

CASE 7102: CONSOLIDATED OIL & GAS, INC.
FOR APPROVAL OF INFILL DRILLING AND AN
EXCEPTION TO RULE 9(E) OF ORDER NO.
R-1670-T. SAN JUAN COUNTY, NEW MEXICO.

Hughes

Case No.

7102

Application

Transcripts

Small Exhibits

ETC

BEFORE THE
OIL CONSERVATION DIVISION
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF CONSOLIDATED OIL & GAS, INC.
FOR APPROVAL OF INFILL DRILLING,
AND AN EXCEPTION TO RULE 9(E) OF
ORDER NO. R-1670-T, SAN JUAN
COUNTY, NEW MEXICO

Case No. 7102

APPLICATION

Comes now Consolidated Oil & Gas, Inc. by its undersigned attorney and makes application for an order approving the infill drilling in the Blanco Mesaverde Pool of its Jaquez Well No. 2 located in Unit K of Section 2, Township 31 North, Range 13 West, San Juan County, New Mexico. Applicant further seeks an exception to Rule 9(E) of Order No. R-1670-T so that the unit allowable can be calculated for three Mesaverde wells on the subject proration unit; and in support thereof would show the Division:

1. Applicant is the operator and an owner of interest in and under the W/2 of said Section 2.
2. Applicant has dedicated the above-described unit to its Jaquez Well No. 1 located in Unit K, to its Jaquez Well No. 1-A located in Unit F, and to its Jaquez Well No. 2 located in Unit K.
3. The Jaquez Wells Nos. 1 and 1-A are producing from the Mesaverde formation. The Jaquez Well No. 2 is currently being dually completed in the Dakota and Mesaverde formations.
4. This proration unit is classified as a marginal unit. The Jaquez No. 1 is only producing approximately 60 MCFD and has mechanical problems.
5. The Jaquez No. 2 will produce the Mesaverde formation far more economically and efficiently than the Jaquez No. 1.
6. Applicant therefore proposes to produce all three Mesaverde wells on the proration unit; the allowable for the unit would be calculated by adding the deliverabilities of the two higher producing wells to calculate the AD factor in exception to Rule 9(E) of Order No. R-1670-T, and the unit allowable would be produced from all three wells.
7. Applicant further seeks a clarification of Order No. R-5878-B. That order provides that a special NGPA infill finding is not required for wells drilled in the Blanco Mesaverde Pool and does not limit the number of infill wells. However, if the Division does approve the production of all three Mesaverde wells, the applicant seeks a finding that all three are necessary in order to efficiently and economically drain the proration unit.

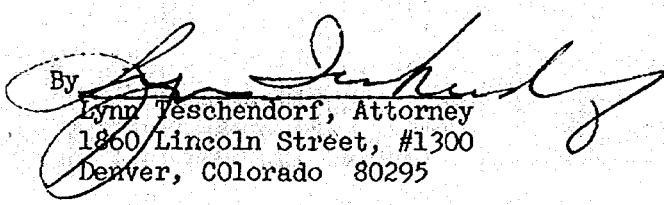
8. The granting of this application will be in the best interests of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, applicant requests that this matter be set for hearing before the Division or its duly appointed examiner, and that the Division enter its order granting the relief sought herein.

Respectfully submitted,

CONSOLIDATED OIL & GAS, INC.

By


Lynn Teschendorf, Attorney
1860 Lincoln Street, #1300
Denver, Colorado 80295

BEFORE THE
OIL CONSERVATION DIVISION
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF CONSOLIDATED OIL & GAS, INC.
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1. Applicant is the operator and an owner of interest in and under the W/2 of said Section 2.

2. Applicant has dedicated the above-described unit to its Jaquez Well No. 1 located in Unit ^K~~A~~, to its Jaquez Well No. 1-A located in Unit ^F~~E~~, and to its Jaquez Well No. 2 located in Unit K.

3. The Jaquez Wells Nos. 1 and 1-A are producing from the Mesaverde formation. The Jaquez Well No. 2 is currently being dually completed in the Dakota and Mesaverde formations.

4. This proration unit is classified as a marginal unit. The Jaquez No. 1 is only producing approximately 60 MCFD and has mechanical problems.

5. The Jaquez No. 2 will produce the Mesaverde formation far more economically and efficiently than the Jaquez No. 1.

6. Applicant therefore proposes to produce all three Mesaverde wells on the proration unit; the allowable for the unit would be calculated by adding the deliverabilities of the two higher producing wells to calculate the AD factor in exception to Rule 9(E) of Order No. R-1670-T, and the unit allowable would be produced from all three wells.

7. Applicant further seeks a clarification of Order No. R-5878-B. That order provides that a special NGPA infill finding is not required for wells drilled in the Blanco Mesaverde Pool and does not limit the number of infill wells. However, if the Division does approve the production of all three Mesaverde wells, the applicant seeks a finding that all three are necessary in order to efficiently and economically drain the proration unit.

8. The granting of this application will be in the best interests of conservation, the prevention of waste, and the protection of correlative rights.

WHEREFORE, applicant requests that this matter be set for hearing before the Division or its duly appointed examiner, and that the Division enter its order granting the relief sought herein.

Respectfully submitted,

CONSOLIDATED OIL & GAS, INC.

Lynn Teschendorf

By

Lynn Teschendorf, Attorney
1860 Lincoln Street, #1300
Denver, Colorado 80295

Dockets Nos. 42-80 and 43-80 are tentatively set for December 30, 1980 and January 14, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - DECEMBER 10, 1980

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

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

- ALLOWABLE: (1) Consideration of the allowable production of gas for January, 1981, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for January, 1981, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- CASE 7095: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Bill G. Isler, United States Fidelity and Guaranty Company, and all other interested parties to appear and show cause why the Spears State Well No. 2 in Unit B of Section 28, Township 11 South, Range 27 East, Chaves County, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 7096: Application of Read & Stevens, Inc. for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the North Baum Unit Area, comprising 637 acres, more or less, of State lands in Township 13 South, Ranges 32 and 33 East.
- CASE 7097: Application of Mesa Petroleum Co. for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Jackson Unit Area, comprising 2,560 acres, more or less, of State lands in Township 24 South, Range 33 East.
- CASE 7098: Application of The Wiser Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its McQuatters Well No. 4 located in Unit G of Section 11, Township 21 South, Range 36 East, to produce oil from the Oil Center-Glorieta and Hardy-Drinkard Pools through parallel strings of tubing.
- CASE 7077: (Continued from November 25, 1980, Examiner Hearing)
- Application of Threshold Development Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Conoco "10" State Com Well No. 1 located in Unit I of Section 10, Township 19 South, Range 29 East, Turkey Track Field, to produce oil from the Wolfcamp formation and gas from the Atoka formation through parallel strings of tubing.
- CASE 7089: (Continued from November 25, 1980, Examiner Hearing)
- Application of Summit Energy, Inc. for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Blinberry formation through its Gulf Bunin Well No. 2 located in Unit C of Section 13, Township 21 South, Range 37 East.
- CASE 7099: Application of Harvey E. Yates Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Duncan Unit Area, comprising 7,679 acres, more or less, of State, Federal, and fee lands in Townships 13 and 14 South, Range 35 East.
- CASE 7100: Application of Harvey E. Yates Company for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Atoka and Morrow production in the wellbore of its Travis 24 State Com Well No. 1 in Unit H of Section 24, Township 18 South, Range 28 East.
- CASE 7101: Application of Consolidated Oil & Gas, Inc. for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gallup and Basin-Dakota production in the wellbore of its Tribal "C" Well No. 4-E in Unit H of Section 6, Township 26 North, Range 3 West.
- CASE 7102: Application of Consolidated Oil & Gas, Inc. for approval of infill drilling and an exception to Rule 9(E) of Order No. R-1670-T, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of its Jacquez Well No. 2 to be located in Unit K of Section 2, Township 31 North, Range 13 West, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the two existing wells on the unit. Applicant further seeks an exception to Rule 9(E) of Division Order No. R-1670-T to permit calculating the proration unit's allowable on the basis of three Mesaverde wells on the unit.



BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

January 16, 1981

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

Re: Ms. Lynn Teschendorf, Attorney
Consolidated Oil & Gas, Inc.
1860 Lincoln Street, #1300
Denver, Colorado 80295

CASE NO. 7102
ORDER NO. R-6560

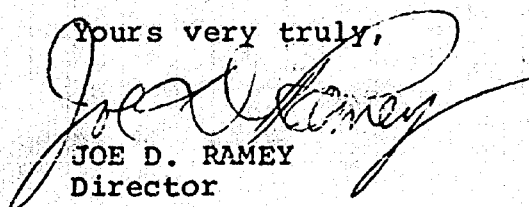
Applicant:

Consolidated Oil & Gas, Inc.

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 _____
Artesia OCD _____
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. 7102
Order No. R-6560

APPLICATION OF CONSOLIDATED OIL & GAS,
INC. FOR APPROVAL OF INFILL DRILLING
AND EXCEPTION TO RULE 9(E) OF ORDER
NO. R-1670-T, SAN JUAN COUNTY, NEW
MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 10, 1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets,

NOW, on this 14th day of January, 1981, 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, Consolidated Oil & Gas, Inc., is the operator of a 320-acre proration unit consisting of the W/2 of Section 2, Township 31 North, Range 13 West, NMPM, Blanco Mesaverde Gas Pool.
- (3) That the applicant seeks a finding that the drilling of its Jacquez Well No. 2 to be located in Unit K of said Section 2 in said Blanco Mesaverde Gas Pool, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the two existing wells on the unit.
- (4) That the applicant further seeks an exception to Rule 9(E) of Division Order No. R-1670-T to permit calculating the proration unit's allowable by utilizing the two highest deliverability factors from the three wells on the unit.

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Case No. 7102
Order No. R-6560

(5) That the assignment of an allowable to said unit based upon the sum of the two highest deliverabilities among the three wells thereon will not violate correlative rights nor cause waste.

(6) That the aforesaid 320-acre unit is dedicated to applicant's Jacquez Wells Nos. 1 and 1A located in Units L and C, respectively, of said Section 2.

(7) That the evidence presented demonstrated that said Jacquez Well No. 1 cannot effectively and efficiently drain that portion of said proration unit upon which said well is located (the SW/4 of said Section 2).

(8) That the evidence presented further demonstrated that the drilling and completion of applicant's said new well should result in production of gas which would not otherwise be recovered from the proration unit.

(9) That such additional recovery will result in said unit being more efficiently and economically drained.

(10) That said new well is to be drilled as the second "infill" well on the existing 320-acre standard proration unit.

(11) That in order to permit the drainage of a portion of the reservoir covered by said 320-acre standard proration unit which cannot be effectively and efficiently drained by the existing well thereon, and to permit the assignment of a proper allowable to said unit, the subject application for infill drilling and exception to Rule 9(E) of Division Order No. R-1670-F should be approved.

IT IS THEREFORE ORDERED:

(1) That the applicant, Consolidated Oil & Gas, Inc., is hereby authorized to drill its Jacquez Well No. 2 to be located in Unit K of Section 2, Township 31 North, Range 13 West, NMPM, as the second infill well on an existing 320-acre standard proration unit being the W/2 of said Section 2, Blanco Mesaverde Gas Pool, San Juan County, New Mexico. The authorization for infill drilling granted by this order is necessary to permit the drainage of a portion of the reservoir covered by the existing 320-acre proration unit which cannot efficiently and economically be drained by any existing well thereon.

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Case No. 7102
Order No. R-6560

(2) That said proration unit shall be simultaneously dedicated to applicant's proposed new well, the Jacquez Well No. 2, and to its Jacquez Wells Nos. 1 and 1A located in Units L and C, respectively, of said Section 2.

(3) That the allowable for said proration unit shall be calculated utilizing the sum of the two highest deliverabilities from among the three wells on the unit.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

SEAL

fd/

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Consolidated Oil & Gas,
Inc., for approval of infill drilling
and an exception to Rule 9(E) of Order
No. R-1670-T, San Juan County, New
Mexico.

CASE
7102

BEFORE: Richard L. Stamets

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
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

Lynn Teschendorf, Esq.
CONSOLIDATED OIL & GAS, INC.
Denver, Colorado

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2	I N D E X	
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4	JOHN WEY	
5	Direct Examination by Ms. Teschendorf	4
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2 MR. STAMETS: We'll call next Case 7102.

3 MR. PADILLA: Application of Consolidated
4 Oil & Gas, Inc., for approval of infill drilling and an ex-
5 ception to Rule 9(E) of Order No. R-1670-T, San Juan County,
6 New Mexico.

7 MS. TESCHENDORF: Lynn Teschendorf, ap-
8 pearing on behalf of Consolidated. I have one witness, Mr.
9 John Wey, who has previously been sworn.

10 MR. STAMETS: Are there any other ap-
11 pearances in the case?

12 You may proceed, and the witness is con-
13 sidered qualified and as being sworn in this case, as well.

14 MS. TESCHENDORF: Okay.

15
16 JOHN WEY

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

19
20 DIRECT EXAMINATION

21 BY MS. TESCHENDORF:

22 MS. TESCHENDORF: Mr. Examiner, this
23 case I'd like to present in two halves. The first half in-
24 volves problems with Order R-5878-B, which is the Division's
25 order setting forth filing requirements for the NGPA qualifi-

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2 cation.

3 Rule 16(B) of that order deals with
4 filing applications for infill wells that have been drilled
5 pursuant to the Blanco Mesaverde and Basin Dakota infill or-
6 ders, and they really only refer to two wells on the unit.

7 In our case we now have three Mesaverde
8 wells on this proration unit and therefor, I would like to
9 request that after we put on our evidence, we are asking for
10 a finding approving the infill drilling as necessary to ef-
11 fectively and efficiently drain this proration unit.

12 MR. STAMETS: And this is for purposes
13 of the State NGPA?

14 MS. TESCHENDORF: We need the infill
15 finding before we can proceed with our NGPA application to
16 you under Section 103.

17 MR. STAMETS: That is Federal, then.

18 MS. TESCHENDORF: Right. Yes.

19 MR. STAMETS: Okay. All right.

20 MS. TESCHENDORF: All right, sir.

21 Q Mr. Wey, would you please refer to what
22 has been marked as Exhibit One and describe that?

23 A Exhibit One is a location plat showing
24 the location of the three wells which Consolidated has in the
25 west half of Section 2, the Jacquez No. 1, No. 1-A, and our

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new well, the Jacquez No. 2. Jacquez No. 2 is located 1730 feet from the north -- from the north line and 1740 feet from the west line of Section 2.

Q Are you sure about that?

A Excuse me, 1730 from the south line and 1740 from the west line.

Q Would you give the complete location, section, township, and range?

A The section that we're dealing with is the west half of Section 2, Township 31 North, Range 13 West, San Juan County, New Mexico.

Q And from this plat, the first well on the unit was drilled in the south half. Then we drilled an infill in the north half.

A That is correct.

Q We have now drilled the Jacquez No. 2 Well in the south half, also. Was this well originally targeted as simply a Dakota producer?

A Yes.

Q And as I understand it, the Mesaverde looked fairly productive and so we now wish to complete in that zone, also.

A Yes.

Q Will you now refer to Exhibit Two and ex-

1
2 plain that?

3 A Exhibit Two is the well data on the
4 Jacquez No. 1 Well. This well is located 1650 from the south
5 line and 1650 from the west line of Section 2, 31 North, 13
6 West.

7 The well was drilled, our spud date was
8 April the 26th, 1957. It was completed May the 20th, 1957,
9 from the Mesaverde zone.

10 The present production is approximately
11 60 Mcf per day. We have a cumulative production from this
12 well of 705,000 Mcf.

13 We had a casing failure in this well in
14 March of 1964. The 5-1/2 inch casing developed holes in it.
15 To remedy this we ran 2-7/8ths inch casing -- tubing to 4389
16 feet and cemented that tubing in the hole. We then ran 138
17 joints of 3/4-inch EUE tubing inside the 2-7/8ths to produce
18 the Mesaverde zone.

19 We did have one absolute open flow on
20 the well in 1957. It was 1707 Mcf per day. The shut-in pres-
21 sure on the casing at that time was 1020 on the tubing and
22 1037 on the casing.

23 Q What is the cumulative production on this
24 well to date?

25 A To October the 1st, 1980, our cumulative

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2 production has been 705,454 Mcf.

3 Q Do you feel that this well is still suf-
4 fering effects from the mechanical problems back in 1964?

5 A Yes.

6 Q And what problems are those?

7 A Well, the problem is we're trying to
8 produce a well through 2-7/8ths tubing with 3/4-inch macaroni
9 string inside of it, and the flow characteristics of such a
10 mechanical setup are very poor.

11 In addition, the holes in the casing
12 there, reading the history back there in 1964, when we had
13 the casing failure there was some drilling mud that was put
14 into the formation there.

15 Q Is there a possibility that you won't
16 be able to keep the well producing for very much longer?

17 A There's a good possibility that this well
18 may log off, if you look into the flow characteristics of
19 3/4-inch tubing. You'll find out that about a half a barrel
20 would be enough for the bottom hole pressure which we now
21 have, to completely log this well off.

22 Q Is this well completed in the Cliffhouse
23 portion of the Mesaverde?

24 A The Jacquez No. 1 is completed, I believe,
25 in the -- we have it as being in the Point Lookout zone of

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the Mesaverde.

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Q Okay. Would you please now refer to what has been marked as Exhibit Three and describe that?

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A Exhibit Three is a production curve of the Jacquez No. 1 Well. We have production plotted from January, 1965, through until today. The cumulative production that is shown on there is through 12 -- or December, 1964, of 306,212 Mcf.

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Q You have -- I notice that the last couple of years there have been a lot of production drops in this well, and I might for the record point out to the Examiner that we have filed a couple of Section 108 applications on this well and it's been very erratic production. It keeps bouncing in and out.

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Mr. Wey, do you have an explanation for the increased production recently in this well?

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We can -- I can conjecture on it. I cannot tell you exactly what has caused it. It could be that the production increase we've seen there from somewhere in the neighborhood of around 60 Mcf per day up to around, the last two months here, to around 80, could be because of lowered line pressure. Just a small amount of line pressure could increase the production on this well.

Q

Do you have any data on production levels

1
2 prior to the casing failure?

3 A. No, I have none here shown.

4 Q. Would you now refer to Exhibit Four and
5 explain that?

6 A. Exhibit Four is a well data on the Jacquez
7 Community No. 1-A Well, located 1450 feet from the north line
8 and 1450 feet from the west line of Section 2, 31 North, 13
9 West, San Juan, New Mexico. That is Unit F.

10 The producing intervals are in the Mesa-
11 verde from 4506 to 4752. It was completed -- or spudded in
12 June the 25th of 1978, and was completed August the 22nd,
13 1978. Our first delivery was September the 11th of 1978.

14 We have produced from that well appro-
15 ximately 207,000 Mcf. The present production is -- we are
16 producing for the month almost 5400 Mcf per day -- per month,
17 and 12 barrels of oil.

18 Q. Okay, and would you refer to Exhibit
19 Five and explain what that is?

20 A. Exhibit Five is the production history
21 plotted for the Jacquez Community No. 1-A, showing the initial
22 production there up in the neighborhood of over 800 Mcf per
23 day and present production in October is in the neighborhood
24 of 180 Mcf per day.

25 Q. Would you now refer to Exhibit Six and

1
2 describe that?

3 A Exhibit Six is a completion schematic
4 for a dual completion of the Basin Dakota perforations and the
5 Mesaverde. At the present time --

6 Q Excuse me, in which well?

7 A Excuse me. In the Jacquez No. 2 Well,
8 our new well. This well was spudded on January the 25th of
9 1980. The completion date was October the 27th of 1980.

10 We set 8-5/8ths inch casing at a depth
11 of 268 feet. We drilled the well to total depth and ran 5-1/2
12 inch production casing and cemented it at 6944.

13 The Basin Dakota was perforated and was
14 treated. The Mesaverde-Point Lookout was perforated and
15 treated and the Cliff House, what we call the Mesaverde-Cliff
16 House was perforated and treated.

17 At the present time we have two strings
18 of inch and a half tubing in the well with a packer set at
19 4361 feet, the -- and also a packer set at 4900 feet.

20 With the bottom string at 6682 for the
21 Dakota and the top string at 47 -- 43 -- 4406. On the top
22 string for the Mesaverde, we have a seating -- not seating,
23 a sliding sleeve there at 4320, and a seating nipple at 4406
24 feet.

25 Q Has this well been placed on production

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2 yet?

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A. It has not been tied into the producing system, no.

Q Do you have any porosity information on any of these three wells?

A. Not really. The only thing I have are two computer process logs which do show porosities there through this interval. The porosities run somewhere in the neighborhood of 12 to 15 percent through both the Dakota, the Point Lookout, and the Cliff House.

Q How about permeability information?

A. We have none.

Q From the exhibits and data you've prepared and submitted here, is it your opinion that the existing wells, that is the Jacquez 1 and 1-A, on this unit cannot effectively and efficiently drain the portion of the Mesaverde zone covered by the unit?

A. Yes. I do not believe they will.

Q And why not?

A. At the producing rates which we have on these wells, and reserves that we estimate are still available, these wells would take an extremely long time even at a constant production rate, especially the Jacquez No. 1.

Q Okay. Do you expect any increase in

ultimate recovery to result from the completion of the Jacquez No. 2 in the Mesaverde?

A. Yes, I do, from the Cliff House formation, Mesaverde-Cliff House, because is not open in either the Jacquez No. 1 or 1-A.

Q. Can the Jacquez 1 be recompleted in the Cliff House?

A. No.

Q. Why not?

A. I would not want that attempted. We've got 2-7/8ths inch tubing and attempting to go in and a completion through perforating through tubing, 2-7/8ths tubing, the cement sheath in 5-1/2 inch casing and the cement sheath and out into the formation and treating the well, probably, no, I do not believe it could be done.

Q. Do you expect that there might be an increase in ultimate recovery from the other Mesaverde zones following completion of the Jacquez No. 2?

A. Probably not, but I believe recovery would be sooner with the Jacquez No. 2 completed in the Mesaverde. It would also drain the reserves which we estimate to be there.

Q. Therefor we would have more effective and efficient drainage by completion of the Jacquez No. 2.

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2 A. Yes. And another consideration at that
3 point would be that the No. 1, the way I have shown it to be
4 completed here with 3/4-inch string, could at any time quit
5 producing from the Mesaverde perforations at this time.

6 MS. TESCHENDORF: Mr. Examiner, that's
7 all I have to present on the first half of this case. I
8 think I will go ahead and present the second half, or if
9 you'd like to ask questions now?

10 MR. STAMETS: Yeah, I'd like to ask a
11 couple of questions at this point.

12 I tell you what we're going to do, we're
13 going to take about a fifteen minute recess.

14
15 (Thereupon a recess was
16 taken.)

17
18 CROSS EXAMINATION

19 BY MR. STAMETS:

20 Q The hearing will please come to order.
21 Mr. Wey.

22 A. Yes.

23 Q Now I take it from looking at Exhibit
24 Number Six that the well in question, being Well No. 2, is
25 complete, is that correct?

1

2

A. That's correct.

3

4

Q. Okay, and what sort of pressure did you encounter in the Mesaverde section in Well NO. 2?

5

6

7

8

A. In the Mesaverde-Point Lookout, I believe I have the back pressure test on that on the Point Lookout. The tubing pressure was 475 psi. This is for -- on June -- July 24th, 1980.

9

10

11

The bottom hole pressure at the mid-point of the perfs was 429, is what they reported at that time, and this was on July the 26th.

12

13

14

15

On November 13th of 1980 there was a pressure survey and the pressure at 4490 feet was 527 shut-in pressure, and that had been shut-in, I believe, for a period of 14 days.

16

17

That was in what we call the Point Lookout-Mesaverde zone.

18

19

20

Q. That's the newer zone as far as --

A. No, this is the old producing zone of the Mesaverde.

21

22

23

Q. Okay, all right. Now while we're right there, is that pressure in excess of what you have on the original Jacquez No. 1 Well?

24

25

A. No. No, it shows depletion. It does show depletion, the Jacquez No. 1, the pressure I have here

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2

3

4

at the time of the open flow back in 19 -- what is it, when
it was originally completed it was 1035 on the tubing. That's
the only --

5

6

Q I'm talking about a current pressure,
though?

7

8

A I don't believe we have a current bottom
hole pressure on the Jacquez No. 1. We do not have one.

9

10

11

Q Do you have current surface pressures?

A No, I don't have any with me at this
time. No.

12

13

Q Do you know what the most recent pressure
on that well is?

14

15

16

17

A I would estimate it would be somewhere
in the neighborhood of what we have recorded here in the
Jacquez No. 2 on the Point Lookout-Mesaverde. Somewhere in
the neighborhood of 500, 450 or 500 psi.

18

19

Q Okay. Do you have any pressures on the
Cliff House zone?

20

21

22

23

24

25

A Yes, I have a open flow that was run on
the Cliff House. The date on that was September the 12th of
1980. The bottom hole pressure at 3827 feet, the mid-point
of the perforations on the Cliff House, was 1662 psi, which
showed, of course, that there has been no depletion of the
Cliff House.

Q. Okay.

A. This was a shut-in of 9 days.

Q. Have you tested the Cliff House zone at this point for productivity?

A. For open flow potential?

Q. Yes.

A. No. We are in the process of doing that at this date.

Excuse me, excuse me, I'm sorry. Yes, we have run an open flow on it. The open flow here I have, September the 12th of 1980 was 695 Mcf per day.

I do have an open flow --

Q. And that's substantially higher than the potential on either of the other -- or the current productive rate on either of the other two wells.

A. Yes, yes, quite -- quite a bit higher.

Q. I believe that's all the questions I have relative to the evidence that's been presented so far, relative to the necessity for the Jacquez No. 2 Well, so you may proceed with the second portion of your case.

MS. TESCHENDORF: Thank you.

REDIRECT EXAMINATION

BY MS. TESCHENDORF:

1
2
3 Q Rule 9(E) of the Division's Order R-1670-T
4 states, when calculating the allowable for a proration unit
5 containing two wells in accordance with Rule 9 of these rules,
6 the deliverability of both wells shall be added in calculating
7 the AD factor and the unit allowable may be produced from
8 both wells.

9 The problem here, of course, is that
10 now we have three Mesaverde wells and we need to have an ex-
11 ception to Rule 9(E) to calculate the allowable in this parti-
12 cular situation.

13 Consolidated would request -- would be
14 to average the deliverability of the two higher producing
15 wells in order to get this AD factor in exception to Rule
16 9(E), and we will try to show that would be the best way of
17 doing things.

18 MR. STAMETS: Are you -- okay, let me
19 go back and ask this question.

20 You have the three wells on production
21 and what you're seeking is for allowable calculations to
22 consider the deliverabilities of the two better wells on the
23 proration unit.

24 MS. TESCHENDORF: And then the third
25 well's deliverability would not be considered but it would

1
2 be producing within the unit.

3 MS. TESCHENDORF: That's correct.

4 MR. STAMETS: Okay.

5 Q Mr. Wey, what is the current allowable
6 status for this unit?

7 A It is marginal.

8 Q Would you please describe the problems
9 we are having in the Jacquez No. 1 with reservoir drainage?

10 A If you refer back to the Exhibit Three,
11 it shows that the Jacquez No. 1 Well, the production decline
12 there, is very small but at the same time it is declining.
13 We do attribute approximately 700,000 Mcf reserves to this
14 well. If you projected this well out at approximately 60 Mcf
15 per day, it would take in the neighborhood of 25 to 35 years
16 before we produce these reserves from the Jacquez No. 1.

17 Q Therefor reservoir drainage is occurring
18 at a very slow rate, is that correct?

19 A That's true, from this area there.

20 Q If the Jacquez No. 2 is not produced is
21 there a possibility of drainage from adjoining acreage?

22 A Yes.

23 Q And would this be a violation of our
24 correlative rights?

25 A Yes.

1 Q In your opinion what does the deliver-
2 ability of a well reflect?
3

4 A It reflects what can be effectively and
5 efficiently produced from that area if you had one well there.
6

7 Q In your opinion will the deliverabilities
8 of the two higher producing wells reflect what can be effec-
9 tively and efficiently produced from this unit?

10 A Yes, I think so. One of the things that
11 might occur at that time would be that our No. 1, because of
12 the mechanical setup of it, could quit producing.

13 MS. TESCHENDORF: I'd like to point out
14 to the Examiner Rule 601, which states that the Division shall
15 set allowables based upon correlative rights to allow each
16 producer the opportunity to produce their just and fair
17 share from the pool. The two higher producing wells on this
18 unit will accurately reflect the reserves to be produced,
19 especially since the Jacquez No. 1 may stop producing alto-
20 gether and therefor we submit that using the two higher de-
21 liverabilities will provide an appropriate exception to Rule
22 9(E).

23 Q Mr. Wey, were Exhibits One through Six
24 prepared by you or under your supervision?

25 A Yes.

MS. TESCHENDORF: At this time I'd like

1 to offer Exhibits One through Six, and I have nothing further.
2

3 MR. STAMETS: These exhibits will be

4 admitted.

5 Are there any other questions of the

6 witness? He may be excused.

7 Anything further in this case?

8 The case will be taken under advisement.

9 (Hearing concluded.)
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25

C E R T I F I C A T E

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.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 7102
heard by me on 12-10 1980.
Richard L. Shum, Examiner
Oil Conservation Division

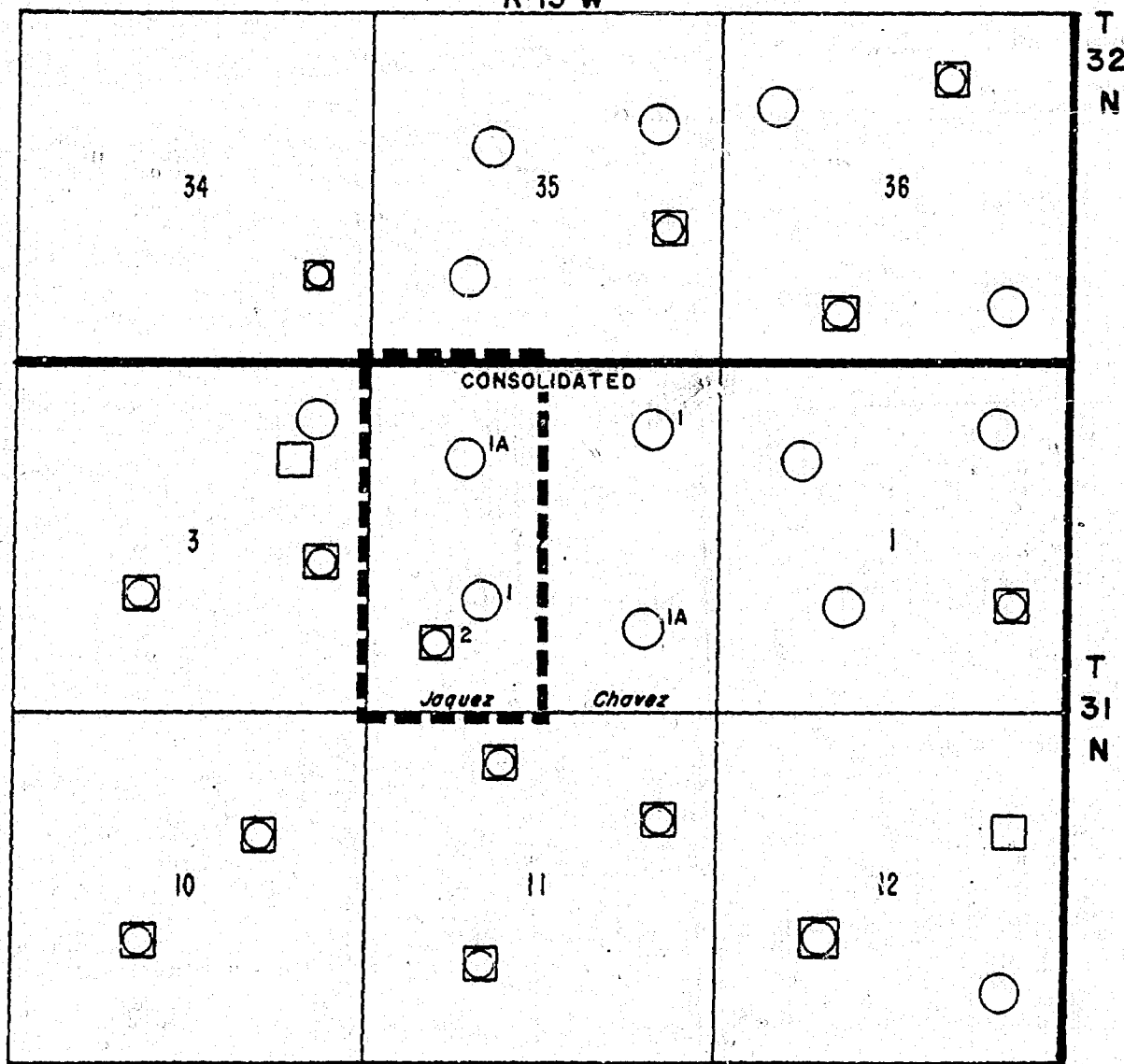
CONSOLIDATED OIL AND GAS INC.

WELL : BLANCO MESAVERDE POOL

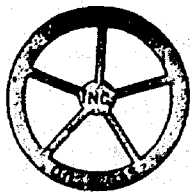
LOCATION : SEC. 2, T31N-R13W
SAN JUAN COUNTY, NEW MEXICO

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
FILE NO. 1
C.O.D. 7102
Submitted by COG
Received Date 12-10-80

R 13 W



- | | |
|---------------------------------|-----------------------------|
| □ DAKOTA | ⊕ MESA VERDE - GALLUP DUAL |
| ○ MESA VERDE | ⊗ MESA VERDE - DAKOTA DUAL |
| ☆ PICTURE CLIFFS | ⊛ DAKOTA - PIC. CLIFFS DUAL |
| ▽ GALLUP | ⊝ DAKOTA - GALLUP DUAL |
| ⊗ MESA VERDE - PIC. CLIFFS DUAL | ⊞ GALLUP - PIC. CLIFFS DUAL |



LINCOLN TOWER BUILDING
1860 LINCOLN STREET
DENVER, COLORADO 80295
(303) 861-5252

Consolidated Oil & Gas, Inc.

EXHIBIT _____

CASE _____

WELL DATA

- I. WELL: Jaquez No. 1
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- III. ELEVATION: 5800' KB (10' above tubinghead)
- IV. PRODUCING INTERVALS:
- A. Mesaverde
1. Perforations: 4418'-4677', selectively, 94', 4 HPF
- V. SPUD DATE: April 26, 1957
- VI. DATE COMPLETED: May 20, 1957 (1st production December, 1957)
- VII. CUMULATIVE PRODUCTION: (To October 1, 1980)
- A. Oil, Bbl.: 0
- B. Gas, Mcf: 705,434
- VIII. PRESENT PRODUCTION: (September, 1980)
- A. Oil, BPM: 0
- B. Gas, McfPM: 2,539
- IX. RESERVES: (As of October 1, 1980)
- A. Oil, Bbl.: 0
- B. Gas, Mcf: 694,566
- X. Casing failure, March 1964. 3790'-3940' 2-7/8", 6.4 lb., EUE cemented at 4389'KB with 120 sk. Class "C", 16% gel, 0.4% HR-7, 6.25 lb/sk Gilsonite. 138 jt. of 3/4" EUE landed at 4449'.
- XI. AOF (initial) 1707 McfPD, 1 pt. back pressure test. SIP 1020/1037, 6/30/57.

JEW:lt
Dec. 8, 1980

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. 2

CASE NO. 710 2

Submitted by CO 6

Hearing Date 12-10-80
12-10-80 San

CONSOLIDATED OIL & GAS, INC.

1 1 56 070 2400 Jaquez
99 NY 0.72611800

PERIOD
OIL CO.
CASE NO.

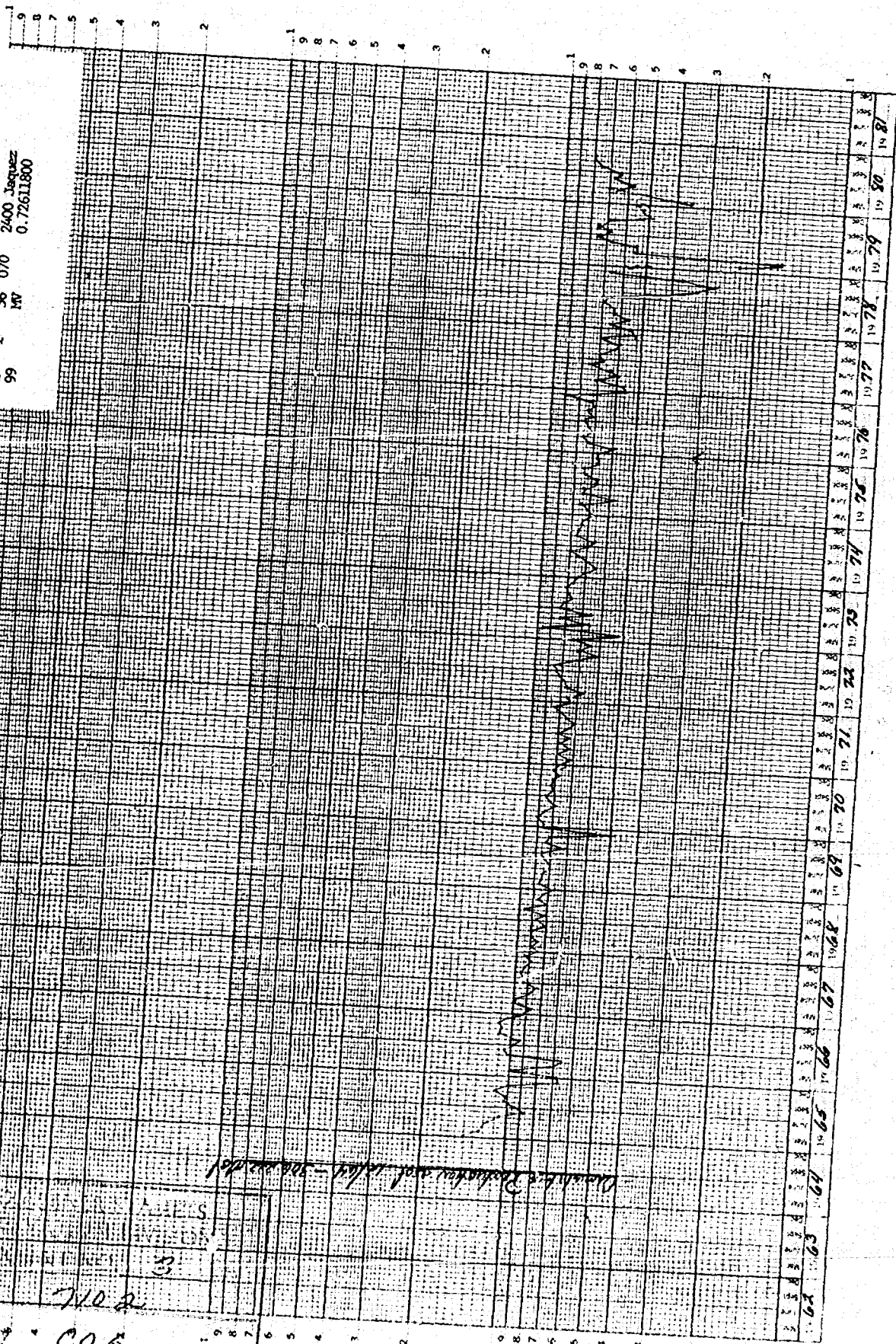
Subscribed by COG

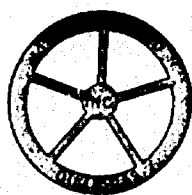
Hearing Date 12-10-80

Charles R. Rindley and John - 10/10/80

*ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED
DATE 10/10/80 BY 1045/SPW*

10/10/80





LINCOLN TOWER BUILDING
1860 LINCOLN STREET
DENVER, COLORADO 80295
(303) 861-5252

Consolidated Oil & Gas, Inc.

EXHIBIT _____

CASE _____

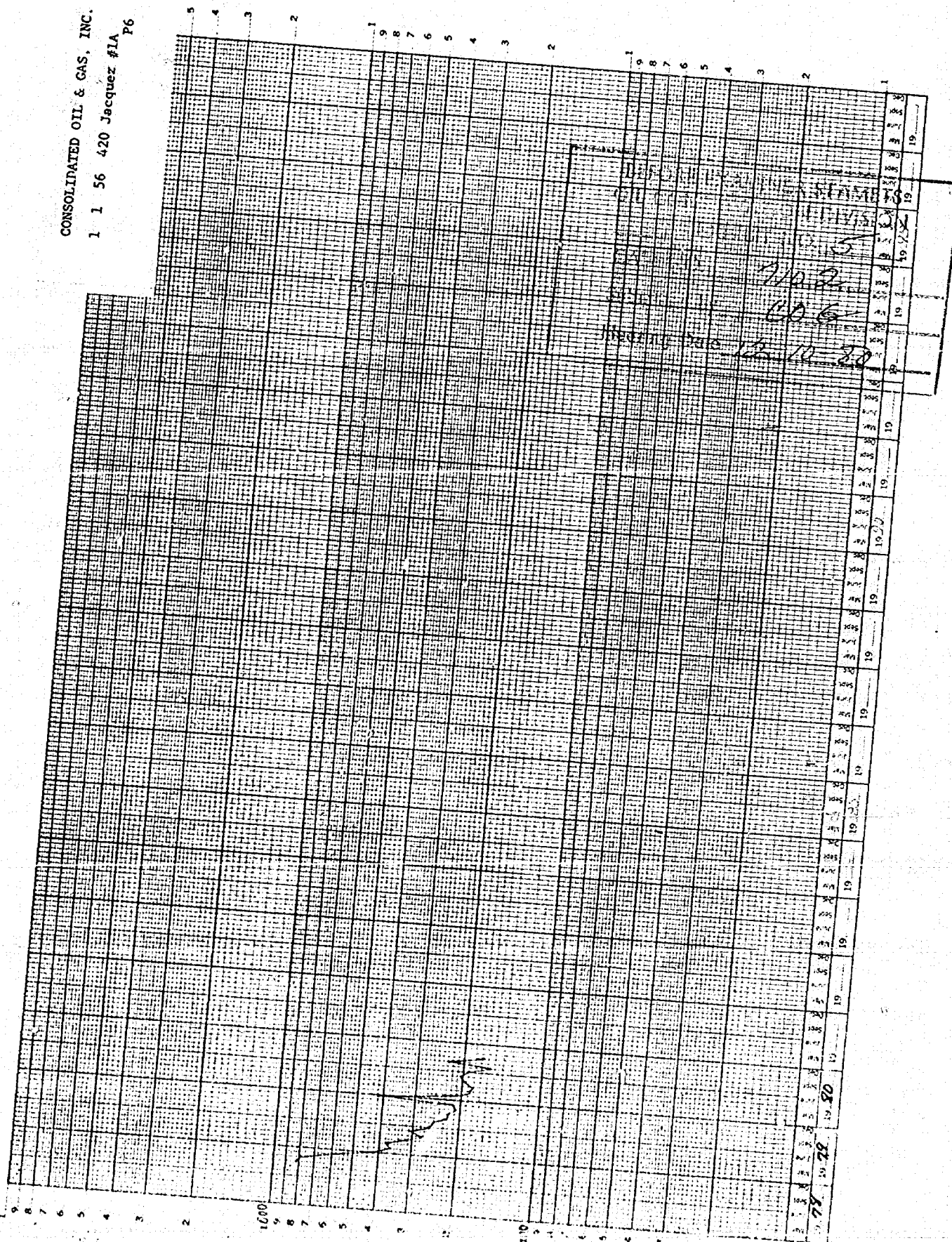
WELL DATA

BEFORE EXAMINER STAMETS OIL CONSERVATION DIVISION EXHIBIT NO. <u>4</u> CASE NO. <u>7102</u> Submitted by <u>COG</u> Hearing Date <u>12-10-80</u>

- I. WELL: Jaquez Com 1-A
- II. LOCATION: 1450' FNL, 1450' FWL, Sec. 2, T31N, R13W,
San Juan County, New Mexico (Unit "F")
- III. ELEVATION: 5847' KB, 12' above ground
- IV. PRODUCING INTERVALS:
- A. Mesaverde
1. Perforations: 4506'-4752', 24 holes.
- V. SPUD DATE: June 25, 1978
- VI. DATE COMPLETED: August 22, 1978. (1st delivery September 11, 1978.)
- VII. CUMULATIVE PRODUCTION: (To October 1, 1980)
- A. Oil, Bbl.: 496
B. Gas, Mcf: 206,763
- VIII. PRESENT PRODUCTION: (September, 1980)
- A. Oil, BPM: 12
B. Gas, McfPM: 5,392
- IX. RESERVES: (As of October 1, 1980)
- A. Oil, Bbl.: 4,004
B. Gas, Mcf: 1,320,237
- X. AOF (initial) 2,872 McfPD, 3 hr. test, 1 pt. back pressure test. SIP 1018/1020, 8/22/78. BHSIP @ 4631' (MPP), 1154 psig.

JEW:lt
Dec. 8, 1980

CONSOLIDATED OIL & GAS, INC.
 1 1 56 420 Jacquez #1A
 P6



Met/Rev

47 6840

10 YEARS BY MONTHS X 100 CYCLES

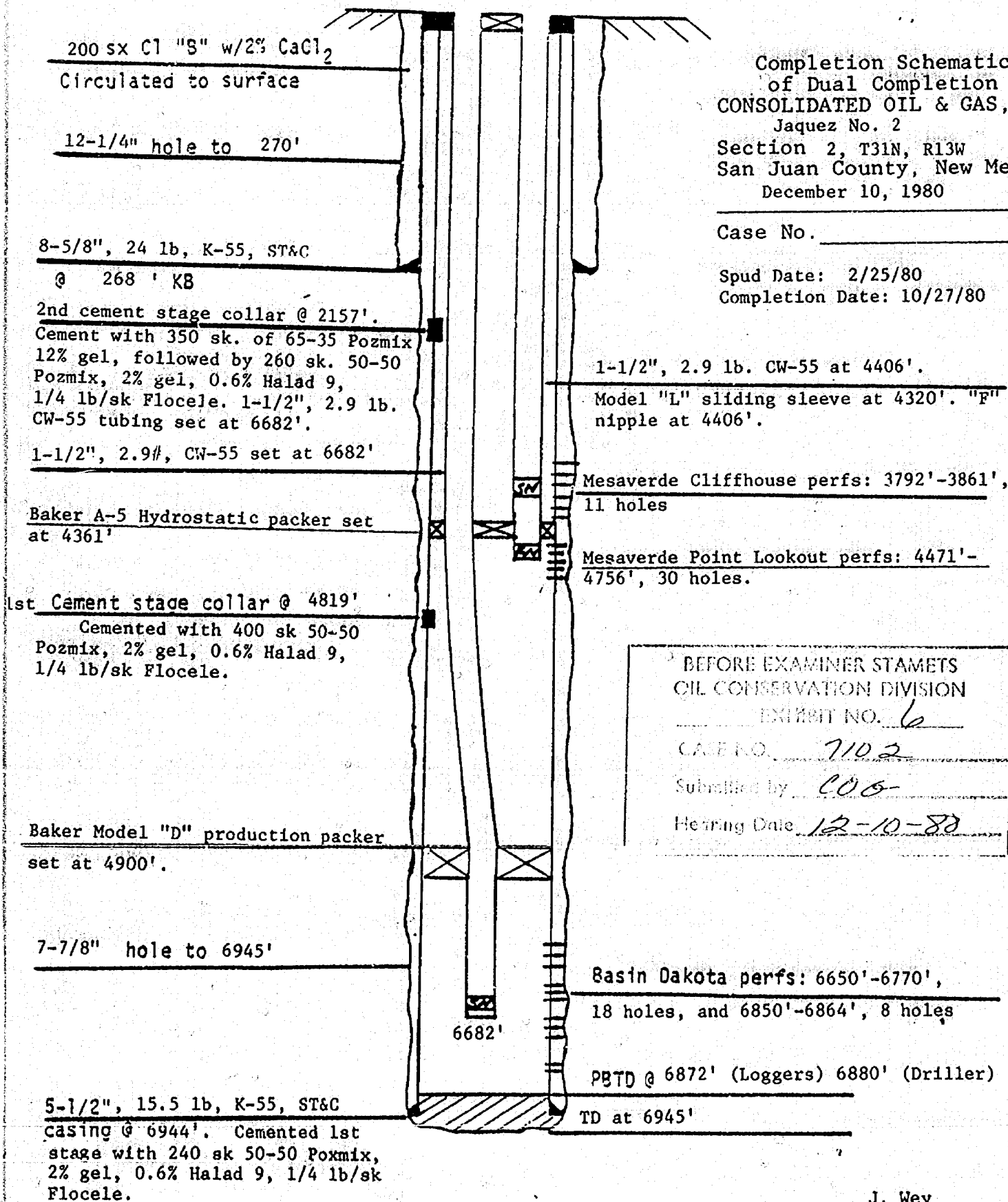
Elevation: G.L. 5790'
K.B. 5802'

EXHIBIT _____

Completion Schematic
of Dual Completion
CONSOLIDATED OIL & GAS, INC.
Jaquez No. 2
Section 2, T31N, R13W
San Juan County, New Mexico
December 10, 1980

Case No. _____

Spud Date: 2/25/80
Completion Date: 10/27/80



BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
EXHIBIT NO. 6

CASE NO. 7102

Submitted by COG

Hearing Date 12-10-80

J. Wey

CONSOLIDATED OIL AND GAS INC.

WELL : BLANCO MESAVERDE POOL

LOCATION : SEC. 2, T31N-R13W
SAN JUAN COUNTY, NEW MEXICO

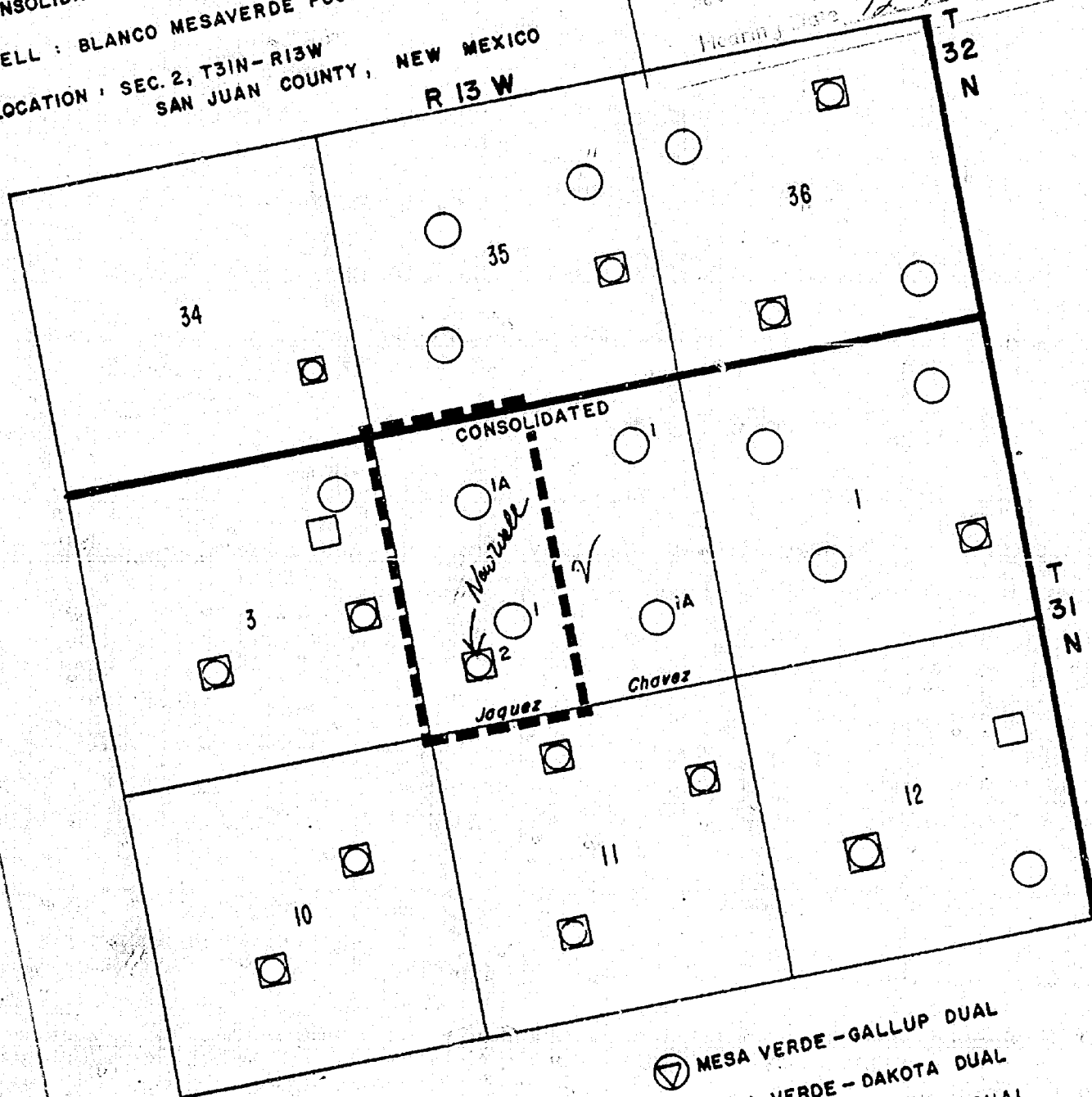
R 13 W

BEFORE THE PUBLIC UTILITIES
OIL COMMISSION DIVISION

Case No. 7102

Subsidiary COG

Hearing Date 12-10-80



□ DAKOTA

○ MESA VERDE

✱ PICTURE CLIFFS

▽ GALLUP

⊗ MESA VERDE - PIC. CLIFFS DUAL

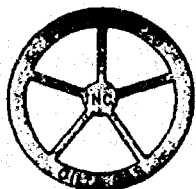
⊗ MESA VERDE - GALLUP DUAL

⊗ MESA VERDE - DAKOTA DUAL

⊗ DAKOTA - PIC. CLIFFS DUAL

⊗ DAKOTA - GALLUP DUAL

⊗ GALLUP - PIC. CLIFFS DUAL



LINCOLN TOWER BUILDING
1860 LINCOLN STREET
DENVER, COLORADO 80295
(303) 861-5232

Consolidated Oil & Gas, Inc.

EXHIBIT _____

CASE _____

WELL DATA

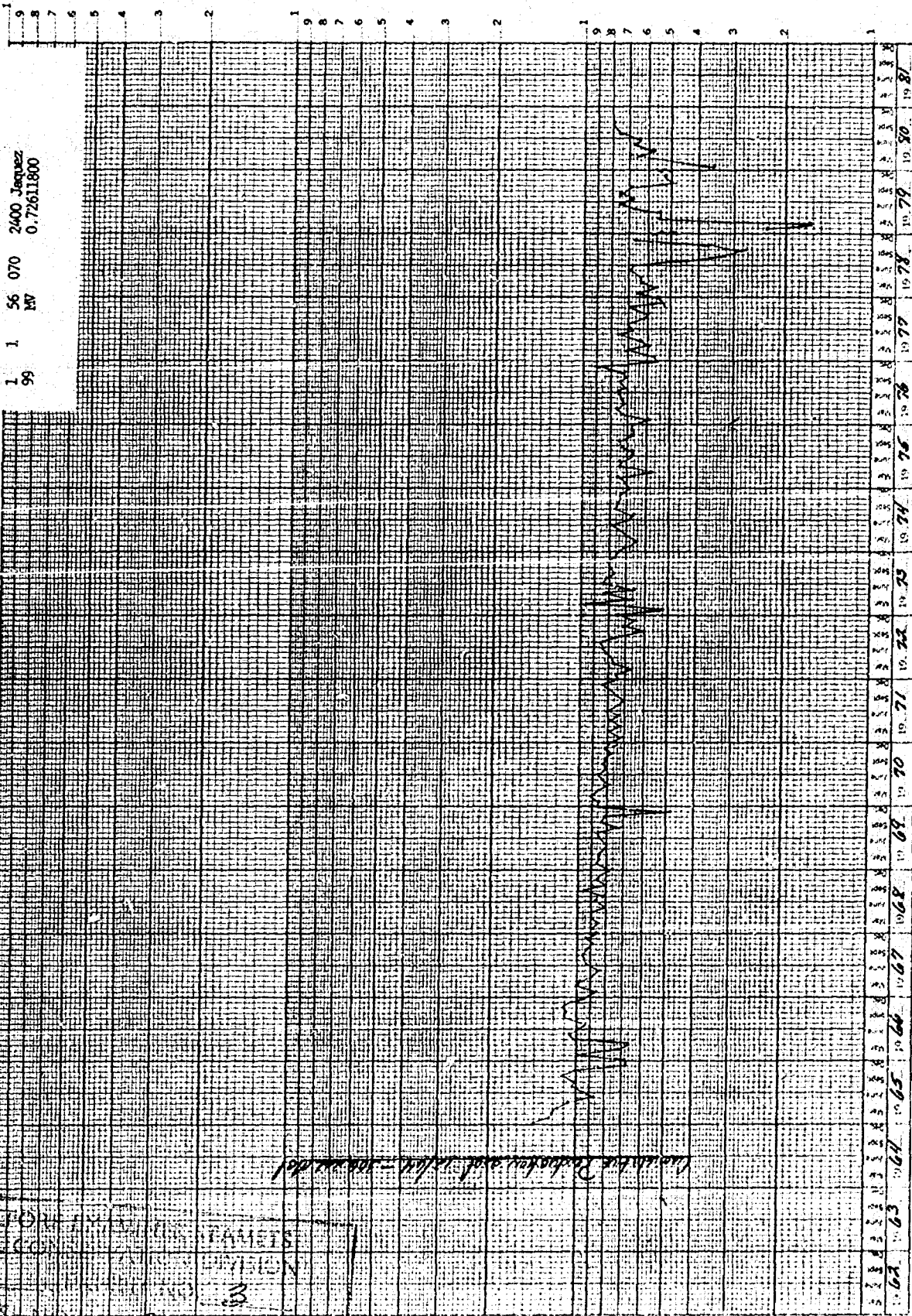
- I. WELL: Jaquez No. 1
- II. LOCATION: 1650' FSL, 1650' FWL, Sec. 2, T31N, R13W, San Juan County, New Mexico (Unit "K")
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- V. SPUD DATE: April 26, 1957
- VI. DATE COMPLETED: May 20, 1957 (1st production December, 1957)
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- B. Gas, Mcf : 705,434
- VIII. PRESENT PRODUCTION: (September, 1980)
- A. Oil, BPM 0
- B. Gas, McfPM: 2,539 *60 mcf/d*
- IX. RESERVES: (As of October 1, 1980)
- A. Oil, Bbl. : 0
- B. Gas, Mcf : 694,566 *25 + yrs to prod + current reserves*
- X. Casing failure, March 1964. 3790'-3940' 2-7/8", 6.4 lb., EUE cemented at 4389' KB with 120 sk. Class "C" 16% gel, 0.4% HR-7, 6.25 lb/sk Gilsonite. 138 jt. of 3/4" EUE landed at 4449'. *pad tubing*
- XI. AOF (initial) 1707 McfPD, 1 pt. back pressure test. SIP 1020/1037, 6/30/57.

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
EXHIBIT NO. 2
CASE NO. 7102
Submitted by COG
Hearing Date 12-10-88

JEW:lt
Dec. 8, 1980

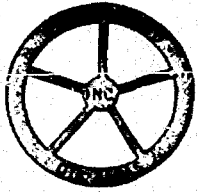
CONSOLIDATED OIL & GAS, INC.

1 1 56 070 2400 Jaquez
99 MV 0.72611800



BEFORE THE
OIL COMMISSION
Case No. 7102
Submitted by COG
Hearing Date 12/10/81

high flow



LINCOLN TOWER BUILDING
1800 LINCOLN STREET
DENVER, COLORADO 80255
(303) 861-5252

Consolidated Oil & Gas, Inc.

EXHIBIT _____

CASE _____

WELL DATA

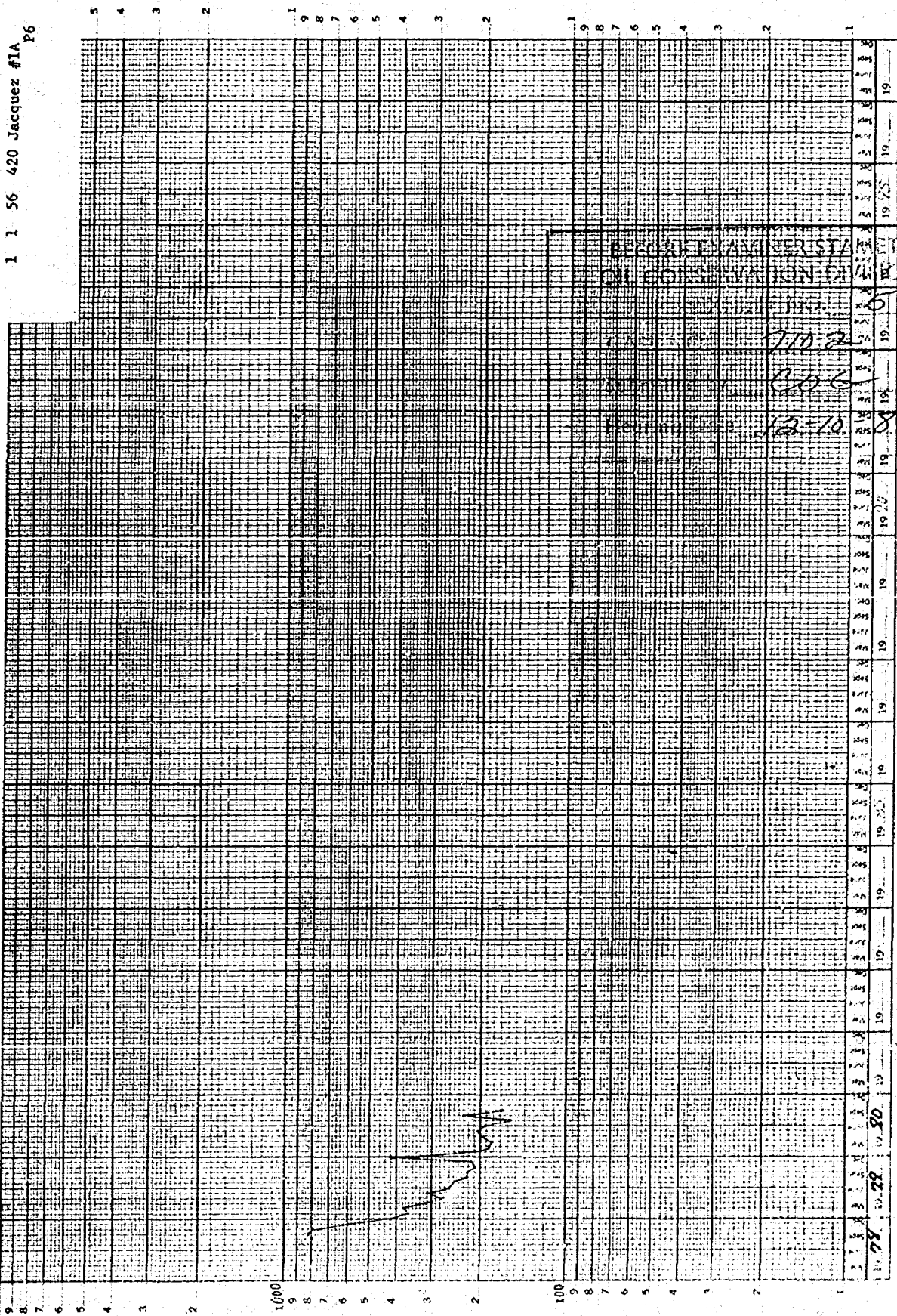
- I. WELL: Jaquez Com 1-A
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test. SIP 1018/1020, 8/22/78. BHSIP @ 4631' (MPP), 1154 psig.

BEFORE EXAMINER STAMETS	
OIL CONSERVATION DIVISION	
EXHIBIT NO.	4
CASE NO.	7102
Submitted by	COG
Hearing Date	12-10-80

JEW:lt
Dec. 8, 1980

CONSOLIDATED OIL & GAS, INC.

1 1 56 420 Jacques #1A
p6



10/10/84

47 6940

10 YEARS BY MONTHS & LOG CYCLES

Elevation: G.L. 5790'
K.B. 5802'

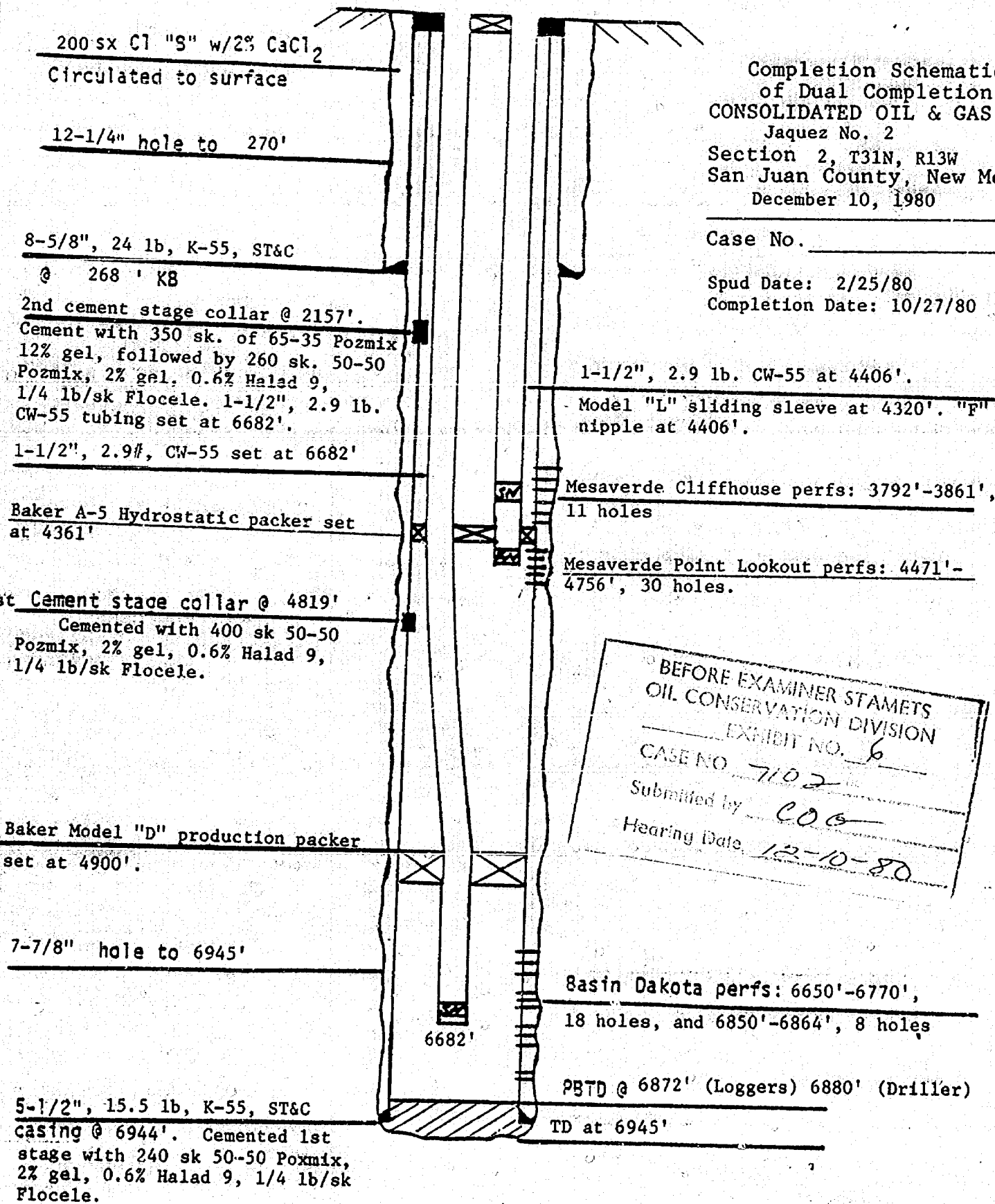
EXHIBIT _____

Completion Schematic
of Dual Completion
CONSOLIDATED OIL & GAS, INC.
Jaquez No. 2
Section 2, T31N, R13W
San Juan County, New Mexico
December 10, 1980

Case No. _____

Spud Date: 2/25/80

Completion Date: 10/27/80



J. Wey

CONSOLIDATED OIL AND GAS INC.

WELL : BLANCO MESAVERDE POOL

LOCATION : SEC. 2, T31N-R13W
SAN JUAN COUNTY, NEW MEXICO

R 13 W

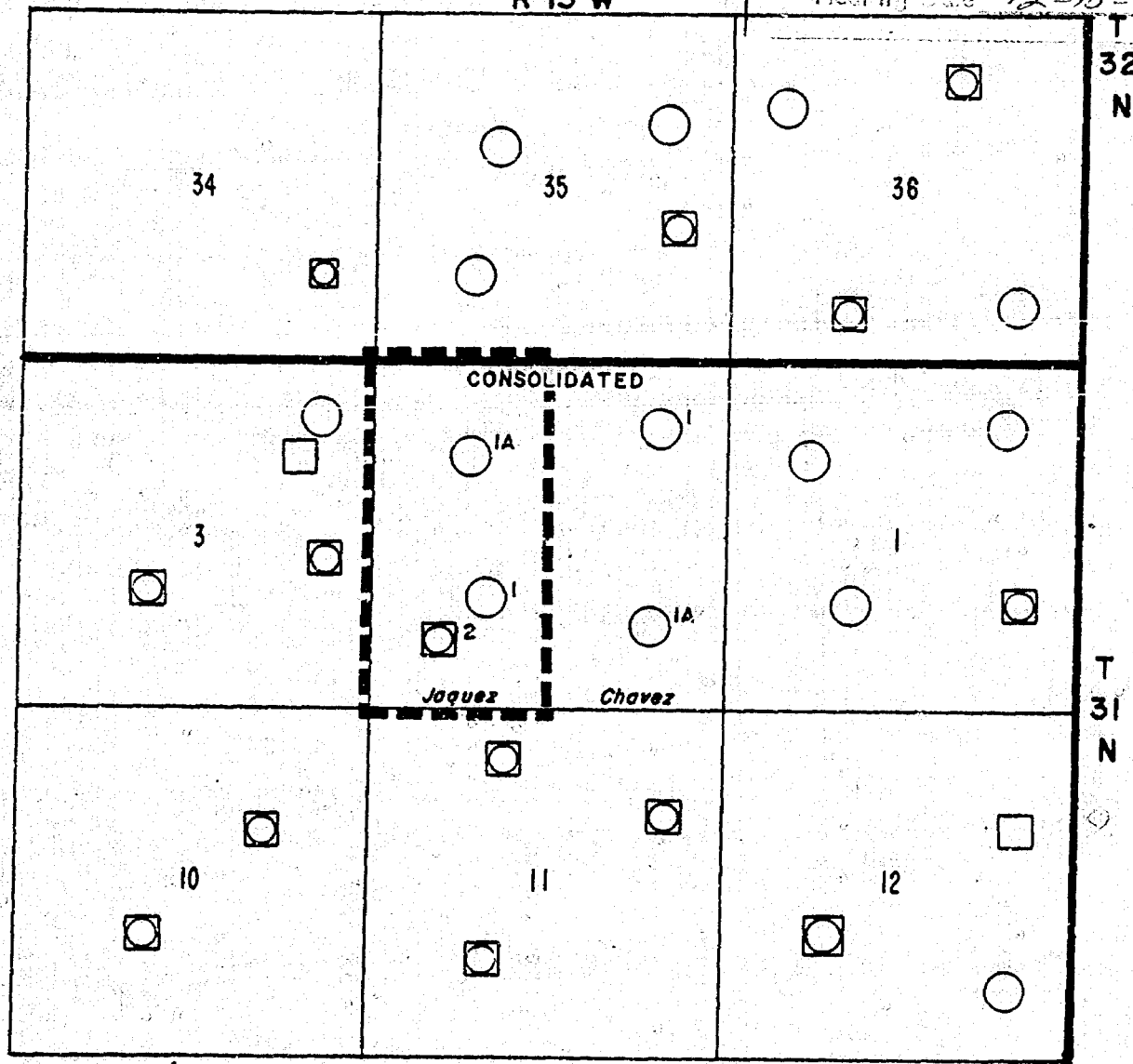
BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. 1

CASE NO. 7102

Submitted by COG

Hearing Date 12-10-88



□ DAKOTA

○ MESA VERDE

✱ PICTURE CLIFFS

▽ GALLUP

⊗ MESA VERDE - PIC. CLIFFS DUAL

⊗ MESA VERDE - GALLUP DUAL

⊗ MESA VERDE - DAKOTA DUAL

⊗ DAKOTA - PIC. CLIFFS DUAL

⊗ DAKOTA - GALLUP DUAL

⊗ GALLUP - PIC. CLIFFS DUAL

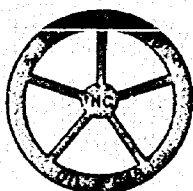


EXHIBIT _____

CASE _____

Consolidated Oil & Gas, Inc.

LINCOLN TOWER BUILDING
1860 LINCOLN STREET
DENVER, COLORADO 80295
(303) 861-5252

WELL DATA

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BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. 2

CASE NO. 7102

Submitted by C06

Hearing Date 12-10-88

JEW:lt
Dec. 8, 1980

CONSOLIDATED OIL & GAS, INC.

1 1 56 070 2400 Jaquez
99 MW 0.72611800

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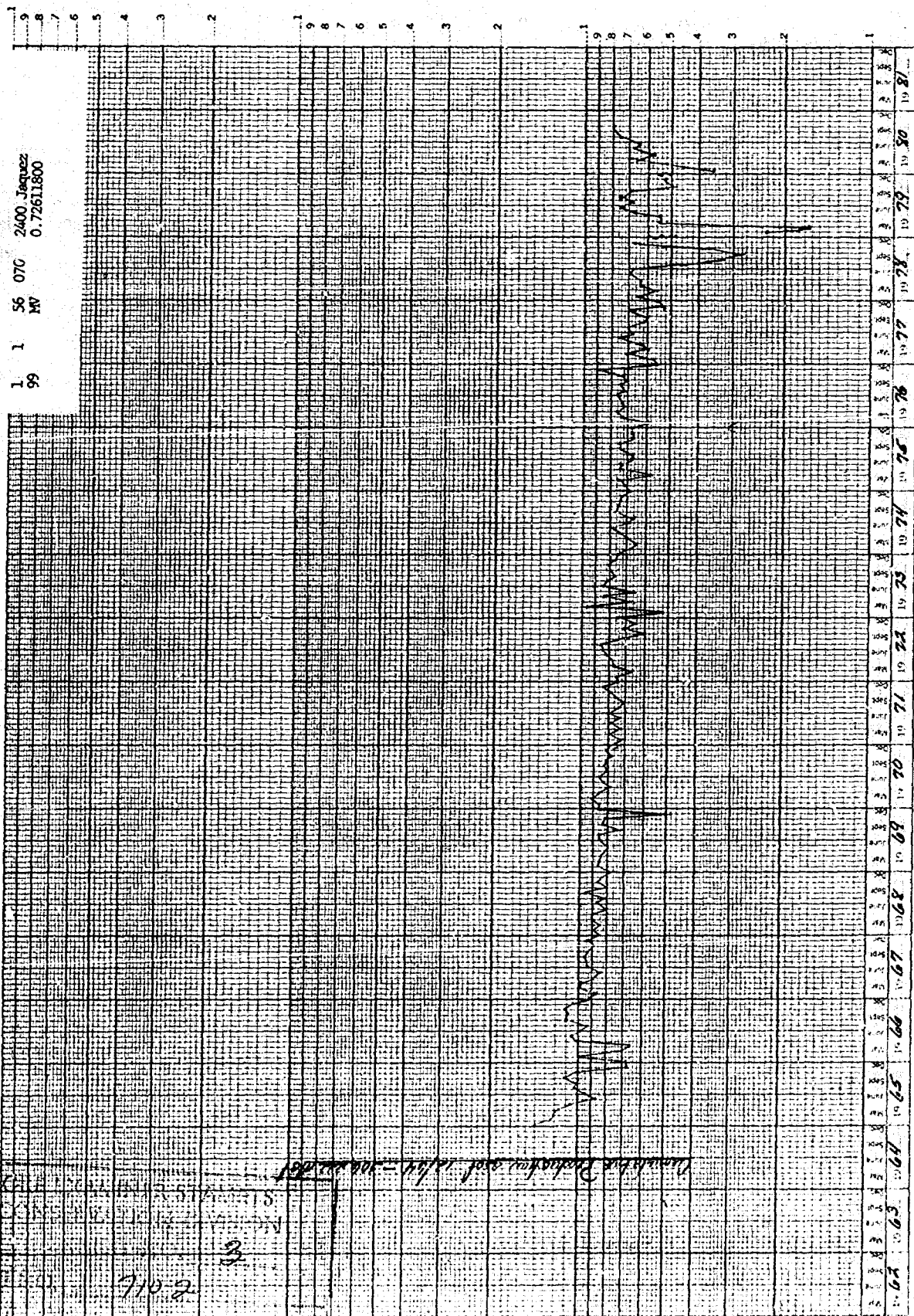
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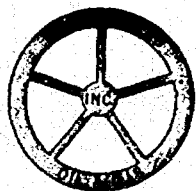
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12-10-88

10/1/89

Memorandum Production and Sales - 100000000





LINCOLN TOWER BUILDING
1860 LINCOLN STREET
DENVER, COLORADO 80295
(303) 861-5252

Consolidated Oil & Gas, Inc.

EXHIBIT _____

CASE _____

WELL DATA

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

FILE NO. 4

CASE NO. 7102

Submitted by COG

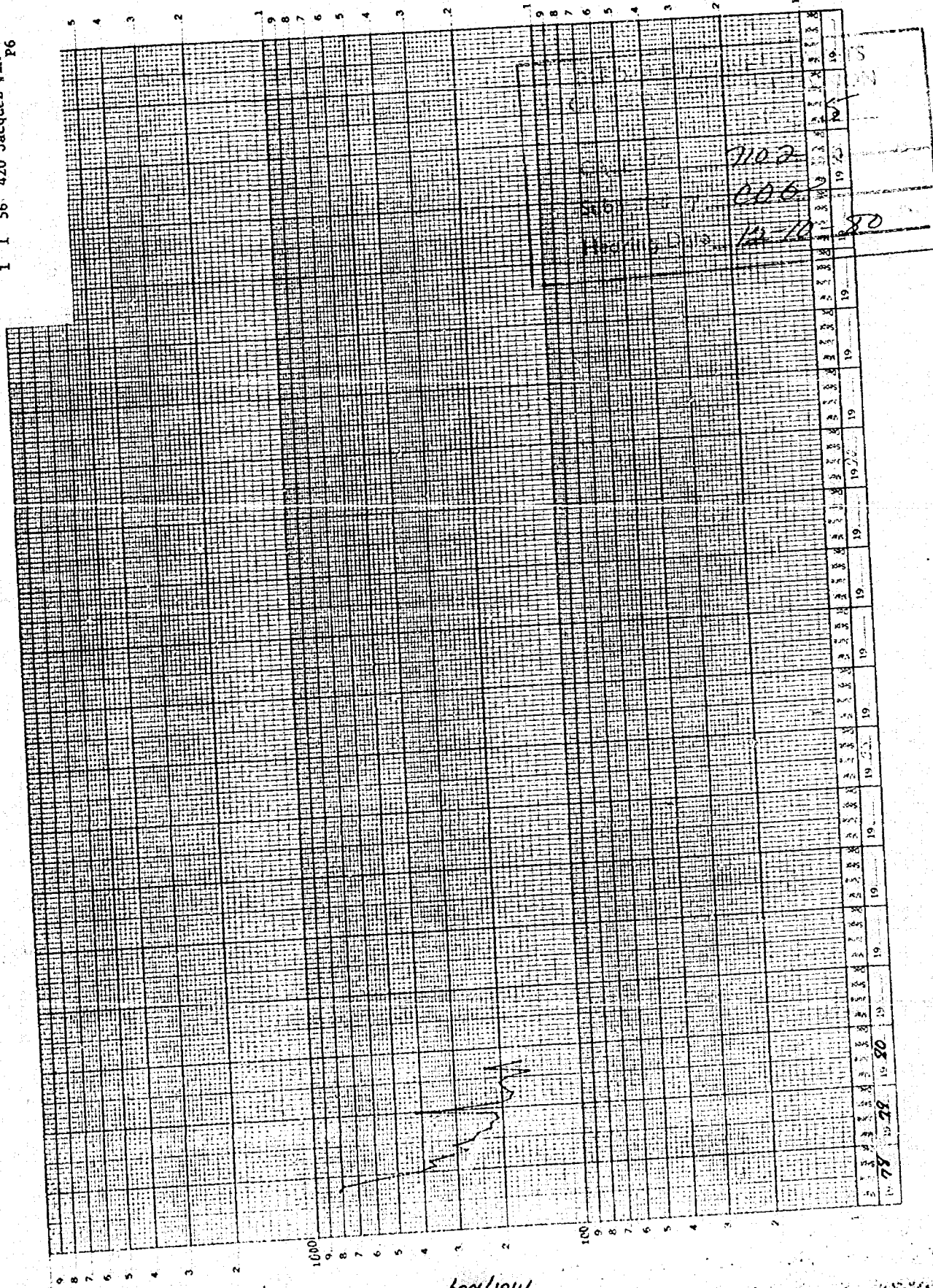
Hearing Date 12-10-80

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- A. Oil, Bbl.: 496
- B. Gas, Mcf : 206,763
- VIII. PRESENT PRODUCTION: (September, 1980)
- A. Oil, BPM: 12
- B. Gas, McfPM: 5,392
- IX. RESERVES: (As of October 1, 1980)
- A. Oil, Bbl.: 4,004
- B. Gas, Mcf : 1,320,237
- X. AOF (initial) 2,872 McfPD, 3 hr. test, 1 pt. back pressure test. SIP 1018/1020, 8/22/78. BHSIP @ 4631' (MPP), 1154 psig.

JEW:lt
Dec. 8, 1980

CONSOLIDATED OIL & GAS, INC.

1 1 56 420 Jacquez #1A
pg 6



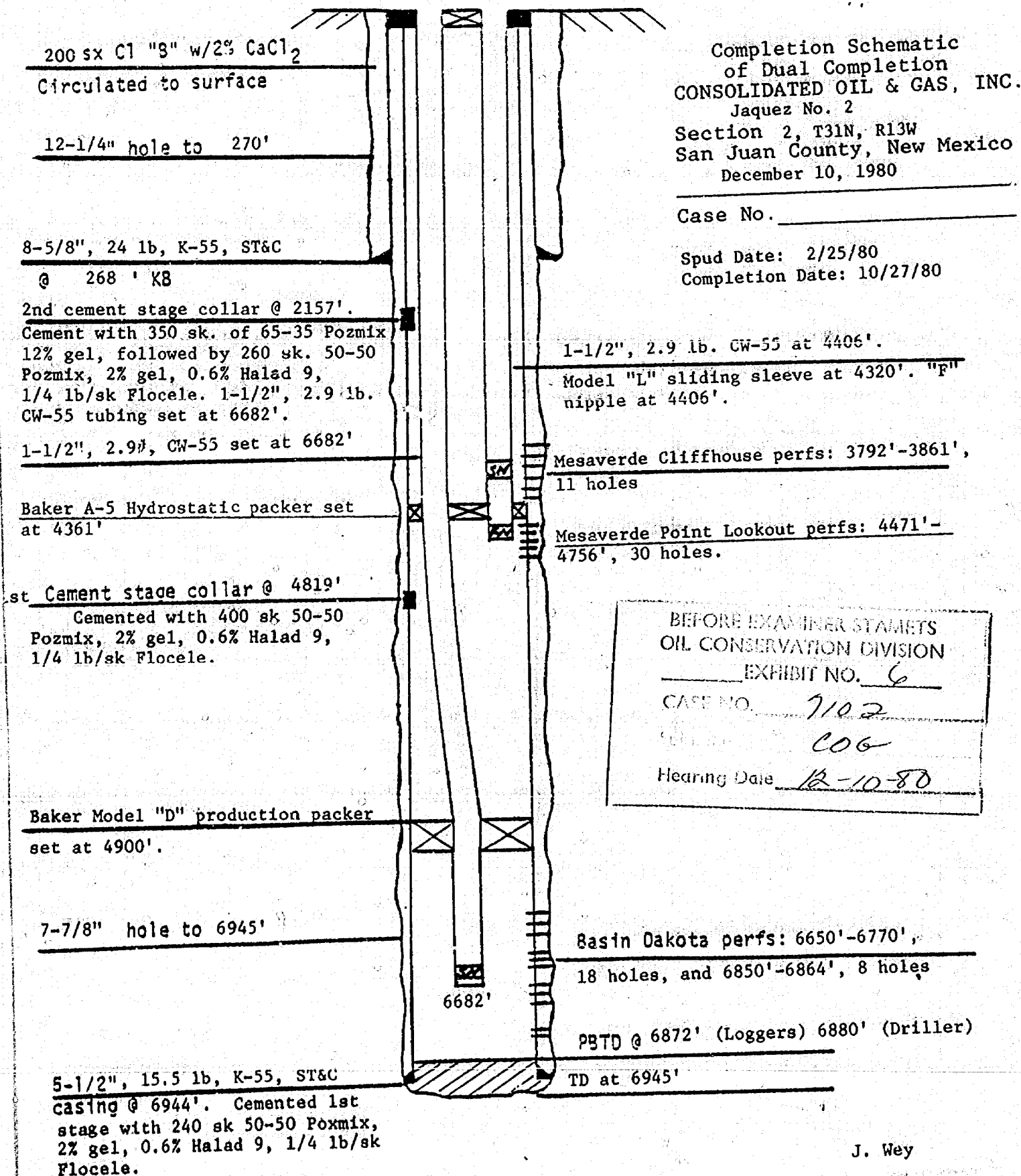
Moff/Day

47 6840

10 YEARS BY MONTHS & 100 CYCLES
10 YEARS BY MONTHS & 100 CYCLES

Elevation: G.L. 5790'
K.B. 5802'

EXHIBIT _____



J. Wey

ROUGH

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 7102

Order No. R-6560

APPLICATION OF CONSOLIDATED OIL & GAS, INC.
FOR APPROVAL OF INFILL DRILLING AND EXCEPTION
TO RULE 9(E) OF ORDER NO. R-1670-T, SAN JUAN
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 10
19 80, at Santa Fe, New Mexico, before Examiner Richard L. Stamey

NOW, on this day of December, 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,} Consolidated Oil & Gas, Inc. is the operator of
a 320-acre proration unit
consisting of the ^{W/2} of ~~Section 2, T~~ ^{Ship 31 North, Range 13 West, NMPM,}
~~Blanco-Mesaverte Gas~~ Pool.

(3) That the applicant, ~~Consolidated Oil & Gas, Inc.~~ seeks
a finding that the drilling of its Jacquez Well No. 2 to be located
in Unit K of ^{said} Section 2, ~~Ship 31 North, Range 13 West, NMPM,~~

-2-
Case No. 7102
Order No. R-

in said

Blanco-Mesoverde Gas Pool, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the two existing wells on the unit.

(4) That the applicant further seeks an exception to Rule 9(E) of Division Order No. R-1670-T to permit calculating the proration unit's allowable ~~on the basis of three Mesoverde wells on the unit~~ by utilizing the two highest deliverability

factors from the three wells on the unit.

(5) That ~~the~~ ^{in its} Order No. R-1670-T dated November 14, 1974, the Division found that it was necessary to complete a well in each quarter section.

(5) That the assignment of an allowable to said unit based upon the ^{sum of the} two highest deliverabilities among the three wells thereon will not violate correlative rights nor cause waste.

(6) That ^{the aforesaid} said 320 -acre _____ unit is dedicated to applicant's Jacquez Wells No 1 and 17 located in Units h and c ^{respectively} of said Section 2.

(7) That the evidence presented demonstrated that said Jacquez Well No. 1 cannot effectively and efficiently drain ^{that portion of said} ~~said~~ _____ proration unit. ^{said well is located (the SW 1/4 of said Section 2).} upon which

(8) That the evidence presented further demonstrated that the drilling and completion of applicant's said new well should result in production of ~~approximately~~ _____ additional cubic feet of gas from said proration unit which would not otherwise be recovered from the proration unit.

(9) That such additional recovery will result in said unit being more efficiently and economically drained.

(10) That said new well is to be drilled as ^{the second} ~~an~~ "infill" well on the existing 320 -acre _____ standard proration unit.

(11) That in order to permit the drainage of a portion of the reservoir covered by said 320 -acre _____ standard proration unit which cannot be effectively and efficiently drained by the existing well thereon, the subject application for infill drilling exception to Rule 9(E) of Division Order No. R-1670-I and ~~simultaneous dedication~~ should be approved.

IT IS THEREFORE ORDERED:

(1) That the applicant, Consolidated Oil & Gas, Inc., is hereby authorized to drill its Jacquez Well No. 2 Well No. ~~XXXXXXX~~ to be located in Unit K of Section 2, Township 31 North, Range 13 West, NMPM, as ^{the second} ~~an~~ infill well on an existing 320 -acre _____ standard proration unit being the W/2 of said Section 2, Blanco-Mesaverde Pool, San Juan County, New Mexico. The authorization for infill drilling granted by this order is necessary to permit the drainage of a portion of the reservoir covered by the existing 320 -acre proration unit which cannot efficiently and economically be drained by any existing well thereon.

and to permit the assignment of a proper allowable to Unit, Y,

Grant

(2) That said proration unit shall be ^{OK}simultaneously ^{OK}dedicated to applicant's proposed new well, ^{the Jacquez well No. 2,} and to its Jacquez Wells No. 1 and 1A ^{Land C, respectively,} located in Unit Land C of said Section 2.

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

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

(3) That the allowable for said proration unit shall be calculated utilizing the ^{sum of the} two highest deliverabilities from the three wells on the unit.