

CASE 5672: HORACE F. MCKAY, JR.
FOR DOWNHOLE COMMINGLING & SIMUL-
TANEOUS DEDICATION, SAN JUAN CO

CASE NO.

5672

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.



OIL CONSERVATION COMMISSION

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



DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO
May 20, 1976

STATE GEOLOGIST
EMERY C. ARNOLD

Mr. Tom Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: CASE NO. 5672
ORDER NO. R-5212

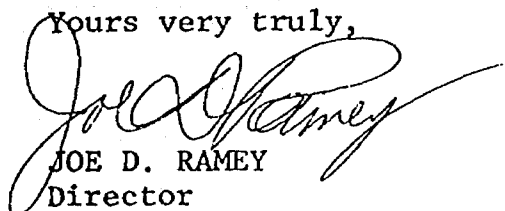
Applicant:

Horace F. McKay, Jr.

Dear Sir:

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

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC x
Artesia OCC _____
Aztec OCC x

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. 5672
Order No. R-5212

APPLICATION OF HORACE F. McKAY, JR.
FOR DOWNHOLE COMMINGLING AND SIMULTANEOUS
DEDICATION, SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 28, 1976, at Santa Fe, New Mexico, before Examiner, Richard L. Stamets.

NOW, on this 18th day of May, 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, Horace F. McKay, Jr., is the owner and operator of the Beardon Well No. 1A, located in Unit C of Section 19, Township 29 North, Range 10 West, NMPM, San Juan County, New Mexico.

(3) That the applicant seeks authority to commingle Aztec-Fruitland and Aztec-Pictured Cliffs gas production within the wellbore of the above-described well.

(4) That applicant further seeks approval for the simultaneous dedication of the NW/4 of said Section 19 to the above-described well and to his Beardon Well No. 1 in Unit E of said Section 19.

(5) That from the Aztec-Fruitland zone, the subject well is capable of low rates of production only.

(6) That from the Aztec-Pictured Cliffs zone, the subject well is capable of low rates of production only.

(7) 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.

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Case No. 5672
Order No. R-5212

(8) 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.

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

(10) That in order to allocate the commingled production to each of the commingled zones in the subject well, 10 percent of the commingled production should be allocated to the Aztec-Fruitland zone, and 90 percent of the commingled production to the Aztec-Pictured Cliffs zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, Horace F. McKay, Jr., is hereby authorized to commingle Aztec-Fruitland and Aztec-Pictured Cliffs production within the wellbore of the Beardon Well No. 1A, located in Unit C of Section 19, Township 29 North, Range 10 West, NMPM, San Juan County, New Mexico.

(2) That 10 percent of the commingled production shall be allocated to the Aztec-Fruitland zone and 90 percent of the commingled production shall be allocated to the Aztec-Pictured Cliffs zone.

(3) That applicant is further authorized to simultaneously dedicate the NW/4 of said Section 19 to the above-described well and to his Beardon Well No. 1 in Unit E of said Section 19.

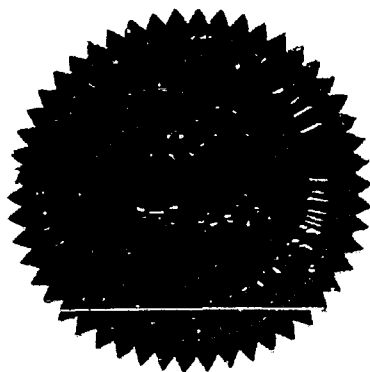
(4) That the operator of the subject well shall immediately notify the Commission's Aztec district office any time the well has been shut-in for 7 consecutive days and shall concurrently present, to the Commission, a plan for remedial action.

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

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Case No. 5672
Order No. R-5212

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



S E A L

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

jr/

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
April 28, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Horace F. McKay, Jr. for) CASE
downhole commingling and simultaneous) 5672
dedication, San Juan County, New Mexico.)

BEFORE: Richard L. Stamets, 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: W. Thomas Kellahin, Esq.
KELLAHIN & FOX
Attorneys at Law
500 Don Gaspar
Santa Fe, New Mexico

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1 MR. STAMETS: We will call next Case 5672, being the
 2 application of Horace F. McKay, Jr., for downhole commingling
 3 and simultaneous dedication, San Juan County, New Mexico.

4 You may proceed, Mr. Kellahin.

5 MR. KELLAHIN: I'm Tom Kellahin of Kellahin and Fox,
 6 Santa Fe, New Mexico, appearing on behalf of the applicant and
 7 I have one witness to be sworn.

8 (THEREUPON, the witness was duly sworn.)

9
 10 HORACE F. MCKAY, 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. KELLAHIN:

16 Q Mr. McKay, would you please state your full name
 17 and occupation?

18 A Horace F. McKay, Jr., real estate and oil and gas.

19 Q Where is your residence, Mr. McKay?

20 A Albuquerque, New Mexico.

21 Q Do you hold an engineering or geology degree of
 22 any sort?

23 A I do not.

24 Q How long have you operated as an independent oil and
 25 gas operator?

1 A. In excess of twenty-five years.

2 Q And where have your principal oil and gas activities
3 taken place?

4 A. In the San Juan basin.

5 Q And are you the owner and operator of the acreage
6 involved in this particular application?

7 A. I am.

8 Q Have you previously testified before this Commission?

9 A. I have.

10 MR. KELLAHIN: If the Examiner please, are the
11 witness' qualifications acceptable?

12 MR. STAMETS: They are.

13 Q (Mr. Kellahin continuing.) Mr. McKay, would you
14 state briefly for the Examiner what you are seeking by way of
15 this application?

16 A. Approval of downhole commingling of the Aztec-
17 Fruitland and Pictured Cliffs formations, together with the
18 simultaneous dedication of the northwest quarter of Section 19
19 to the Beardon "A" , with the Beardon 1 in Unit E of Section
20 19.

21 Q Please refer to what has been marked as Applicant's
22 Exhibit Number One, identify it and state briefly what
23 information it contains?

24 A. Exhibit Number One shows the well that I drilled on
25 this particular quarter section in 1956 to the Pictured Cliff.

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1 The Pictured Cliff formation produced so much water that it
2 was necessary to plug it and we came up the hole and completed
3 it in the Fruitland and abandoned all of the Pictured Cliff
4 gas in that particular hole. That was in 1956.

5 Q This is the first Fruitland well on this particular
6 one hundred and sixty unit?

7 A That is correct.

8 Q And you have subsequently drilled a second well?

9 A Correct.

10 Q Do you still have any Fruitland production from
11 this Beardon No. 1 Well?

12 A Yes, I do.

13 Q Please refer to Exhibit Number Two and identify it?

14 A Exhibit Number Two is the well location of the
15 Beardon A-1.

16 Q This is the second well that was drilled on this
17 unit?

18 A This is the second well, that is correct.

19 Q Exhibit Number Three?

20 A Exhibit Number Three shows how this second well
21 has been completed as a dual in that we opened up the Pictured
22 Cliff as well as the Fruitland formation in the same wellbore.

23 Q Is this well currently producing?

24 A It is not.

25 Q It has been completed?

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1 A. It has.

2 Q. In your opinion why are you unable to complete this
3 well as a dual completion?

4 A. Two reasons: One, we used two-and-seven-eighths
5 inch casing and if we separate the two zones with a packer I
6 feel that the water will take over the Pictured Cliff again
7 as it did in the first hole, so we need to produce both the
8 Fruitland and Pictured Cliff together in order to get the gas
9 out of the Pictured Cliff.

10 Q. If the Commission allows you to produce this well
11 as a commingled well, will that result in the production of
12 more gas than if they approved a dual completion?

13 A. That is my belief, yes.

14 Q. Please refer to Exhibit Number Four and identify it?

15 A. Exhibit Number Four is a test that was recently
16 run 3-15-76 by El Paso showing the dead-weight pressure of
17 the Fruitland well on this particular quarter section.

18 Q. This is the Beardon No. 1 Well?

19 A. This is the Beardon No. 1, correct.

20 Q. And what is the current pressure information?

21 A. One hundred and fifty-five pounds.

22 Q. Please refer to Exhibit Number Five and identify it?

23 A. Exhibit Number Five is the Form C-105, the State's
24 form, showing the absolute open flow gas from the newly
25 completed well which indicates a million, six hundred and

1 ninety-five thousand cubic feet a day.

2 Q Based upon this pressure information, Mr. McKay,
3 how would you propose to allocate production between the
4 Fruitland and Pictured Cliff formations in the Beardon No. A-1
5 Well?

6 A Twenty-five percent would be attributed to the
7 Fruitland and seventy-five percent to the PC.

8 Q Please refer to Exhibit Number Six and identify it?

9 A Exhibit Number Six is just a map showing all of
10 the offset wells within the area of the Beardon A-1.

11 Q What does the red hatch mark indicate?

12 A That indicates the particular well that I'm
13 applying for downhole commingling in the location of the
14 hundred and sixty acres.

15 Q The well in the northeast corner of that one
16 hundred and sixty acre unit is which well?

17 A It is the Beardon A-1. This is the one that we
18 are asking for downhole commingling on.

19 Q And the other well on that one hundred and sixty
20 acre unit is the original Fruitland well?

21 A Correct.

22 Q Using this exhibit, Mr. McKay, would you identify
23 the offset ownership from this well, beginning with the
24 northeast quarter of Section 19, who is the operator of that
25 well?

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1 A Depco, I believe it is, is the operator of the
2 northeast. The southeast are two wells operated by El Paso
3 and owned by El Paso and myself and the well to the southwest,
4 the southwest quarter, are two wells owned and operated by me.
5 Directly west of there in Section 24, the southwest quarter,
6 is another Fruitland well that is owned and operated by me.

7 Q You mean the southeast quarter, don't you?

8 A I mean the southeast quarter of Section 24, correct.
9 The well directly north in Section 24 in the northeast
10 quarter, is a well operated by Francis Harvey's widow, Ellen
11 Lorraine Harvey of Wichita.

12 Q That's a Fruitland well?

13 A That's a Fruitland well.

14 Q And the well immediately north of the hundred and
15 sixty acre unit, the well in Section 18?

16 A It is my understanding that Depco owns and operates
17 that well also.

18 Q All right, sir, would you refer to Exhibit Number
19 Seven and identify it?

20 A Exhibit Number Seven shows the pressure on two
21 newly completed wells, pressure tests on two newly completed
22 wells in the west half of Section 19.

23 Q That pressure information is located in the box
24 at the bottom of the exhibit?

25 A Correct. The well in the northwest quarter, the

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1 Beardon A-1, has a shut-in pressure after eight days of
2 three hundred and eighty-seven pounds, that is why I'm asking
3 for the downhole commingling. That well has both the
4 Fruitland opened as well as the Pictured Cliff. It shows
5 three hundred and eighty-seven pounds shut-in pressure.

6 The well directly south of it, the McKay 1 in the
7 southwest quarter, is only a Pictured Cliff well and it has a
8 shut-in pressure of four hundred and six pounds after eight
9 days.

10 Q Exhibit Number Eight?

11 A. Exhibit Number Eight shows the production from the
12 offset wells in the Pictured Cliff and the cumulative
13 production, the top line being the production in 1974, the
14 bottom line being the cumulative from the date of completion
15 through 1974.

16 Q All right, sir, Exhibit Number Nine?

17 A. Exhibit Number Nine shows the production history of
18 the Fruitland wells in the area, the top line being '74
19 production, the bottom line being cumulative.

20 Q And Exhibit Number Ten?

21 A. And Exhibit Number Ten shows the production history
22 of the Fruitland well, Beardon No. 1, that was drilled and
23 completed by me in the northwest quarter of Section 19 in
24 1956.

25 Q What is the status of the ownership of both the

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1 royalty and working interests for the hundred and sixty acre
2 unit in question here?

3 A It is all the same.

4 Q What pool are you in here, Mr. McKay?

5 A In the Aztec-Pictured Cliff and the Aztec-Fruitland.

6 Q Are either one of those pools prorated?

7 A It is my understanding that they are not.

8 Q In your opinion, Mr. McKay, will approval of this
9 application be in the best interest of conservation, prevention
10 of waste and protection of correlative rights?

11 A It will.

12 Q Were Exhibits One through Ten either prepared by
13 you directly or compiled under your direction?

14 A They were.

15 MR. KELLAHIN: We move the introduction of
16 Exhibits One through Ten.

17 MR. STAMETS: These exhibits will be admitted.

18 (THEREUPON, Applicant's Exhibits One
19 through Ten were admitted into evidence.)

20 MR. KELLAHIN: That concludes our direct examination.

21

22 CROSS EXAMINATION

23 BY MR. STAMETS:

24 Q Mr. McKay, you indicated that the whole northwest
25 quarter of Section 19 is a single lease?

1 A. No, it's not a single lease but the same owners own
2 all rights in both the Fruitland and the PC.

3 Q Would you propose to communitize the entire north-
4 west quarter and form a single producing unit?

5 A. Yes, it was communitized years ago.

6 Q Okay.

7 A. In 1956, I believe it was.

8 Q I would advise that the Commission would require
9 that the lease name then on these two wells be the same and
10 that the wells would have to be numbered one and two or some
11 such thing as that.

12 A. I would be happy to do it. That would be the
13 fourth time that it has been recommended that a name change
14 be on it and we finally ended up under Al's suggestion as
15 the Beardon A-1 and the Beardon 1. So, I will change it any
16 way they want it.

17 Q We'll check with the District Office and work out
18 something on it. I know that this particular thing with the
19 Beardon and the Beardon A will not run through the computer
20 so something will have to be done on that.

21 Referring to Exhibit Number Three, I see a well
22 test here on the left-hand side of the exhibit on 2-18-76,
23 showing an initial potential of one million, four hundred and
24 ninety-five thousand, is that the Fruitland alone?

25 A. No, that's both.

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1 Q That's both zones?

2 A That's both zones.

3 Q Okay. How do you come up with that twenty-five
4 percent, seventy-five percent split, what's the basis for
5 that?

6 A I figure that based on the shut-in pressure of the
7 Beardon 1, the original Fruitland Well there, it presently
8 has a hundred and fifty-five pounds on the latest test. When
9 you figure that, I believe that the whole zone is pretty well
10 depleted. The Pictured Cliff should not be depleted in this
11 area and the offset well that we just drilled has four hundred
12 and eight pounds of pressure, I believe it is.

13 MR. KELLAHIN: Four, oh, six.

14 A Four, oh, six, which is strictly a Pictured Cliff
15 by itself.

16 Q (Mr. Stamets continuing.) Looking at your Exhibit
17 Number Eight and your Exhibit Number Nine, it would seem to
18 indicate that the potentials on the Pictured Cliff wells in
19 the area are substantially greater than those on the Fruitland
20 wells?

21 A Correct.

22 Q I wonder if perhaps the 1975 production records
23 on these wells might be a better gauge of the distribution of
24 the allowable on this particular well?

25 A I would be happy to use them but our book for the

1 cumulative hasn't come out yet for '75 is why we didn't.

2 Q We have a computer printout of 1975 in the back
3 here and I'm sure our people would be happy to show you the
4 figures on these wells before you leave today and you can run
5 them through and submit them in a few days.

6 A All right, we would be happy to.

7 Q Do either of these zones make any liquids in the
8 Beardon A Well?

9 A The Fruitland makes quite a lot of water. I don't
10 mean the Fruitland, the Pictured Cliff makes quite a lot of
11 water.

12 Q If that water should become a production problem
13 what do you plan to do?

14 A Well, in the first well that I drilled in that
15 quarter in 1956 we finally had to abandon it because of the
16 water. The well that we have just completed, the McKay No. 1
17 in the southwest quarter, was put on the line last Friday,
18 an El Paso line last Friday and it was allowed to produce for
19 a little in excess of two hours and it was shut back in. We
20 haven't put a separator on it. In fact, they are installing
21 it today, a separator to knock the water out. We would have
22 the same problem in this new well and there again we can use
23 that Fruitland as part of a lift to get the Pictured Cliff to
24 produce. We will probably have to put a separator on it
25 also but until it is tested in the line we don't know.

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1 Q Is there any likelihood once this well goes on the
2 line that it would be shut in for any appreciable time risking
3 the possibility of drowning the Fruitland with the Pictured
4 Cliff water?

5 A I don't anticipate that, no. If that is the case we
6 will have to come back and do some additional work on it some
7 way. It may be we will have to shut the Pictured Cliff off,
8 I don't know, like we did in the first hole.

9 MR. STAMETS: Are there any other questions of the
10 witness?

11 MR. KELLAHIN: No, sir.

12 MR. STAMETS: He may be excused.

13 (THEREUPON, the witness was excused.)

14 MR. STAMETS: Anything further in this Case.

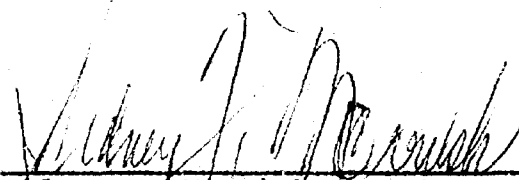
15 MR. KELLAHIN: No, sir.

16 MR. STAMETS: We will take the case under advisement.
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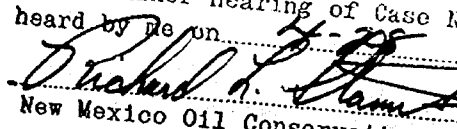
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REPORTER'S CERTIFICATE

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
a complete record of the proceedings in
the Examiner hearing of Case No. 5672,
heard by me on 4-28-76, 1976.

Richard L. Blum, Examiner
New Mexico Oil Conservation Commission

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
April 28, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Horace F. McKay, Jr. for) CASE
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BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

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Legal Counsel for the Commission
State Land Office Building
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4 You may proceed, Mr. Kellahin.

5 MR. KELLAHIN: I'm Tom Kellahin of Kellahin and Fox,
 6 Santa Fe, New Mexico, appearing on behalf of the applicant and
 7 I have one witness to be sworn.

8 (THEREUPON, the witness was duly sworn.)

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 10 HORACE F. MCKAY, JR.
 11 called as a witness, having been first duly sworn, was
 12 examined and testified as follows:

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 14 DIRECT EXAMINATION

15 BY MR. KELLAHIN:

16 Q Mr. McKay, would you please state your full name
 17 and occupation?

18 A Horace F. McKay, Jr., real estate and oil and gas.

19 Q Where is your residence, Mr. McKay?

20 A Albuquerque, New Mexico.

21 Q Do you hold an engineering or geology degree of
 22 any sort?

23 A I do not.

24 Q How long have you operated as an independent oil and
 25 gas operator?

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- 1 A. In excess of twenty-five years.
- 2 Q And where have your principal oil and gas activities
- 3 taken place?
- 4 A. In the San Juan basin.
- 5 Q And are you the owner and operator of the acreage
- 6 involved in this particular application?
- 7 A. I am.
- 8 Q Have you previously testified before this Commission?
- 9 A. I have.
- 10 MR. KELLAHIN: If the Examiner please, are the
- 11 witness' qualifications acceptable?
- 12 MR. STAMETS: They are.
- 13 Q (Mr. Kellahin continuing.) Mr. McKay, would you
- 14 state briefly for the Examiner what you are seeking by way of
- 15 this application?
- 16 A. Approval of downhole commingling of the Aztec-
- 17 Fruitland and Pictured Cliffs formations, together with the
- 18 simultaneous dedication of the northwest quarter of Section 19
- 19 to the Beardon "A" , with the Beardon 1 in Unit E of Section
- 20 19.
- 21 Q Please refer to what has been marked as Applicant's
- 22 Exhibit Number One, identify it and state briefly what
- 23 information it contains?
- 24 A. Exhibit Number One shows the well that I drilled on
- 25 this particular quarter section in 1956 to the Pictured Cliff.

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Phone (505) 982-9212

1 The Pictured Cliff formation produced so much water that it
2 was necessary to plug it and we came up the hole and completed
3 it in the Fruitland and abandoned all of the Pictured Cliff
4 gas in that particular hole. That was in 1956.

5 Q This is the first Fruitland well on this particular
6 one hundred and sixty unit?

7 A That is correct.

8 Q And you have subsequently drilled a second well?

9 A Correct.

10 Q Do you still have any Fruitland production from
11 this Beardon No. 1 Well?

12 A Yes, I do.

13 Q Please refer to Exhibit Number Two and identify it?

14 A Exhibit Number Two is the well location of the
15 Beardon A-1.

16 Q This is the second well that was drilled on this
17 unit?

18 A This is the second well, that is correct.

19 Q Exhibit Number Three?

20 A Exhibit Number Three shows how this second well
21 has been completed as a dual in that we opened up the Pictured
22 Cliff as well as the Fruitland formation in the same wellbore.

23 Q Is this well currently producing?

24 A It is not.

25 Q It has been completed?

1 A. It has.

2 Q. In your opinion why are you unable to complete this
3 well as a dual completion?

4 A. Two reasons: One, we used two-and-seven-eighths
5 inch casing and if we separate the two zones with a packer I
6 feel that the water will take over the Pictured Cliff again
7 as it did in the first hole, so we need to produce both the
8 Fruitland and Pictured Cliff together in order to get the gas
9 out of the Pictured Cliff.

10 Q. If the Commission allows you to produce this well
11 as a commingled well, will that result in the production of
12 more gas than if they approved a dual completion?

13 A. That is my belief, yes.

14 Q. Please refer to Exhibit Number Four and identify it?

15 A. Exhibit Number Four is a test that was recently
16 run 3-15-76 by El Paso showing the dead-weight pressure of
17 the Fruitland well on this particular quarter section.

18 Q. This is the Beardon No. 1 Well?

19 A. This is the Beardon No. 1, correct.

20 Q. And what is the current pressure information?

21 A. One hundred and fifty-five pounds.

22 Q. Please refer to Exhibit Number Five and identify it?

23 A. Exhibit Number Five is the Form C-105, the State's
24 form, showing the absolute open flow gas from the newly
25 completed well which indicates a million, six hundred and

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1 ninety-five thousand cubic feet a day.

2 Q Based upon this pressure information, Mr. McKay,

3 how would you propose to allocate production between the

4 Fruitland and Pictured Cliff formations in the Beardon No. A-1

5 Well?

6 A Twenty-five percent would be attributed to the

7 Fruitland and seventy-five percent to the PC.

8 Q Please refer to Exhibit Number Six and identify it?

9 A Exhibit Number Six is just a map showing all of

10 the offset wells within the area of the Beardon A-1.

11 Q What does the red hatch mark indicate?

12 A That indicates the particular well that I'm

13 applying for downhole commingling in the location of the

14 hundred and sixty acres.

15 Q The well in the northeast corner of that one

16 hundred and sixty acre unit is which well?

17 A It is the Beardon A-1. This is the one that we

18 are asking for downhole commingling on.

19 Q And the other well on that one hundred and sixty

20 acre unit is the original Fruitland well?

21 A Correct.

22 Q Using this exhibit, Mr. McKay, would you identify

23 the offset ownership from this well, beginning with the

24 northeast quarter of Section 19, who is the operator of that

25 well?

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1 A. Depco, I believe it is, is the operator of the
2 northeast. The southeast are two wells operated by El Paso
3 and owned by El Paso and myself and the well to the southwest,
4 the southwest quarter, are two wells owned and operated by me.
5 Directly west of there in Section 24, the southwest quarter,
6 is another Fruitland well that is owned and operated by me.

7 Q. You mean the southeast quarter, don't you?

8 A. I mean the southeast quarter of Section 24, correct.
9 The well directly north in Section 24 in the northeast
10 quarter, is a well operated by Francis Harvey's widow, Ellen
11 Lorraine Harvey of Wichita.

12 Q. That's a Fruitland well?

13 A. That's a Fruitland well.

14 Q. And the well immediately north of the hundred and
15 sixty acre unit, the well in Section 18?

16 A. It is my understanding that Depco owns and operates
17 that well also.

18 Q. All right, sir, would you refer to Exhibit Number
19 Seven and identify it?

20 A. Exhibit Number Seven shows the pressure on two
21 newly completed wells, pressure tests on two newly completed
22 wells in the west half of Section 19.

23 Q. That pressure information is located in the box
24 at the bottom of the exhibit?

25 A. Correct. The well in the northwest quarter, the

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1 Beardon A-1, has a shut-in pressure after eight days of
2 three hundred and eighty-seven pounds, that is why I'm asking
3 for the downhole commingling. That well has both the
4 Fruitland opened as well as the Pictured Cliff. It shows
5 three hundred and eighty-seven pounds shut-in pressure.

6 The well directly south of it, the McKay 1 in the
7 southwest quarter, is only a Pictured Cliff well and it has a
8 shut-in pressure of four hundred and six pounds after eight
9 days.

10 Q Exhibit Number Eight?

11 A Exhibit Number Eight shows the production from the
12 offset wells in the Pictured Cliff and the cumulative
13 production, the top line being the production in 1974, the
14 bottom line being the cumulative from the date of completion
15 through 1974.

16 Q All right, sir, Exhibit Number Nine?

17 A Exhibit Number Nine shows the production history of
18 the Fruitland wells in the area, the top line being '74
19 production, the bottom line being cumulative.

20 Q And Exhibit Number Ten?

21 A And Exhibit Number Ten shows the production history
22 of the Fruitland well, Beardon No. 1, that was drilled and
23 completed by me in the northwest quarter of Section 19 in
24 1956.

25 Q What is the status of the ownership of both the

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1 royalty and working interests for the hundred and sixty acre
2 unit in question here?

3 A. It is all the same.

4 Q. What pool are you in here, Mr. McKay?

5 A. In the Aztec-Pictured Cliff and the Aztec-Fruitland.

6 Q. Are either one of those pools prorated?

7 A. It is my understanding that they are not.

8 Q. In your opinion, Mr. McKay, will approval of this
9 application be in the best interest of conservation, prevention
10 of waste and protection of correlative rights?

11 A. It will.

12 Q. Were Exhibits One through Ten either prepared by
13 you directly or compiled under your direction?

14 A. They were.

15 MR. KELLAHIN: We move the introduction of
16 Exhibits One through Ten.

17 MR. STAMETS: These exhibits will be admitted.

18 (THEREUPON, Applicant's Exhibits One
19 through Ten were admitted into evidence.)

20 MR. KELLAHIN: That concludes our direct examination.

21

22 CROSS EXAMINATION

23 BY MR. STAMETS:

24 Q. Mr. McKay, you indicated that the whole northwest
25 quarter of Section 19 is a single lease?

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1 A. No, it's not a single lease but the same owners own
2 all rights in both the Fruitland and the PC.

3 Q. Would you propose to communitize the entire north-
4 west quarter and form a single producing unit?

5 A. Yes, it was communitized years ago.

6 Q. Okay.

7 A. In 1956, I believe it was.

8 Q. I would advise that the Commission would require
9 that the lease name then on these two wells be the same and
10 that the wells would have to be numbered one and two or some
11 such thing as that.

12 A. I would be happy to do it. That would be the
13 fourth time that it has been recommended that a name change
14 be on it and we finally ended up under Al's suggestion as
15 the Beardon A-1 and the Beardon 1. So, I will change it any
16 way they want it.

17 Q. We'll check with the District Office and work out
18 something on it. I know that this particular thing with the
19 Beardon and the Beardon A will not run through the computer
20 so something will have to be done on that.

21 Referring to Exhibit Number Three, I see a well
22 test here on the left-hand side of the exhibit on 2-18-76,
23 showing an initial potential of one million, four hundred and
24 ninety-five thousand, is that the Fruitland alone?

25 A. No, that's both.

1 Q That's both zones?

2 A That's both zones.

3 Q Okay. How do you come up with that twenty-five
4 percent, seventy-five percent split, what's the basis for
5 that?

6 A I figure that based on the shut-in pressure of the
7 Beardon 1, the original Fruitland Well there, it presently
8 has a hundred and fifty-five pounds on the latest test. When
9 you figure that, I believe that the whole zone is pretty well
10 depleted. The Pictured Cliff should not be depleted in this
11 area and the offset well that we just drilled has four hundred
12 and eight pounds of pressure, I believe it is.

13 MR. KELLAHIN: Four, oh, six.

14 A Four, oh, six, which is strictly a Pictured Cliff
15 by itself.

16 Q (Mr. Stamets continuing.) Looking at your Exhibit
17 Number Eight and your Exhibit Number Nine, it would seem to
18 indicate that the potentials on the Pictured Cliff wells in
19 the area are substantially greater than those on the Fruitland
20 wells?

21 A Correct.

22 Q I wonder if perhaps the 1975 production records
23 on these wells might be a better gauge of the distribution of
24 the allowable on this particular well?

25 A I would be happy to use them but our book for the

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1 cumulative hasn't come out yet for '75 is why we didn't.

2 Q We have a computer printout of 1975 in the back
3 here and I'm sure our people would be happy to show you the
4 figures on these wells before you leave today and you can run
5 them through and submit them in a few days.

6 A All right, we would be happy to.

7 Q Do either of these zones make any liquids in the
8 Beardon A Well?

9 A The Fruitland makes quite a lot of water. I don't
10 mean the Fruitland, the Pictured Cliff makes quite a lot of
11 water.

12 Q If that water should become a production problem
13 what do you plan to do?

14 A Well, in the first well that I drilled in that
15 quarter in 1956 we finally had to abandon it because of the
16 water. The well that we have just completed, the McKay No. 1
17 in the southwest quarter, was put on the line last Friday,
18 an El Paso line last Friday and it was allowed to produce for
19 a little in excess of two hours and it was shut back in. We
20 haven't put a separator on it. In fact, they are installing
21 it today, a separator to knock the water out. We would have
22 the same problem in this new well and there again we can use
23 that Fruitland as part of a lift to get the Pictured Cliff to
24 produce. We will probably have to put a separator on it
25 also but until it is tested in the line we don't know.

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1 Q Is there any likelihood once this well goes on the
 2 line that it would be shut in for any appreciable time risking
 3 the possibility of drowning the Fruitland with the Pictured
 4 Cliff water?

5 A I don't anticipate that, no. If that is the case we
 6 will have to come back and do some additional work on it some
 7 way. It may be we will have to shut the Pictured Cliff off,
 8 I don't know, like we did in the first hole.

9 MR. STAMETS: Are there any other questions of the
 10 witness?

11 MR. KELLAHIN: No, sir.

12 MR. STAMETS: He may be excused.

13 (THEREUPON, the witness was excused.)

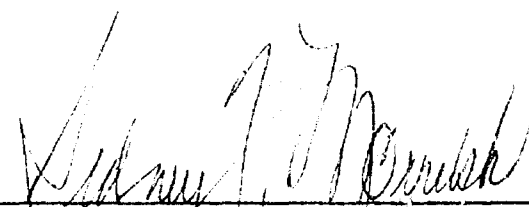
14 MR. STAMETS: Anything further in this Case.

15 MR. KELLAHIN: No, sir.

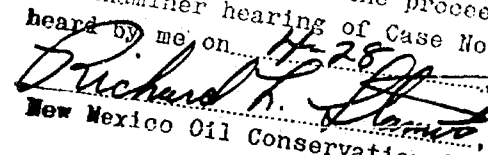
16 MR. STAMETS: We will take the case under advisement
 17
 18
 19
 20
 21
 22
 23
 24
 25

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.

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

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5672,
heard by me on 11-28-76, 1976.

Richard H. Horne, Examiner
New Mexico Oil Conservation Commission

HORACE F. McKAY, JR. #1 BEARDON
1750' FNL, 890' FWL,
Unit E, Sec. 19, T29N, R10W,
San Juan County, New Mexico
Elev. 5502 Gr., 5507 D.F.
Surface Csg @ 102
Spud 12-29-1956

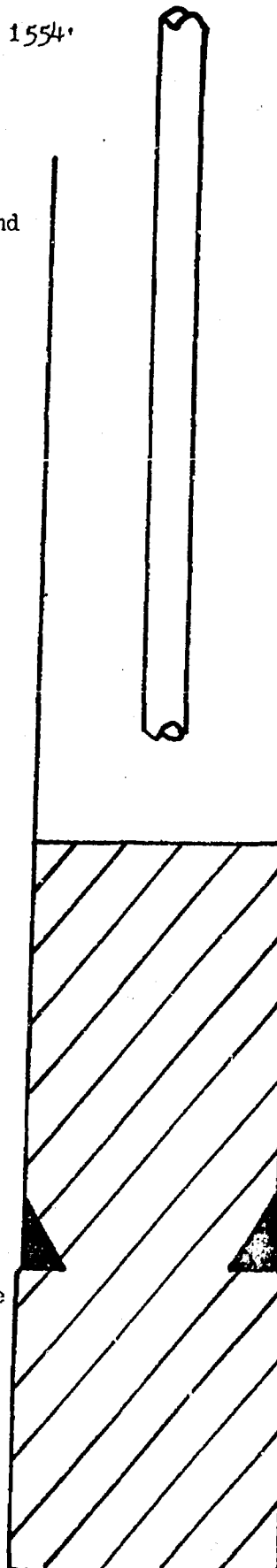
1 $\frac{1}{4}$ " tubing set at 1554'

Sand Water Frac Fruitland
1539-1581 with
30,000 gal. water,
20,000 # sand,

Tested Fruitland on
7-3-1957

IP Flow
3/4 choke, 3 hrs.,
SIPC 627, 8 days,
Calc AOF 3827 MCF

Sand Water Frac Open Hole
1785-1803 with:
18,900 gal water,
15,000 # sand



Log Top Fruitland 1535
Perf Fruitland 3 shots per foot

1539-1555

1559-1581

On 7-1-1957 Abandon Pictured Cliffs
Cemented bottom of hole with
100 sacks. Set top of plug @ 1703,
Wireline found plug @ 1626.

Log Top Pictured Cliffs 1764
4 $\frac{1}{2}$ casing set @ 1785
Open hole 1785 to 1803

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

McKay EXHIBIT NO. 1

CASE NO. 5672

Submitted by

Hearing Date 28 Apr 76

MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form O-102
Supersedes O-128
Effective 1-4-65

All distances must be from the outer boundaries of the Section.

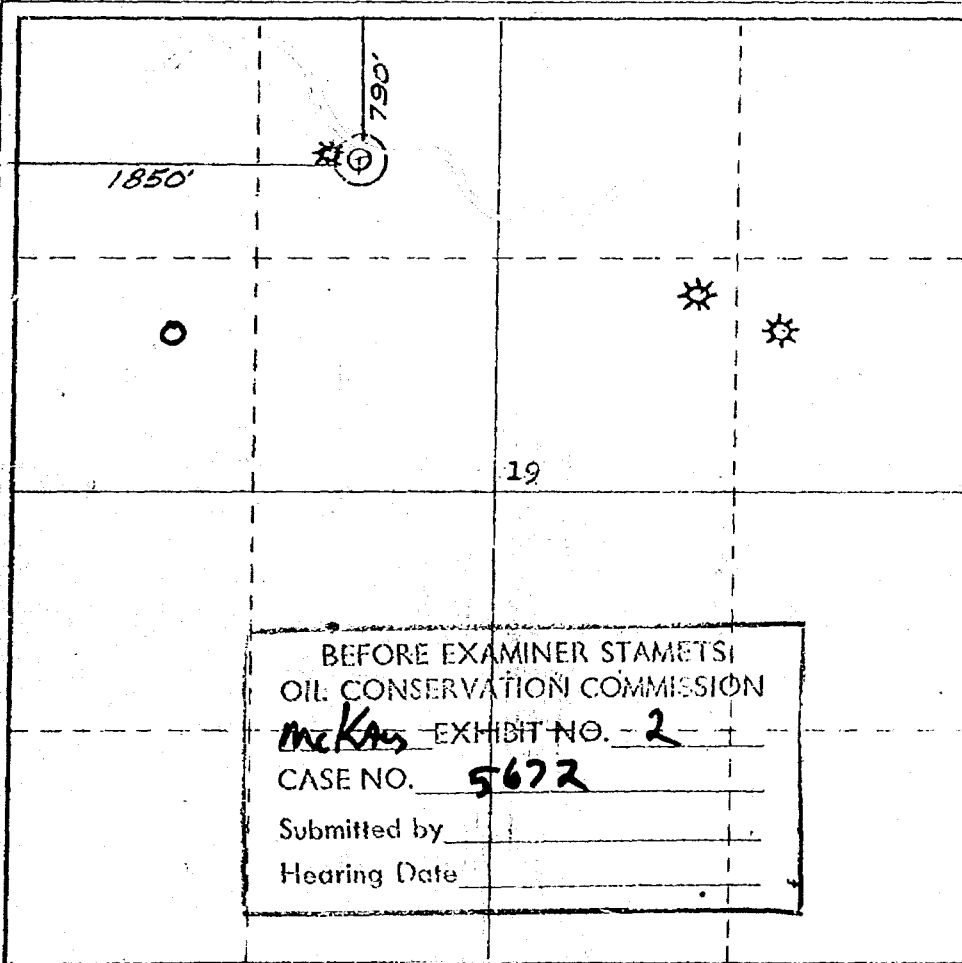
Operator Horace F. McKay, Jr. CHACER OIL COMPANY		Lease		Well No.	
Unit Letter C	Section 12	Township 29 NORTH	Range 10 WEST	County SAN JUAN	
Actual Footage Location of Well: 720 feet from the NORTH line and 1850 feet from the WEST line.					
Ground Level Elev. 5517	Producing Formation PICTURED CLIFF	Pool		Dedicated from 1961	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name _____
Position _____
Company _____
Date _____

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

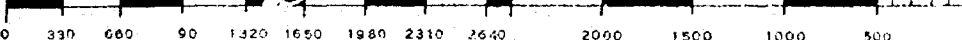
Date Surveyed **November 1975**

Registered Professional Engineer
and Land Surveyor

James P. Leese

Certificate No.

1463



HORACE F. McKAY, JR. #1 BEARDON "A"
 1825' FWL, 810' FNL,
 Unit C, Sec. 19, T29N, R10W
 San Juan County, New Mexico
 Elev. 5516 Gr., 5520 RKB
 Spud 12-14-1975
 8 5/8 hole to 105'
 Set 7" surface casing @ 100' cemented 80 sacks Class B, circulated.
 Drill 6" hole to TD 1881
 Set production casing 2 7/8 @ 1850, cemented 250 sacks,
 Class B and Poz Mix 50/50, circulated.

Well Tested on 2-18-1976

IP Flow 1497 MCF, 3/4 choke,
 3 hrs., SIPC 387#, 10 days.
 Calc AOF 1695 MCF

Sand Water Frac All Perfs
 1594-1831 with
 39,564 gallons water,
 40,000# 20/40 sand,
 Flush 378 gallons,
 BDP 3000, Avg. TP 2200,
 Max TP 2950, IR: 26 B/M,
 ISIP 700#.

Log Top Fruitland 1580

Perf Fruitland 2 shots per foot,
 1594-1601

1604-1610

Log Top Pictured Cliffs 1802

Perf Pictured Cliffs 2 shots per foot
 1809-1817

1825-1831

Csg @ 1850

TD 1881

BEFORE EXAMINER STAMETS
 OIL CONSERVATION COMMISSION
 McKay EXHIBIT NO. 3
 CASE NO. 5672
 Submitted by _____
 Hearing Date _____

STATION <u>Bearden #1</u>															DATE <u>3/15/76</u>																																
MEASURING GAS																																															
<input type="checkbox"/> To <input type="checkbox"/> From <u>E. P. N. G.</u>																																															
CARD CODE CAV		METER STATION BNC				RUN NO. CCF		CK OG		INSPECTION DATE						ORIFICE PLATE 042				STATIC RANGE 039		DIFF. RANGE 040		LINE/SIZE I.D. 025		CHT ROT/HRS AKQ																					
1	3	4	5	9	11	12	14	16	18	20	21	28	29	33	34	37	38	40	41	45	46	48																									
A	R	B	A	7	1	8	5	5	0	1	5	7	6	0	3	0	7	6											2	0	3	7	5	0	2	0	0	1	0	0	4	0	2	6	1	9	2

ORIFICE METER		<input type="checkbox"/> American <input type="checkbox"/> Foxboro <input type="checkbox"/> Rockwell		SERIAL NO. <u>20234</u>	CLOCK ROTATION <u>8/4</u>	DIFF. PEN ARC <u>OK</u>	TIME LAG <u>OK</u>
---------------	--	--	--	-------------------------	---------------------------	-------------------------	--------------------

DIFFERENTIAL TEST						STATIC TEST							
AS FOUND			AS LEFT			AS FOUND		AS LEFT					
W.C.	UP	DOWN	W.C.	UP	DOWN	D.W.	METER	D.W.	METER				
0	0					1430	155.1	1430	155.1				
10	10					ATMOS. PRESS. 12.1		ATMOS. PRESS. 12.1					
20	20					155.1	155.1 # ABS.	155.1	155.1 # ABS.				
30	30					<div style="border: 1px solid black; padding: 5px;"> RECORDING THERMOMETER MAKE <u>Arthur</u> SERIAL NO. <u>B-3752</u> RANGE <u>0-120</u> °F CLOCK <u>8/4</u> </div>							
40	40									AS FOUND		AS LEFT	
50	50									TEST	RECORDER	TEST	RECORDER
						56	56	56	56				

CHART DIFFERENTIAL READING <u>23</u>		Sample Caught <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> No Gas Passing	<input type="checkbox"/> Other, Explain _____	
<input type="checkbox"/> Corrected Report		

FITTING		<input type="checkbox"/> SENIOR <input type="checkbox"/> JUNIOR	MAKE <u>P</u>	TAP VALVE COND. <u>OK</u>	TUBE SIZE <u>4"</u>	INSIDE DIA. <u>4.026</u>	TYPE OF TAPS <u>Flare</u>
ORIFICE PLATE		SEAL COND.	EDGES SHARP <input type="checkbox"/> Yes <input type="checkbox"/> No	PLATE CLEAN <input type="checkbox"/> Yes <input type="checkbox"/> No	DAMAGED <input type="checkbox"/> Yes <input type="checkbox"/> No	MICROMETER READINGS HOR. VERT.	
MAKE OF RELIEF VALVE				RELIEF VALVE TESTED <input type="checkbox"/> Yes <input type="checkbox"/> No SET _____ PSIG			
GRAVITOMETER TEST		SP. GR.	MAKE OF GRAVITOMETER	GRAVITOMETER SERIAL NO.		AS FOUND	AS LEFT

REMARKS <u>04-01-76 / 3110</u>		BEFORE EXAMINER STAMETS OIL CONSERVATION COMMISSION <u>McKay</u> EXHIBIT NO. <u>4</u> CASE NO. <u>5672</u> Submitted by _____ Hearing Date _____	
WITNESS		FOR EL PASO NATURAL GAS COMPANY <u>Charles F. Reed</u>	

1003

NO. OF COPIES RECEIVED	5
DISTRIBUTION	
SANTA FE	1
FILE	1
U.S.G.S.	1
LAND OFFICE	1
OPERATOR	1

Form C-105
Revised 1-1-65

NEW MEXICO OIL CONSERVATION COMMISSION WELL COMPLETION OR RECOMPLETION REPORT AND LOG

5a. Indicate Type of Lease
State ☐ Fee ☒
5. State Oil & Gas Lease No.

1a. TYPE OF WELL
OIL WELL ☐ GAS WELL ☒ DRY ☐ OTHER ☐
b. TYPE OF COMPLETION
NEW WELL ☒ WORK OVER ☐ DEEPEN ☐ PLUG BACK ☐ DIFF. RESVR. ☐ OTHER ☐
2. Name of Operator
Horace F. McKay, Jr.
3. Address of Operator
P.O. Box 14738, Albuquerque, New Mexico 87111
4. Location of Well

7. Unit Agreement Name
8. Farm or Lease Name
Bearden "A"
9. Well No.
1
10. Field and Pool, or Wildcat
Aztec Pictured Cliff

UNIT LETTER C LOCATED 810 FEET FROM THE N LINE AND 1825 FEET FROM THE W LINE OF SEC. 19 TWP. 29N RGE. 10W NMPM

12. County
San Juan

15. Date Spudded 12-14-75 16. Date T.D. Reached 12-19-75 17. Date Compl. (Ready to Prod.) 2-19-76 18. Elevations (DF, RKB, RT, GR, etc.) 5516 GL 19. Elev. Casinghead 5520
20. Total Depth 1881 21. Plug Back T.D. 1870 22. If Multiple Compl., How Many 2 23. Intervals Drilled By Rotary Tools 1881 Cable Tools
24. Producing Interval(s), of this completion - Top, Bottom, Name 1596 to 1620 Fruitland 1804 to 1844 PC 25. Was Directional Survey Made yes
26. Type Electric and Other Logs Run Elec. Induction Density and Thermal Neutron 27. Was Well Cored no

28. CASING RECORD (Report all strings set in well)					
CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
7"	20#	98'	8 5/8"	80 sacks	none
2 7/8"	6.5#	1870'	5 7/8"	250 sacks	none

29. LINER RECORD				30. TUBING RECORD		
SIZE	TOP	BOTTOM	SACKS CEMENT	SIZE	DEPTH SET	PACKER SET

31. Perforation Record (Interval, size and number)
1594 to 1601 - 2 shots per foot
1809 to 1817 - 2 shots per foot
32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.
DEPTH INTERVAL AMOUNT AND KIND MATERIAL USED

33. PRODUCTION
Date First Production Production Method (Flowing, gas lift, pumping - Size and type pump) Flowing Well Status (Prod. or Shut-in) shut-in
Date of Test 3-4-76 Hours Tested 3 Choke Size 3/4" Prod'n. For Test Period Oil - Bbl. Gas - MCF Water - Bbl. Gas - Oil Ratio
Flow Tubing Press. 114 Casing Pressure 387 Calculated 24-Hour Rate Oil - Bbl. Gas - MCF Water - Bbl. Oil Gravity - API (Corr.) 1,695

34. Disposition of Gas (Sold, used for fuel, vented, etc.) to be sold to El Paso Company Test Witnessed By Hurshal Williams

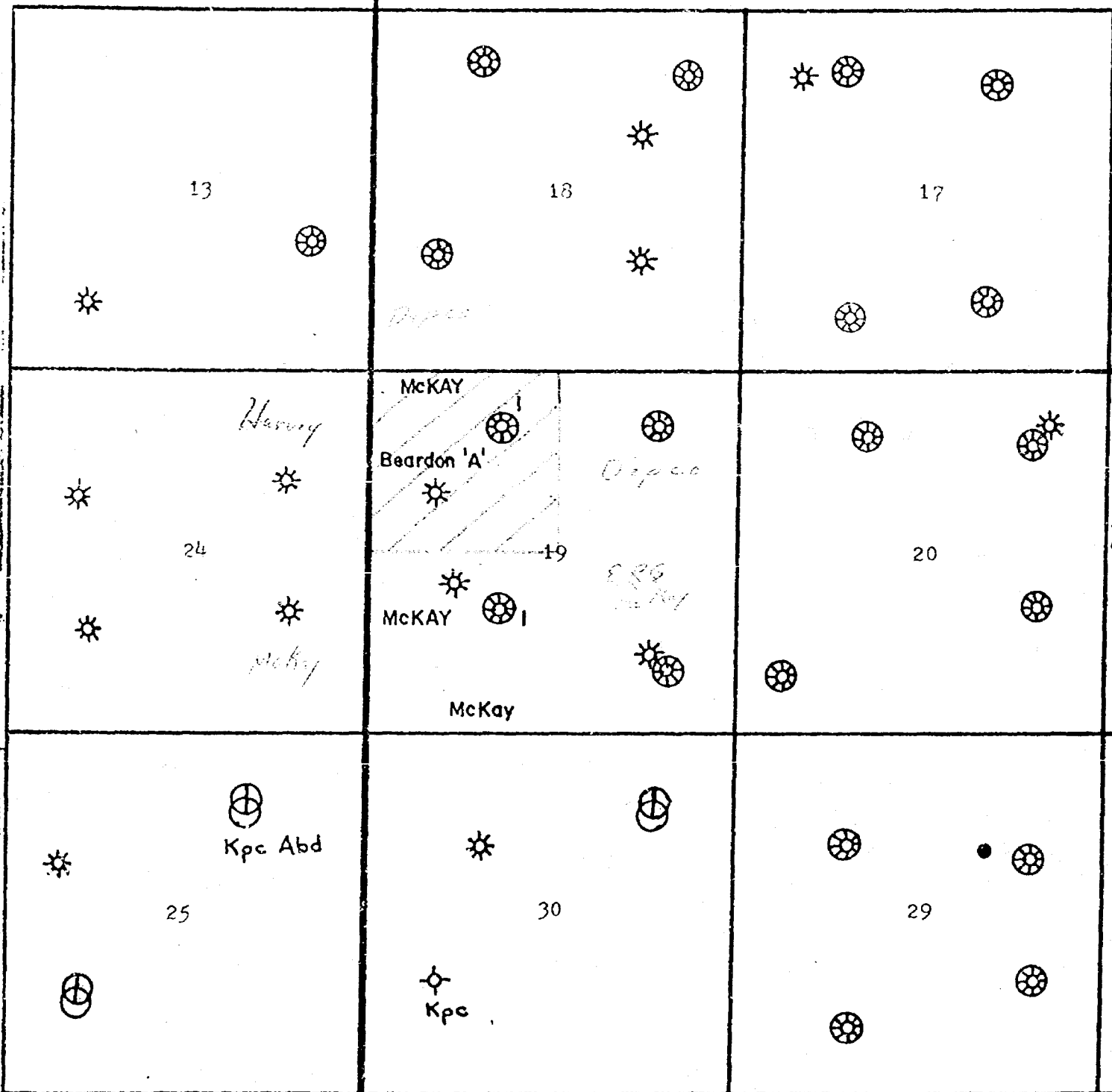
35. List of Attachments
Form C-122

36. I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief.
SIGNED [Signature] TITLE Operator/Owner DATE March 5, 1976




BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION
McKay EXHIBIT NO. 5
CASE NO. 5672
Submitted by
Hearing Date

R-11-W

R-10-W



NOTE: ONLY WELLS PRODUCING FROM
FRUITLAND AND PICTURED CLIFFS SHOWN.

-  FRUITLAND
-  PICTURED CLIFFS
-  DUAL

HORACE F. McKAY, JR.

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

AREA WELL SPOT MAP

McKay, Exhibit NO. 6

CASE NO. 5672

Submitted by

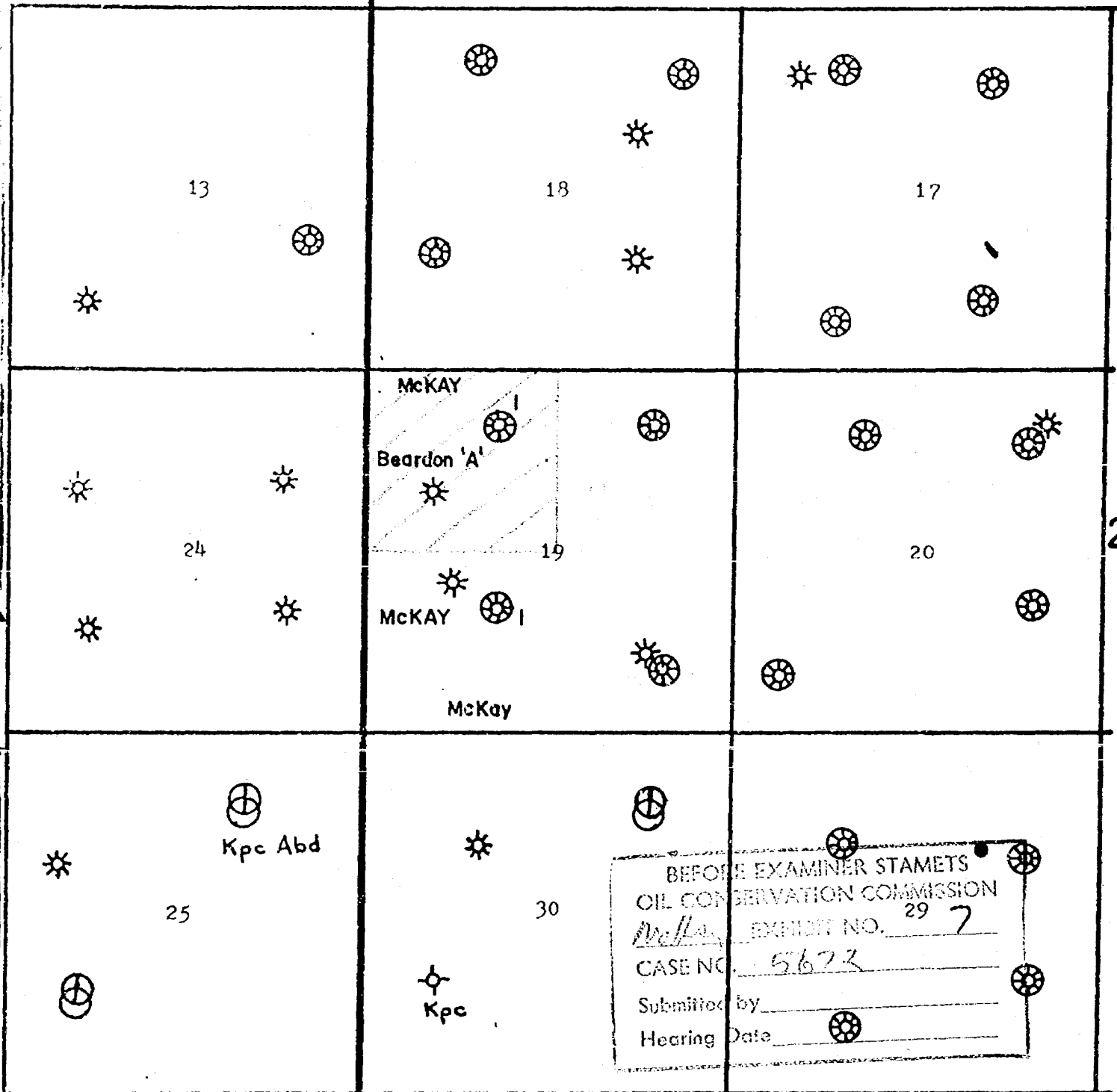
Florida, Date

SCALE: 1 INCH = 2000 FEET

Exhibit _____

R-11-W

R-10-W



NOTE: ONLY WELLS PRODUCING FROM
FRUITLAND AND PICTURED CLIFFS SHOWN.

- FRUITLAND
- PICTURED CLIFFS
- DUAL

HORACE F. McKAY, JR.

PRESSURE TESTS

#1 BEARDON "A" SIPC 382 psia, 3 Days *FA-PC*

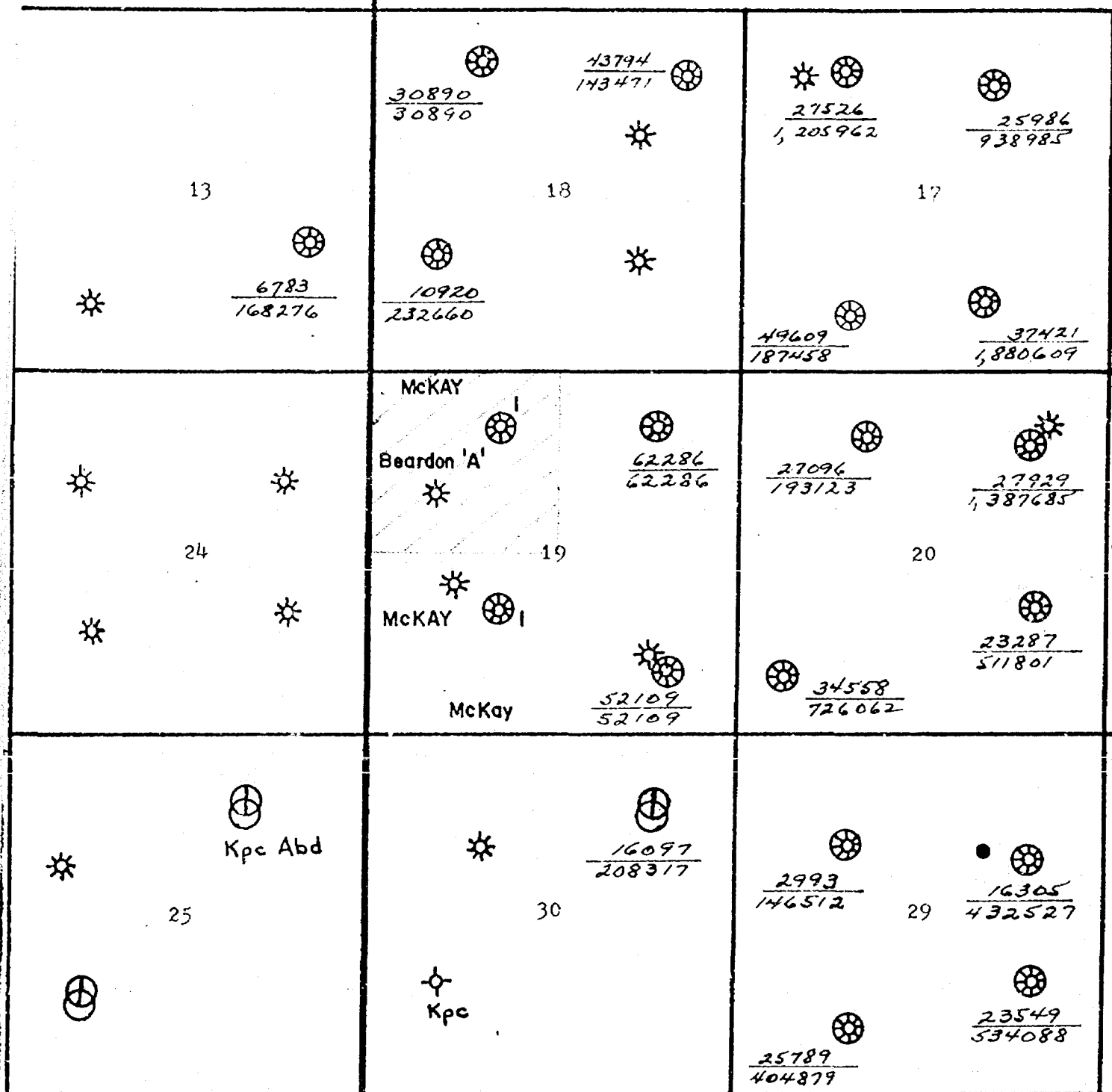
#1 McKAY SIPC 406 psia, 8 Days *PC*

SCALE: 1 INCH = 2000 FEET

Exhibit _____

R-11W

R-10W



NOTE: ONLY WELLS PRODUCING FROM
FRUITLAND AND PICTURED CLIFFS SHOWN.



FRUITLAND



PICTURED CLIFFS



DUAL

HORACE F. McKAY, JR.

PICTURED CLIFFS PRODUCTION HISTORY

$\frac{123456}{123456}$ MCF 1924 Production
MCF Cum Production thru 1924

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

McKs, EXHIBIT NO. 8

CASE NO. 5672

Submitted by

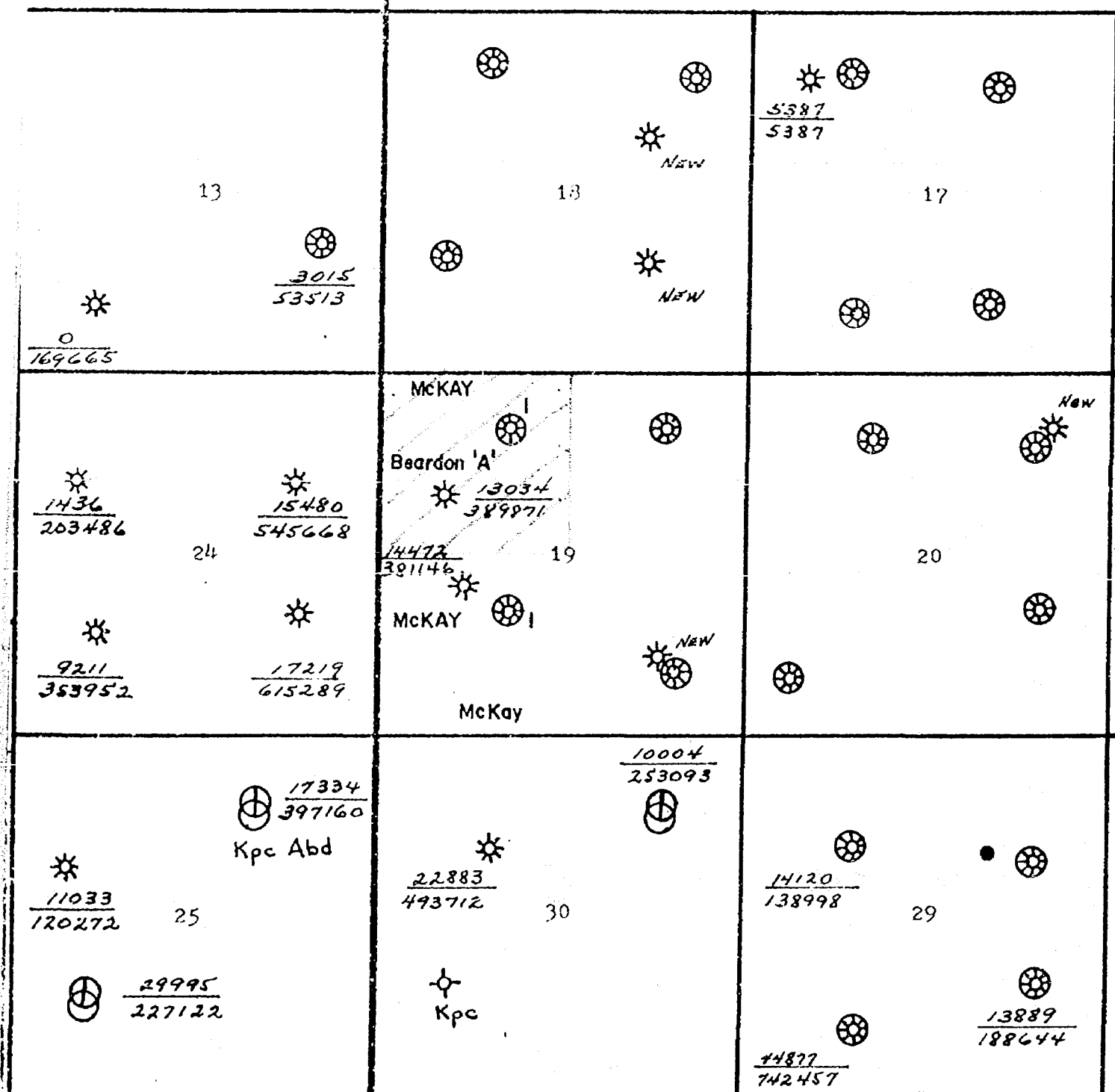
Hearing Date Exhibit

SCALE: 1 INCH = 2000 FEET

T
29
N

R-11-W

R-10-W



NOTE: ONLY WELLS PRODUCING FROM
FRUITLAND AND PICTURED CLIFFS SHOWN.



FRUITLAND



PICTURED CLIFFS



DUAL

HORACE F. MCKAY, JR.

FRUITLAND PRODUCTION HISTORY

123456 MCF 1974 Production
123456 MCF Cum. Production thru 1974

BEFORE EXAMINER STAMENTS
OIL CONSERVATION COMMISSION

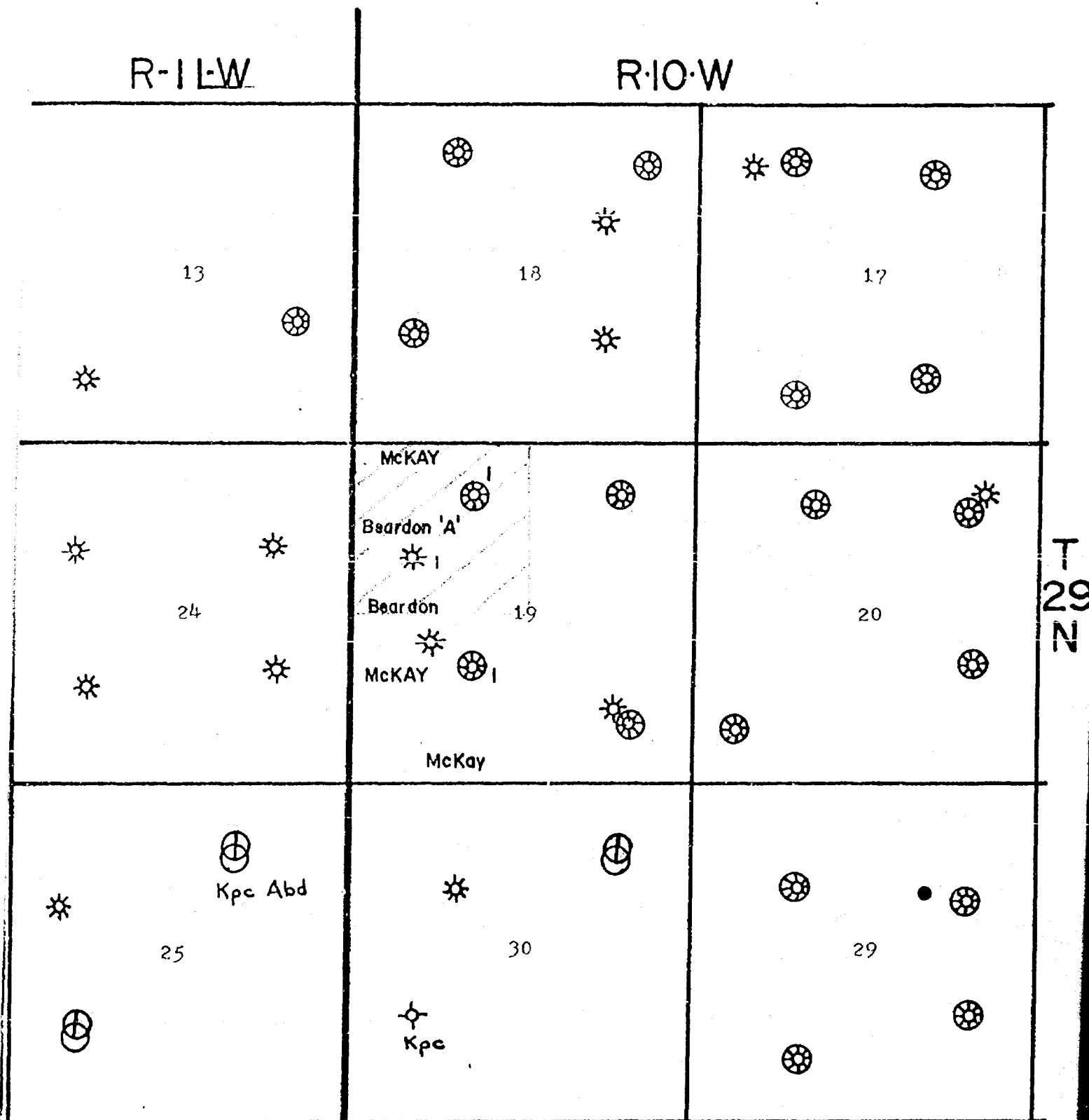
McKay EXHIBIT NO. 9
CASE NO. 5672

Submitted by _____

Hearing Date Exhibit

SCALE: 1 INCH = 2000 FEET


T
29
N



NOTE: ONLY WELLS PRODUCING FROM
FRUITLAND AND PICTURED CLIFFS SHOWN.

 FRUITLAND

 PICTURED CLIFFS

 DUAL

HORACE F. McKAY, JR.

PRODUCTION HISTORY

#1 BEARDON Unit E, Sec. 19, T29N, R10W
Produced 13,034 MCF in 1974

Cum. BEARDON 102,464,389,871 MCF
OIL CONSERVATION COMMISSION

CASE NO. 5672

Settlement Date
Hearing Date

Exhibit

SCALE: 1 INCH = 2000 FEET

JASON W. KELLAHIN
ROBERT E. FOX
W. THOMAS KELLAHIN

KELLAHIN AND FOX
ATTORNEYS AT LAW
500 DON GASPAR AVENUE
POST OFFICE BOX 1789
SANTA FE, NEW MEXICO 87501

April 28, 1976

RECEIVED
APR 29 1976
OIL CONSERVATION COMM.
Santa Fe
TELEPHONE 982-4315
AREA CODE 505

Mr. Richard L. Stamets
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Horace McKay
NMOCC Case # 5672

Dear Mr. Stamets:

In accordance with your request at the examiner's hearing of the above referenced case on April 28, 1976, the following 1975 cumulative production information is provided:

- (a) Beardon Well # 1 - 1975 cumulative production from Fruitland was 13,117 MCF.
- (b) Petroleum Corporation of Texas Bunce Well, NE/4 Sec. 19, T29N, R10W (offset to subject well) - 1975 Pictured Cliff cumulative production was 124,374 MCF.

This information was supplied to us by Mr. Martinez of your office.

Based upon this additional information, applicant requests an allocation of production in the subject Beardon A-1 well to the Fruitland of 10 percent and to the Pictured Cliffs of 90 percent.

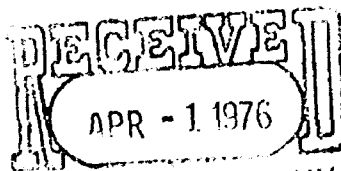
Very truly yours,


W. Thomas Kellahin

CC: Horace McKay

WTK:kjf

Case 5672



JASON W. KELLAHIN
ROBERT E. FOX
W. THOMAS KELLAHIN
OIL CONSERVATION COMM.
Santa Fe

KELLAHIN AND FOX
ATTORNEYS AT LAW
500 DON GASPAR AVENUE
POST OFFICE BOX 1769
SANTA FE, NEW MEXICO 87501

TELEPHONE 982-4315
AREA CODE 505

March 31, 1976

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


Re: Horace F. McKay

Dear Bill:

Please find enclosed for filing on behalf of Mr. Horace F. McKay, Jr. our application for downhole commingling and simultaneous dedication, San Juan County, New Mexico.

We would appreciate this matter being set for hearing on April 28, 1976.

Very truly yours,


W. Thomas Kellahin

CC: Mr. McKay

WTK:kjf

Enclosure

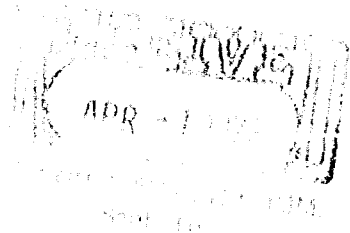
Dockets Nos. 14-76 and 15-76 are tentatively set for hearing on May 12 and May 26, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 28, 1976

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

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

- CASE 5670: Application of Read & Stevens, Inc. for an unorthodox location and directional drilling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to deviate its Harris-Federal Well No. 3, the surface location of which is 660 feet from the South line and 1980 feet from the East line of Section 27, Township 15 South, Range 28 East, Chaves County, New Mexico, by directionally drilling said well from a kick-off point at approximately 6000 feet and bottoming it at an unorthodox location in the Pennsylvanian formation within 250 feet of a point 990 feet from the South line and 1650 feet from the East line of said Section 27, the S/2 of the Section to be dedicated to the well.
- CASE 5671: Application of Ard Drilling Co. for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to deviate its State 10 Well No. 1, the surface location of which is 660 feet from the South and East lines of Section 10, Township 10 South, Range 32 East, North Mescalero-Cisco Pool, Lea County, New Mexico, by directionally drilling said well from a kick-off point at approximately 7800 feet and bottoming it in the Cisco formation within 100 feet of a point 810 feet from the South line and 660 feet from the East line of said Section 10.
- CASE 5672: Application of Horace F. McKay, Jr. for downhole commingling and simultaneous dedication, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Aztec-Fruitland and Aztec-Pictured Cliffs gas production in the wellbore of his Beardon "A" Well No. 1, located in Unit C of Section 19, Township 29 North, Range 10 West, San Juan County, New Mexico. Applicant further seeks approval for the simultaneous dedication of the NW/4 of said Section 19 to the above-described well and his Beardon Well No. 1 in Unit E of said Section 19.
- CASE 5673: Application of David Fasken 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 1980 feet from the South line and 660 feet from the West line of Section 32, Township 20 South, Range 25 East, Cemetery-Morrow Gas Pool, Eddy County, New Mexico, the S/2 of said Section 32 to be dedicated to the well.
- CASE 5674: Application of Agua, Inc. for an extension of time and amendment of Orders Nos. R-4495-A and R-4495-B, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Orders Nos. R-4495-A and R-4495-B to permit disposal, after the current May 7, 1976, deadline, of produced salt water through perforations from 4230 feet to 4320 feet in its SWD Well No. C-2, located in Unit C of Section 2, Township 22 South, Range 37 East, Lea County, New Mexico. Applicant seeks the amendment of said orders to permit such disposal for an additional 90-day period after May 7, 1976, and thereafter until 30 days after the entry of an order favorable to the applicant in Case No. 5644.
- CASE 5675: Application of Merrion & Bayless for a dual completion and downhole commingling, Sandoval County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (combination) of its Jicarilla 428 Well No. 2, located in Unit A of Section 31, Township 23 North, Range 4 West, Sandoval County, New Mexico, by cementing parallel strings of 2 7/8-inch casing and 4 1/2-inch casing in a common wellbore, completing said well in such a manner as to commingle undesignated Pictured Cliffs and undesignated Chacon gas production in the 2 7/8-inch casing, and to commingle various undesignated Mesaverde, Mancos, Gallup, Carlisle, and Graneros gas strings in the 4 1/2-inch casing.
- CASE 5443: (Reopened & Continued)
- In the matter of Case 5443 being reopened pursuant to the provisions of Order No. R-4994, which order established special rules and regulations for the East Lusk-Bone Spring Oil Pool, Lea County, New Mexico, including a provision for 160-acre spacing and proration units. All interested parties may appear and show cause why said pool should not be developed on less than 160-acre spacing units.



BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
HORACE F. MCKAY, JR. TO COMMINGLE
PRODUCTION IN THE WELL-BORE FROM
THE FRUITLAND GAS POOL AND THE
PICTURED CLIFFS GAS POOL AND FOR
SIMULTANEOUS DEDICATION OF ACREAGE,
SAN JUAN COUNTY, NEW MEXICO.

A P P L I C A T I O N

COMES NOW Horace F. McKay, Jr., by and through his
attorneys, Kellahin & Fox, and applies to the Oil Conservation
Commission of New Mexico for permission to commingle production
of gas in the well bore from the Fruitland Gas Pool and the
Pictured Cliffs Gas Pool, San Juan County, New Mexico, and in
support thereof would show the Commission:

1. Applicant desires to commingle production in his Beardon
"A" Well No. 1 located in Unit C. of Section 19, Township 29
North, Range 10 West, N.M.P.M., San Juan County, New Mexico.
2. Applicant dedicates the NW/4 of said Section to the
well.
3. It is anticipated that production from both formations
will be marginal and a dual completion of the well cannot be
justified.
4. Applicant proposes to commingle production from the
two zones in the well-bore, making allocation for accounting
purposes to the two zones on the basis of productive history
of other wells in the vicinity.
5. Applicant further seeks approval of the joint allo-

cation of the standard proration gas unit in the Aztec Fruitland Gas Pool being the NW/4 of Section 19, T29N, R10W, N.M.P.M. to his Beardon "A" Well No. 1 located in Unit C and his Beardon No. 1 well located in Unit E, all in said Section 19, and for the allowable to be produced by either or both wells in any proportion.

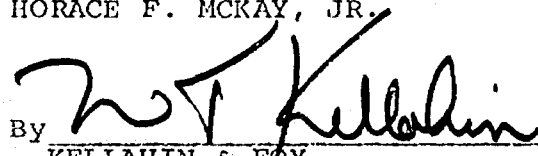
6. Approval of the application will result in the production of gas that would not otherwise be recovered, will enable applicant to obtain his just and equitable share of the hydrocarbons underlying his lands, and will prevent waste, and protect correlative rights.

WHEREFORE applicant prays that this application be set for hearing before the Commission's duly appointed examiner, and that after notice and hearing as required by law, the Commission enter its order approving the application as requested.

Respectfully submitted,

HORACE F. MCKAY, JR.

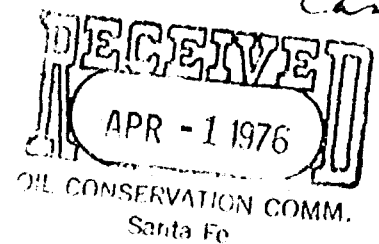
By


KELLAHEIN & FOX

P. O. Box 1769

Santa Fe, New Mexico 87501

Attorneys for Applicant



BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
HORACE F. MCKAY, JR. TO COMMINGLE
PRODUCTION IN THE WELL-BORE FROM
THE FRUITLAND GAS POOL AND THE
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SAN JUAN COUNTY, NEW MEXICO.

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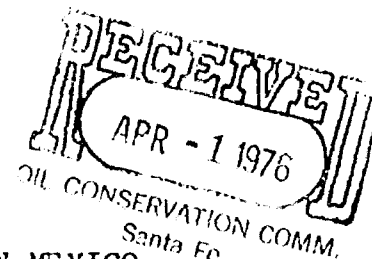
WHEREFORE applicant prays that this application be set for hearing before the Commission's duly appointed examiner, and that after notice and hearing as required by law, the Commission enter its order approving the application as requested.

Respectfully submitted,
HORACE F. MCKAY, JR.

By _____
KELLAHIN & FOX
P. O. Box 1769
Santa Fe, New Mexico 87501

Attorneys for Applicant

Case
56-77



BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
HORACE F. MCKAY, JR. TO COMMINGLE
PRODUCTION IN THE WELL-BORE FROM
THE FRUITLAND GAS POOL AND THE
PICTURED CLIFFS GAS POOL AND FOR
SIMULTANEOUS DEDICATION OF ACREAGE,
SAN JUAN COUNTY, NEW MEXICO.

A P P L I C A T I O N

COMES NOW Horace F. McKay, Jr., by and through his attorneys, Kellahin & Fox, and applies to the Oil Conservation Commission of New Mexico for permission to commingle production of gas in the well bore from the Fruitland Gas Pool and the Pictured Cliffs Gas Pool, San Juan County, New Mexico, and in support thereof would show the Commission:

1. Applicant desires to commingle production in his Beardon "A" Well No. 1 located in Unit C. of Section 19, Township 29 North, Range 10 West, N.M.P.M., San Juan County, New Mexico.
2. Applicant dedicates the NW/4 of said Section to the well.
3. It is anticipated that production from both formations will be marginal and a dual completion of the well cannot be justified.
4. Applicant proposes to commingle production from the two zones in the well-bore, making allocation for accounting purposes to the two zones on the basis of productive history of other wells in the vicinity.
5. Applicant further seeks approval of the joint allo-

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WHEREFORE applicant prays that this application be set for hearing before the Commission's duly appointed examiner, and that after notice and hearing as required by law, the Commission enter its order approving the application as requested.

Respectfully submitted,

HORACE F. MCKAY, JR.

By

KELLAHIN & FOX
P. O. Box 1769
Santa Fe, New Mexico 87501

Attorneys for Applicant

DRAFT

dr/

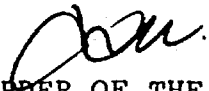
BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 5672

Order No. R- 5212

APPLICATION OF HORACE F. MCKAY, JR.
FOR DOWNHOLE COMMINGLING AND SIMULTANEOUS
DEDICATION, SAN JUAN COUNTY, NEW MEXICO.


ORDER OF THE COMMISSION


BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on April 28,
19 76, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of May, 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, Horace F. McKay, Jr., is the owner
and operator of the Beardon  Well No. 1A, located in Unit C of
Section 19, Township 29 North, Range 10 West, NMPM, San Juan
County, New Mexico.

(3) That the applicant seeks authority to commingle Aztec-
Fruitland and Aztec-Pictured Cliffs gas production within the
wellbore of the above-described well.

(4) That ~~from the Aztec-Fruitland~~ applicant further seeks
approval for the simultaneous dedication of the NW/4 of said
Section 19 to the above-described well and his ~~Beardon~~ ^{to} Beardon Well
No. 1 in Unit E of said Section 19.

(5) That from the Aztec-Fruitland zone, the subject well is capable of low ^{rates of} ~~marginal~~ production only.

(6) That from the Aztec-Pictured Cliffs zone, the subject well is capable of low ^{rates of} ~~marginal~~ production only.

(7) 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.

(8) 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.

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

(10) That in order to allocate the commingled production to each of the commingled zones in the subject well, ~~10~~ 10 percent of the commingled W production should be allocated to the Aztec-Fruitland zone, and 90 percent of the commingled W production to the Aztec-Pictured Cliffs zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, Horace F. McKay, Jr., is hereby authorized to commingle Aztec-Fruitland and Aztec-Pictured Cliffs production within the wellbore of the Beardon ~~Well~~ Well No. 1A, located in Unit C of Section 19, Township 29 North, Range 10 West, NMPM, San Juan County, New Mexico.

-3-
Case No. 5672
Order No. R-

(2) That 10 percent of the commingled _____ production shall be allocated to the Aztec-Fruitland zone and 90 percent of the commingled _____ production shall be allocated to the Aztec-Pictured Cliffs zone.

(3) That applicant is further authorized to simultaneously dedicate the NW/4 of said Section 19 to the above-described well and his ^{to} Beardon Well No. 1 in Unit E of said Section 19.

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

(5) 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.