

CASE NO.

7456

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
6 January 1982

EXAMINER HEARING

IN THE MATTER OF:

Application of Colonial Pro-
duction Company for gas well CASE
commingling, Rio Arriba County, 7456
New Mexico.

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

W. Perry Pearce, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

Ernest L. Padilla, Esq.
P. O. Box 2523
Santa Fe, New Mexico 87501

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I N D E X

JEROME J. O'BRIEN

Direct Examination by Mr. Padilla	3
Cross Examination by Mr. Nutter	10

E X H I B I T S

Applicant Exhibit One, Plat	5
Applicant Exhibit Two, Detail	5
Applicant Exhibit Three, Detail	5
Applicant Exhibit Four, Production History	6

1
2 MR. NUTTER: Call next Case Number 7456.

3 MR. PEARCE: Application of Colonial
4 Production Company for gas well commingling, Rio Arriba
5 County, New Mexico.

6 MR. PADILLA: Mr. Examiner, Ernest L.
7 Padilla, on behalf of the applicant in this case.

8 I have one witness who needs to be
9 sworn.

10
11 (Witness sworn.)
12

13 JEROME J. O'BRIEN

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

16
17 DIRECT EXAMINATION

18 BY MR. PADILLA:

19 Q Mr. O'Brien, for the record would you
20 please state your name and where you reside?

21 A My name is Jerome J. O'Brien. I live
22 in San Antonio, Texas.

23 Q Mr. O'Brien, what is your connection
24 with Colonial Production Company, the applicant in this
25 case?

1
2 A I'm president of Colonial Production
3 Company.

4 Q Mr. O'Brien, would you please give us
5 your work experience and educational background?

6 A Well, I have a degree in geology from
7 UCLA and two years graduate work in petroleum engineering
8 from the University of Southern California.

9 I'm a registered petroleum engineer in
10 California and in Texas, and I belong to most of the profes-
11 sional societies of both petroleum engineers and geologists.

12 Q Mr. O'Brien, are you familiar with the
13 purpose of this application?

14 A Yes, I am.

15 MR. PADILLA: Mr. Nutter, are the wit-
16 ness' qualifications acceptable?

17 MR. NUTTER: They are.

18 Q Mr. O'Brien, would you tell us, what is
19 the purpose of the application?

20 A This purpose of this application was
21 to produce the Wells No. 9 and 10 through a compressor, which
22 we have installed, because neither of these wells are capable
23 of producing into the El Paso's pipeline pressure, and with-
24 out the compressor and without them going through the com-
25 pressor, they are candidates for abandonment.

1
2 Q Mr. O'Brien, referring to what has been
3 marked as Exhibit Number One, would you please tell us what
4 that is and what it contains?

5 A That is a plat showing the portion of
6 the Ballard Pictured Cliff Field and also indicating in yellow
7 the position of our lease, Jicarilla Apache Lease Number 398.

8 Q Does that exhibit show the wells in
9 question, Mr. O'Brien?

10 A It does. It shows the locations of
11 Wells 9 and 10.

12 Q Now, referring to what has been marked
13 as Exhibit Number Two, would you please tell us what this
14 exhibit contains?

15 A Exhibit Number Two is the detail of
16 our Lease 398 and it shows a little more detail as to the
17 location of the two wells and the location of the compressor,
18 adjacent to the El Paso pipeline.

19 Q Now, referring to what's been marked
20 as Exhibit Number Three, tell us what that is and what it
21 contains?

22 A Well, that is a -- that shows Section
23 15 of the 398 Lease in detail, showing the location of our
24 pipeline that we have built from No. 10 to the compressor
25 site at No. 9, and also shows the location of the El Paso

1
2 line to which it is connected.

3 Now, the reason for the angular position
4 of that pipeline is there's a topographic bluff directly
5 between 9 and 10, so we went around the bluff by going around
6 the corner and then we followed the El Paso's right-of-way
7 from that point up.

8 Q Mr. O'Brien, have you compiled any
9 production data for the two wells that you seek -- for which
10 you seek commingling?

11 A I've indicated the production for the
12 last six months on these two wells.

13 Q And that's in the form of Exhibit Number
14 Four, is that correct?

15 A Correct, Exhibit Number Four, that's
16 right.

17 Q Would you tell us what that is and what
18 it contains?

19 A Well, it contains -- it shows the pro-
20 duction from each well, 9 and 10, and as you will note on
21 the October production on Well No. 10, is when that first
22 went on the compressor, and we weren't aware of the our
23 production foreman had been advised in Aztec that they didn't
24 need this hearing, which was a misstatement, and so we imme-
25 diately then on December 1st, when we found out, we shut No.

1
2 10 Well in, so No. 10 Well has not been produced since, and
3 also the reason the production is down in No. 9 in the month
4 of December, the El Paso pipeline was down for about two
5 weeks in that month.

6 Q Mr. O'Brien, how do you propose to
7 attribute production to both of these wells?

8 A Well, we propose to produce both of
9 these wells and we will take a systematic test. In other
10 words, we will shut-in one well each month for at least 24
11 hours, and perhaps 48 hours, and allocate the production
12 from the other well, so that we can get an idea how much
13 each well is producing.

14 Q Mr. O'Brien, do you plan to tie any new
15 wells on this system in the future?

16 A We -- there's nothing in our plans,
17 but we have a very "ify" location south of No. 9 down in the
18 southeast of the section, that we may drill a well down there,
19 but it's not in the -- in the present plan, but we may go
20 over there if this production from these two wells, where it
21 looks pretty good, then we'll probably go down and step out
22 and try to develop that sand. It's a pinchout and we might
23 try to see if we can find the edge of it down there.

24 Q If and when you drill that well, should
25 production from that well be similar to the wells that are

1
2 under consideration here, would you request that some type
3 of administrative approval be given to you so that you may
4 tie in that well to the system -- or the system you're pro-
5 posing today?

6 A If the production is like these other
7 two wells, within probably a matter of a year, when the well-
8 head pressure drops, it will be necessary to boost the pres-
9 sure in order to implement the production.

10 Q Is the ownership of the wells, the two
11 wells now, the same throughout the -- or at least in the
12 same common source of supply?

13 A It is the same common source of supply,
14 both from the Pictured Cliff formation, and the ownership
15 is identical, both as to the royalty owner and the operating
16 ownership.

17 Q Mr. O'Brien, would approval of the appli-
18 cation be in the best interests of conservation of natural
19 gas in this lease?

20 A Well, we feel that the wells, if they
21 are not produced through a compressor, that they will not
22 produce, period, and so the -- and we anticipate that we can
23 perhaps get more production by producing through a compressor
24 from this point on than we have through primary production
25 up to date.

1
2 Well No. 9 has produced approximately
3 200-million cubic feet.

4 Well No. 10 has produced approximately
5 75-million cubic feet to date.

6 Q Mr. O'Brien, do you have anything else
7 to -- to offer as testimony?

8 A No. One other thing, although they are
9 from the same source of supply, we've found quite a variance
10 in the reservoir conditions. In the drilling of Well NO. 9
11 we found quite a porous section of sand, which is unusual
12 for the Pictured Cliff, and in that well the initial open
13 flow potential on that well was in excess of 10-million cubic
14 feet a day, which is unusual for the Pictured Cliff.

15 And our No. 9 -- Well No. 10, it was
16 just slightly in excess of a million cubic feet a day on the
17 open flow.

18 But the drawdown on No. 9, being -- in
19 other words, the deliverability was very much greater, so
20 the drawdown on it was greater.

21 So the wellhead pressure today shut-in
22 is less on No. 9 than it is on No. 10, but when you open them
23 up, then the pressure on 10 goes right back down to where it
24 just barely bucks the pipeline, and the pipeline pressure is
25 indicated on this Exhibit Four. It ranges between 133 and

1
2 148 pounds, and about the only way these -- this well would
3 ever get on the line is when the pressure went -- some of the
4 wells went off downstream and the pressure in the line went
5 down, so these wells then would seep a little gas into the
6 line without the compressor.

7 Q Mr. O'Brien, in light of the -- one of
8 your wells being shut-in, would you request early considera-
9 tion of your application?

10 A Well, we would, yes, we would like it
11 because we have Well No. 10 shut-in pending this hearing, and
12 also all the gas that's been produced since November 1st is
13 being held in abeyance pending this hearing.

14 MR. PADILLA: Mr. Examiner, I offer
15 Exhibits One through Four, and I have no further questions.
16 Pass the witness.

17 MR. NUTTER: Exhibits One through Four
18 will be admitted in evidence.

19
20 CROSS EXAMINATION

21 BY MR. NUTTER:

22 Q Sir, I didn't -- is your name O'Brien
23 or Brian?

24 A O'Brien.

25 Q O'Brien.

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A. O--B-R-I-E-N.

Q. Mr. O'Brien, now, the production from the No. 9 was pretty good --

A. Uh-huh.

Q. -- through the first five months here on Exhibit Number Four.

A. Yes.

Q. When was the compressor actually installed, in October?

A. March.

Q. Oh, so it's been on the compressor all the time on this No. 9?

A. It was put on -- it was dead.

Q. But the No. 10 only went on a compressor in October.

A. That's right.

Q. That's when it jumped from 155 Mcf to 555 Mcf.

A. That's right, and the Well No. 9 was completely dead when we put it on the compressor. It was zero production.

Q. And El Paso has a meter downstream from the --

A. Between our compressor -- at the -- at

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A. O--B-R-I-E-N.

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Q Mr. O'Brien, now, the production from

4

the No. 9 was pretty good --

5

A. Uh-huh.

6

Q -- through the first five months here on

7

Exhibit Number Four.

8

A. Yes.

9

Q When was the compressor actually in-

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stalled, in October?

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A. March.

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Q Oh, so it's been on the compressor all

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the time on this No. 9?

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A. It was put on -- it was dead.

15

Q But the No. 10 only went on a compressor

16

in October.

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A. That's right.

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Q That's when it jumped from 155 Mcf to

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555 Mcf.

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A. That's right, and the Well No. 9 was

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completely dead when we put it on the compressor. It was

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zero production.

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Q And El Paso has a meter downstream from

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the --

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A. Between our compressor -- at the -- at

1
2 the tailgate of the compressor.

3 Q Okay.

4 A So it goes into their line --

5 Q So they will be metering production from
6 both wells.

7 A Right.

8 Q And then they will report that total
9 production to you and --

10 A We're going to have our man read those,
11 also ask them to let us read those charts so we can allocate
12 exactly what is produced from that one well while the other
13 one was shut in.

14 Q Now will you furnish them the breakdown--

15 A We can.

16 Q -- so that they can report to us on
17 their C-111, production from each well?

18 A We can do that, yes. We can do that.
19 Or they may -- they might want to do it themselves, but we'd
20 be glad to do it.

21 Q There has to be some means for them to
22 report --

23 A Yes.

24 Q -- individual well production, --

25 A Yes.

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Q -- rather than total production.

3

A Yes.

4

Q So if you'll get with our Aztec Office

5

and with El Paso and work out --

6

A That can be done.

7

Q -- an arrangement whereby the production

8

can be allocated to each of the wells.

9

A That can be done.

10

Q All right, sir.

11

MR. NUTTER: Are there any other ques-

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tions of Mr. O'Brien? He may be excused.

13

Do you have anything further, Mr. Padilla?

14

MR. PADILLA: Nothing further.

15

MR. NUTTER: Does anyone have anything

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they wish to offer in Case Number 7456?

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We'll take the case under advisement.

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(Hearing concluded.)

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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 CSR

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 435-7409

I do hereby certify that the foregoing is
a complete and correct transcript in
the English language of Case No. 7454
heard by me on 1/6 19.82.
[Signature], Examiner
Oil Conservation Division



BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

January 12, 1982

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

Mr. Ernest L. Padilla
P. O. Box 2523
Santa Fe, New Mexico 87502

Re: CASE NO. 7456
ORDER NO. R-6880

Applicant:

Colonial Production Company

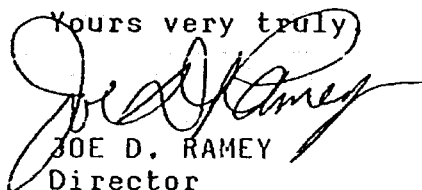
Dear Sir:

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

It will be the duty of the operator to furnish the gas purchaser with production breakdown factors for each of the two wells so that the purchaser can report back to the producer for C-115 purposes the amount of gas that was purchased from each well and to also enable the purchaser to break down the production on his C-111.

The operator should also calculate the volume of gas consumed by the compressor and prorate it back to the individual wells, adding it onto the purchaser's per well total from each well. The operator thus will have three figures to report for each well: production, used on lease, and sales.

Yours very truly


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD
Artesia OCD
Aztec OCD

El Paso Natural Gas Company - Attn. E. R. Manning

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. 7456
Order No. R-6880

APPLICATION OF COLONIAL PRODUCTION
COMPANY FOR GAS WELL COMMINGLING,
RIO ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on January 6, 1982, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 12th day of January, 1982, 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, Colonial Production Company, is the owner and operator of the Jicarilla Apache Wells Nos. 9 and 10, located in Units A and C, respectively, of Section 15, Township 23 North, Range 4 West, NMPM, Rio Arriba County, New Mexico.
- (3) That the flowing tubing pressure of said wells is insufficient to overcome the line pressure in the nearest available pipeline.
- (4) That the applicant seeks authority to commingle Ballard-Pictured Cliffs production from the above-described wells prior to metering and to pass said commingled production through compression facilities into the purchaser's natural gas pipeline.
- (5) That the producer should conduct periodic tests to determine an allocation factor for use in calculating the production of gas from each of the commingled wells.

-2-

Case No. 7456
Order No. R-6880

(6) That approval of the application will prevent waste by averting premature abandonment of the subject wells and will not impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Colonial Production Company, is hereby authorized to commingle Ballard-Pictured Cliffs production from its Jicarilla Apache Wells Nos. 9 and 10, located in Units A and C, respectively, of Section 15, Township 23 North, Range 4 West, NMPM, Rio Arriba County, New Mexico, prior to metering and to pass said commingled production through a compressor into the purchaser's natural gas pipeline.

(2) That the operator shall conduct individual well flow tests periodically to determine the production of gas from each of the aforesaid wells.

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

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

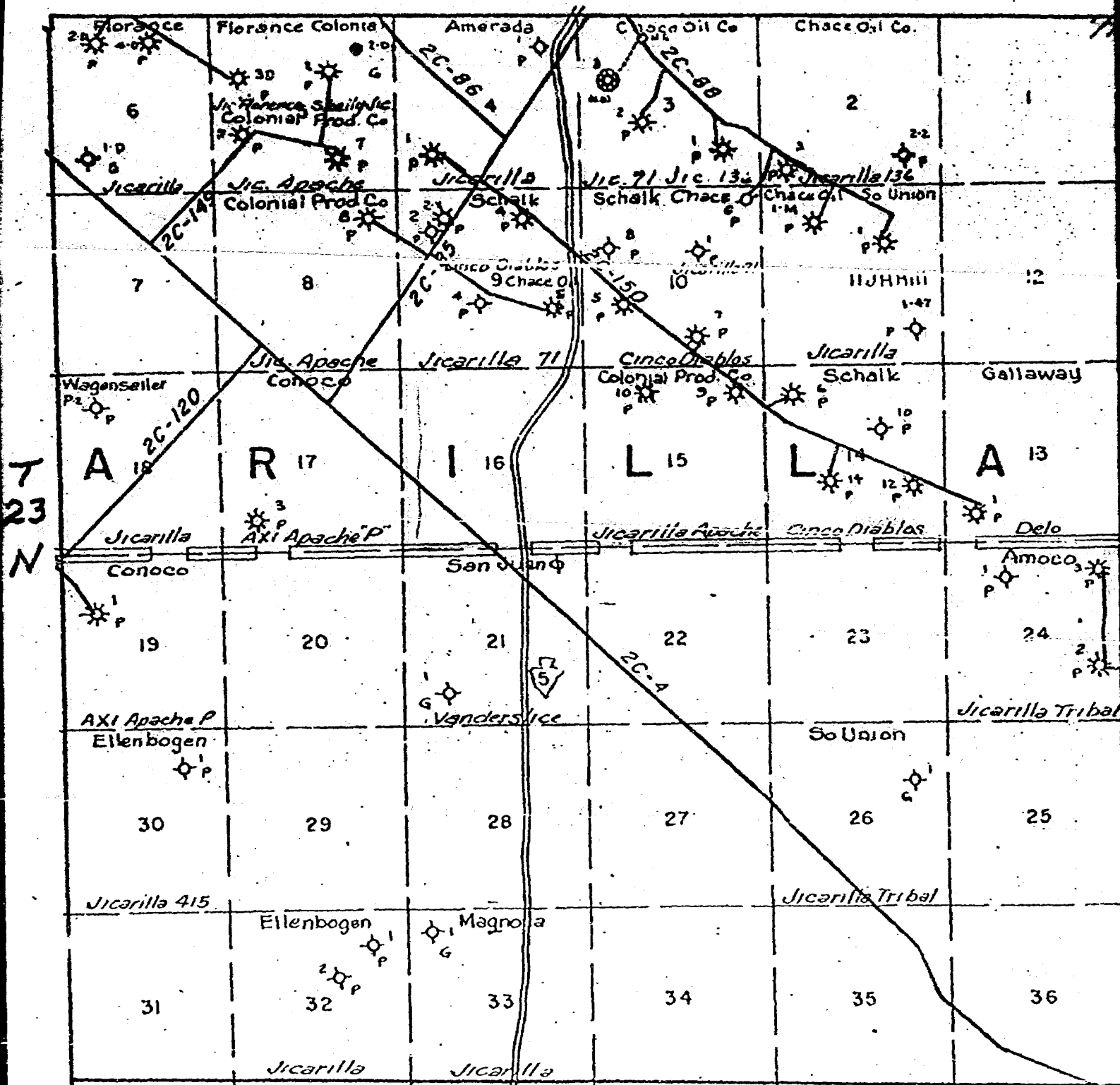
STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



Joe D. Ramey
JOE D. RAMEY,
Director

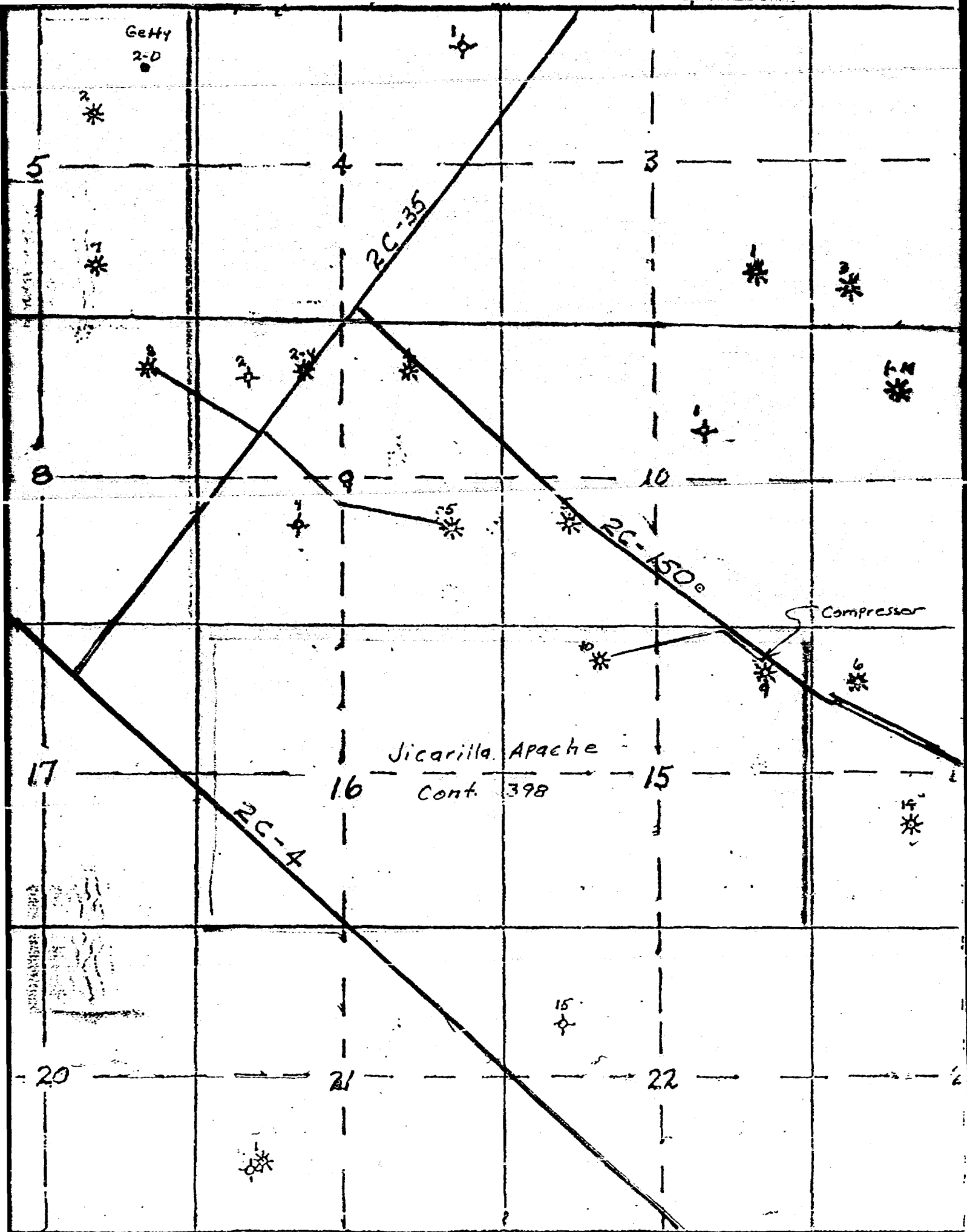
R-4-W

7456



Scale 1" = 4000'

COLONIAL PRODUCTION COMPANY
BALLARD PICTURED CLIFF FIELD
RIO ARRIBA, CO. NEW MEX.



BALLARD PICTURED CLIFF POOL

RIO ARRIBA CO. NEW MEXICO

T 23 N, R 4 W.

Scale 1 Inch = 2000 Ft.

El Paso Pipeline System

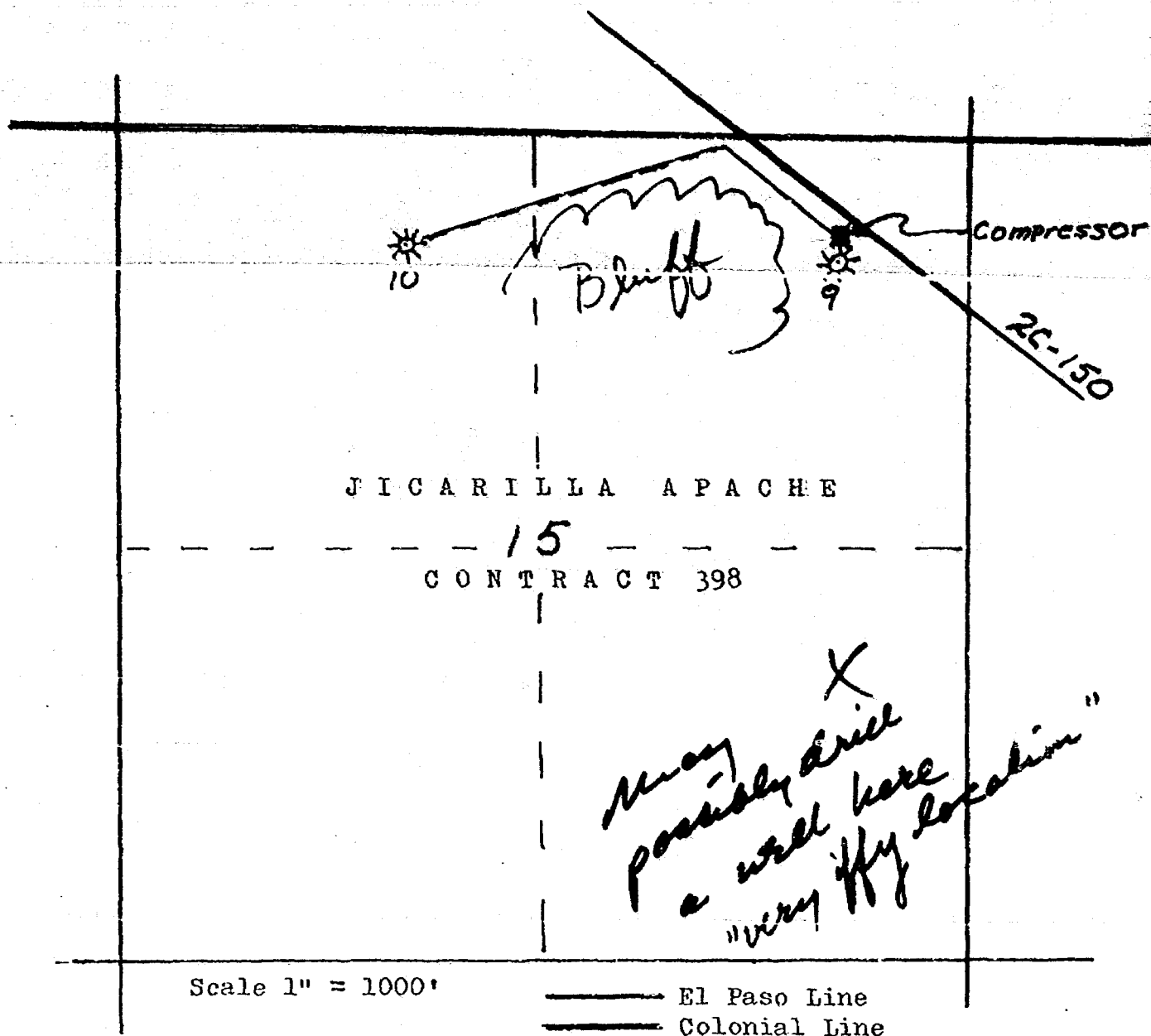
7456

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COLONIAL PRODUCTION COMPANY

800 N.E. LOOP 410-D-119
SAN ANTONIO, TEXAS 78209

4484 WESTWOOD BLVD.
LOS ANGELES, CALIF. 90034
492-2411
(512) 922-7220



JICARILLA APACHE LEASE # 398
TWP 23 N, R 4 W
RIO ARRIBA, COUNTY NEW MEXICO

7456

COLONIAL PRODUCTION COMPANY

900 N. E. LOOP 410 - SUITE D-119
SAN ANTONIO, TEXAS 78209
822-7220

JICARILLA APACHE LEASE 398
TABULATION OF PRODUCTION MCF

prod to date

200 million

75 million

	Well # 9	Well # 10
July - 81	1717	198
Aug. - 81	1444	220
Sept. - 81	1758	155
Oct. - 81	2085	585
Nov. - 81	2136	110
Dec. - 81	696	0
Well S.I. Press.	118 PSI	150 PSI

*had CADP 8
over 12 million*

*had CBOT
just over 1 million*

*on the compressor
EP pipeline have part of mo.
SI because of no
approval to commingle*

El Paso Line Pressure 133 - 148 PSI

CASE NO. 7456

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Dockets Nos. 3-82 and 4-82 are tentatively set for January 20 and February 3, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 6, 1982

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

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

CASE 7410: (Continued from December 16, 1981, Examiner Hearing)

Application of B.O.A. Oil & Gas Company for two unorthodox oil well locations, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 2035 feet from the South line and 2455 feet from the East line and one to be drilled 2455 feet from the North line and 1944 feet from the East line, both in Section 31, Township 31 North, Range 15 West, Verde-Gallup Oil Pool, the NW/4 SE/4 and SW/4 NE/4, respectively, of said Section 31 to be dedicated to said wells.

CASE 7448: (Continued and Readvertised)

Application of Energy Reserves Group Inc. for creation of a new gas pool and an unorthodox location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new gas pool for Cisco production comprising the S/2 of Section 12 and the N/2 of Section 13, Township 6 South, Range 33 East; applicant further seeks approval of the unorthodox location of its Miller Com Well No. 1-Y located 660 feet from the South and West lines of said Section 12.

CASE 7451: Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico.

Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through the Abo formation underlying the SE/4 of Section 11, Township 6 South, Range 25 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7452: Application of Superior Oil Company for an unorthodox well location, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Wolfcamp-Penn well to be drilled 1980 feet from the South line and 2480 feet from the East line of Section 14, Township 23 South, Range 32 East, the S/2 of said Section 14, to be dedicated to the well.

CASE 7453: Application of T. D. Skelton for compulsory pooling, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Devonian and Mississippian formations underlying the NE/4 NW/4 of Section 7, Township 12 South, Range 38 East, to be dedicated to the re-entry of an old well at a standard location thereon. Also to be considered will be the cost of re-entering and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in re-entry of said well.

CASE 7454: Application of Uriah Exploration, Inc., for approval of an unorthodox gas well location, Eddy County, New Mexico.

Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 1090 feet from the North line and 560 feet from the East line of Section 30, Township 22 South, Range 25 East, Wolfcamp-Pennsylvanian formations, the N/2 of said Section to be dedicated to the well.

CASE 7455: Application of H. L. Brown, Jr. for compulsory pooling at an unorthodox location, Roosevelt County, New Mexico.

Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Granite Wash formation underlying the S/2 of Section 11, Township 6 South, Range 33 East, to be dedicated to a well to be drilled at an unorthodox location 1300 feet from the South line and 660 feet from the East line of said Section 11. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

- CASE 7456:** Application of Colonial Production Company for gas well commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the commingling of Ballard-Pictured Cliffs production from its Jicarilla Apache Wells Nos. 9 and 10, located in Units A and C of Section 15, Township 23 North, Range 4 West, prior to metering.
- CASE 7457:** Application of E. T. Ross for nine non-standard gas proration units, Harding County, New Mexico. Applicant, in the above-styled cause, seeks approval for nine 40-acre non-standard gas proration units in the Bravo Dome Carbon Dioxide Area. In Township 19 North, Range 30 East: Section 12, the NW/4 NW/4 and NE/4 NW/4; Section 14, the NW/4 NE/4, SW/4 NE/4, and SE/4 NE/4. In Township 20 North, Range 30 East: Section 11, the NE/4 SW/4, SW/4 SE/4, SE/4 SW/4, and NW/4 SE/4.
- CASE 7458:** Application of Marks & Garner Production Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of salt water into the Bough C formation in the perforated interval from 9596 feet to 9616 feet in its Betenbough Well No. 2, located in Unit M of Section 12, Township 9 South, Range 35 East.
- CASE 7459:** Application of Red Mountain Associates for the Amendment of Order No. R-6538, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-6538, which authorized applicant to conduct waterflood operations in the Chaco Wash-Mesa Verde Oil Pool. Applicant seeks approval for the injection of water through various other wells than those originally approved, seeks deletion of the requirement for packers in injection wells, and seeks an increase in the previously authorized 68-pound limitation on injection pressure.
- CASE 7460:** Application of Northwest Pipeline Corporation for 13 non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for 13 non-standard Pictured Cliffs gas proration units ranging in size from 142.39 acres to 176.77 acres and each comprised of various contiguous lots or tracts in Sections 4, 5, 6, 7, and 18 of Township 31 North, Range 7 West. Said proration units result from corrections in the survey lines on the North and West sides of Township 31 North, Range 7 West and overlap seven non-standard Mesaverde proration units previously approved by Order No. R-1066.
- CASE 7461:** Application of Wainoco Oil & Gas Company for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a well to be drilled at an unorthodox location 660 feet from the South and West lines of Section 18, Township 16 South, Range 37 East, Northeast Lovington Penn Pool, said location being 177.7 feet west of the center of Lot 4 whereas the pool rules specify that well be drilled within 150 feet of the center of the lot. Lots 3 and 4 of said Section 18 would be dedicated to the well.
- CASE 7421:** (Readvertised)
- Application of Doyle Hartman for compulsory pooling, unorthodox well location and non-standard spacing unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Eumont Gas Pool underlying a 120-acre non-standard spacing unit consisting of the S/2 SW/4 and the NW/4 SW/4 of Section 3, Township 20 South, Range 37 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South line and 330 feet from the West line of Section 3. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

Docket No. 2-82

DOCKET: COMMISSION HEARING - MONDAY - JANUARY 11, 1982
 9 A.M. - OIL CONSERVATION COMMISSION - ROOM 205
 STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 7393: (DE NOVO)

Application of Uriah Exploration Incorporated for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Cisco, Canyon and Morrow formations underlying the W/2 of Section 13, Township 22 South, Range 24 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

Upon application of Supron Energy Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

COMMISSION HEARING - MONDAY - JANUARY 11, 1982

CASE 7394: (DE NOVO)

Application of Supron Energy Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Pennsylvanian well to be drilled 467 feet from the North line and 1650 feet from the West line of Section 13, Township 22 South, Range 24 East, the N/2 of said Section 13 to be dedicated to the well.

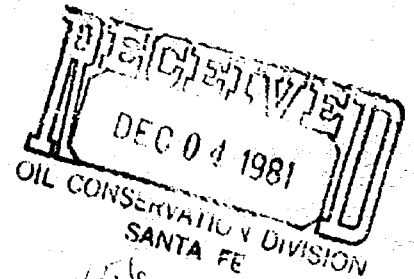
Upon application of Supron Energy Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

It will be the duty of the operator to furnish the gas purchaser with production breakdown factors for each of the two wells so that the purchaser can report back to the producer for C-115 purposes the amount of gas that was purchased from each well and to also advise the purchaser to break down the production on his C-111.

The operator should also calculate the volume of gas consumed by the compressor and allocate it back to the individual wells, adding it onto the production purchaser's per well total from each well. The operator thus will have three figures to report for each well: production, used on lease, and sales.

cc EPNB - attn E.R. Manning
Bate Kendrick

Colonial Production Company
900 N.E. Loop 410 #D-119
San Antonio, Texas 78209



December 1, 1981

Case 7456

Don Nutter

Please advise them
of what they need
to do.

Mr. Joe Ramey
Energy & Minerals Dept.
Oil Conservation Division
Box 2088
Santa Fe, New Mexico 87501

Dear Sir:

I would like to apply for permission to co-mingle
gas from two (2) gas wells, from the same pictured cliffs
formation, before it is measured.

South American PC Pool
Belleme

The two wells in question are the:
Jicarilla Apache #9
A Sec. 15-T23N-R4W
Jicarilla Apache #10
C Sec. 15-T23N-R4W

They are both on the same Jicarilla Contract # 398.

These two have already been tied in and producing
together since 8/31/81. I did not realize that we were
required to get permission from your office.

On producing these wells together through a compressor,
I determined that approximately 2/3 of the production
comes from the #9 and approximately 1/3 from the #10. *meter*

If there are any further questions, please contact:
T.J. (Tom) Smith
Smith Production Service
P.O. Box 1618
Farmington, New Mexico 87401

I am the Contract Area Lease Supervisor for Colonial
Production Company.

Sincerely,

Tom Smith

Tom Smith
Smith Production Service

*Letter to Mr. Ramey
from Don Nutter
12/1/81*

*combined meter readings
7th 9:10:15 10:15
8th 9:17:58 10:15
9th 9:10:20 10:55 10:10
10th 9:10:15 figures measured up*

TS/ds

HEARIE
PAN

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

MS.
GSR
JGR

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

CASE NO. 7456

Order No. R-6880

APPLICATION OF COLONIAL PRODUCTION
COMPANY FOR GAS WELL COMINGLING,
RIO ARriba COUNTY, NEW MEXICO.

[Signature]

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on January 6,
1982, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of January, 1982, 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, Colonial Production Company, is the owner and operator of the Jicarilla Apache Wells Nos. 9 and 10, located in Units A and C, respectively, of Section 15, Township 23 North, Range 4 West, NMPM, Rio Arriba County, New Mexico.

(4) That the applicant seeks authority to commingle Ballard-Pictured Cliffs production ~~within the wellbores of~~ ^{from} the above-described wells prior to metering and to pass said commingled production through compression facilities into the purchaser's natural gas pipeline.

(5) That the producer should conduct periodic tests to determine an allocation factor for use in calculating the production of gas from each of the commingled wells.

(3) That the ^{tubing} flowing pressure of said wells is insufficient to overcome the line pressure in the nearest available pipeline.

(6) That approval of the application will prevent waste by averting premature abandonment of the subject wells and will not impair correlative rights.

(4) That from the _____ zone, the subject well is capable of low marginal production only.

(5) That from the _____ zone, the subject well is capable of low marginal production only.

(6) That the proposed commingling may result in the recovery of additional hydrocarbons from each of the subject pools, thereby preventing waste, and will not violate correlative rights.

(7) That the reservoir characteristics of each of the subject zones are such that underground waste would not be caused by the proposed commingling provided that the well is not shut-in for an extended period.

(8) That to afford the Division the opportunity to assess the potential for waste and to expeditiously order appropriate remedial action, the operator should notify the _____ district office of the Division any time the subject well is shut-in for 7 consecutive days.

(9) That in order to allocate the commingled production to each of the commingled zones in the subject well, _____ percent of the commingled _____ production should be allocated to the _____ zone, and _____ percent of the commingled _____ production to the _____ zone.

(ALTERNATE)

(9) That in order to allocate the commingled production to each of the commingled zones in the wells, applicant should consult with the supervisor of the _____ district office of the Division and determine an allocation formula for each of the production zones.

IT IS THEREFORE ORDERED:

(1) That the applicant, Colonial Production Company, is hereby authorized to commingle Ballard-Pictorial and Cliffe production ~~from the Tierrita~~ ^{from the Tierrita} ~~within the boundaries of~~ ^{respective} the Apache Wells Nos. 9 and 10, located in Units And C, of Section 15, Township 25 North, Range 4 West, NMPM, Rio Arriba County, New Mexico, prior to metering and to pass said commingled production through a compressor into ~~(2) That the applicant shall consult with the Supervisor of the purchaser's natural gas pipeline of the district office of the Division and determine an allocation formula for the allocation of production to each zone in each of the subject wells.~~

(ALTERNATE)

(2) That percent of the commingled ~~production shall be allocated to the~~ zone and percent of the commingled ~~production shall be allocated to the~~ zone.

~~(3) That the operator of the subject well shall immediately notify the Division's~~ ~~district office any time the well has been shut in for 7 consecutive days and shall concurrently present, to the Division, a plan for remedial action.~~

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

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

(2) That the operator shall conduct individual well flow tests periodically to determine the production of gas from each of the aforesaid wells.

~~Cont to 1/20~~

~~CONTINUE TO 4/14~~

~~continue to 4/28~~

4/28: Dismiss without
Prejudice

DOCKET MAILED

Date ~~12/28/81~~
1/5/82
2/5/82
3/5/82
4/2/82