

CASE 5648: DEPCO, INC. FOR A DUAL
COMPLETION, EDDY COUNTY, NEW MEXICO

CASE NO.

5648

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 17, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Depco, Inc. for a dual completion, Eddy County, New Mexico. CASE 5648

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission: William F. Carr, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant: Ken Bateman, Esq.
WHITE, KOCH, KELLY & McCARTHY
Attorneys at Law
220 Otero Street
Santa Fe, New Mexico

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General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

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1 MR. NUTTER: The hearing will come to order, please.
2 We'll call case Number 5648.

3 MR. CARR: Case 5648, application of Depco, Inc.
4 for a dual completion, Eddy County, New Mexico.

5 MR. BATEMAN: Mr. Examiner, I'm Ken Bateman of
6 White, Koch, Kelly and McCarthy and I have one witness. I ask
7 that he be sworn.

8 (THEREUPON, the witness was duly sworn.)
9

10 REALESS LEE FLOWERS, JR.

11 called as a witness, having been first duly sworn, was
12 examined and testified as follows:
13

14 DIRECT EXAMINATION

15 BY MR. BATEMAN:

16 Q Please state your full name for the record, your
17 address and place of employment?

18 A Realess Lee Flowers, Jr., I'm a resident of
19 Littleton, Colorado and I'm an employ of Depco, Incorporated
20 as Chief Engineer.

21 Q Have you previously testified before the Commission?

22 A Yes, I have.

23 Q Have you had your qualifications made a matter of
24 record?

25 A Yes.

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1 Q Are you familiar with the well in question in this
2 application?

3 A Yes.

4 MR. BATEMAN: Mr. Examiner, are the witness's
5 qualifications acceptable?

6 MR. NUTTER: Yes, they are.

7 Q (Mr. Bateman continuing.) Mr. Flowers, would you
8 refer to Exhibit One and state briefly what Depco seeks by
9 its application?

10 A We seek authority to dual complete the wildcat,
11 DHY State No. 1 as a Morrow-Wolfcamp dual completion. The
12 Morrow is a gas zone and the Wolfcamp, based on recent test
13 appears to be an oil zone.

14 The Exhibit Number One shows the DHY to be located
15 in the northwest quarter of a number Section 23, Township 19
16 South, Range 28 East. This area is referred to as the north
17 Winchester area and it is in Eddy County, New Mexico. This
18 exhibit also shows the offset operators and those are Exxon,
19 Cities Service Oil Company, Gulf Energy and Minerals, Sun Oil,
20 Featherstone Development Corporation, Hanson Oil Corporation,
21 John A. Yates, R. C. Bennett and J. C. Ryan.

22 Waivers have been received from all except Sun and
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24 Q Mr. Flowers, you have also indicated other wells
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1 A. The other wells, the wells in the small black dots
2 are Queen Grayburg San Andres shallow production and those with
3 large circles are other zones and more recent drilling. In
4 Section 15 to the northwest we have another well drilling at
5 the present time known as the State A Common and the nearest
6 drilling well is a drilling by Bennett and Ryan known as the
7 Exxon State No. 2. I think that well is completing and I
8 don't know what zones they are attempting to complete in.

9 Q. Let's look in Section 25, is that correct?

10 A. Yes, it is.

11 Q. All right, would you proceed then with Exhibit Number
12 Two and describe it?

13 A. Exhibit Number Two is a list of those operators,
14 names and addresses. I put a check mark on those that we had
15 response from, that we have received waivers from.

16 Q. And the notification was made by certified mail, is
17 that correct?

18 A. Yes, sir, it was.

19 Q. Would you proceed then with Exhibit Number Three
20 which is a log of the well?

21 A. Okay, on Exhibit Number Three is a well log dated
22 twelfth, twenty-fourth, 1975. It is a density neutron log
23 and please refer to the large scale portion and the depth.
24 The five-inch scale shows the tops, the top of the Wolfcamp
25 is at eighty-eight, fifteen or a minus fifty-four, thirteen

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1 subsea. The Wolfcamp producing interval is found at a depth
2 of eighty-eight, sixty-six to eighty-eight, ninety; eighty-eight
3 ninety-five to eighty-nine oh two. The base of the Wolfcamp
4 is shown at ninety-five, eighty-four or minus sixty-one,
5 eighty-two subsea.

6 The top of the Morrow zone is at ten eight ten or a
7 minus seventy-four oh eight and the Morrow producing interval
8 is at eleven oh twenty-five to twenty-eight and eleven oh
9 forty-one to forty-seven.

10 I would like to point out that additional perfs were
11 opened at eleven oh sixty-five to eleven one thirty overall,
12 tested water and were squeezed with a hundred and fifty sacks.

13 The present plugged back TD of the well would be
14 the cement retainer at eleven oh fifty-five.

15 Q Mr. Flowers, what is the current status of the
16 well, is it shut in?

17 A The present status of the well is shut in, waiting
18 on market.

19 Q Would you proceed then with Exhibit Number Four and
20 describe how the well is completed?

21 A The diagrammatic sketch is Exhibit Number Four. It
22 shows both zones. I shall start at the top and show the
23 surface pipe as a twelve and three-quarter inch, thirty-one
24 pound set at forty-one, seventeen and cemented with four
25 hundred sacks, of which, a hundred and forty sacks circulated

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1 out. The intermediate pipe is set at twenty-eight hundred,
2 it is eight-and-five-eighths inch. Twenty-four and twenty-eight
3 pound casing was cemented with eleven hundred and twenty-five
4 sacks and the cement top was at five hundred and forty-one
5 feet by a temperature log.

6 The long string was set after drilling to TD of
7 eleven, five, fifty-three. It consisted of five inch,
8 seventeen, and twenty pound casing at eleven, five, forty-nine
9 cemented with one thousand and twenty-five sacks. Baskets
10 were on that string at nine thousand and ninety-five hundred
11 feet. Centralizers were installed as both steps is shown on
12 ten thousand, nine hundred and twenty feet to eleven thousand,
13 one hundred feet and across the Wolfcamp at eighty-seven, forty
14 to eighty-nine, forty. There are a total of twelve centralizers
15 involved.

16 The Forms C-103 have been filed with the District Two
17 Office and approved and I would like to go into the Morrow
18 zone. Producing perfs are at eleven oh twenty-five to eleven
19 oh forty-seven overall. They are isolated from the Wolfcamp
20 by a Baker Loc-set retrievable packer set at ten thousand, nine
21 hundred and eighty-five feet. The well is a two to a two-and-
22 three-eighths EUE N-80 tubing set at eleven oh forty-eight
23 feet.

24 There is a known off tool on top of the Baker
25 production packer in the tubing string at ten thousand, nine

1 hundred and seventy-four feet. There is a profile nipple inside
2 that receptacle.

3 Okay, the Wolfcamp perfs are at eighty-eight, sixty-
4 six to eighty-nine oh two overall. There are three and the
5 drawing shows two-and-three-eighths inch blast joints. That
6 is in error. I would like to point that out. It should be
7 two point eight seven five OD blast joints with an ID of one
8 point nine nine five.

9 There is a production packer Iverson set at eighty-
10 eight, eighteen. Above that packer there is a sliding sleeve
11 at eighty-seven, forty-four and below that sliding sleeve there
12 is an F nipple at eighty-eight, seventy-eight.

13 I would like to point out that the sliding sleeve
14 and the F nipple would be used to take a bottom-hole pressure
15 test of the Morrow. We would set a blanking plug in that F
16 nipple and open a sliding sleeve and run the bomb in, that
17 would bring the Morrow in.

18 I forgot to tell you there was a crossover inside
19 this upper packer at eighty-eight, eighteen with a ported
20 nipple above and below and that essentially brings the Morrow
21 production out of the tubing over into the annular space
22 above that packer. It allows the Wolfcamp to produce up the
23 tubing string above that packer.

24 Q Mr. Flowers has a packer leakage test been done on
25 this well?

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1 A. Yes, it has and it has been filed with the District
2 Two.

3 Q. Did the test indicate any leakage?

4 A. No, it did not.

5 Q. Have potentials been taken on both of these zones?

6 A. Yes, they have. The Morrow potential was five point
7 two million per day with a GOR of one hundred and fifteen
8 thousand, four hundred and sixty-two. A condensate gravity
9 was fifty-eight point eight degrees API. The original bottom-
10 hole pressure was forty-four, seventy-four psi. The bottom-hole
11 temperature was one hundred and seventy degrees Fahrenheit.
12 The zone was treated with five hundred gallons of acid, seven-
13 and-a-half percent acid and forty-three thousand standard
14 cubic feet of nitrogen.

15 The Wolfcamp zone was potentialled, of a five-hour
16 test the well produced ninety-nine barrels of oil and two
17 hundred and thirty-four MCF of gas, zero water. That is
18 extrapolated to a twenty-four hour test of four hundred and
19 seventy-five barrels of oil per day, zero water, one point one
20 two three million cubic feet per day with a GOR of twenty-
21 three hundred and sixty-one to one. The original bottom-hole
22 pressure of that zone is forty-one, forty-six psi. The bottom-
23 hole temperature is one hundred and sixty degrees Fahrenheit
24 and the oil is forty-eight point one degrees API.

25 MR. NUTTER: What was that again?

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1 A. Forty-eight point one degrees.

2 MR. NUTTER: Thank you.

3 Q (Mr. Bateman continuing.) Mr. Flowers, were Exhibits
4 One through Four prepared by you or under your direction?

5 A. Yes.

6 Q In your opinion would approval of Depco's application
7 prevent waste and protect correlative rights?

8 A. Yes.

9 MR. BATEMAN: I have no further direct and we
10 offer Exhibits One through Four.

11 MR. NUTTER: Depco Exhibits One through Four will
12 be admitted into evidence.

13 (THEREUPON, Depco Exhibits One through
14 Four were admitted into evidence.)

15
16 CROSS EXAMINATION

17 BY MR. NUTTER:

18 Q Mr. Flowers, by means of this crossover the Wolfcamp
19 will come up the tubing and can be pumped if necessary, is
20 that right?

21 A. Yes, sir.

22 Q And the Morrow production, being the gas, will come
23 up the annulus?

24 A. Yes, sir.

25 MR. NUTTER: Are there any further questions of the

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2 (THEREUPON, the witness was excused.)

3 MR. NUTTER: Do you have anything further, Mr.

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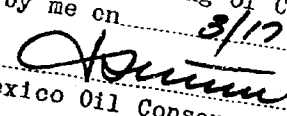
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REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill and
ability.


Sidney F. Morrish, C.S.R.

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I do hereby certify that the foregoing is
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the Examiner hearing of Case No. 5648
heard by me on 3/17, 1976.

Examiner
New Mexico Oil Conservation Commission

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I N D E X

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EXHIBIT INDEX

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Depco Exhibit No. Three, Log

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Depco Exhibit No. Four, Diagrammatic Sketch

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1 A Yes, it has and it has been filed with the District
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3 Q Did the test indicate any leakage?

4 A No, it did not.

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6 A Yes, they have. The Morrow potential was five point
7 two million per day with a GOR of one hundred and fifteen
8 thousand, four hundred and sixty-two. A condensate gravity
9 was fifty-eight point eight degrees API. The original bottom-
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22 pressure of that zone is forty-one, forty-six psi. The bottom-
23 hole temperature is one hundred and sixty degrees Fahrenheit
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4 One through Four prepared by you or under your direction?

5 A Yes.

6 Q In your opinion would approval of Depco's application
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Osuna, Examiner
New Mexico Oil Conservation Commission

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825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

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. 5648
Order No. R-5184

APPLICATION OF DEPCO, INC. FOR
A DUAL COMPLETION, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on March 17, 1976, at Santa Fe, New Mexico, before Examiner, Daniel S. Nutter.

NOW, on this 23rd day of March, 1976, 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, Depco, Inc., seeks authority to complete its DHY State Well No. 1, located in Unit F of Section 23, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico, as a dual completion (conventional) to produce oil from the Wolfcamp formation and gas from the Morrow formation through tubing and through the casing-tubing annulus, respectively, by means of a cross-over assembly, with separation of the zones achieved by packers set at approximately 8,818 feet and 10,985 feet.

(3) That the mechanics of the proposed dual completion are feasible and in accord with good conservation practices.

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

IT IS THEREFORE ORDERED:

(1) That the applicant, Depco, Inc., is hereby authorized to complete its DHY State Well No. 1, located in Unit F of Section 23, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico, as a dual completion (conventional) to produce oil

-2-

Case No. 5648
Order No. R-5184

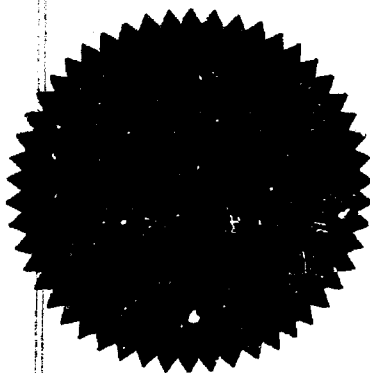
from the Wolfcamp formation and gas from the Morrow formation through tubing and through the casing-tubing annulus, respectively, by means of a cross-over assembly, with separation of the zones achieved by means of packers set at approximately 8,818 feet and 10,985 feet.

PROVIDED HOWEVER, that the applicant shall complete, operate, and produce said well 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;

PROVIDED FURTHER, that the applicant shall take packer-leakage tests upon completion and annually thereafter during the Annual Shut-In Pressure Test Period for the Morrow zone.

(2) 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.



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Phil R. Lucero
PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

S E A L

jr/

✓ Approvals Received

DEPCO, Inc.

PRODUCTION & EXPLORATION

February 18, 1976

✓ Exxon Company
Box 1600
Midland, TX 79701
Attn: Division Manager
L. H. Byrd

✓ R. C. Bennett & J. C. Ryan
Box 264
Midland, TX 79701 -

✓ Cities Service Oil Company
Box 4906
Midland, TX 79701
Attn: Manager Production
K. D. Van Horn

✓ Gulf Energy & Minerals Company
Box 1150
Midland, TX 79701
Attn: Midland Production District Manager

Sun Oil Company
Box 1861
Midland, TX 79701
Attn: Mr. Robert K. Beggs, Manager

✓ Featherstone Development Corporation
1717 W. Second Street
Roswell, NM 88201

✓ Hanson Oil Corporation
Box 1515
Roswell, NM 88201

John A. Yates
207 S. Fourth Street
Artesia, NM 88210

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Applicant EXHIBIT NO. 2
CASE NO. 5648

EXHIBIT NO. 2
NAMES AND ADDRESSES OF
OFFSET OPERATORS



1025 PETROLEUM CLUB BLDG. • DENVER, COLORADO 80202 • PHONE 303/292-0980

✓ Approvals Received

DEPCO, Inc.

PRODUCTION & EXPLORATION

February 18, 1976

✓ Exxon Company
Box 1600
Midland, TX 79701
Attn: Division Manager
L. H. Byrd

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John A. Yates
207 S. Fourth Street
Artesia, NM 88210

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Applicant EXHIBIT NO. 2
CASE NO. 5648

EXHIBIT NO. 2
NAMES AND ADDRESSES OF
OFFSET OPERATORS



RECEIVED
MAR 5 - 1976

OIL CONSERVATION COMM.
Santa Fe

Case 3648

February 18, 1976

New Mexico Oil Conservation Commission
Box 2088
Santa Fe, NM 87501

Gentlemen:

As an offset operator, Cities Service Oil Co. hereby waives any objection to dual completion of the DEPCO, Inc., DHY State No. 1 in the Wolfcamp and Morrow formations as presented in their Application for Multiple Completion dated February 18, 1976.

Accordingly, approval of this application is recommended.

For: Cities Service Oil Co.
By: William Kern
Date: 2/25/76 MANAGER PRODUCTION
SOUTHWEST REGION

February 18, 1976

Case 5648

New Mexico Oil Conservation Commission
Box 2088
Santa Fe, NM 87501

Gentlemen:

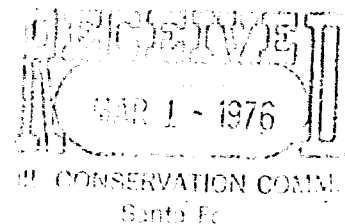
As an offset operator, Featherstone Farms, Ltd. hereby waives any objection to dual completion of the DEPCO, Inc., DHY State No. 1 in the Wolfcamp and Morrow formations as presented in their Application for Multiple Completion dated February 18, 1976.

Accordingly, approval of this application is recommended.

For: Featherstone Farms, Ltd.

By: Olen F. Featherstone II - General Partner

Date: February 26, 1976



February 18, 1976

New Mexico Oil Conservation Commission
Box 2088
Santa Fe, NM 87501

Gentlemen:

As an offset operator, EXXON hereby
waives any objection to dual completion of the DEPCO, Inc., DHY State
No. 1 in the Wolfcamp and Morrow formations as presented in their
Application for Multiple Completion dated February 18, 1976.

Accordingly, approval of this application is recommended.

For: EXXON CORPORATION
By: R W Bowden
Date: February 26, 1976

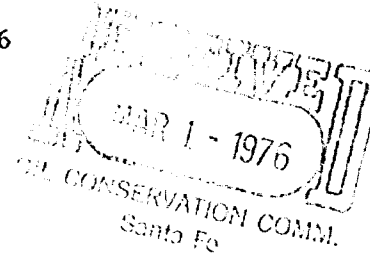
Gulf Energy and Minerals Company - U. S.

PRODUCTION DEPARTMENT
MIDLAND DISTRICT

P. O. Drawer 1150
Midland, Texas 79701

B. L. Choate
DISTRICT PRODUCTION MANAGER
R. F. Ward, Jr.
DISTRICT OPERATIONS MANAGER
C. E. Fields
DISTRICT SERVICES MANAGER
A. J. Evans, Jr.
DISTRICT ENVIRONMENTAL, SAFETY,
AND JOINT OPERATIONS MANAGER
J. C. Howard
DISTRICT EMPLOYEE RELATIONS MANAGER

24 February 1976



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

Re: Request for Dual Completion
DEPCO, Inc., DHY State Well No. 1
Wolfcamp and Morrow Pools
Eddy County, New Mexico

Gentlemen:

This is to advise that Gulf Oil Corporation has been given due notice that DEPCO, Inc. is requesting dual completion authority for their DHY State Well No. 1 in the above pools.

We have no objection to the granting of this application for the above well which is located:

Approximately 1900' FNL and 2000' FWL of
Section 23, T-19S, R-28E, Eddy County,
New Mexico

Executed this 24th day of February, 1976.

Yours very truly,

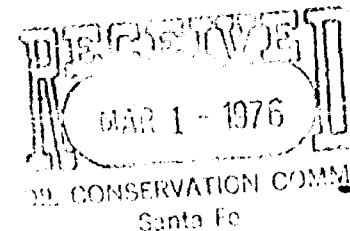
GULF OIL CORPORATION

BY W. C. Palmer
For W. C. PALMER - DISTRICT ENGINEER

CVB: jm



A DIVISION OF GULF OIL CORPORATION



February 18, 1976

New Mexico Oil Conservation Commission
Box 2088
Santa Fe, NM 87501

Gentlemen:

As an offset operator, *[Signature]* hereby
waives any objection to dual completion of the DEPCO, Inc., DHY State
No. 1 in the Wolfcamp and Morrow formations as presented in their
Application for Multiple Completion dated February 18, 1976.

Accordingly, approval of this application is recommended.

For: _____

By: _____

Date: _____

DEPCO, Inc.

PRODUCTION & EXPLORATION

February 18, 1976

New Mexico Oil Conservation Commission
Box 2088
Santa Fe, NM 87501

Attn: Mr. Joe D. Ramey
State Petroleum Engineer

Gentlemen:

Enclosed are two copies of our Application for Multiple Completion on the DEPCO, Inc., DHY State No. 1 located in Sec. 23, T19S, R28E, Eddy County, New Mexico.

Administrative approval of this application is requested. If the application cannot be approved administratively, please set it for hearing on the next available docket and advise this office of the date of hearing.

Yours very truly,

C. D. Crump

C. D. Crump
Vice President-Production

CDC:d11

Enclosures

CC: New Mexico Oil Conservation Commission
P. O. Drawer DD
Artesia, NM 88210

Mar 17th



NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
APPLICATION FOR MULTIPLE COMPLETION

Case 5648

Form C-107
5-1-61

Operator DEPCO, Inc.		County Eddy		Date 2-18-76
Address 800 Central, Odessa, TX 79761		Lease DHY State		Well No. 1
Location of Well	Unit F	Section 23	Township 19S	Range 28E

1. Has the New Mexico Oil Conservation Commission heretofore authorized the multiple completion of a well in these same pools or in the same zones within one mile of the subject well? YES _____ NO X
2. If answer is yes, identify one such instance: Order No. _____ ; Operator Lease, and Well No.: _____

3. The following facts are submitted:	Upper Zone	Intermediate Zone	Lower Zone
a. Name of Pool and Formation	Wildcat-Wolfcamp		Wildcat-Morrow
b. Top and Bottom of Pay Section (Perforations)	8866-90 8895-8902		11,025-11,047
c. Type of production (Oil or Gas)	Gas		Gas
d. Method of Production (Flowing or Artificial Lift)			

4. The following are attached. (Please check YES or NO)

- | | | |
|-------------------------------------|--------------------------|---|
| Yes | No | |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | a. Diagrammatic Sketch of the Multiple Completion, showing all casing strings, including diameters and setting depths, centralizers and/or turbolizers and location thereof, quantities used and top of cement, perforated intervals, tubing strings, including diameters and setting depth, location and type of packers and side door chokes, and such other information as may be pertinent. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | b. Plat showing the location of all wells on applicant's lease, all offset wells on offset leases, and the names and addresses of operators of all leases offsetting applicant's lease. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | c. Waivers consenting to such multiple completion from each offset operator, or in lieu thereof, evidence that said offset operators have been furnished copies of the application.* |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | d. Electrical log of the well or other acceptable log with tops and bottoms of producing zones and intervals of perforation indicated thereon. (If such log is not available at the time application is filed it shall be submitted as provided by Rule 112-A.) |

5. List all offset operators to the lease on which this well is located together with their correct mailing address.

See attached list

6. Were all operators listed in Item 5 above notified and furnished a copy of this application? YES X NO _____. If answer is yes, give date of such notification 2-18-76.

CERTIFICATE: I, the undersigned, state that I am the VP-Production of the DEPCO, Inc. (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

C.D. Crump

C. D. Crump, Vice President-Production

*Should waivers from all offset operators not accompany an application for administrative approval, the New Mexico Oil Conservation Commission will hold the application for a period of twenty (20) days from date of receipt by the Commission's Santa Fe office. If, after said twenty-day period, no protest nor request for hearing is received by the Santa Fe office, the application will then be processed.

NOTE: If the proposed multiple completion will result in an unorthodox well location and/or a non-standard proration unit in one or more of the producing zones, then separate application for approval of the same should be filed simultaneously with this application.

DEPCO, Inc.**PRODUCTION & EXPLORATION**

February 18, 1976

Exxon Company
Box 1600
Midland, TX 79701
Attn: Division Manager
L. H. Byrd

R. C. Bennett & J. C. Ryan
Box 264
Midland, TX 79701

Cities Service Oil Company
Box 4906
Midland, TX 79701
Attn: Manager Production
K. D. Van Horn

Gulf Energy & Minerals Company
Box 1150
Midland, TX 79701
Attn: Midland Production District Manager

Sun Oil Company
Box 1861
Midland, TX 79701
Attn: Mr. Robert K. Beggs, Manager

Featherstone Development Corporation
1717 W. Second Street
Roswell, NM 88201

Hanson Oil Corporation
Box 1515
Roswell, NM 88201

John A. Yates
207 S. Fourth Street
Artesia, NM 88210



DEPCO, Inc.

PRODUCTION & EXPLORATION

February 18, 1976

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Gentlemen:

Re: Application for Multiple Completion
DEPCO, Inc., DHY State No. 1
SE/4 of NW/4 Sec. 23, T19S, R28E
Eddy County, New Mexico

Enclosed is a copy of Form C-107, a plat showing the location of all wells on adjoining leases, and a Diagrammatic Sketch of the Multiple Completion of the subject well as a gas-gas dual completion from the Wolfcamp and Morrow formations.

As an offset operator, you are requested to complete the enclosed waiver consenting to such dual completion. One copy of the waiver should be returned to the Santa Fe Office of the Conservation Commission and one copy to the undersigned.

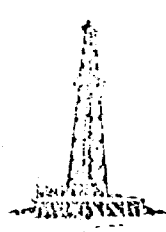
Your cooperation in this regard is appreciated.

Yours very truly,

C. D. Crump
C. D. Crump
Vice President-Production

CDC:d11

Enclosures



1025 PETROLEUM CLUB BLDG. • DENVER, COLORADO 80202 • PHONE 303/292-0980

DEPCO, Inc.

PRODUCTION & EXPLORATION

February 18, 1976

Exxon Company
Box 1600
Midland, TX 79701
Attn: Division Manager
L. H. Byrd

R. C. Bennett & J. C. Ryan
Box 264
Midland, TX 79701

Cities Service Oil Company
Box 4906
Midland, TX 79701
Attn: Manager Production
K. D. Van Horn

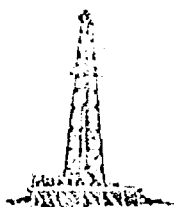
Gulf Energy & Minerals Company
Box 1150
Midland, TX 79701
Attn: Midland Production District Manager

Sun Oil Company
Box 1861
Midland, TX 79701
Attn: Mr. Robert K. Beggs, Manager

Featherstone Development Corporation
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Roswell, NM 88201

John A. Yates
207 S. Fourth Street
Artesia, NM 88210



1025 PETROLEUM CLUB BLDG. • DENVER, COLORADO 80202 • PHONE 303/292-0980

NEW MEXICO OIL CONSERVATION COMMISSION
PACKER SETTING REPORT

Case 5648

I, C. O. Bizzell, being of lawful age and having full
Name of party making report
knowledge of the facts hereinbelow set out do state:

That I am employed by DEPCO, Inc. in the capacity of
Production Superintendent, that on 1-19 & 1-27, 1976

I personally supervised the setting of a Baker Lok-set (#1), Guiberson Uni-3 (#2)
Make & type of packer
in DEPCO, Inc., DHY State,
Operator of well Lease name

Well no. 1 located in the Wildcat field,
Eddy county, state of New Mexico, at a subsurface depth of
#1 @ 10,985', #2 @ 8818' feet, said depth measurement having been furnished me by
Tubing Tally;

That the purpose of setting this packer was to effect a seal in the annular space between two strings of pipe where the packer was set so as to prevent the commingling, in the bore of this well, of fluids produced from a stratum below the packer with fluids produced from a stratum above the packer; that this packer was properly set and that it did, when set, effectively and absolutely seal off the annular space between the two strings of pipe where it was set in such manner as that it prevented any movement of fluids across the packer.

C. O. Bizzell C. O. Bizzell
(Signature)
Production Superintendent
(Title)
2-9-76
(Date)

DEPCO, Inc.

PRODUCTION & EXPLORATION

February 18, 1976

New Mexico Oil Conservation Commission
Box 2088
Santa Fe, NM 87501

Attn: Mr. Joe D. Ramey
State Petroleum Engineer

Gentlemen:

Enclosed are two copies of our Application for Multiple Completion on the DEPCO, Inc., DHY State No. 1 located in Sec. 23, T19S, R28E, Eddy County, New Mexico.

Administrative approval of this application is requested. If the application cannot be approved administratively, please set it for hearing on the next available docket and advise this office of the date of hearing.

Yours very truly,

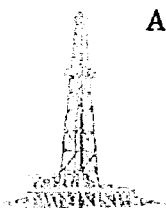
C. D. Crump

C. D. Crump
Vice President-Production

CDC:d11

Enclosures

CC: New Mexico Oil Conservation Commission
P. O. Drawer DD
Artesia, NM 88210



1025 PETROLEUM CLUB BLDG. • DENVER, COLORADO 80202 • PHONE 303/292-0980

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
APPLICATION FOR MULTIPLE COMPLETION

Form C-107
5-1-61

Operator DEPCO, Inc.		County Eddy		Date 2-18-76
Address 800 Central, Odessa, TX 79761		Lease DHY State		Well No. 1
Location of Well	Unit F	Section 23	Township 19S	Range 28E

1. Has the New Mexico Oil Conservation Commission heretofore authorized the multiple completion of a well in these same pools or in the same zones within one mile of the subject well? YES _____ NO X
2. If answer is yes, identify one such instance: Order No. _____; Operator Lease, and Well No.: _____

3. The following facts are submitted:	Upper Zone	Intermediate Zone	Lower Zone
a. Name of Pool and Formation	Wildcat-Wolfcamp		Wildcat-Morrow
b. Top and Bottom of Pay Section (Perforations)	8866-90 8895-8902		11,025-11,047
c. Type of production (Oil or Gas)	Gas		Gas
d. Method of Production (Flowing or Artificial Lift)			

4. The following are attached. (Please check YES or NO)

- | | | |
|-------------------------------------|--------------------------|---|
| Yes | No | |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | a. Diagrammatic Sketch of the Multiple Completion, showing all casing strings, including diameters and setting depths, centralizers and/or turbolizers and location thereof, quantities used and top of cement, perforated intervals, tubing strings, including diameters and setting depth, location and type of packers and side door chokes, and such other information as may be pertinent. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | b. Plat showing the location of all wells on applicant's lease, all offset wells on offset leases, and the names and addresses of operators of all leases offsetting applicant's lease. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | c. Waivers consenting to such multiple completion from each offset operator, or in lieu thereof, evidence that said offset operators have been furnished copies of the application.* |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | d. Electrical log of the well or other acceptable log with tops and bottoms of producing zones and intervals of perforation indicated thereon. (If such log is not available at the time application is filed it shall be submitted as provided by Rule 112-A.) |

5. List all offset operators to the lease on which this well is located together with their correct mailing address.

See attached list

6. Were all operators listed in Item 5 above notified and furnished a copy of this application? YES X NO _____. If answer is yes, give date of such notification 2-18-76.

CERTIFICATE: I, the undersigned, state that I am the VP-Production of the DEPCO, Inc. (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

C. D. Crump

Signature

C. D. Crump, Vice President-Production

*Should waivers from all offset operators not accompany an application for administrative approval, the New Mexico Oil Conservation Commission will hold the application for a period of twenty (20) days from date of receipt by the Commission's Santa Fe office. If, after said twenty-day period, no protest nor request for hearing is received by the Santa Fe office, the application will then be processed.

NOTE: If the proposed multiple completion will result in an unorthodox well location and/or a non-standard proration unit in one or more of the producing zones, then separate application for approval of the same should be filed simultaneously with this application.

DEPCO, Inc.

PRODUCTION & EXPLORATION

February 18, 1976

Exxon Company
Box 1600
Midland, TX 79701
Attn: Division Manager
L. H. Byrd

R. C. Bennett & J. C. Ryan
Box 264
Midland, TX 79701

Cities Service Oil Company
Box 4906
Midland, TX 79701
Attn: Manager Production
K. D. Van Horn

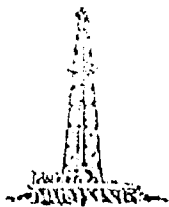
Gulf Energy & Minerals Company
Box 1150
Midland, TX 79701
Attn: Midland Production District Manager

Sun Oil Company
Box 1861
Midland, TX 79701
Attn: Mr. Robert K. Beggs, Manager

Featherstone Development Corporation
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Hanson Oil Corporation
Box 1515
Roswell, NM 88201

John A. Yates
207 S. Fourth Street
Artesia, NM 88210



1025 PETROLEUM CLUB BLDG. • DENVER, COLORADO 80202 • PHONE 303/292-0980

DEPCO, Inc.

PRODUCTION & EXPLORATION

February 18, 1976

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Gentlemen:

Re: Application for Multiple Completion
DEPCO, Inc., DHY State No. 1
SE/4 of NW/4 Sec. 23, T19S, R28E
Eddy County, New Mexico

Enclosed is a copy of Form C-107, a plat showing the location of all wells on adjoining leases, and a Diagrammatic Sketch of the Multiple Completion of the subject well as a gas-gas dual completion from the Wolfcamp and Morrow formations.

As an offset operator, you are requested to complete the enclosed waiver consenting to such dual completion. One copy of the waiver should be returned to the Santa Fe Office of the Conservation Commission and one copy to the undersigned.

Your cooperation in this regard is appreciated.

Yours very truly,

C. D. Crump

C. D. Crump
Vice President-Production

CDC:d11

Enclosures



DEPCO, Inc.

PRODUCTION & EXPLORATION

February 18, 1976

Exxon Company
Box 1600
Midland, TX 79701
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L. H. Byrd

R. C. Bennett & J. C. Ryan
Box 264
Midland, TX 79701

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K. D. Van Horn

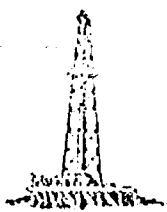
Gulf Energy & Minerals Company
Box 1150
Midland, TX 79701
Attn: Midland Production District Manager

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Box 1861
Midland, TX 79701
Attn: Mr. Robert K. Beggs, Manager

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John A. Yates
207 S. Fourth Street
Artesia, NM 88210



1025 PETROLEUM CLUB BLDG. • DENVER, COLORADO 80202 • PHONE 303/292-0980

NEW MEXICO OIL CONSERVATION COMMISSION
PACKER SETTING REPORT

I, C. O. Bizzell, being of lawful age and having full
Name of party making report
knowledge of the facts hereinbelow set out do state:
That I am employed by DEPCO, Inc. in the capacity of
Production Superintendent, that on 1-19 & 1-27, 1976
I personally supervised the setting of a Baker Lok-set (#1), Guiberson Uni-3 (#2)
Make & type of packer
in DEPCO, Inc., DHY State,
Operator of well Lease name
Well no. 1 located in the Wildcat field,
Eddy county, state of New Mexico, at a subsurface depth of
#1 @ 10,985', #2 @ 8818' feet, said depth measurement having been furnished me by
Tubing Tally;

That the purpose of setting this packer was to effect a seal in the annular space between two strings of pipe where the packer was set so as to prevent the commingling, in the bore of this well, of fluids produced from a stratum below the packer with fluids produced from a stratum above the packer; that this packer was properly set and that it did, when set, effectively and absolutely seal off the annular space between the two strings of pipe where it was set in such manner as that it prevented any movement of fluids across the packer.

C. O. Bizzell C. O. Bizzell
(Signature)
Production Superintendent
(Title)
2-9-76
(Date)

February 18, 1976

New Mexico Oil Conservation Commission
Box 2088
Santa Fe, NM 87501

Gentlemen:

As an offset operator, HANSON OIL CORPORATION hereby waives any objection to dual completion of the DEPCO, Inc., DHY State No. 1 in the Wolfcamp and Morrow formations as presented in their Application for Multiple Completion dated February 18, 1976.

Accordingly, approval of this application is recommended.

For: HANSON OIL CORPORATION

By: *Reynolds J. Hunt*
Vice-President, Management

Date: 2-20-76

DRAFT

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. 5648

Order No. R- 5184

APPLICATION OF DEPCO, INC.
FOR A DUAL COMPLETION, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
March 17, 19 76, at Santa Fe, New Mexico, before
Examiner Daniel S. Nutter.

NOW, on this day of March, 19 76, 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, Depco, Inc.,
seeks authority to complete its DHY State
Well No. 1, located in Unit F of Section 23, Township
19 South Range 28 East NMPM, Eddy County, New
Mexico, as a dual completion (conventional) to produce oil
(combination) (tubingless)

from the Wolfcamp and Morrow formations and gas from the
Morrow formation through tubing and through the
casing-tubing annulus, respectively by means
of a cross-over assembly, with separation of
the zones achieved by packers set at approximately
(3) That the mechanics of the proposed dual completion
are feasible and in accord with good conservation practices.

8818 feet and 10,985 feet.

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

IT IS THEREFORE ORDERED:

(1) That the applicant, Depco, Inc.,
is hereby authorized to complete its DHY State Well
Well No. 1, located in Unit F of Section 23, Township
19 South North Range 28 East West NMPM, Eddy County, New

Mexico, as a dual completion ^(conventional) ~~(combination)~~ to produce ~~gas~~ oil
~~(oil and gas)~~

from the Wolfcamp and Marrow formations *and gas from The Marrow formation through tubing and through the casing-tubing annulus, respectively, by means of a cross-over assembly, with separation of the zones achieved by means of packers set at approximately*

PROVIDED HOWEVER, that the applicant shall complete, operate, and produce said well 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;

PROVIDED FURTHER, that the applicant shall take packer-leakage tests upon completion and annually thereafter during the Annual ~~Shut-In Pressure~~ *Shut-In Pressure* ~~Gas-Oil Ratio Test Period~~ *for the Marrow zone.* ~~deliverability~~

(2) 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.

8818 feet and 10,695 feet.