

CASE 4638: Application of HOLDER
PETROLEUM CORP. FOR DOWNHOLE &
SURFACE COMMINGLING, Roosevelt Co.

Case Number
4638

Application

Transcripts

Small Exhibits

ETC.

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PAGE 2

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
January 5, 1972

EXAMINER HEARING

IN THE MATTER OF:

Application of Holder Petroleum
Corporation on surface
commingling, Roosevelt County,
New Mexico.

Case No. 4638

BEFORE: Daniel S. Nutter,
Alternate Examiner.

TRANSCRIPT OF HEARING

1 MR. NUTTER: Case No. 4638.

2 MR. HATCH: Case 4638, the case at the bottom of the
3 page, 4638, Application of Holder Petroleum on surface comming-
4 ling, Roosevelt County, New Mexico.

5 MR. JENNINGS: I am James T. Jennings appearing for
6 the Applicant, Holder Petroleum Corporation.

7 We have one witness, Mr. A. C. Holder.

8 Would you stand and be sworn?

9 A. C. HOLDER

10 a witness, having been first duly sworn according to law, upon
11 his oath, testified as follows:

12 DIRECT EXAMINATION

13 BY MR. JENNINGS

14 Q Would you state your name, please?

15 A A. C. Holder.

16 Q Mr. Holder, would you state your connection with the
17 Applicant herein, Holder Petroleum?

18 A I own Holder Petroleum Corporation.

19 Q Are you familiar with the Application which was filed by
20 and on behalf of the Holder Petroleum Corporation in this
21 case?

22 A Yes.

23 Q Just generally relate the purpose of this Application?

24 A The purpose of this Application is to commingle the hydro-
25 carbons in the well bore of the BA No. 2 wells located in

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18 A I own Holder Petroleum Corporation.

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20 and on behalf of the Holder Petroleum Corporation in this
21 case?

22 A Yes.

23 Q Just generally relate the purpose of this Application?

24 A The purpose of this Application is to commingle the hydro-
25 carbons in the well bore of the BA No. 2 wells located in

1 Section 34, Township 7 South, Range 35 East in Roosevelt
2 County.

3 The reason for commingling is so that you can get
4 efficient rod pumping from the lower San Andres.

5 The well at the present time has the case in bridge
6 plug between the upper San Andres and the lower San Andres,
7 and it is my intention to knock out that big bridge plug
8 and produce from the lower San Andres.

9 In order to efficiently produce with rod pumping
10 equipment it will be necessary to vent gas in an annulus
11 between the tubing and the casing, which will prevent the
12 gas locking of the gallan sets in the rod pumping equipment.

13 For all practical purposes, this area of the Todd
14 Field is a depleted area, and these lease or this lease
15 with these two wells on it in October produced 385,000
16 cubic feet, for 385 Mcf for the entire month for both wells.

17 The other gas wells in the area are in similar
18 condition.

19 Because of the low volume, there is no way any damage
20 could be done to either the Field or the offset operators.

21 And these wells were scheduled to be plugged prior to
22 my acquiring them, and in fact, I stopped the plugging
23 operation on one well when I attempted to purchase.

24 Q Mr. Holder, referring to what has been marked Exhibit A, or
25 Exhibit 1, which is a plat of the area, would you locate

- 1 the wells in question and identify them?
- 2 A Yes, the wells are in the red area, red outlined area, and
- 3 it is the BA 1 and BA 2 wells, formerly owned by Atlantic,
- 4 and from whom I acquired them.
- 5 Q These wells are in the Todd lower San Andres Pools in
- 6 Roosevelt County?
- 7 A These wells are completed, the Todd upper San Andres they
- 8 were drilled through the Todd lower San Andres, but both
- 9 wells have a plug in them between the upper and the lower
- 10 San Andres and have never produced except from the upper
- 11 San Andres.
- 12 Q When did you acquire these wells?
- 13 A November 1st.
- 14 Q As I understood you, you acquired them just before they
- 15 were in the process of being plugged?
- 16 A Yes, the plugging unit was scheduled to move on BA No. 1 on
- 17 a Friday, and I made my offer on a Monday morning, and they
- 18 canceled the plugging operations.
- 19 Q Do you feel that it is feasible to continue to produce
- 20 these two wells if you can commingle the production?
- 21 A Yes, I do.
- 22 Q Have you made some estimated costs of these, of your
- 23 operation?
- 24 A Yes.
- 25 Q I hand you what has been marked as Exhibit 2, and would you

1 refer to that and advise the Commission as to the estimated
2 costs?

3 A I purchase the lease and the equipment for \$5,000, and my
4 reworking and adding of new equipment will cost--let me go
5 back there. I purchased the entire lease in both wells for
6 \$10,000, and my reworking of the two wells and adding the
7 new equipment that will be necessary there will cost
8 approximately \$23 to \$24,000.

9 Q Do you feel that it is economically feasible to continue to
10 operate the wells unless you are allowed to commingle the
11 production from the two?

12 A No, if you can't commingle the hydro-carbons in the well
13 bore, the only way you could pump it would be from under a
14 packer, if you pump it from under a packer, the gas in the
15 lower San Andres would create a pumping condition which
16 would be costly and troublesome all of the way through.

17 Q Mr. Holder, have you made a tabulation of the production
18 from the wells, both of the wells, showing the production
19 during the past year?

20 A Yes, I have.

21 Q Is that what has been marked as Exhibit 3?

22 A Yes.

23 Q Do you have the upper San Andres?

24 A Yes, that is correct.

25 Q Is this Exhibit in three parts?

1 A That is right.

2 Q Generally what does this reflect?

3 A This reflects only the production, as I got it from the
4 record of the Oil & Gas Engineering Committee, and it is
5 put in here to show that the Field in this area is
6 essentially depleted. In fact, it is depleted.

7 In other words, on the Todd upper San Andres gas, you
8 will notice that the entire Field made only 22,659 Mcf for
9 one month. That was in October.

10 Of course, that isn't sufficient gas to keep one well
11 going.

12 Q Do you think that your commingling of the production and
13 granting of your Application herein will be in the interest
14 of conservation and prevent waste?

15 A Yes, I do. For this reason: It is my estimate, and of
16 course my estimates are based on high cost and a minimum
17 and a low income, but based on my estimates, I think we
18 will save an additional 15,000 barrels of oil, approximately.

19 I think that mentions around 6,000 to the State, and
20 I think it will mean to me around 15 to 18,000 profit over
21 a period of two years.

22 Q Do you envision any mechanical problems in handling this
23 operation?

24 A Not so long as I can commingle the hydro-carbons in the
25 well bore.

1 Q Mr. Holder, were Exhibits 1 through 3 prepared by you or
2 under your supervision?

3 A They were prepared by me.

4 MR. HINKLE: I don't believe we have any further
5 questions at this time, Mr. Examiner.

6 (Whereupon a brief off the record discussion ensued.)

7 CROSS-EXAMINATION

8 BY MR. NUTTER

9 Q Mr. Holder, the Todd San Andres Pool is a pool in which the
10 Commission has adopted and utilized for a number of years
11 the volume metric withdrawal formula for determination of
12 gas allowables?

13 A Yes.

14 Q How are we going to determine how much production comes
15 from each zone? It would be a critical question, particu-
16 larly with the metric withdrawal formula.

17 A The two wells on the BA lease in October made 385 Mcf,
18 which runs about \$38 a month, so far as the month's part is
19 concerned, but so far as your rule is concerned, as it
20 applies to this area, the Field at the present time, there
21 is no way to apply it to the Pool, because it is depleted.
22 It just can't be done.

23 Q Well now, the 385 was made to the upper zone only?

24 A That is correct.

25 Q You have no knowledge at this time as to how much recovery

1 will be made from the lower zone, and you wouldn't know
2 until you have taken out the debridging plug and tested?

3 A That is true. Essentially all of the production will be
4 from the lower zone, because the upper zone is already
5 depleted, and, of course, the company was ready to plug it
6 off, or plug--

7 Q How about liquid from the upper? Does it make liquids?

8 A Very little, some water and a minor amount of oil.

9 Q I notice here the figure that is given for the two wells,
10 these are for your wells?

11 A Yes.

12 Q Is production from both wells through July--then there is
13 no production from the No. 2 well shown for August and
14 September? That well was shut-in and all of the production
15 came from the one well?

16 A That is correct.

17 Q So, it appears that the No. 2 is even more depleted than
18 the No. 1?

19 A Well, this is so marked I can't find out, there is more
20 fluid from the No. 2, and rather the cost rather than go to
21 the expense of reworking that well, we decided it would be
22 an uneconomical venture and decided to plug the wells.

23 MR. NUTTER: Any further questions of Mr. Holder?

24 MR. PORTER: You gave an estimate of value of the
25 additional oil that you believe would be recovered in the event

1 that this application is granted.

2 Do you have similar figures for gas? I am sure that you
3 don't anticipate a great deal of revenue.

4 THE WITNESS: The latest month showed \$38 worth. I
5 don't have any figures for gas, no, because the gas apparently
6 is all from upper San Andres, and there will be very little, if
7 any, production of gas, possibly enough to run a gas engine, or
8 I refer to putting it on electricity, which I will in time, but
9 I don't think there is any economic value to the gas at all.

10 MR. PORTER: Are the wells making water?

11 THE WITNESS: They have made water with the gas, yes.

12 MR. PORTER: What are they doing with the water, do
13 you know?

14 THE WITNESS: They have been hauling it, so far.

15 MR. PORTER: So, you would have to haul water?

16 THE WITNESS: Well, assuming I will get the permission
17 to do it, but Franklin, Aston, & Fair has a water line within
18 about 1,600 feet.

19 MR. PORTER: Is there disposal available?

20 THE WITNESS: Yes, and they have already indicated
21 their permission to hook on.

22 MR. UTZ: It is not here, but is that formula, the
23 volumetric formula, still operative?

24 MR. NUTTER: Yes, it is operative.

25 What effect this marginal production would have would be

1 something else. This is something we are going to have to study
2 and determine just what effect using his anticipated 20 barrels
3 per day would be.

4 For the production from the lower zone, and assuming that
5 the production would remain relatively constant from the upper
6 zone, it looks like 380 to 300--300 to 380 Mcf from the upper
7 zone, possibly.

8 A Right.

9 Q (By Mr. Nutter) For some period of time we have to study and
10 see just what it looks like.

11 If there is no further questions, the witness may be
12 excused, and I presume you wish to offer these exhibits?

13 Exhibits 1, 2, and 3 will be admitted in evidence.

14 Do you have anything further, Mr. Jennings?

15 MR. JENNINGS: No, sir.

16 MR. NUTTER: Does anybody have anything they wish to
17 offer in Case No. 4638?

18 We will take the case under advisement and call Case No.
19 4644.

20

21

22

23

24


25

1 STATE OF NEW MEXICO)
2) ss.
3 COUNTY OF BERNALILLO)

4 I, RICHARD STURGES, a Certified Shorthand Reporter, in and
5 for the County of Bernalillo, State of New Mexico, do hereby
6 certify that the foregoing and attached Transcript of Hearing
7 before the New Mexico Oil Conservation Commission was reported
8 by me; and that the same is a true and correct record of the
9 said proceedings to the best of my knowledge, skill and ability.

10 
11 CERTIFIED SHORTHAND REPORTER

22 I do hereby certify that the foregoing is
23 a complete record of the proceedings in
24 the Ex parte hearing at Case No. 4638
25 heard by me on 1/5 1972.

 , Examiner
New Mexico Oil Conservation Commission

| | | | |
|----|------------------------------------|----------------|-----------------|
| 1 | <u>I N D E X</u> | | |
| 2 | <u>WITNESS</u> | | <u>PAGE</u> |
| 3 | A. C. HOLDER | | |
| 4 | Direct Examination by Mr. Jennings | | 3 |
| 5 | Cross-Examination by Mr. Nutter | | 8 |
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| 15 | <u>E X H I B I T S</u> | | |
| 16 | <u>APPLICANT'S</u> | <u>OFFERED</u> | <u>ADMITTED</u> |
| 17 | Exhibit 1 | 4 | 11 |
| 18 | Exhibit 2 | 5 | 11 |
| 19 | Exhibit 3 | 6 | 11 |
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| 21 | | | |
| 22 | | | |
| 23 | | | |
| 24 | | | |
| 25 | | | |

Memo

From
D. S. NUTTER
CHIEF ENGINEER

To

Both wells
completed in
Todd Upper San Andres

Holder reporting #1 in
Lower and #2 in Upper


Anhydrite which separates
upper and lower is from
4240 to 4250 in #1, well is

perf 4129 to 4238

called Joe 10/1 and told him to
contact Holder and tell him to show
both wells as Todd Upper SA on
his C-115

Pete:

This damn thing has already cost \$33,000.00.

A handwritten signature in dark ink, appearing to be 'Pete', is written below the typed text.

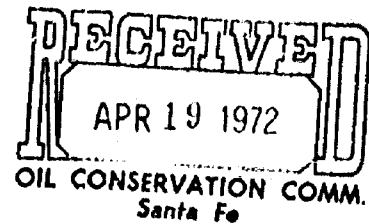
HOLDER PETROLEUM CORPORATION

PHONE A/C 505 396-2600

BOX 1476

LOVINGTON, NEW MEXICO 88260

April 18, 1972



Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. A. L. Porter
Secretary

Re: Case No. 4638
Order No. R-4250
Paragraph 2 of the Order
BA #1 and BA #2, Sec. 34, T 7S, R 35E
Roosevelt County, New Mexico
Todd San Andres

Gentlemen:

We commenced work on the BA #1 located 660' from north and east lines of Section 34 on February 23, 1972, and after filing a GOR test, received a March and April allowable.

Because of frac sand in the well it was intermittently down and it was impossible to get a continuous production test until the dates as set up below:

| Test #1 | Oil | Water | Est. Gas |
|---------|-----|-------|----------|
| April 4 | 19 | 58 | 125 M |
| April 5 | 19 | 49 | 125 M |
| April 6 | 16 | 40 | 125 M |

| Test #2 | Oil | Water | Est. Gas |
|----------|-----|-------|----------|
| April 11 | 15 | 30 | 125 M |
| April 12 | 15 | 33 | 125 M |
| April 13 | 15 | 30 | 125 M |

The BA #1 well is completed from perforations:

4129-33
4145-48
4173-78
4214-19
4231-38

It is our opinion, based on swab tests, that the perforations above 4200' produced one barrel of oil 4 barrels of water and 75 MCF per day, and the perforations below 4200' produced 14 barrels of oil, 27 barrels of water and 50 MCF per day.

*Upper
only*

*See key site
in #1 is
from 4240-50*

-2-

With reference to the BA #2 well, this well is perforated from 4139 to 4229. Our remedial work there was merely installing a pump jack, running rods and pump and lowering the tubing to a total depth of 4240'. The following is the tests on this well for a seventy-two hour period:

| | <u>Oil</u> | <u>Water</u> | <u>Est. Gas</u> |
|---------|------------|--------------|-----------------|
| April 7 | 13 | 86 | 90 M |
| April 8 | 11 | 84 | 90 M |
| April 9 | 11 | 85 | 90 M |

Both wells have been down several times due to mechanical difficulties and the above tests are the earliest tests we have for a seventy-two hour period. There is no way that we can make an estimation for production above or below 4200' in this well. However, it is our opinion that most, if not all, the water is produced from the lower perforations.

Based on the completion reports of the wells, both wells should be producing a great deal more oil than they are now producing. The gas is considerably more than we had anticipated in that it was our opinion the gas had been completely depleted. We, also, feel that the water will decrease considerably and that the oil production will increase after continuous production for sixty or ninety days. We have been unable, due to mechanical difficulties, to get a satisfactory continuous production run.

Inasmuch as we have been having continuous trouble I will forward a subsequent report in approximately thirty days and at that time I can give you a more exact gas production measurement after receiving the information from the gas purchasing company. If there is anything else that you need, please let me know.

Very truly yours,

HOLDER PETROLEUM CORPORATION

A. C. Holder

A. C. Holder
President

ACH:bk



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

**GOVERNOR
BRUCE KING
CHAIRMAN**

**LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER**

**STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR**

February 2, 1972

**Mr. James T. Jennings
Jennings, Christy & Copple
Attorneys at Law
Post Office Box 1180
Roswell, New Mexico**

Re: Case No. 4638
Order No. R-4250
Applicant:
Holder Petroleum Corporation

Dear Sir:

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

Very truly yours,

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

ALP/ir

Copy of order also sent to:

Hobbs OCC. x
Artesia OCC x
Aztec OCC

Other _____

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 4638
Order No. R-4250

APPLICATION OF HOLDER PETROLEUM
CORPORATION FOR DOWNHOLE AND
SURFACE COMMINGLING, ROOSEVELT
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 5, 1972, at Santa Fe, New Mexico, before Examiner Daniel S. Mutter.

NOW, on this 1st day of February, 1972, the Commission, a quorum being present, 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 Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Holder Petroleum Corporation, is the owner and operator of the Holder Petroleum Corporation BA Wells Nos. 1 and 2, located, respectively, in Units A and H of Section 34, Township 7 South, Range 35 East, NMPM, Roosevelt County, New Mexico.

(3) That the subject wells were drilled to the Todd Upper-San Andres Gas Pool but are not now producing from said pool.

(4) That the applicant, Holder Petroleum Corporation, seeks authority to deepen the subject wells to the Todd Lower-San Andres Pool and to commingle the oil and gas production from the Todd Lower-San Andres Pool and the gas production from the Todd Upper-San Andres Gas Pool in the well-bores of each of said wells.

-2-

CASE NO. 4638

Order No. R-4250

(5) That the vertical limits of the Todd-Upper San Andres Gas Pool is that portion of the San Andres formation above the anhydrite bed found at 4200 feet in the Franklin, Aston and Fair, Inc., Mark Federal Well No. 1, located in Unit M of Section 26, Township 7 South, Range 35 East, NMPM, Roosevelt County, New Mexico.

(6) That the vertical limits of the Todd-Lower San Andres Pool is that portion of the San Andres formation below the above-described anhydrite bed.

(7) That each well will probably be capable of only low marginal production as to each of the above-described pools.

(8) That the reservoir characteristics of the above-described Todd Lower-San Andres Pool and the Todd Upper-San Andres Gas Pool in the vicinity of the subject wells are such that underground waste would not be caused by the proposed commingling in the well-bores.

(9) That the granting of authorization to complete the subject wells as requested should result in the recovery of oil or gas from each of the commingled zones in each of the subject two wells that would not otherwise be recovered, thereby preventing waste, and will not violate correlative rights.

(10) That the mechanics of the proposed completions are feasible and in accord with good conservation practices.

(11) That immediately upon the completion of the subject wells as requested, the applicant should conduct productivity tests of each well and file the results thereof with the Secretary-Director of the Commission.

(12) That the Secretary-Director of the Commission should allocate the commingled production to each of the commingled zones in the subject wells based upon consideration of the results of productivity tests of each of the subject wells following completion.

(13) That approval of the subject application will prevent waste and protect correlative rights.

-3-

CASE NO. 4638

Order No. R-4250

IT IS THEREFORE ORDERED:

(1) That the applicant, Holder Petroleum Corporation, is hereby authorized to deepen and complete its BA Wells Nos. 1 and 2, located respectively, in Units A and H of Section 34, Township 7 South, Range 35 East, NMPM, Roosevelt County, New Mexico, in such a manner as to produce oil and gas from the Todd Lower-San Andres Pool and gas from the Todd-Upper-San Andres Gas Pool through a single string of tubing, commingling in the well-bores the production from each of said pools and to produce the commingled streams into a common tank battery.

(2) That the applicant shall, upon the recompletion of each well as requested, conduct productivity tests of each of said wells and forward the results of said tests to the Secretary-Director of the Commission.

(3) That the Secretary-Director of the Commission shall, after consideration of the above-described productivity tests, allocate as to each of the above-described wells and zones the commingled production.

(4) That the applicant shall complete, operate, and produce said wells in accordance with the provisions of Rule 112-A of the Commission Rules and Regulations insofar as said rule is not inconsistent with this order.

(5) That as to each well, commingling in the well-bore shall continue only so long as the commingled production does not exceed 50 barrels of oil per day nor 100 barrels of water per day.

(6) That as to each well, the maximum amount of gas which may be produced daily from the commingled zones shall be determined by multiplying 2,000 by the top unit allowable for the Todd-Lower San Andres zone.

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

-4-

CASE NO. 4638

Order No. R-4250

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



Bruce King
BRUCE KING, Chairman

Alex J. Armijo
ALEX J. ARMIJO, Member

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

S E A L

dr/

Docket No. 1-72

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 5, 1972

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

The following cases will be heard before Daniel S. Nutter, Examiner,
or Elvis A. Utz, Alternate Examiner:

CASE 4621: (Continued from the November 10, 1971 Examiner Hearing)

Application of Jack L. McClellan for a dual completion, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of his Bar-J Federal Well No. 1 located in Unit E of Section 15, Township 6 South, Range 27 East, Chaves County, New Mexico, in such a manner as to produce oil from an undesignated Siluro-Devonian pool through tubing and gas from the Haystack-Cisco Gas Pool through the casing-tubing annulus.

CASE 4609: (Continued from the November 17, 1971 Examiner Hearing)

Application of Jack L. McClellan for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Sulimar-Queen Unit Area comprising 1520 acres, more or less, of Federal lands in Sections 13, 23, 24, 25, and 26 of Township 15 South, Range 29 East, and Sections 18 and 19 of Township 15 South, Range 30 East, Chaves County, New Mexico.

CASE 4482: (Reopened):

In the matter of Case 4482 being reopened pursuant to the provisions of Order No. R-4093, which order established 160-acre spacing units and established a maximum gas-oil ratio limitation of 3,000 cubic feet of gas for each barrel of oil produced for the Parkway-Strawn Pool, Eddy County, New Mexico. All interested parties may appear and show cause why said pool should not be developed on 40-acre or 80-acre spacing units and why the limiting gas-oil ratio should not revert to the statewide limit of 2,000 to one.

CASE 3709 (Reopened):

In the matter of Case 3709 being reopened pursuant to the provisions of Order No. R-3366-B, which order continued 80-acre spacing for the Akah Nez-Devonian Oil Pool, San Juan County, New Mexico, for an additional one-year period. All interested persons may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 4638: Application of Holder Petroleum Corporation for downhole

C 4575
R-4203-

(Case 4638 continued)

and surface commingling, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Todd Lower-San Andres Pool and the Todd Upper-San Andres Gas Pool in the well-bores of its BA Wells Nos. 1 and 2, located respectively, in Units A and H of Section 34, Township 7 South, Range 35 East, Roosevelt County, New Mexico. Applicant further seeks authority to commingle, on the surface, production from said wells prior to measurement.

- CASE 4639: Application of Great Western Drilling Company to directionally drill, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill out its State Well No. 1, having a surface location 330 feet from the North and East lines of Section 17, Township 16 South, Range 35 East, Townsend-Morrow Gas Pool, Lea County, New Mexico, to a depth of approximately 8,000 feet and whipstock the well in a southwesterly direction to a bottom-hole location within the NE/4 of said Section 17 at a depth of approximately 11,800 feet.
- CASE 4640: Application of Amoco Production Company for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special rules for the East Gem-Yates Pool, Lea County, New Mexico, including a provision for 80-acre spacing and proration units.
- CASE 4641: Application of Reserve Oil and Gas Company for a waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its South Langlie Jal Unit Jalmat Waterflood Project, Jalmat Oil Pool, by the conversion of water injection of its Unit Well No. 23, located 2310 feet from the South and West lines of Section 17, Township 25 South, Range 37 East, Lea County, New Mexico.
- CASE 4642: Application of Fluid Power Pump Company for special pool rules and a pressure maintenance project, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special rules for the Media-Entrada Pool, including a provision for 160-acre spacing and proration units. Applicant further seeks authority to institute a pressure maintenance project in said pool by the injection of water into the Entrada formation through various wells located in Sections 10, 11, 22, and 23 of Township 19 North, Range 3 West, Sandoval County, New Mexico, and promulgation of rules for said project including a procedure whereby additional injection or production wells at orthodox or un-orthodox locations may be approved administratively.

CASE 4643: Application of Cities Service Oil Company for compulsory pooling and unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the N/2 of Section 19, Township 22 South, Range 27 East, South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico, to form a standard 320-acre proration unit for the production of gas from the Morrow formation with said unit to be dedicated to a well to be drilled at an unorthodox location 2173 feet from the North line and 1200 feet from the East line of said Section 19.

CASE 4644: Application of Continental Oil Company for four non-standard gas proration units and rededication of acreage, Lea County New Mexico. Applicant, in the above-styled cause, seeks the rededication of acreage and the establishment of the following-described non-standard gas proration units for wells on its Meyer A-29 Lease in Section 29, Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico.

1. A 240-acre unit comprising the SE/4 and E/2 SW/4 to be dedicated to Well No. 3 in Unit N;
2. An 80-acre unit comprising the W/2 SW/4 to be dedicated to Well No. 4 in Unit L;
3. An 80-acre unit comprising the E/2 NE/4 to be dedicated to Well No. 5 in Unit A;
4. A 240-acre unit comprising the NW/4 and W/2 NE/4 to be dedicated to Well No. 9 in Unit E.

CASE 4563: (Continued from the December 1, 1971, Examiner Hearing)
Application of Corrinne Grace for special gas-oil ratio limitation and pressure maintenance project, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to produce her State Well No. 1 located in Unit A of Section 1, Township 15 South, Range 29 East, Double L-Queen Pool, Chaves County, New Mexico, with no gas-oil ratio limitation, strip the liquids, and institute a pressure maintenance project by the injection of all said gas back into the producing formation through her State Well No. 2 located in Unit B of said Section 1, Applicant further seeks to transfer an oil allowable from said Well No. 2 to said Well No. 1.

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Opp. EXHIBIT NO. 1
CASE NO. 4638

ESTIMATED COSTS OF BA LEASE

34-7-35

BA #1

| | |
|-----------------------------------|-----------------|
| Cost of Lease | \$ 5,000.00 |
| One Half Cost of New TB Equipment | 1,725.00 |
| Cost of Rework | 1,250.00 |
| 4,500' Rods | 1,750.00 |
| 1 Pump Jack, Motor & Controls | <u>2,000.00</u> |
| | \$11,725.00 |

BA #2

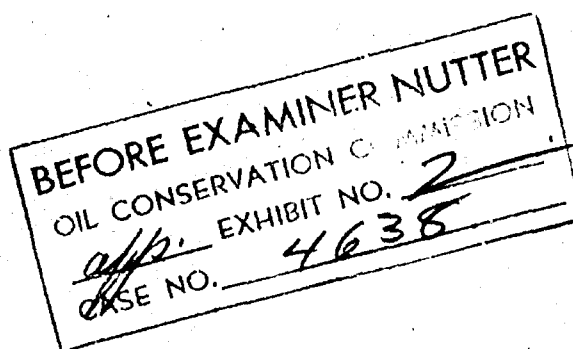
| | |
|---------------|------------------|
| Same as Above | <u>11,725.00</u> |
|---------------|------------------|

TOTAL COST

\$23,450.00

ESTIMATED INCOME BA LEASE

| | |
|--|-----------------|
| 20 Bbls per day for two years | 14,600 Bbls. |
| 14,600 Bbls at \$3.328 per Bbl | \$48,588.00 |
| State Royalty | <u>6,073.00</u> |
| Gross to Working Interest | \$42,515.00 |
| Operating Costs on 2 wells for 2 years | <u>4,000.00</u> |
| NET TO WORKING INTEREST | \$38,515.00 |



1971

Case 4638

| | July | | | August | | | September | | | October | | | 10 Months Accumulative Total | | | Monthly Average | | |
|--------------------------|--------|--------|-------|--------|-------|--------|-----------|--------|-------|---------|---------|--------|---------------------------------|--------|--------|--------------------|-------|-------|
| | Oil | Gas | Water | Oil | Gas | Water | Oil | Gas | Water | Oil | Gas | Water | Oil | Gas | Water | Oil | Gas | Water |
| Franklin, Aston & Fair | | | | | | | | | | | | | | | | | | |
| Cunningham Mark Fed #3-G | | | | | | | | | | | | | | | | | | |
| 26-7-35 | | | | 12,076 | | | 12,374 | | | 8,031 | | | 12,763 | | | 60,578 | | 6,058 |
| Mark Federal #3-P | | | | | | | | | | | | | | | | | | |
| 25-7-35 | 108 | 3 | 1,240 | 115 | 4 | 1,240 | 98 | 3 | 1,080 | 117 | 2 | 1,240 | 1,074 | 209 | 11,880 | 107 | 21 | 1,188 |
| Mark Federal #7-H | | | | | | | | | | | | | | | | | | |
| 25-7-35 | 134 | 4 | 93 | 144 | 7 | 93 | 122 | 4 | 81 | 147 | 2 | 93 | 1,831 | 247 | 891 | 183 | 25 | 89 |
| Sunray DX Oil Co. | | | | | | | | | | | | | | | | | | |
| N.M. AY State #1-B | | | | | | | | | | | | | | | | | | |
| 36-7-35 | 239 | 888 | 1,920 | 212 | 917 | 1,920 | 260 | 871 | 1,800 | 281 | 932 | 1,920 | 2,924 | 7,504 | 17,283 | 292 | 750 | 1,728 |
| N.M. AY State #2-A | | | | | | | | | | | | | | | | | | |
| 36-7-35 | 190 | 815 | 390 | 158 | 841 | 364 | 261 | 799 | 540 | 105 | 355 | 810 | 1,560 | 4,613 | 5,337 | 156 | 461 | 534 |
| N.M. AY State #3-F | | | | | | | | | | | | | | | | | | |
| 36-7-35 | 120 | 1,202 | 30 | 109 | 1,241 | 31 | 118 | 1,179 | 30 | 141 | 1,261 | 150 | 1,184 | 10,886 | 923 | 118 | 1,089 | 92 |
| N.M. AY State #4-J | | | | | | | | | | | | | | | | | | |
| 36-7-35 | 401 | 2,547 | 224 | 394 | 2,629 | 248 | 474 | 2,498 | 270 | 468 | 2,672 | 390 | 4,825 | 27,739 | 3,006 | 483 | 2,774 | 301 |
| N.M. AY State #5-E | | | | | | | | | | | | | | | | | | |
| 36-7-35 | 184 | 986 | 145 | 175 | 1,018 | 155 | 165 | 967 | 180 | 117 | 1,034 | 90 | 1,587 | 7,456 | 1,162 | 159 | 746 | 116 |
| N.M. AY State #6-I | | | | | | | | | | | | | | | | | | |
| 36-7-35 | 139 | 386 | 145 | 127 | 398 | 150 | 143 | 378 | 180 | 117 | 404 | 120 | 1,655 | 6,184 | 1,443 | 166 | 618 | 144 |
| Texaco, Inc. | | | | | | | | | | | | | | | | | | |
| McLean Federal #3-H | | | | | | | | | | | | | | | | | | |
| 23-7-35 | | | | | | | | 5 | | | | | | | | | 1 | |
| McLean Federal #2-H | | | | | | | | | | | | | | | | | | |
| 24-7-35 | | | | | | | | 5 | | | | | | | | | | |
| N.M. CT State #1-A | | | | | | | | | | | | | | | | | 3 | |
| 35-7-35 | 142 | 391 | 392 | 185 | 438 | 206 | 157 | 353 | 196 | 191 | 336 | 381 | 2,080 | 2,990 | 3,569 | 208 | 299 | 357 |
| N.M. CT State #3-F | | | | | | | | | | | | | | | | | | |
| 35-7-35 | 154 | 940 | 264 | 224 | 1,053 | 244 | 188 | 381 | 232 | 236 | 362 | 356 | 3,053 | 6,257 | 3,468 | 305 | 626 | 347 |
| N.M. CT State #6-G | | | | | | | | | | | | | | | | | | |
| 35-7-35 | 135 | 144 | 242 | 85 | 162 | 64 | 74 | 585 | 57 | 94 | 555 | 72 | 1,682 | 3,175 | 2,379 | 168 | 318 | 238 |
| N.M. CT State #7-E | | | | | | | | | | | | | | | | | | |
| 35-7-35 | 136 | 410 | 121 | 185 | 458 | 344 | 140 | 311 | 212 | 712 | 1,548 | 1,001 | 1,857 | 4,453 | 2,601 | 186 | 445 | 260 |
| Olen F. Featherstone | | | | | | | | | | | | | | | | | | |
| Federal H #1-H | | | | | | | | | | | | | | | | | | |
| 27-7-35 | | | | | | | | | | | | | | | | | | |
| | 2,082 | 24,669 | 20 | 25,009 | 21 | 19,545 | 17 | 23,012 | 19 | 25,312 | 119,560 | 105 | 11,956 | 11 | | | | |
| | 45,461 | 5,226 | 2,113 | 46,549 | 5,080 | 2,200 | 35,915 | 4,875 | 2,726 | 45,741 | 6,642 | 25,312 | 261,893 | 54,047 | 2,531 | 26,190 | 5,405 | |

Case 4638

Olen F. Featherstone
Federal H #1-H
27-7-35

TODD UPPER SAN ANDRES (GAS)

| | Cumulative Total | | 1971 | | | | | | | | | | | | Total 1971 10 Months |
|---------------------------------------|------------------|----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-----|-----|----------------------------|
| | Thru 12/31/70 | Runs MCF | Jan. | Feb. | Mar. | Apr. | May | June | July | Aug. | Sept. | Oct. | Nov | Dec | |
| Atlantic Richfield Sec. 34-7-35 | | | | | | | | | | | | | | | |
| BA #1 - Unit A | 350,154 | 17,335 | 1703 | 1835 | 2152 | 1116 | 1598 | 1423 | 1108 | 1888 | 1657 | 1317 | 707 | 757 | 5,391 |
| BA #2 - Unit H | 8,114 | 190,500 | 50 | 50 | 84 | 67 | 58 | 98 | 90 | 561 | 385 | 1317 | 707 | 757 | 17,335 |
| Olen F. Featherstone II EJ 27-7-35 | | | 189 | 47 | 74 | 112 | 160 | 112 | - | - | 116 | 322 | 654 | 24 | 497,810 |
| #1H | 1,514,790 | 141,474 | 11,848 | 2,031 | 12,768 | 10,837 | 25,004 | 3 | - | - | 3 | 11 | 37 | 1 | 62,488 |
| Franklin, Astor & Pair | | | | | | | | | | | | | | | |
| 26-7-35 #3-G | 1,354,073 | 183,207 | 14,927 | 11,856 | 10,829 | 14,354 | 10,843 | 6,292 | 3,925 | 7,979 | 4,864 | 4,739 | | | 62,809 |
| 26-7-35 #1-H | 1,534,468 | 70,180 | 3,691 | 1,898 | 6,003 | 6,088 | 6,885 | | | | | | | | 52,364 |
| 25-7-35 #2-H | 801,212 | P & A | | | | | | | | | | | | | |
| 28-7-35 #1-A | 370,119 | 3,631 | 280 | 231 | 322 | 308 | 289 | 59 | | 111 | | | | | 1,600 |
| 28-7-35 #1-C | 1,080,267 | 79,266 | 7,728 | 4,654 | 5,072 | 4,747 | 5,732 | 6,080 | 4,812 | 4,425 | 3,788 | 3,515 | | | 50,553 |
| 27-7-35 #1-N | 1,426,389 | 135,214 | 11,224 | 9,908 | 11,132 | 10,516 | 10,178 | 11,007 | 10,236 | 11,207 | 9,510 | 10,315 | | | 105,233 |
| Jack L. McClellan 22-7-35 #1-N | 79,850 | P & A | | | | | | | | | | | | | |
| Skelly Oil Co. 36-7-35 #1-K | 116,464 | 27,519 | 310 | | 15,403 | 2,739 | 1,062 | 981 | 5,971 | 3,078 | 973 | 402 | | | 30,919 |
| 35-7-35 #1-K | 253,973 | 41,282 | 3,441 | 3,016 | 3,407 | 3,371 | 2,637 | 3,237 | 3,471 | 2,742 | 3,203 | 2,848 | | | 31,373 |
| Texico, Inc. 35-7-35 #4-C | 29,127 | 14,328 | 929 | 817 | 1,037 | 1,077 | 1,020 | 1,122 | 781 | 924 | 844 | 840 | | | 9,391 |
| | 8,919,000 | 713,945 | 55,129 | 35,047 | 66,840 | 54,728 | 64,262 | 29,592 | 29,767 | 31,027 | 23,567 | 22,659 | | | 412,618 |

1900 monthly gas from BA #1 BA #2

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. 3
CASE NO. 41138

LAW OFFICES OF
JENNINGS, CHRISTY & COPPLE
1012 SECURITY NATIONAL BANK BUILDING
P. O. BOX 1180
ROSWELL, NEW MEXICO 88201
RECEIVED
NOV 24 1971
TELEPHONE 632-5439
AREA CODE 505
CONSERVATION COMM.

JAMES T. JENNINGS
SIM B. CHRISTY IV
ROGER L. COPPLE
BRIAN W. COPPLE

November 24, 1971

Case 4638

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. A. L. Porter, Jr.

Dear Sir:

We enclose herewith in triplicate Application of Holder
Petroleum Corporation for commingling.

We would appreciate it if this matter could be put on the
January 5, 1972 examiner docket.

Respectfully,

JENNINGS, CHRISTY & COPPLE

By

S. B. Christy IV
S. B. Christy IV

pv

Enclosures

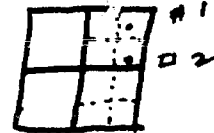
cc: Holder Petroleum Corporation

DOCKET NUMBER

Date 12-21-71

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO



IN THE MATTER OF THE APPLICATION OF
HOLDER PETROLEUM CORPORATION FOR
COMMINGLING OF PRODUCTION FROM THE
TODD UPPER SAN ANDRES AND THE TODD
LOWER SAN ANDRES POOLS, ROOSEVELT
COUNTY, NEW MEXICO.

Case No. 4638

APPLICATION

COMES NOW Holder Petroleum Corporation (Operator) and states:

1. Operator is the operator of an oil and gas lease covering All Section 34, Township 7 South, Range 35 East, N.M.P.M., Roosevelt County, New Mexico, for depths from the surface to 4,600 feet sub-surface.

2. There is located on the above lands two wells, the BA #1 Well located 990 feet from the North line and 990 feet from the East line of Section 34; and, the BA #2 Well located 1980 feet from the North line and 660 feet from the East line of Section 34. Operator is the owner of said wells. The BA #2 Well was originally drilled as the Dalport State #1 Well. The BA #1 Well originally produced gas from the Todd Upper San Andres Formation but is not now producing. The BA #2 Well is non-producing.

3. Operator proposes to re-enter both of said wells and to simultaneously produce them from the Todd Upper San Andres Pool and the Todd Lower San Andres Pool, and as an incident thereto

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO



IN THE MATTER OF THE APPLICATION OF
HOLDER PETROLEUM CORPORATION FOR
COMMINGLING OF PRODUCTION FROM THE
TODD UPPER SAN ANDRES AND THE TODD
LOWER SAN ANDRES POOLS, ROOSEVELT
COUNTY, NEW MEXICO.

Case No. 4638

APPLICATION

COMES NOW Holder Petroleum Corporation (Operator) and states:

1. Operator is the operator of an oil and gas lease covering All Section 34, Township 7 South, Range 35 East, N.M.P.M., Roosevelt County, New Mexico, for depths from the surface to 4,600 feet sub-surface.

2. There is located on the above lands two wells, the BA #1 Well located 990 feet from the North line and 990 feet from the East line of Section 34; and, the BA #2 Well located 1980 feet from the North line and 660 feet from the East line of Section 34. Operator is the owner of said wells. The BA #2 Well was originally drilled as the Dalport State #1 Well. The BA #1 Well originally produced gas from the Todd Upper San Andres Formation but is not now producing. The BA #2 Well is non-producing.

3. Operator proposes to re-enter both of said wells and to simultaneously produce them from the Todd Upper San Andres Pool and the Todd Lower San Andres Pool, and as an incident thereto

to commingle production from said pools. That in order to prevent waste, including economic waste, such commingling is necessary and proper.

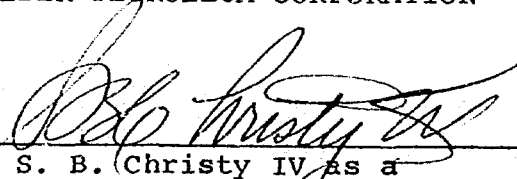
4. New Mexico State Lease OG-90 is involved in this Application.

WHEREFORE, Operator respectfully requests the Commission, after notice and hearing, for permission to commingle production in its BA #1 Well and its BA #2 Well, from the Todd Upper San Andres and the Todd Lower San Andres Pools, Roosevelt County, New Mexico.

Respectfully,

HOLDER PETROLEUM CORPORATION

By


S. B. Christy IV as a
Member of the Firm of
Jennings, Christy & Copple
P. O. Box 1180
Roswell, New Mexico 88201

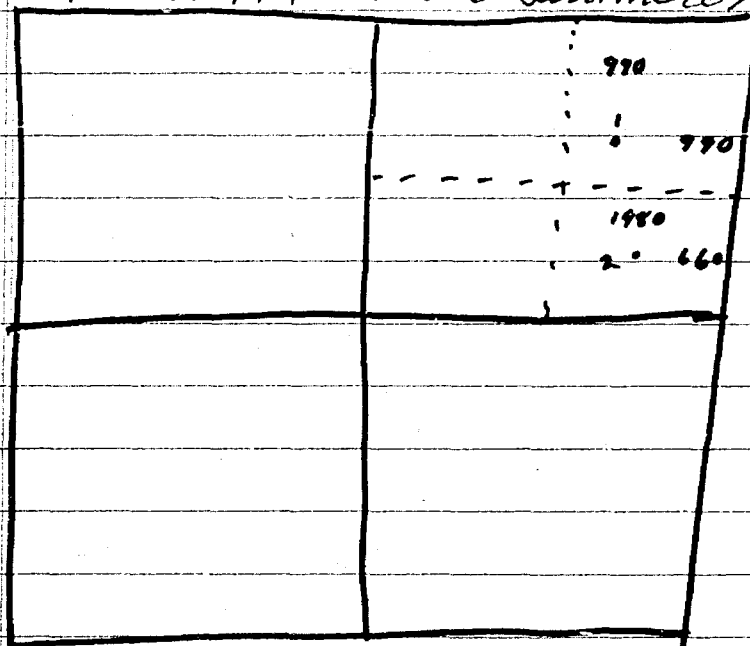
Attorneys for Holder Petroleum
Corporation

cc: Commissioner of Public Lands
cc: Holder Petroleum Corporation

Todd Upper SA Pool Vert. Limits

that portion of the SA form above the
anhydrite bed found at 4200 feet the
Franklin Canyon and Fair Mark Federal
Well No 1 located in M of 26, 5 S, 35 E
Pocahontas, Todd Lower San Andres, that portion of

SA form
below the
marker



Questions

1. Great western - drilling - does he have
an approx bottom-hole location

Commenting

1. will there be downhole commingling of the
two pools? no further
2. what acreage would be dedicated?
3. How would you determine gas or
oil if there is commingling -
4. proposed pool and unproven pool

4488
4467

DRAFT

GMH/dr

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE No. 4638

Order No. R-4250

APPLICATION OF HOLDER PETROLEUM
CORPORATION FOR DOWNHOLE AND
SURFACE COMMINGLING, ROOSEVELT
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 5, 1972,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 5th day of January, 1972, the Commission, a
quorum being present, 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 Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Holder Petroleum Corporation, is
the owner and operator of the Holder Petroleum Corporation BA
Wells Nos. 1 and 2, located, respectively, in Units A and H of
Section 34, Township 7 South, Range 35 East, NMPM, Roosevelt County,
New Mexico.

(3) That the subject wells were drilled to the Todd Upper-San Andres Gas Pool but are not now producing *from said pool.*

(4) That the applicant, Holder Petroleum Corporation, seeks authority to deepen the subject wells to the Todd Lower-San Andres Pool and to commingle the oil and gas production from the Todd Lower-San Andres Pool and the gas production from the Todd Upper-San Andres Gas Pool in the well-bores of ^{*each of said wells.*} ~~its BA Wells Nos. 1 and 2, located respectively, in Units A and H of Section 34, Township 7 South, Range 35 East, NMPM, Roosevelt County, New Mexico.~~

(5) That the vertical limits of the Todd-Upper San Andres Gas Pool is that portion of the San Andres formation above the anhydrite bed found at 4200 feet in the Franklin, Aston, and Fair, Inc., Mark Federal Well No. 1, located in Unit M of Section 26, Township 7 South, Range 35 East, NMPM, Roosevelt County, New Mexico.

(6) That the vertical limits of the Todd-Lower San Andres Pool is that portion of the San Andres formation below the above-described anhydrite bed.

(7) That each well will probably be capable of only low marginal production as to each of the above-described pools.

(8) That the reservoir characteristics of the above-described Todd Lower-San Andres Pool and the Todd Upper-San Andres Gas Pool in the vicinity of the subject wells are such that underground waste would not be caused by the proposed commingling in the well-bores.

(9) That the granting of authorization to complete the subject wells as requested should result in the recovery of oil or gas from each of the commingled zones in each of the subject two wells that would not otherwise be recovered, thereby preventing waste, and will not violate correlative rights.

(10) That the mechanics of the proposed completions are feasible and in accord with good conservation practices.

(11) That immediately upon the completion of the subject wells as requested, the applicant should conduct productivity tests of each well and file the results thereof with the Secretary-Director of the Commission.

(12) That the Secretary-Director of the Commission should allocate the commingled production to each of the commingled zones in the subject wells based upon ^{consideration} ~~conservation~~ of the results of productivity tests of each of the subject wells following completion.

(13) That approval of the subject application will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Holder Petroleum Corporation, is hereby authorized to deepen and complete its BA Wells Nos. 1 and 2, located respectively, in Units A and H of Section 34, Township 7 South, Range 35 East, NMPM, Roosevelt County, New Mexico, in such a manner as to produce oil and gas from the Todd Lower-San Andres Pool and gas from the Todd Upper-San Andres Gas Pool through a single string of tubing, commingling in the well-bores the production from each of said pools and to produce the commingled streams into a common tank battery.

CASE NO. 4638
Order No. R-

(2) That the applicant shall, upon the recompletion of each well as requested, conduct productivity tests of each of said wells and forward the results of said tests to the Secretary-Director of the Commission.

(3) That the Secretary-Director of the Commission shall, after consideration of the above-described productivity tests, allocate as to each of the above-described wells and zones the commingled production.

(4) That the applicant shall complete, operate, and produce said wells in accordance with the provisions of Rule 112-A of the Commission Rules and Regulations insofar as said rule is not inconsistent with this order.

(5) That as to each well, commingling in the well-bore shall continue only so long as the commingled production does not exceed 50 barrels of oil per day nor 100 barrels of water per day.

(6) That as to each well, the maximum amount of gas which may be produced daily from the commingled zones shall be determined by multiplying 2,000 by the top unit allowable for the Todd-Lower San Andres zone.

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

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