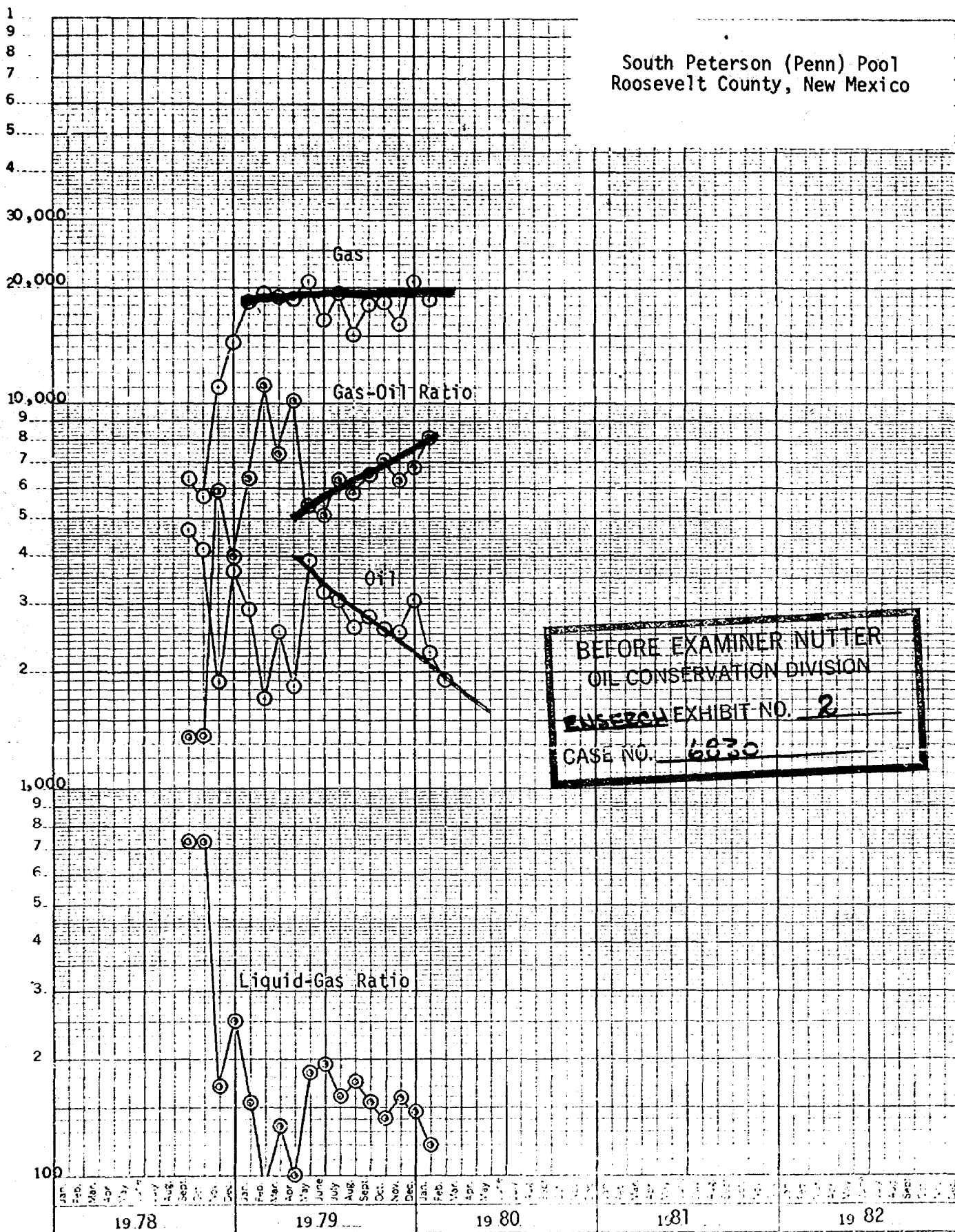
*\* being evaluated for SWD*



South Peterson (Penn) Pool  
Roosevelt County, New Mexico

46 6690

K&E 5 YEARS BY MONTHS x 3 LOG CYCLES  
KEUPPEL & ESSER CO. MADE IN U.S.A.



SOUTH PETERSON (PENN) POOL

ROOSEVELT COUNTY, NEW MEXICO

<u>MONTH/YEAR</u>	<u>OIL PRODUCTION (STB)</u>	<u>GAS PRODUCTION (MCF)</u>	<u>GAS-OIL RATIO (SCF/STB)</u>	<u>CUMULATIVE OIL (STB)</u>
9/78	4,678	6,364	1,360	4,678
10/78	4,188	5,730	1,358	8,866
11/78*	1,880	11,064	5,885	10,746
12/78	3,678	14,642	3,981	14,424
1/79	2,882	18,505	6,421	17,306
2/79	1,706	19,153	11,227	19,012
3/79	2,552	18,828	7,378	21,564
4/79	1,831	18,756	10,244	23,395
5/79	3,871	20,817	5,378	27,266
6/79	3,227	16,426	5,090	30,493
7/79	3,075	19,273	6,268	33,568
8/79	2,618	15,078	5,759	36,186
9/79	2,796	18,207	6,512	38,982
10/79	2,583	18,235	7,060	41,565
11/79	2,544	16,149	6,348	44,109
12/79	3,068	20,804	6,781	47,177
1/80	2,255	18,699	8,292	49,432
2/80	1,910			51,342

\*Lambirth No. 3 placed on stream



SOUTH PETERSON (PENN) POOL  
ROOSEVELT COUNTY, NEW MEXICO

<u>PRODUCTION</u> <u>(STB)</u>	<u>GAS PRODUCTION</u> <u>(MCF)</u>	<u>GAS-OIL RATIO</u> <u>(SCF/STB)</u>	<u>CUMULATIVE OIL</u> <u>(STB)</u>	<u>CUMULATIVE GAS</u> <u>(MCF)</u>
4,678	6,364	1,360	4,678	6,364
4,188	5,730	1,368	8,866	12,094
1,880	11,064	5,885	10,746	23,158
3,678	14,642	3,981	14,424	37,800
2,882	18,505	6,421	17,306	56,305
1,706	19,153	11,227	19,012	75,458
2,552	18,828	7,378	21,564	94,286
1,831	18,756	10,244	23,395	113,042
3,871	20,817	5,378	27,266	133,859
3,227	16,426	5,090	30,493	150,285
3,075	19,273	6,268	33,568	169,558
2,618	15,078	5,759	36,186	184,636
2,796	18,207	6,512	38,982	202,843
2,583	18,235	7,060	41,565	221,078
2,544	16,149	6,348	44,109	237,227
3,068	20,804	6,781	47,177	258,031
2,255	18,699	8,292	49,432	276,730
1,910			51,342	

n stream

ENSERCH EXPLORATION, INC.

LAMBIRTH NO. 4

Date of Completion:	9-6-78
Elevation (Gr.):	4413'
Perforated Interval:	7696' - 7705'
Initial Potential:	204 BO + 349 MCF + 58 BW, FTP = 350, GOR = 1711
Original Bottom Hole Pressure:	2640 psi (9/12-16/78)
January's Producing Day Average:	65 BO + 123 MCF + 47 BW, GOR = 1892
Cumulative Production: (2/1/80)	43,786 BO + 60,849 MCF

BEFORE EXAMINER NUTTER  
OIL CONSERVATION DIVISION

ENSERCH EXHIBIT NO. 3

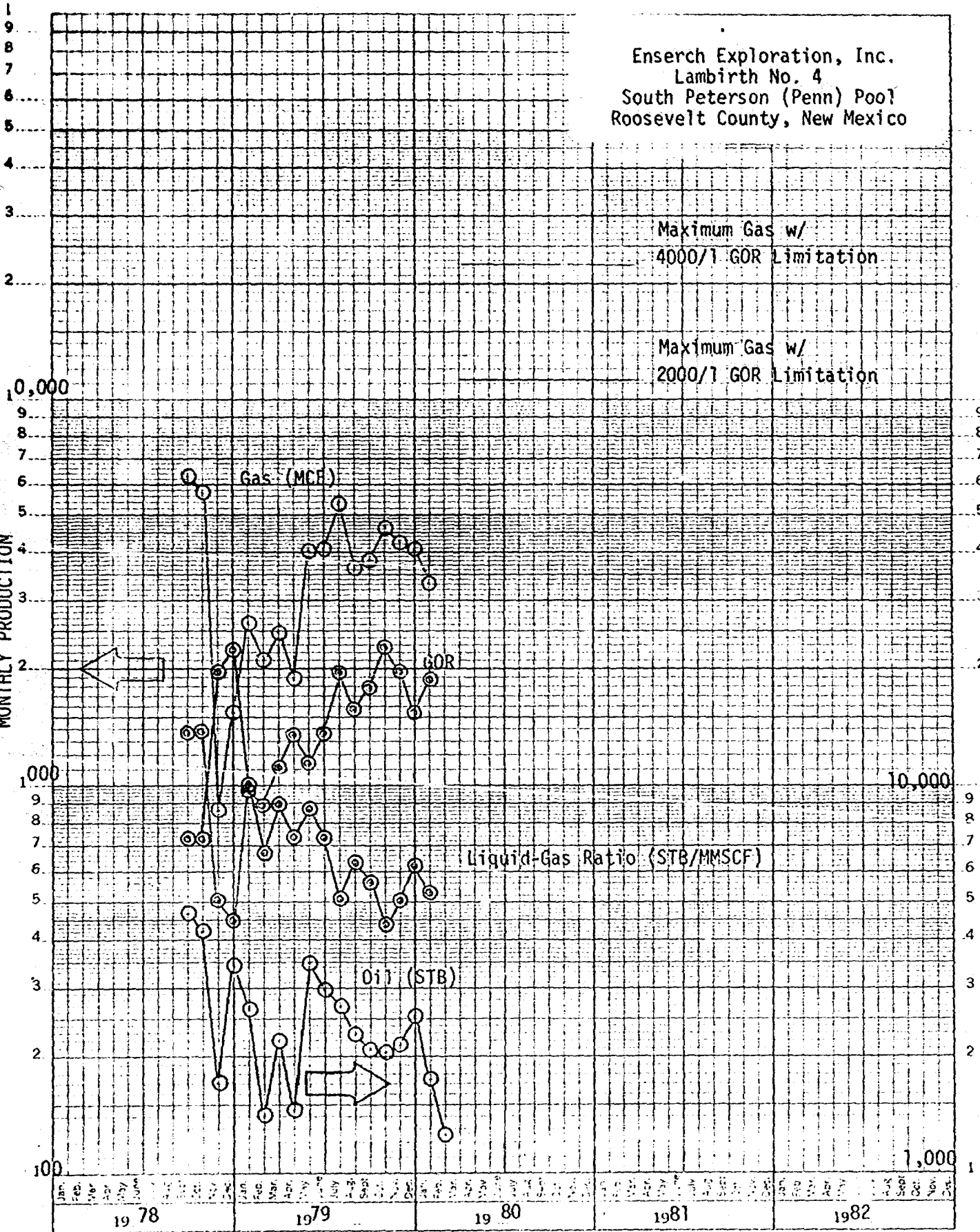
CASE NO. 6830



46 6690

5 YEARS BY MONTHS x 3 LOG CYCLES  
KEUPPEL & ESSER CO. MADE IN U.S.A.

MONTHLY PRODUCTION



ENSERCH EXPLORATION, INC.

LAMBIRTH NO. 3

Date of Completion: 10-26-78 ✓  
Elevation (Gr.): 4393'  
Perforated Interval: 7702'-7715' ✓  
Absolute Open Flow: 16 MMSCFPD - No Condensate  
Original Bottom Hole Pressure: N/A  
January's Producing Day Average: 19 BO + 570 MCF, GOR = 30,000 ✓  
Cumulative Production: 5646 BO + 215,881 MCF  
(2/1/80)

BEFORE EXAMINER NUTTER	
OIL CONSERVATION DIVISION	
ENSERCH	EXHIBIT NO. <u>4</u>
CASE NO.	<u>6830</u>



ENSERCH EXPLORATION, INC.  
LAMBIRTH NO. 3  
SOUTH PETERSON (PENN) POOL  
CASINGHEAD GAS OVER/UNDER STATUS

<u>MONTH/YEAR</u>	<u>CASINGHEAD GAS PRODUCTION (MCF)</u>	<u>MONTHLY GAS ALLOWABLE (MCF)</u>	<u>MONTHLY OVER/UNDER STATUS (MCF)</u>	<u>CUMULATIVE OVER/UNDER STATUS (MCF)</u>
10/79	13,564	16,554	(2990)	50,059
11/79	11,907	16,020	(4113)	45,946
12/79	16,732	16,554	178	46,124
1/80	15,327	16,554	(1227)	44,897 ✓
2/80		15,486		
3/80		11,594*	23,188**	
4/80		11,220	22,440	
5/80		11,594	23,188	
6/80		11,220	22,440	

*R. 5853 A  
 reverted pool  
 to 40 acre spacing*

\* South Peterson (Penn) Pool reverts to 40 acre spacing

\*\* GOR Limitations 4000/1

BEFORE EXAMINER NUTTER	
OIL CONSERVATION DIVISION	
ENSERCH	EXHIBIT NO. <u>5</u>
CASE NO.	<u>6830</u>

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO, 87501

DECEMBER 22, 1979

RECEIVED

JAN 11 1980

ENSERCH EXPLORATION, INC.  
BOX 4815  
MIDLAND  
ZIP CODE 79701

TX

MIDLAND PRODUCTION

CUMULATIVE CASINGHEAD GAS OVER PRODUCTION, FOR MONTH ENDING OCTOBER 1979 PAGE 1

POOL - OPERATOR - LEASE NAME	WELL	U	S	T	R	M	S	POOL	AF	CSGHD	BEG	CSGHD	CSGHD	ENDING

PETERSON PENN, SOUTH POOL TOP UNIT ALLOW = 267

LAMBETH	36	31	55	33E	P	2000	1.000	53049-	16554	13564	*	50059	00
---------	----	----	----	-----	---	------	-------	--------	-------	-------	---	-------	----

BEFORE EXAMINER NUTTER  
OIL CONSERVATION DIVISION

ENSERCH EXHIBIT NO. 6

CASE NO. 6830

STATE OF NEW MEXICO  
SERVATION COMMISSION

P. O. BOX 2088

E. NEW MEXICO, 87501

DECEMBER 22, 1979

RECEIVED

JAN 11 1980

INC.  
TX

MILLAND PRODUCTION

OVER PRODUCTION, FOR MONTH ENDING OCTOBER 1979

PAGE 1

LINE	WELL U S T R M S POOL AF CSGHD BEG CSGHD CSGHD ENDING JCC CODES L P-T GOR CUM-O/P ALL-DABLE PROD CUM-O/P HCFM POOL OPER. LEASE
000000	-----

~~POOL TOP UNIT ALLOW = 267~~

3G 31 5S 33E D 2000 1.000 53049- 16554 13564 \* 50059 002N 50360 255800 404530

BEFORE EXAMINER NUTTER  
OIL CONSERVATION DIVISION

ENZERCH EXHIBIT NO. 6

CASE NO. 6830



BEFORE EXAMINER NUTTER  
OIL CONSERVATION DIVISION

ENSERCH EXHIBIT NO. 7

CASE NO. 6830

## RENTAL AGREEMENT

THE STATE OF TEXAS )

COUNTY OF MIDLAND )

Unit No. 9150

Rental Agreement No. N-9150

This Rental Agreement made this 15 day of November, 1979, between  
COMPRESSOR SYSTEMS, INC., a Texas corporation, hereinafter called "Lessor," and  
Enserch Exploration Incorporated, hereinafter called "Lessee."

Lessor in consideration of the payment of the rentals hereinafter set out, hereby leases to Lessee and the Lessee leases from Lessor the following described personal property, hereinafter referred to as "Equipment":

A. General Description One 6 1/2" & 3 3/8" x 3" JG2-3 gas compressor powered by a Roline H884 natural gas engine; Air-X-Changer Model 48EH cooler; Murphy panel; Suction and interstage scrubber ASME coded; mounted on a skid.

B. Serial Numbers on Unit Frame #3  
Engine 18069 Cooler 04336  
Cylinders #6 #5

for use on Lessee's Lambirth #3 Lease, Field,  
Rosevelt, NM County, Texas, which lease is more particularly described as follows:

for a minimum term of six (6) months beginning the 15 day of November, 1979, and ending on the 15 day of May, 1980, in consideration of which Lessor and Lessee hereby agree to perform the terms and conditions hereinafter set out and to pay the rental hereinafter set out.

### TERMS AND CONDITIONS

1. Lessee shall pay to Lessor monthly in advance at Lessor's offices in Midland, Midland County, Texas, the following rental plus any sales or use tax:

Monthly Rental Rate for Gas Compressor .....	\$ 2000.00
Monthly Rental Rate for Foundation Bases .....	105.00
Monthly Insurance Rate .....	74.70
Contract Maintenance Monthly Rate .....	720.00
Total Monthly Payment .....	\$ 2899.70

2. Lessee agrees to inspect the equipment within 48 hours after its receipt and agrees not to remove the equipment from the above described location during the time this Rental Agreement is in force or effect. Unless within said time Lessee notifies Lessor, in writing, to the contrary, stating the details of any defects, Lessee shall be conclusively presumed to have accepted the equipment in its then condition. Upon acceptance of delivery, Lessee assumes the care, custody, supervision and control of such equipment and of any and all persons or property in the vicinity of such equipment during time of operation, delivery and return and shall indemnify and hold Lessor harmless from claims as provided for in paragraph 18 hereunder. Lessee agrees to use said equipment only for the compression of gas according to manufacturer's specifications and in accordance with the other provisions of this Rental Agreement, which shall be considered to be the normal use of same.

3. Lessee agrees to use said equipment in a careful and prudent manner with competent employees or contractors, and shall operate the equipment within the manufacturer's recommended ratings, and in accordance with the normal use described in paragraph 2 above. Lessee agrees that its employees or contractors will furnish day-to-day routine maintenance of the equipment, including but not limited to maintaining the manufacturer's recommended oil level, water level and proper lubrication, maintaining proper levels of anti-freeze protection in cooling systems, changing of oil and filters at manufacturer's recommended intervals, lubricating all prescribed points, making minor adjustments as necessary for proper function, and making minor repairs, including all ignition, compressor valves, packing, piston rings and lubricator repairs. Lessee agrees to use only manufacturer's authorized parts and materials in performing, at Lessee's expense, the above specified routine maintenance and minor repairs. Lessee further agrees to reimburse Lessor for expense incurred, if after routine investigation Lessor determines that repairs or services of above nature are warranted for the protection of the unit. Lessee has the option of making recommended necessary repairs using Lessee's employees or qualified contractors. Lessee shall submit monthly maintenance reports listing dates of oil and filter changes, type of oil used, engine valve adjustment and parts replaced or repaired.

4. Lessee agrees to pay for damages to the equipment resulting from free water, excessive condensate or foreign solids, or impurities contained in the gas stream. Lessee further agrees to pay for all damages to the equipment resulting from abusive use, failure to maintain the equipment in accordance with this agreement, or from any negligence on the part of Lessee, its employees or contractors. It is agreed for purposes of this paragraph that the equipment described above has a value of \$ 62,250.00. Lessee agrees to carry acceptable all risk insurance coverage with a recognized insurance carrier in an amount at least equal to the agreed value. Lessee agrees that Lessor shall be named as an additional insured under the terms of said all risk insurance coverage.

5. Lessor presently carries and will maintain during the term hereof, external physical loss insurance coverage on the equipment. Lessee shall reimburse Lessor the monthly insurance rate set out above or Lessee shall submit an insurance certificate to bear all risks of loss or damage to the equipment not included within the terms of Lessor's insurance coverage, ordinary wear, tear and deterioration excepted.

6. Lessee agrees to notify Lessor promptly in the event of a breakdown. If the services of an engineer are required by the Lessee for superintending the loading or unloading, and operating or for instructing the employees of the Lessee, such engineer will be furnished by the Lessor for the sum of \$ per hour which Lessee will pay. Lessee shall also pay all traveling and living expense of said engineer while engaged in said work. The engineer, while engaged in such superintendence and instruction, shall be the



employee of the Lessee and subject exclusively to the Lessee's direction and control. Lessee shall not be entitled to reimbursement or compensation for repair parts or labor furnished by any party other than Lessor without Lessee's consent prior to the time repairs are made, or for any loss or damage resulting from Lessee's loss of use of the equipment following a breakdown thereof.

7. If Lessee elects to purchase Contract Maintenance furnished by Lessor, Lessee agrees to notify Lessor promptly in the event of a breakdown. Contract Maintenance Agreement terms are attached as Exhibit A.

8. During the first 90 days of this lease, Lessor agrees to make all repairs to the equipment needed in the course of the normal use of the equipment as described herein, except those provided for in paragraphs 3 or 7 above, required to keep same in operating condition, or at its election, to replace said equipment with other equipment equivalent in kind and condition, including the furnishing of all labor and material at its sole expense, provided however, Lessor shall not be obligated to make such repairs or replacements as results from abusive or abnormal use of said equipment or negligence. (Note: Not applicable if contract maintenance is purchased.)

9. Lessee agrees to bear all of the cost of disconnecting the equipment prior to returning the equipment to Lessor. Cost of transporting the equipment from Lessor's yard in Midland, Texas, to the lease described above, will be at the expense of Lessee. Transporting the equipment from said lease back to Lessor's yard will be at the expense of Lessee. Lessee shall not remove the equipment from the lease except with the prior written consent of Lessor.

10. The title to the equipment shall always remain in Lessor, and Lessee shall not give or attempt to give, create or allow to be created any conveyance, security interest, lien or encumbrance affecting this equipment. Upon termination of this lease agreement, Lessee shall surrender the equipment to Lessor.

11. Lessee shall pay all ad valorem taxes assessed against the equipment.

12. Lessor shall have the right at all times to enter upon the premises where equipment may be located for the purpose of inspecting it or observing its use.

13. No covenant or condition of this Rental Agreement can be waived except by the written consent of Lessor. Forbearance or indulgence by Lessor in any regard whatsoever shall not constitute a waiver of the covenant or condition to be performed by Lessee to which the same may apply, and, until complete performance by Lessee of said covenant or condition, Lessor shall be entitled to invoke any remedy available to Lessor under this Rental Agreement or by law or equity despite said forbearance or indulgence. Waiver of any default shall not waive any other default.

14. Service of all notices under this agreement shall be sufficient if given personally or mailed, by certified mail, to the party involved at its respective address set forth below, or at such address as such party may provide in writing from time to time. Any such notices mailed to such address shall be effective when deposited in the United States mails, duly addressed and with postage prepaid.

15. Any holding over at the expiration of the minimum term shall be on a month-to-month basis at the same rental and under the same terms and conditions as the last month of such minimum rental term; and may thereafter be terminated by either party upon thirty (30) days written notice to the other. Until such notice is given, the terms and conditions of this Rental Agreement shall remain in force and effect until the equipment is returned to Lessor's yard in Midland, Texas.

16. It is hereby expressly agreed that in the event of Lessee's default in any payment due, or which may become due hereunder, or a failure by Lessee to observe any of the terms or conditions hereof, or if said property is levied upon or seized by any public officer or receiver, or if Lessee becomes bankrupt or insolvent, or if a petition in bankruptcy is filed against Lessee, or if Lessee makes an assignment for the benefit of creditors, or if any warranty, representation or statement made or furnished to Lessor by or on behalf of Lessee in connection with this Rental Agreement shall prove to be false in any material respect when made or furnished, or if Lessor shall in good faith believe that the prospect of payment or performance by Lessee is impaired, or if Lessee dies, Lessor or its agents, may without notice or liability or legal process enter into any premises of or under the control of jurisdiction of Lessee or any agent of Lessee where said equipment may be or by Lessor is believed to be and repossess the equipment, disconnecting and separating all thereof from any other property and using all force necessary or permitted by applicable law. In the event of such notice, the Lessee agrees to then pay all rental due including the unpaid balance of the agreed minimum rental, damages for any injury to the equipment, costs of such removal of said equipment from the possession of the Lessee, and all freight, storage, transportation, and other charges incurred by such removal, shipping, and return to Lessor at its place of business. Lessee hereby waives all rights under exemption laws. Lessee agrees to indemnify and hold Lessor harmless from any and all claims of any nature whatsoever occasioned by the removal of the equipment, whether such claims result from the forfeiture of any oil, gas or mineral lease, damage to a producing reservoir or lease operations, or whatever, and Lessee agrees to pay all of Lessor's attorneys fees which may be occasioned by the removal of the equipment.

17. Upon repossession of the equipment, Lessor may, at Lessor's option re-lease the equipment for a term and rental which may be equal to, greater than, or less than the rental and term herein provided. Any rental payments received under a new lease made within that time for the period prior to the expiration of this Rental Agreement, less Lessor's expenses of taking possession, storage, reconditioning and re-leasing, shall be applied on the Lessee's obligations hereunder, and Lessee shall be and remain liable for the balance of the unpaid aggregate rental set forth above. Lessee's liability shall not be reduced by Lessor's failure to re-let the lease equipment. All past due rental installments and all sums due and payable after default of Lessee shall bear interest at the rate of ten percent (10%) per annum. If any legal proceeding be instituted by Lessor to recover any moneys due and to become due hereunder, Lessee shall pay fifteen percent (15%) of the sum sued for as attorneys fees and in the case of any action for possession of the equipment, a reasonable sum, as attorneys fees, in any event not to be less than Two Hundred Fifty and No/100 Dollars (\$250.00).

18. Lessee shall protect, indemnify and save Lessor and its assigns harmless against any and all claims, demands and causes of actions of every kind and character whatsoever, including attorneys fees, arising in favor of any person, including employees of Lessee, on account of personal injuries or death or damages or economic loss, whether direct, indirect, consequential, special or otherwise, to persons or property occurring, growing out of, incident to or resulting directly or indirectly from the use, maintenance, condition or delivery of the equipment during the existence of this Rental Agreement whether such loss, damage, injury or liability arises from or is contributed to by imperfections or defects of the equipment, whether latent or patent and whether of components or of design, or from other causes whatsoever, and Lessee shall provide adequate liability insurance at Lessee's own expense. Lessee further agrees to indemnify the Lessor and hold it harmless from all expenses, including attorneys' fees, caused by or related to any breach by Lessee of the covenants in this agreement. Lessee further agrees to exhibit adequate general liability insurance coverage with specific evidence of contractual liability coverage.

19. In addition to any other insurance which the Lessee may be required to carry, Lessee shall maintain in effect the following insurance, at Lessee's sole expense, in insurance companies acceptable to Lessor and shall furnish Lessor with certificates evidencing such insurance on Lessor's insurance form. These certificates shall state that the insurance cannot be cancelled and restrictive modifications cannot be made without giving thirty (30) days prior written notice to Lessor: Worker's Compensation statutory. (Under Worker's Compensation, endorsements shall include U. S. Longshoreman's and Harbor Workers' Compensation Act, when applicable, and All States Endorsements.) Employers Liability, \$100,000.00; Comprehensive General Liability, including Contractual Liability coverage for obligations assumed under this contract, Completed Operations/Products and Broad Form Property Damage; Bodily Injury/Property Damage, \$500,000.00 combined single limit. Comprehensive Auto Liability Including Owned, Nonowned & Hired Automobile Coverages, Bodily Injury - \$250,000.00 per person, \$500,000.00 per occurrence; Property Damage \$250,000.00 per occurrence; Boiler & Machinery, including Repair or Replacement Coverage - \$500,000.00 combined single limit and "All Risks" Property Coverage - (Dollar amount based upon specific equipment rented). Lessee agrees that Lessor shall be named on an additional insured under the Boiler & Machinery



and "All Risks" Property policies. Lessee agrees to incorporate Waiver of Subrogation endorsements in Lessor's behalf on the Workover Compensation, Boiler & Machinery Property policies set forth above. Lessee agrees that the waivers of subrogation shall apply, not only to damage to the compressor itself, but to other plant property and equipment of the Lessee. It shall also extend to the loss of use of said equipment, whether insured or uninsured.

20. Lessee agrees that Lessor shall in no way be liable for and agrees to indemnify and hold Lessor harmless from any lost production which occurs while the equipment is not operating due to breakdown from any cause whatsoever.

21. Time is of the essence. Lessor's rights hereunder are cumulative and not alternative.

22. Lessor may assign its right and delegate its duties under this Rental Agreement. Lessor covenants to and with Lessee that Lessor is empowered to execute the Rental Agreement. Conditioned upon Lessee's performing the conditions hereof, Lessee shall peaceably and quietly hold, possess and use the equipment during said term without hindrance. If Lessor assigns the rents reserved herein or all or any of Lessor's rights hereunder, such assignee's rights shall be independent of any claim of Lessee against Lessor; Lessee on receiving notice of any such assignment shall abide thereby and make payment as may therein be directed. Following such assignment, the term "Lessor" shall be deemed to include or refer to Lessor's assignee, except such assignee's rights shall be independent of any claim of Lessee against the original Lessor as hereinabove provided.

23. Neither this Rental Agreement nor Lessee's rights hereunder shall be assignable by Lessee except with Lessor's written consent; the conditions hereof shall bind any permitted successors and assigns of Lessee. Lessee agrees and affirms: That information supplied and statements made by it in any financial or credit statement or application for credit prior to this Rental Agreement are true and correct; that the address of Lessee's residence and place or places of business are those appearing below its signature; that no financing statement which could be construed to cover the equipment rental hereunder, is on file in any public office and there is not adverse lien, security interest, or encumbrances created by Lessee which can attach to said equipment; and THERE ARE NO EXPRESS WARRANTIES UNLESS THEY APPEAR IN WRITING SIGNED BY THE LESSOR AND THERE ARE NO IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE IN CONNECTION WITH THE LEASE OF THE EQUIPMENT WHICH EXTEND BEYOND THE FACE HEREOF.

24. Lessee will not change or remove any insignia, serial number or lettering on the equipment and shall conspicuously identify each item of the leased equipment by suitable lettering thereon to indicate Lessor's ownership. If any part hereof is contrary to, prohibited by or deemed invalid under applicable laws or regulations of any jurisdiction, such provision shall be inapplicable and deemed omitted but shall not invalidate the remaining provisions hereof. Lessee admits the receipt of a true copy of this Rental Agreement. This Rental Agreement is irrevocable for the full term hereof and for the aggregate rental herein reserved, and the rent shall not abate by reason of termination of Lessee's right of possession and/or the taking of possession by Lessor or for any other reason.

25. It is the intention of the parties hereto to hereby create a lease on the equipment described herein, and not a conditional sale. To provide solely for the eventuality that a Court might hold this to be a conditional sale, Lessor hereby retains a purchase money security interest to secure payment of the sale price of such equipment as determined by such Court, and Lessee grants to Lessor all rights given to a secured party under the Uniform Commercial Code in addition to Lessor's other rights hereunder. It is the intention of the parties that the equipment shall be deemed personal property and that it not be deemed a fixture, even though it may be attached in some manner to realty. To provide solely for the eventuality that a Court might also hold the equipment to be a fixture, the parties state for the purpose of complying with the legal requirements for a financing statement that collateral is or includes fixtures. The above described equipment is affixed or is to be affixed to the realty described above. The record owner of said real estate is: Record owner(s) of surface and mineral estate subject to the oil, gas and mineral lease, or oil and gas lease, described above - \_\_\_\_\_

Owner(s) of said oil and gas lease, or oil, gas and mineral lease \_\_\_\_\_

26. "Lessor" and "Lessee" as used in this Rental Agreement shall include the heirs, executors, or administrators, successors or assigns of those parties.

27. If more than one Lessee executes this Rental Agreement, their obligations under this Rental Agreement shall be joint and several.

28. Lessee will, if requested by Lessor, join with Lessor in executing one or more financing statements, as may be described by Lessor, in form satisfactory to Lessor.

29. The law governing this Rental Agreement shall be that of the State of Texas in force at the date of this Rental Agreement.

30. This Rental Agreement contains the full agreement between the parties. No representation or promise has been made by either party to the other as an inducement to enter into this Rental Agreement. Lessor does not in any way or for any purpose become a partner of Lessee, or a joint adventurer, or a member of a joint enterprise with Lessee.

31. Other Conditions or Options: see attached letter.

EXECUTED as of the date first above written, in duplicate originals.

COMPRESSOR SYSTEMS, INC.

By

*Barthelme Strand*

LESSOR

Witness:

*J. W. Johnson*

Enserch Exploration Incorporated

By

*J. P. Stephens*

LESSEE

Witness:

*Arvis E. Mathis*

P. O. Box 4815

Address

Midland, TX 79701

City and State

GUARANTY

FOR VALUE RECEIVED, I, we or any or either of us jointly and severally guarantee the payment of the rentals set out in the above Rental Agreement and waive communication and notice of acceptance hereof.

WITNESS OUR HAND this 15 day of November, 19 79.

ENSERCH EXPLORATION, INC.

LAMBIRTH NO. 4

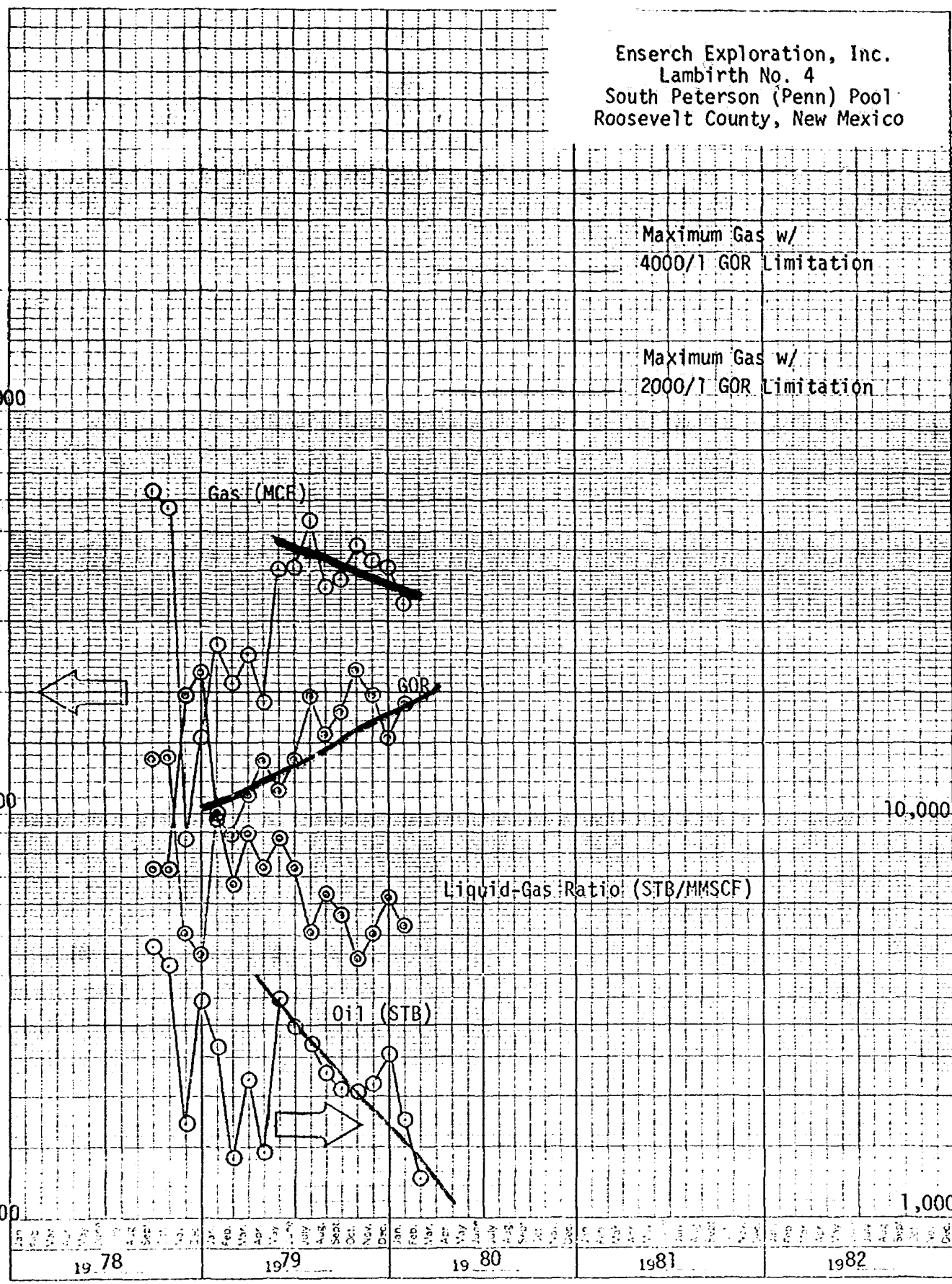
Date of Completion:	9-6-78 ✓
Elevation (Gr.):	4413'
Perforated Interval:	7696' - 7705' ✓
Initial Potential:	204' BO + 349 MCF + 58 BW, FTP = 350; GOR = 1711 ✓
Original Bottom Hole Pressure:	2640 psi (9/12-16/78)
January's Producing Day Average:	65 BO + 123 MCF + 47 BW, GOR = 1892 ✓
Cumulative Production: (2/1/80)	43,786 BO + 60,849 MCF ✓

BEFORE EXAMINER NUTTER  
OIL CONSERVATION DIVISION

ENSERCH EXHIBIT NO. 3

CASE NO. 6830

46 6690  
K-E 5 YEARS BY MONTHS 1:3 LOG CYCLES  
KEUFFEL & ESSER CO. MADE IN U.S.A.



Docket No. 6-80

Dockets Nos. 8-80 and 9-80 are tentatively set for March 26 and April 9, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

**DOCKET: COMMISSION HEARING - TUESDAY - MARCH 11, 1980**

**OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO**

**CASE 6609: (DE NOVO) (Continued and Readvertised)**

Application of Napeco Inc. for pool creation and special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Strawn oil pool for its Benson Deep Unit Well No. 1 located in Unit O of Section 33, Township 18 South, Range 30 East, and special rules therefor, including 160-acre spacing and standard well locations.

Upon application of Yates Petroleum Corporation and Napeco Inc., this case will be heard De Novo pursuant to the provisions of Rule 1220. Applicants allege this is not an "oil" pool but is a "volatile" oil pool.

**CASE 6823:** Application of Amoco Production Company for 640-acre carbon dioxide gas well spacing, Harding, Quay, and Union Counties, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Rule 104 of the Division Rules and Regulations to require that wildcat and development carbon dioxide gas wells projected to the Tubb or Ulder formations in Harding, Quay, and Union Counties must be located on 640-acre spacing and proration units, and must be located no nearer than 1650 feet to the outer boundary of the tract and not nearer than 330 feet to any interior quarter-quarter section line.

Docket No. 7-80

**DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 12, 1980**

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

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

- ALLOWABLE:** (1) Consideration of the allowable production of gas for April, 1980, from fifteen prorated pools in Lea, Eddy, and Chaves County, New Mexico.
- (2) Consideration of the allowable production of gas for April, 1980, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

**CASE 6813: (Continued from February 27, 1980, Examiner Hearing) (This case will be dismissed.)**

Application of Petroleum Development Corporation to amend Order No. R-6196, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to amend Order No. R-6196 which authorized re-entry of a well at an unorthodox location in the Lusk-Morrow Gas Pool to be dedicated to the N/2 of Section 13, Township 19 South, Range 31 East. Applicant now seeks approval for a new revised location 750 feet from the North line and 660 feet from the West line of said Section 13.

**CASE 6834: Application of Conoco Inc. for a dual completion and unorthodox well location, Lea County, New Mexico. (This case will be continued to March 26 and readvertised.)**

Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its SEMU Burger Well No. 107 at an unorthodox location 2615 feet from the South and East lines of Section 24, Township 20 South, Range 38 East, to produce oil from the Blinbry Oil and Gas and Drinkard Pools.

**CASE 6824: Application of American Trading and Production Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Talco Unit Area, comprising 4,800 acres, more or less, of State and Federal lands in Township 26 South, Range 35 East.**

CASE 6815: (Continued and Readvertised)

Application of Florida Exploration Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Ross Draw Unit Well No. 8, a Wolfcamp gas well 1650 feet from the North and East lines of Section 27, Township 26 South, Range 30 East, the E/2 of said Section 27 being dedicated to the well.

CASE 6825: Application of Husky Oil Company for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of its North Shore Woolworth Well No. 5 to be located in Unit E of Section 33, Township 24 South, Range 37 East, Jalmat Pool, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

CASE 6826: Application of Tahoe Oil and Cattle Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Penrose Skelly Pool underlying the SE/4 SE/4 of Section 25, Township 21 South, Range 36 East, to be dedicated to its Bromlee Well No. 1 located thereon. Also to be considered will be the cost of recompleting 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 recompleting said well.

CASE 6827: Application of Consolidated Oil & Gas, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gallup formation underlying the SE/4 of Section 2, Township 30 North, Range 12 West, and in the Mesaverde formation underlying the S/2 of said Section 2, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6828: Application of Etheldred T. Ross for three non-standard gas proration units, Harding County, New Mexico. Applicant, in the above-styled cause, seeks approval of the three following non-standard gas proration units, all in Township 19 North, Range 30 East: a 40-acre unit comprising the SW/4 NE/4 of Section 12; and two 80-acre units in Section 14, the first comprising the N/2 NW/4 and the second comprising the N/2 SE/4; each of said units would be dedicated to a well to be drilled to the Tubb formation at a standard location thereon.

CASE 6829: Application of Alpha Twenty-One Production Company for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks findings that the drilling of its El Paso Tom Federal Wells Nos. 1, 2, and 3, in Units D, E, and F, respectively, of Section 33, Township 25 South, Range 37 East, Langlie Mattix Pool, is necessary to effectively and efficiently drain that portion of the existing proration unit which cannot be drained by the existing well on each of said well's respective proration unit.

CASE 6830: Application of Enserch Exploration, Inc. for special pool rules or, in the alternative, a special gas-oil ratio, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks an order promulgating special pool rules for the South Peterson-Pennsylvanian Field including a special gas-oil ratio of 4,000 to 1, or in the alternative, establishing a special gas-oil ratio of 4,000 to 1 for its Lambirth Well No. 3, located in Unit G of Section 31, Township 5 South, Range 33 East.

CASE 6831: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the recompletion of its State "JM" Well No. 1 in the Wolfcamp thru Cisco formations at an unorthodox location 660 feet from the North and East lines of Section 25, Township 18 South, Range 24 East, the N/2 of said Section 25 to be dedicated to the well.

CASE 6832: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the recompletion of its Cities "JG" Well No. 1 in the Wolfcamp thru Cisco formations at an unorthodox location 660 feet from the South and East lines of Section 13, Township 18 South, Range 24 East, the E/2 of said Section 13 to be dedicated to the well.

CASE 6833: Application of Harvey E. Yates Company for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its Bétenbough Well No. 1, the surface location of which is 660 feet from the North line and 1980 feet from the West line of Section 32, Township 13 South, Range 35 East, in such a manner as to bottom it within 100 feet of a point 660 feet from the North line and 1830 feet from the West line of said Section 32 in the Austin-Mississippian Pool.

CASE 5818: (Continued from February 27, 1980, Examiner Hearing)

Application of Tenneco Oil Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination for its State HL 11 Well No. 1 located in Unit N of Section 11, Township 19 South, Range 29 East.

CASE 6835: Application of Anadarko Production Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination for its New Mexico State "AB" Com. Well No. 1 located in Unit N of Section 36, Township 18 South, Range 28 East.

CASE 6836: Application of Anadarko Production Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination for its New Mexico "AA" State Well No. 1 located in Unit F of Section 35, Township 18 South, Range 28 East.

CASE 6837: Application of Curtis Little for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the W/2 of Section 7, Township 25 North, Range 3 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6819: (Continued from February 27, 1980, Examiner Hearing)

Application of V-F Petroleum, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the McKee or Devonian formations, or both, underlying four 40-acre units, being the SE/4 SE/4, NE/4 SE/4, NW/4 SE/4, and SW/4 SE/4 of Section 21, Township 23 South, Range 37 East, North Teague Field, each to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said wells 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 wells and a charge for risk involved in drilling said wells.

CAMPBELL AND BLACK, P.A.

LAWYERS

JACY M. CAMPBELL  
BRUCE D. BLACK  
MICHAEL S. CAMPBELL  
WILLIAM F. CARR  
PAUL R. CALDWELL

POST OFFICE BOX 2208  
JEFFERSON PLACE  
SANTA FE, NEW MEXICO 87501  
TELEPHONE (505) 966-4421

February 21, 1980

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

*Case 6830*

Re: Application of Enserch Exploration, Inc. for  
Special Pool Rules, or in the Alternative, a  
Special Gas-Oil Ratio, Roosevelt County, New  
Mexico

Dear Mr. Ramey:

Enclosed in triplicate is the application of Enserch  
Exploration, Inc. in the above-referenced matter.

The applicant requests that this matter be included on  
the docket for the examiner hearing scheduled to be held  
on March 12, 1980.

Very truly yours,



William F. Carr

WFC:lr

Enclosures

cc: Mr. Leonard Kersh



BEFORE THE  
OIL CONSERVATION DIVISION  
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF  
ENSERCH EXPLORATION, INC. FOR SPECIAL  
POOL RULES, OR IN THE ALTERNATIVE,  
A SPECIAL GAS-OIL RATIO, ROOSEVELT  
COUNTY, NEW MEXICO.

No. 6830

APPLICATION

Comes now ENSERCH EXPLORATION, INC., by their undersigned attorneys, and hereby makes application for an order promulgating special pool rules for the South Peterson Penn Field including a special gas-oil ratio of 4,000 to 1, or in the alternative, establishing a special gas-oil ratio of 4,000 to 1 for its Lambirth Well No. 3, located in Unit G of Section 31, Township 5 South, Range 33 East, Roosevelt County, New Mexico and in support of this application would show the Commission:

1. That applicant's Lambirth No. 3 Well is completed in the Pennsylvanian formation capable of producing oil and casinghead gas in paying quantities located 1980 feet from the North and East lines of Section 31, Township 5 South, Range 33 East, Roosevelt County, New Mexico. Said well has substantially overproduced its casinghead gas allowable.
2. In October 1979, the pressure in the subject well declined to a point where it could no longer buck the line pressure and, therefore, a compressor was installed. The said compressor, pursuant to the terms of applicant's rental agreement, will remain on this well until May 15, 1980.



3. Applicant has been notified by the Hobbs District Office of the Oil Conservation Division that the subject well must be brought into balance or authority must be obtained from the Oil Conservation Division to continue to produce this well until its contract on the compressor expires on May 15, 1980.


4. In order to prevent the economic loss, special pool rules and regulations providing for a special gas-oil ratio of 4,000 to 1 should be promulgated for the subject pool.

5. At the present time, there are only two wells producing from the subject pool. Said wells are not in communication with each other and applicant, therefore, requests, in the alternative, that a special gas-oil ratio of 4,000 to 1 be established for its Lambirth No. 3 Well.

6. Pursuant to the terms of Oil Conservation Division Order No. R-5853-A, the spacing for the South Peterson Penn Field will be reduced from 80 acres to 40 acres there- by reducing the allowable for the Lambirth No. 3 Well. Applicant, therefore, requests that any order resulting from this hearing establishing special pool rules or a special gas-oil ratio for the subject well be made effective as of March 1, 1980.

WHEREFORE, Enserch Exploration, Inc. requests that this application be set for hearing before a duly appointed examiner of the Oil Conservation Division on March 12, 1980, that notice be given as required by law and the rules of the Division and that the application be approved.

Respectfully submitted,  
CAMPBELL AND BLACK, P.A.

By   
William F. Carr  
Post Office Box 2208  
Santa Fe, New Mexico 87501  
Telephone: (505) 988-4421

BEFORE THE  
OIL CONSERVATION DIVISION  
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF  
ENSERCH EXPLORATION, INC. FOR SPECIAL  
POOL RULES, OR IN THE ALTERNATIVE,  
A SPECIAL GAS-OIL RATIO, ROOSEVELT  
COUNTY, NEW MEXICO.

No. 6830

APPLICATION

Comes now ENSERCH EXPLORATION, INC., by their undersigned attorneys, and hereby makes application for an order promulgating special pool rules for the South Peterson Penn Field including a special gas-oil ratio of 4,000 to 1, or in the alternative, establishing a special gas-oil ratio of 4,000 to 1 for its Lambirth Well No. 3, located in Unit G of Section 31, Township 5 South, Range 33 East, Roosevelt County, New Mexico and in support of this application would show the Commission:

1. That applicant's Lambirth No. 3 Well is completed in the Pennsylvanian formation capable of producing oil and casinghead gas in paying quantities located 1980 feet from the North and East lines of Section 31, Township 5 South, Range 33 East, Roosevelt County, New Mexico. Said well has substantially overproduced its casinghead gas allowable.
2. In October 1979, the pressure in the subject well declined to a point where it could no longer buck the line pressure and, therefore, a compressor was installed. The said compressor, pursuant to the terms of applicant's rental agreement, will remain on this well until May 15, 1980.

3. Applicant has been notified by the Hobbs District Office of the Oil Conservation Division that the subject well must be brought into balance or authority must be obtained from the Oil Conservation Division to continue to produce this well until its contract on the compressor expires on May 15, 1980.

4. In order to prevent the economic loss, special pool rules and regulations providing for a special gas-oil ratio of 4,000 to 1 should be promulgated for the subject pool.

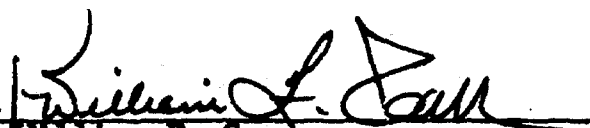
5. At the present time, there are only two wells producing from the subject pool. Said wells are not in communication with each other and applicant, therefore, requests, in the alternative, that a special gas-oil ratio of 4,000 to 1 be established for its Lambirth No. 3 Well.

6. Pursuant to the terms of Oil Conservation Division Order No. R-5853-A, the spacing for the South Peterson Penn Field will be reduced from 80 acres to 40 acres thereby reducing the allowable for the Lambirth No. 3 Well. Applicant, therefore, requests that any order resulting from this hearing establishing special pool rules or a special gas-oil ratio for the subject well be made effective as of March 1, 1980.

WHEREFORE, Enserch Exploration, Inc. requests that this application be set for hearing before a duly appointed examiner of the Oil Conservation Division on March 12, 1980, that notice be given as required by law and the rules of the Division and that the application be approved.

Respectfully submitted,  
CAMPBELL AND BLACK, P.A.

By



William F. Carr  
Post Office Box 2208  
Santa Fe, New Mexico 87501  
Telephone: (505) 988-4421

BEFORE THE  
OIL CONSERVATION DIVISION  
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF  
ENSERCH EXPLORATION, INC. FOR SPECIAL  
POOL RULES, OR IN THE ALTERNATIVE,  
A SPECIAL GAS-OIL RATIO, ROOSEVELT  
COUNTY, NEW MEXICO.

No. 6830

APPLICATION

Comes now ENSERCH EXPLORATION, INC., by their undersigned attorneys, and hereby makes application for an order promulgating special pool rules for the South Peterson Penn Field including a special gas-oil ratio of 4,000 to 1, or in the alternative, establishing a special gas-oil ratio of 4,000 to 1 for its Lambirth Well No. 3, located in Unit G of Section 31, Township 5 South, Range 33 East, Roosevelt County, New Mexico and in support of this application would show the Commission:

1. That applicant's Lambirth No. 3 Well is completed in the Pennsylvanian formation capable of producing oil and casinghead gas in paying quantities located 1980 feet from the North and East lines of Section 31, Township 5 South, Range 33 East, Roosevelt County, New Mexico. Said well has substantially overproduced its casinghead gas allowable.
2. In October 1979, the pressure in the subject well declined to a point where it could no longer buck the line pressure and, therefore, a compressor was installed. The said compressor, pursuant to the terms of applicant's rental agreement, will remain on this well until May 15, 1980.

3. Applicant has been notified by the Hobbs District Office of the Oil Conservation Division that the subject well must be brought into balance or authority must be obtained from the Oil Conservation Division to continue to produce this well until its contract on the compressor expires on May 15, 1980.

4. In order to prevent the economic loss, special pool rules and regulations providing for a special gas-oil ratio of 4,000 to 1 should be promulgated for the subject pool.

5. At the present time, there are only two wells producing from the subject pool. Said wells are not in communication with each other and applicant, therefore, requests, in the alternative, that a special gas-oil ratio of 4,000 to 1 be established for its Lambirth No. 3 Well.

6. Pursuant to the terms of Oil Conservation Division Order No. R-5853-A, the spacing for the South Peterson Penn Field will be reduced from 80 acres to 40 acres thereby reducing the allowable for the Lambirth No. 3 Well. Applicant, therefore, requests that any order resulting from this hearing establishing special pool rules or a special gas-oil ratio for the subject well be made effective as of March 1, 1980.

WHEREFORE, Enserch Exploration, Inc. requests that this application be set for hearing before a duly appointed examiner of the Oil Conservation Division on March 12, 1980, that notice be given as required by law and the rules of the Division and that the application be approved.

Respectfully submitted,  
CAMPBELL AND BLACK, P.A.

By William F. Carr  
William F. Carr  
Post Office Box 2208  
Santa Fe, New Mexico 87501  
Telephone: (505) 988-4421



ROUGH

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. 6830

Order No. R-6291

*4/8*  
APPLICATION OF ENSERCH EXPLORATION,  
INCORPORATED, FOR SPECIAL POOL RULES  
OR, IN THE ALTERNATIVE, A SPECIAL  
GAS-OIL RATIO, ROOSEVELT COUNTY,  
NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 12  
19 80, at Santa Fe, New Mexico, before Examiner DSN.

NOW, on this \_\_\_\_\_ day of March, 19 80, 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, Enserch Exploration, Inc., is  
the owner and operator of several wells in  
the South Peterson - Fusselman Pool, Roosevelt  
County, New Mexico.

(3) That the applicant seeks the promulgation of special rules for said pool, including a provision for a gas-oil ratio limitation of 4000 cubic feet of gas per barrel of oil or, in the alternative, the establishment of a special gas-oil ratio limitation of 4000 to one for one well, its Lambirth Well No. 3, located in Unit G of Section 31, Township 5 South, Range 33 East, NMPM, Roosevelt County, New Mexico.

(4) That the reservoir characteristics of the subject pool justify the establishment of a gas-oil limitation of 4,000 cubic feet of gas per barrel of liquid hydrocarbons.

(5) That in order to afford to the owner in the South Peterson-Fusselman Pool the opportunity to economically produce his just and equitable share of the oil and gas in the subject pool and for this purpose to use his just and equitable share of the reservoir energy, a limiting gas-oil ratio of 4,000 cubic feet of gas per barrel of liquid hydrocarbons should be established for the pool.

(6) That the required shutting in of any well in the subject pool which is three times overproduced on its casinghead gas allowable should be suspended until May 15, 1980, to permit the continued utilization of certain compression equipment which is contracted for until that date.

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

IT IS THEREFORE ORDERED:

(1) That effective March 1, 1980, the limiting gas-oil ratio in the South Peterson-Fusselman Pool, Roosevelt County, New Mexico, shall be 4,000 cubic feet of gas for each barrel of liquid hydrocarbons produced; that, effective March 1, 1980, each proration unit in the South Peterson-Fusselman Pool shall produce only that volume of gas equivalent to 4,000 multiplied by the top unit allowable for the pool.

(2) That the shut-in requirement for wells in the South Peterson-Fusselman Pool which are three times overproduced on their casinghead gas allowable shall be suspended until May 15, 1980..

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

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

DRAFT

dr/

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

CASE NO. 6830

Order No. R- 6291-A

APPLICATION OF ENSERCH EXPLORATION, INC.,

FOR SPECIAL POOL RULES OR, IN THE

ALTERNATIVE, A SPECIAL GAS-OIL RATIO, ROOSEVELT  
COUNTY, NEW MEXICO.

NUNC PRO TUNC ORDER

BY THE DIVISION:

It appearing to the Division that Order No. R- 6291,  
dated March 25, 1980, does not correctly state the  
intended order of the Division,

IT IS THEREFORE ORDERED:

(1) That all references to the South Peterson-Fusselman  
Pool, as contained in Findings Nos. (2) and (5), and in Orders  
Nos. (1) and (2) of said Order No. R-6291 should be changed to  
read "South Peterson-Pennsylvanian Pool."

(2) That this order shall be effective nunc pro tunc as of  
March 25, 1980.

DONE at Santa Fe, New Mexico, this \_\_\_\_\_ day of April, 1980.