

CASE 5692: CITIES SERVICE OIL CO.
FOR A DUAL COMPLETION AND DOWN-
HOLE COMMINGLING, LEA COUNTY, NM 7

CASE NO.

5692

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 9, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Cities Service Oil
Company for a dual completion and
downhole commingling, Lea County,
New Mexico.

CASE
5692

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:	Jason W. Kellahin, Esq. KELLAHIN & FOX Attorneys at Law 500 Don Gaspar Santa Fe, New Mexico

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Phone (505) 982-9212

I N D E X

2		<u>Page</u>
3	<u>ELMER STARTZ</u>	
4	Direct Examination by Mr. Kellahin	3
5	Cross Examination by Mr. Nutter	10

EXHIBIT INDEX

11		<u>Page</u>
12	Applicant's Exhibit One, Plat	10
13	Applicant's Exhibit Two, Schematic Diagram	10
14	Applicant's Exhibit Three, Schematic Diagram	10
15	Applicant's Exhibit Four, Production Curve	10
16	Applicant's Exhibit Five, Production Curve	10
17	Applicant's Exhibit Six, Log	10

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1 MR. NUTTER: We will call Case Number 5692.

2 MR. CARR: Case 5692, application of Cities Service
3 Oil Company for a dual completion and downhole commingling,
4 Lea County, New Mexico.

5 MR. KELLAHIN: If the Examiner please, Jason Kellahin,
6 Kellahin and Fox, Santa Fe, appearing for the applicant. We
7 have one witness to be sworn.

8 (THEREUPON, the witness was duly sworn.)

9
10 ELMER STARTZ

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 Would you state your name, please?

17 A Elmer Startz, S-t-a-r-t-z.

18 Q By whom are you employed and in what position,
19 Mr. Startz?

20 A I'm employed by Cities Service Oil Company, I'm the
21 Regional Petroleum Engineer in the Midland office.

22 Q Have you testified before the Oil Conservation
23 Commission or one of its Examiners and made your qualifications
24 a matter of record?

25 A Yes, sir.

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1 MR. KELLAHIN: Are the witness's qualifications
2 acceptable?

3 MR. NUTTER: Yes, they are.

4 Q (Mr. Kellahin continuing.) Mr. Startz, are you
5 familiar with the application of Cities Service in Case
6 Number 5692?

7 A Yes, sir, I am.

8 Q What is proposed by the applicant in this case?

9 A Cities Service proposes to commingle downhole the
10 Blinebry and Drinkard production which are both rather marginal
11 and then dual complete this with the Granite Wash production.

12 Q Would you briefly outline the history of this well,
13 it is an old well, is it not?

14 A Yes, sir, the subject well was drilled and completed
15 in August of 1946. It was initially completed as a Drinkard
16 oil well from open hole, sixty-four ten to sixty-five, thirty
17 and produced as a single Drinkard oil well until 1964 at which
18 time the Blinebry was perforated and completed and the well
19 was dualled as a Blinebry and Drinkard oil producer. The
20 well continued to produce as a dual Blinebry and Drinkard well
21 until March of this year, at which time the well was deepened
22 to the Granite Wash and the well is currently producing as a
23 single Granite Wash producer and the other two zones are
24 currently shut in.

25 Q Now, referring to what has been marked as Exhibit

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1 Number One, would you identify that exhibit?

2 A. Exhibit Number One is a plat of the area and the
3 surrounding wells for about a half a mile, showing the subject
4 well, the Owens A No. 1 and showing the various producing zones
5 in this area.

6 Q. The subject well is marked with a green arrow?

7 A. Yes, sir.

8 Q. Now, referring to what has been marked as Exhibit
9 Number Two, would you identify that exhibit?

10 A. This is a schematic of the wellbore showing the
11 current completion. It shows the Granite Wash producing, the
12 Granite Wash and Blinebry perfs and it is currently dually
13 completed, however, the Blineby is shut in at this time
14 pending completion of this hearing.

15 Q. In completing to the Granite Wash, what do you do,
16 set a liner through the --

17 A. The well was deepened from sixty-five, ten through
18 seventy-five, twenty-four and a four-inch liner was set in
19 cement through this open-hole interval and this, of course,
20 was across the Drinkard interval too and then the Granite
21 Wash was perforated from seventy-four, twenty-six to seventy-
22 four, ninety.

23 Q. Now, referring to what has been marked as Exhibit
24 Number Three, would you identify that exhibit?

25 A. This is a schematic of our proposed commingling

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1 of the Blinebry and Drinkard formations and then dualling it
2 with the Granite Wash and it is essentially the same except
3 for the Drinkard perforations.

4 Q Now, is this a type of a dual completion that is
5 considered conventional and been approved by this Commission
6 before?

7 A Yes, sir.

8 Q The only difference is here you are going to have
9 perforations in the Blinebry and the Drinkard which are
10 separate pools?

11 A Yes, sir.

12 Q Now, referring to what has been marked as Exhibit
13 Number Four, would you identify that exhibit, please?

14 A This is a production curve showing the history of
15 the Blinebry production for the past three years.

16 Q What is the current production of the Blinebry or
17 was prior to it being shut in?

18 A The average was just about a hundred and seventy
19 barrels per month, just about six barrels per day on the oil
20 and the gas averaged approximately eighteen hundred MCF per
21 month.

22 Q And approximately what is your GOR on the well?

23 A The GOR on the Blinebry zone on the latest test was
24 eleven thousand to one.

25 Q Now, what about the Drinkard, is that shown on Exhibit

1 Number Five?

2 A. Yes, sir.

3 Q. What is the production history on that?

4 A. That is a curve showing the production history of the
5 past three years of the Drinkard zone. The average oil
6 production during the past few months was about six barrels
7 per day and the gas production averaged about slightly over
8 eight million per month.

9 Q. Now, you have completed a well in the Granite Wash,
10 have you not?

11 A. Yes.

12 Q. What is the GOR on the Drinkard?

13 A. The Drinkard GOR was fifty-three thousand, six
14 hundred to one on the latest test in February of '76.

15 MR. NUTTER: What was that figure?

16 A. Fifty-three thousand, six hundred.

17 Q. (Mr. Kellahin continuing.) Now, on the Granite
18 Wash, what is the production from it?

19 A. On the New Mexico Commission potential on April 28th
20 1976, it flowed two hundred and twenty-five barrels of oil,
21 seventeen barrels of water and two hundred and seventy MCF in
22 twenty-four hours and that is a GOR of twelve hundred to one.

23 Q. Now, as to the Blinbry and Drinkard, what are the
24 pressures in those two zones, do you have any information on
25 that?

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1 A. The Blinebry flowing surface pressure is twenty
2 pounds and the Drinkard is fifty pounds and the flowing
3 bottom-hole pressure is calculated to be -- we don't have
4 any actual measurements -- but we calculated it to be sixty-
5 eight pounds from the Blinebry and a hundred and twenty-three
6 pounds from the Drinkard.

7 Q. Have you made any estimate as to what the combined
8 production from those zones will be?

9 A. Yes, sir, the combined production will be approxi-
10 mately thirteen barrels a day of oil and it will be just
11 about -- we estimate about twelve million per month of gas.

12 Q. Now, is the ownership of the two zones common?

13 A. Yes, sir.

14 Q. How would you propose to allocate production between
15 the two zones, do you have any figures on that?

16 A. We would propose to allocate it, the oil on the
17 latest test, which is seven barrels of oil for the Blinebry
18 and six for the Drinkard and which would be fifty-four percent
19 for the Blinebry. It calculates fifty-four percent for the
20 Blinebry and forty-six to the Drinkard and I would recommend
21 rounding it off to fifty-five and forty-five.

22 And the gas, we would propose to allocate it, based
23 on the GOR on the latest test, and this would calculate to
24 be seventeen percent to the Blinebry and eighty-three percent
25 to the Drinkard and there again, we would propose to round

1 these off to twenty and eighty percent.

2 Q Now, in your opinion will the completion of these
3 two zones as a common source of supply cause any damage to
4 either one of them?

5 A No, sir.

6 Q Are the pressures such that there could be any
7 migration from one zone to the other?

8 A No, in my opinion, there wouldn't be.

9 Q Would this be particularly true so long as they
10 are flowing?

11 A Yes, sir.

12 Q Would you inform the Commission immediately any time
13 the well is shut in?

14 A Yes, sir.

15 Q Now, Exhibit Number Six, would you identify that,
16 please?

17 A This is the well log of the subject well and it
18 shows the formation tops and the current perforations as they
19 now exist. The Drinkard, of course, is not perforated at
20 this time.

21 Q Mr. Startz, in your opinion, will approval of this
22 application result in the recovery of oil and gas that would
23 not otherwise be recovered?

24 A Yes, sir.

25 Q Would you be able to operate the Blinebry or the

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1 Drinkard as separate zones profitably?

2 A Under the current well conditions, no, sir.

3 Q Were Exhibits One through Six prepared by you or
4 under your supervision?

5 A Yes, sir.

6 MR. KELLAHIN: At this time I would offer into
7 evidence Exhibits One through Six.

8 MR. NUTTER: Applicant's Exhibits One through Six
9 will be admitted into evidence.

10 (THEREUPON, Applicant's Exhibits One through
11 Six were admitted into evidence.)

12 MR. KELLAHIN: That's all we have, Mr. Nutter.

13
14 CROSS EXAMINATION

15 BY MR. NUTTER:

16 Q Mr. Startz, prior to the workover on this well was
17 the Drinkard producing from open hole or was it perforated?

18 A No, it was open hole, sir.

19 Q In this same interval probably that you are
20 proposing to perforate now?

21 A Yes, sir.

22 Q You've got the liner in there?

23 A Yes, sir, the same interval.

24 Q Now, it would appear from this decline curve on
25 Exhibit Number Five that the Drinkard had been declining

1 rather steadily for a couple of years just prior to the
2 workover and in the first few months of 1976 the oil production
3 increased from that zone, what had happened there?

4 A There is no concrete reason I can give you for
5 this, other than normal fluctuations and possibly one of those
6 peaks may have been due to the well being shut in for a packer
7 leakage test and it may have unloaded more fluid the following
8 month. This could be part of it but other than just a
9 normal fluctuation and maybe possibly a better run, I can't
10 pin it down, I don't know.

11 Q Was the well flowing from the Drinkard?

12 A Yes, sir, from both zones were flowing.

13 Q And you expect the combined Blinebry-Drinkard zones
14 will continue to flow?

15 A Yes, sir.

16 Q How about that Granite Wash, is it a flowing well?

17 A Yes, sir, it is flowing.

18 Q Now, what has been the history of this well in the
19 Blinebry? Apparently from Exhibit Number Four, it is pretty
20 well confirmed that at the present time and for the last
21 year or two, it's a well-confirmed oil well in that Blinebry
22 Gas Pool, has the well ever produced with a high GOR, has the
23 well ever been classified as a gas well?

24 A No, sir.

25 Q And these will be the same perforations that it has

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1 always had so apparently it is completed in an oil sand in
2 the Blinebry formation?

3 A. Yes, sir.

4 Q. Rather than one of those gas stringers?

5 A. Yes, sir.

6 Q. So, you wouldn't be combining the gas well's
7 production with an oil well's production here?

8 A. No, sir, not in my opinion.

9 Q. Now, this test that you mentioned, this last test
10 on the Drinkard, when was that made? You had a GOR of fifty-
11 three thousand, six hundred to one, I think you stated.

12 A. That was a GOR test in February 1976.

13 Q. This is relatively recent then, just prior to the
14 workover?

15 A. I think this was a regular GOR test for the Commission
16 that we conducted in February and then the deepening operation
17 commenced shortly after this.

18 MR. NUTTER: Are there any further questions of this
19 witness? You may be excused.

20 (THEREUPON, the witness was excused.)

21 MR. NUTTER: Do you have anything further, Mr.
22 Kellahin?

23 MR. KELLAHIN: No, that's all, thank you.

24 MR. NUTTER: Does anyone have anything they wish to
25 offer in Case 5692? We will take the case under advisement.

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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
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. 5692
heard by me on 6/9, 1976.
[Signature], Examiner
New Mexico Oil Conservation Commission

CASE 5703: Application of Cities Service Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Tubb Gas Pool and Drinkard Oil Pool production in the wellbore of its State "B" Well No. 2, located in Unit F of Section 16, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 5692: (Reopened & Readvertised)

Application of Cities Service Oil Company for a dual completion and downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Owen "A" Well No. 1 located in Unit P of Section 35, Township 21 South, Range 37 East, Lea County, New Mexico, completing said well in such a manner as to commingle Blinebry and Drinkard oil production and to dually complete said zones with the Wantz-Granite Wash Pool.

CASE 5711: Application of Hanson Oil Corporation for a dual completion and downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Max Gutman Well No. 7 located in Unit D of Section 19, Township 22 South, Range 38 East, Lea County, New Mexico, in such a manner as to commingle Blinebry and Tubb Pool oil and gas production and to dually complete said zones with the Drinkard Pool.

Docket No. 20-76

Dockets Nos. 21-76 and 22-76 are tentatively set for hearing on August 4 and August 18, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

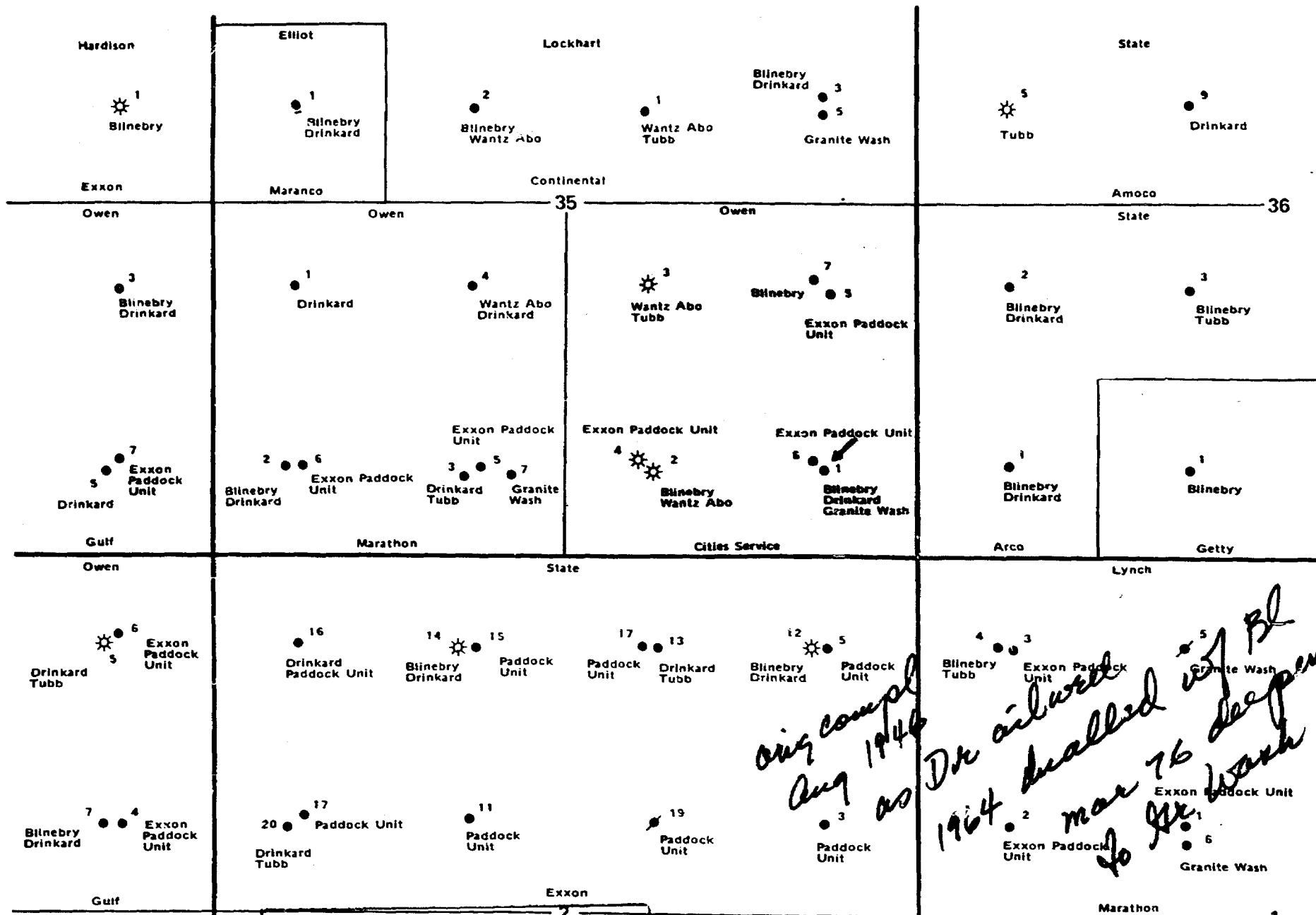
DOCKET: COMMISSION HEARING - WEDNESDAY - JULY 14, 1976

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

CASE 5712: In the matter of the hearing called by the Oil Conservation Commission upon its own motion to permit all interested parties to appear and show cause why the San Juan 30-4 Unit Area in Townships 30 and 31 North, Range 4 West, Rio Arriba County, New Mexico, should not be contracted by the deletion of all lands not presently within an approved participating area or which cannot be expected to be in such participating area within the reasonably foreseeable future as the result of commercial production being developed thereon.

CASE 5713: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Agua, Inc., and all other interested parties to appear and show cause why Agua, Inc. should be authorized to resume salt water disposal into the San Andres formation in its SWD Well No. H-35 located in Unit H of Section 35, Township 22 South, Range 37 East, Lea County, New Mexico.

CASE 5714: Application of Agua, Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks permanent authority to dispose of produced salt water into the San Andres formation through the perforated interval from 4230 feet to 4320 feet below the surface and into the open-hole interval from 4400 feet to 5000 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.

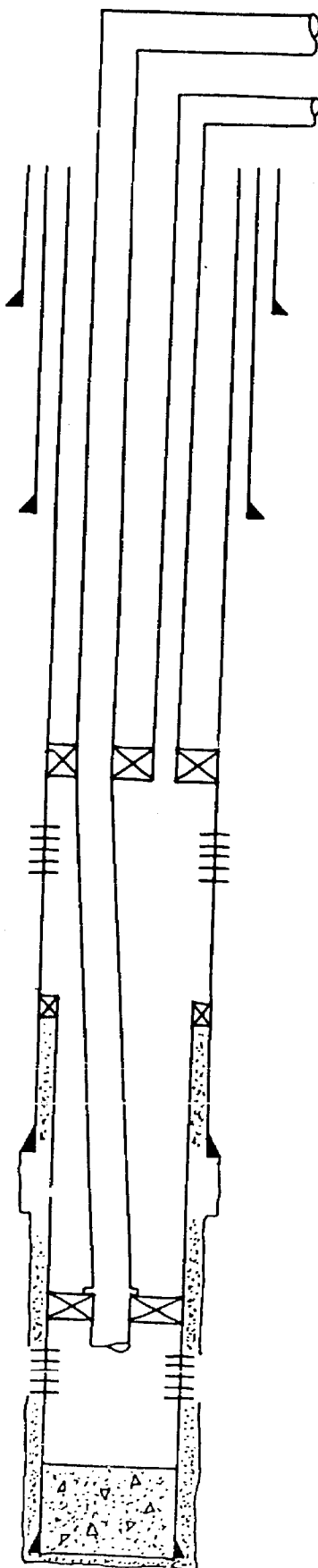


*orig compl
Aug 1946
as Dr oil well
1964 drilled w/ Bl
mar 76 deepened
to 8x wash*

2
BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Cities EXHIBIT NO. 1
CASE NO. 5692

1
LOCATOR PLAT
CITIES SERVICE OIL CO.
OWEN-A LEASE
SEC. 35, T-21-S, R-37-E
LEA COUNTY, NEW MEXICO
SCALE: 1" = 1000'

CITIES SERVICE OIL CO.
OWEN-A No. 1
CURRENT BLINBRY-GRANITE WASH
DUAL COMPLETION



2 1/16" Tubing

1 1/2" Eue Tubing

13 3/8" Csg. @ 293' Cem. W/250 sx.

9 5/8" Csg. @ 2824' Cem. W/1500 sx

Dual pkr. @ 5580'

Blinebry perfs 5683-5900'

Top of 4" Liner
@ 6138'

5 1/2" csg. @ 6410' Cem. W/350 sx

Granite Wash perfs 7426-7490'

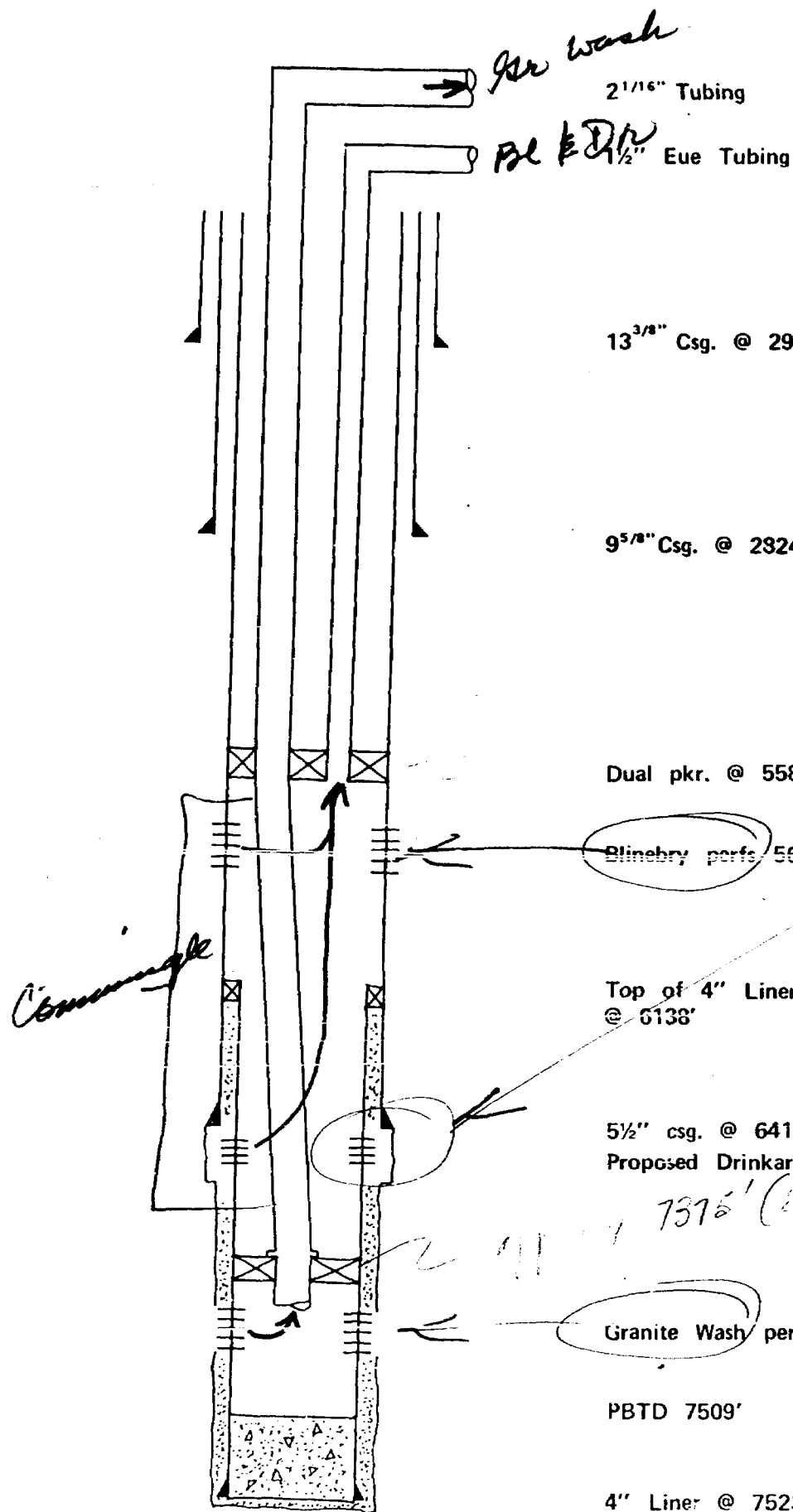
PBTD 7509'

4" Liner @ 7523'
TD 7524'

*Present
Completion*

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Cities EXHIBIT NO. 2
CASE NO. 5692

CITIES SERVICE OIL CO.
OWEN-A No. 1
PROPOSED COMPLETION
COMMINGLED BLINEBRY-DRINKARD
& GRANITE WASH DUAL



13^{3/8}" Csg. @ 293' Cem. W/250 sx.

9^{5/8}" Csg. @ 2824' Cem. W/1500 sx

Dual pkr. @ 5580'

Blinebry perfs 5683-5900'

Top of 4" Liner @ 6138'

5^{1/2}" csg. @ 6410' Cem. W/350 sx
Proposed Drinkard Perf. 6410'-6530'

Granite Wash perfs 7426-7490'

PBTD 7509'

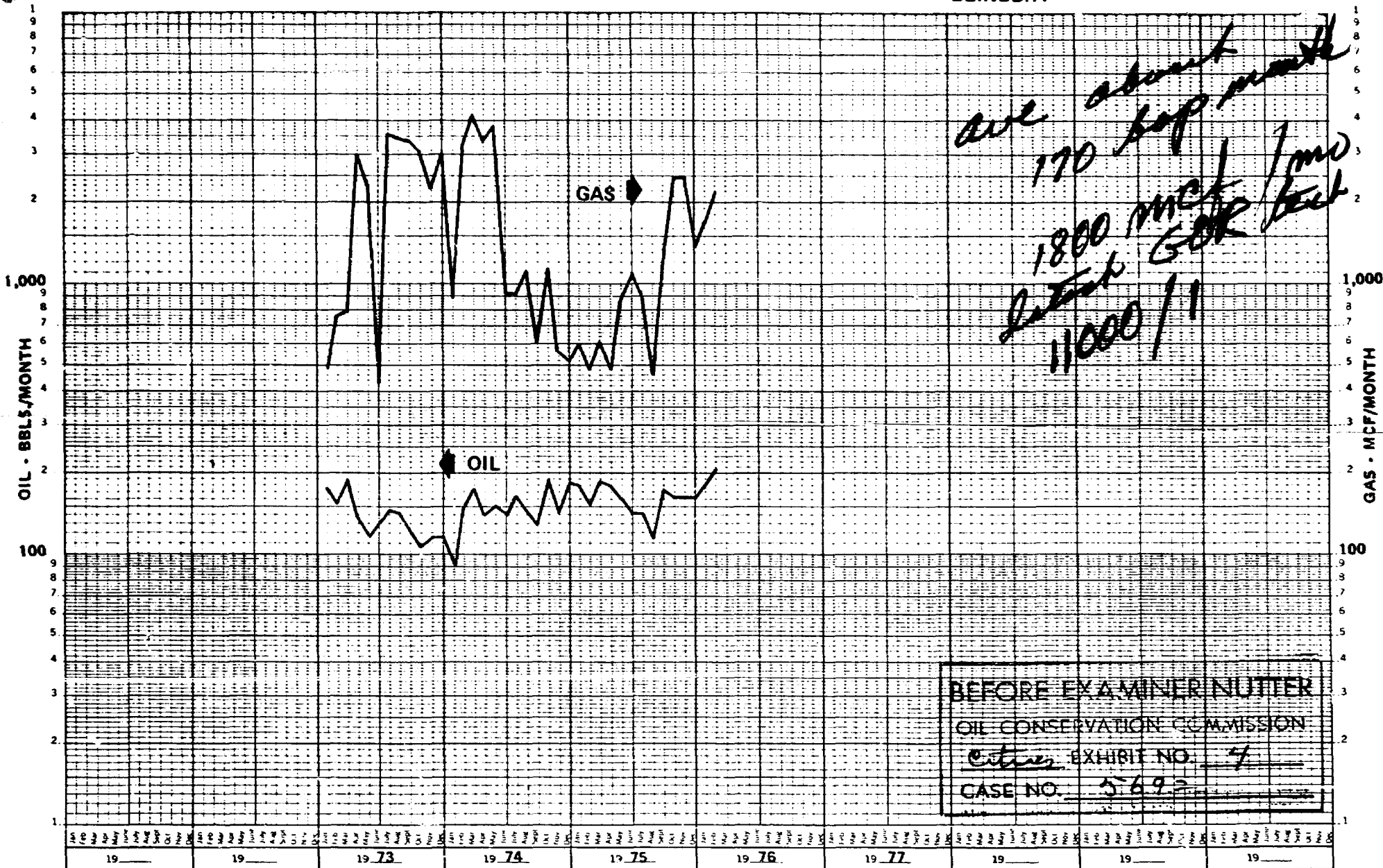
4" Liner @ 7523'
TD 7524'

*Proposed
Completion
perf into
Drinkard*

7375' (from start to DEN 6/11/76)

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Cities EXHIBIT NO. 3
CASE NO. 5692

CITIES SERCIE OIL CO.
OWEN-A No. 1
BLINEBRY



Cale BH fl press
 Bl 68
 DN 123

CITIES SERVICE OIL CO.
 OWEN-A No. 1
 DRINKARD

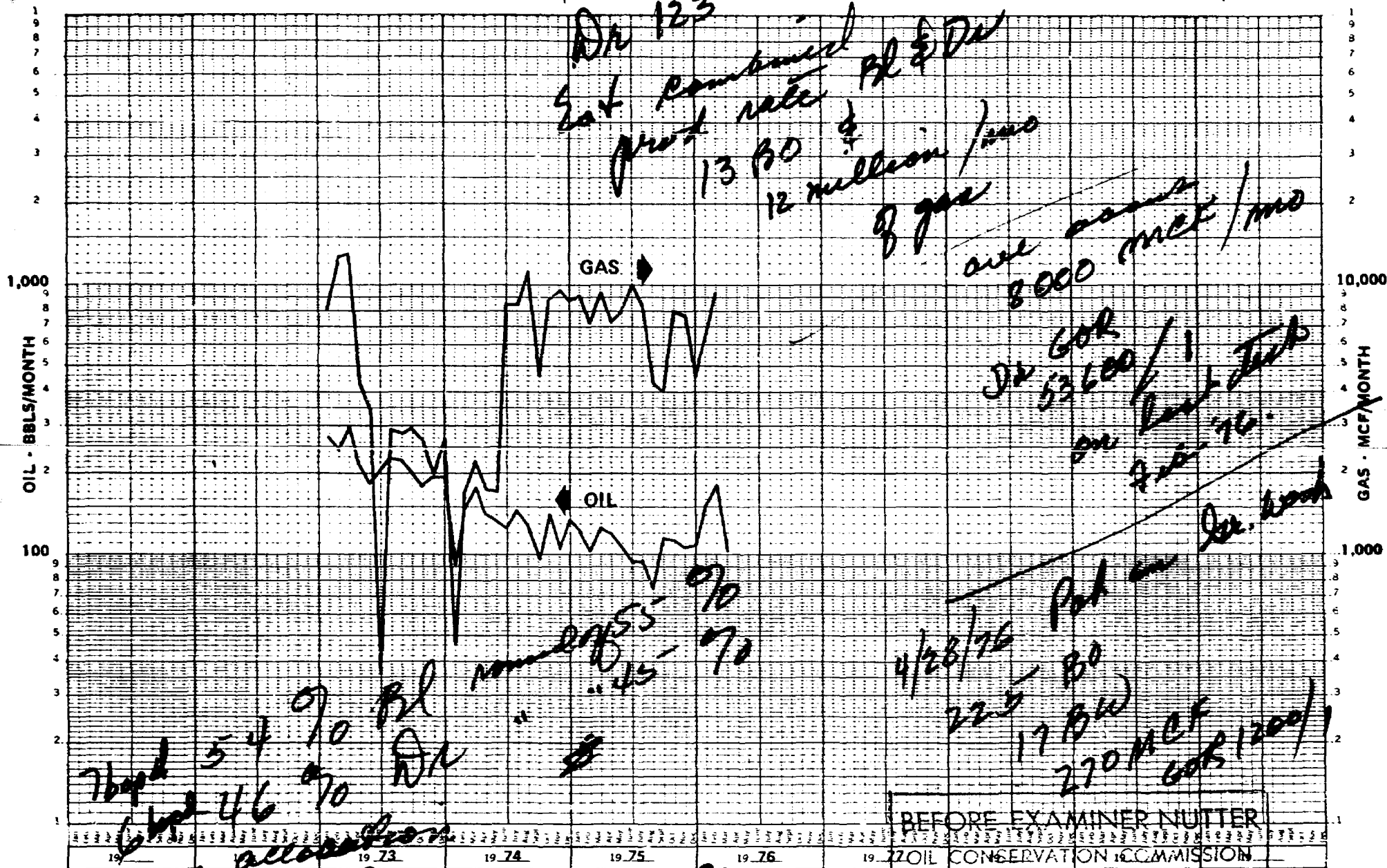
Est. combined PL & DN
 profit rate
 13 BO &
 12 million / mo
 of gas

ave. 8000 MCF / mo

DR 60K
 53600 / 1
 on last July
 2.5.76.

4/26/76 Pot
 22.5 80
 17 BW
 270 MCF
 60K 1200 /

BEFORE EXAMINER NUTTER
 OIL CONSERVATION COMMISSION
 Cities EXHIBIT NO. 5
 CASE NO. 5692



Dockets Nos. 17-76 and 18-76 are tentatively set for hearing on June 16 and June 23, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 9, 1976

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

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

CASE 5690: Application of Mobil Oil Corporation for amendment of Order No. R-5120, Lea County, New Mexico. Applicant, in the above-styled cause, seeks amendment of Order No. R-5120, which order provided for the simultaneous dedication of a 320-acre non-standard gas proration unit, comprising the W/2 SW/4 and SE/4 SW/4 of Section 28 and the NW/4 and the SW/4 NE/4 of Section 33, Township 21 South, Range 37 East, Summit Gas Pool, Lea County, New Mexico, to applicant's E. O. Carson Wells Nos. 4 and 22, located at unorthodox locations in Units M and L, respectively, of said Section 28. Applicant seeks amendment of said Order No. R-5120 by authorizing the simultaneous dedication of said unit to the previously approved E. O. Carson Wells Nos. 4 and 22 and to its E. O. Carson Well No. 23 located 1930 feet from the North line and 2640 feet from the West line of Section 33, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 5689: Application of Dalport Oil Corporation for an unorthodox oil well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Jones Federal Well No. 4 to be drilled 990 feet from the South line and 1477 feet from the West line of Section 22, Township 15 South, Range 29 East, South Lucky Lake-Queen Pool, Chaves County, New Mexico.

CASE 4843: (Reopened)

In the matter of Case 4843 being reopened pursuant to the provisions of Order No. R-4435-A, which order extended the special pool rules for the Southeast Chaves Queen Gas Area, Chaves County, New Mexico, including a provision for 320-acre spacing and proration units for gas wells. All interested parties may appear and show cause why said Order No. R-4435 should not be rescinded.

CASE 5691: Application of Hanson Oil Corporation for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 990 feet from the North line and 2600 feet from the West line of Section 25, Township 26 South, Range 31 East, North Mason-Delaware Pool, Eddy County, New Mexico.

CASE 5692: Application of Cities Service Oil Company for a dual completion and downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Owen "A" Well No. 1 located in Unit P of Section 35, Township 21 South, Range 37 East, Lea County, New Mexico, completing said well in such a manner as to commingle Blinebry and Drinkard oil production and to dually complete said zones with the Wantz-Granite Wash Pool.

CASE 5670: (Continued from May 12, 1976 Examiner Hearing)

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.

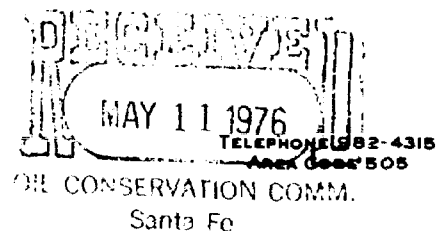
CASE 5688: Application of Dugan Production Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Tapacito-Pictured Cliffs and Blanco-Mesa Verde production in the wellbore of its Jicarilla E Well No. 1, located in Unit M of Section 21, Township 26 North, Range 3 West, Rio Arriba County, New Mexico.

CASE 5693: Application of Jerome P. McHugh for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to downhole commingle Fruitland and Pictured Cliffs production in that area described as being all of Township 24 through 28 North, Ranges 9 through 15 West, San Juan County, New Mexico, excluding however, those lands within the boundaries of the Ballard-, Fulcher Kutz-, and West Kutz- and also those lands within the boundary of the Gallegos Canyon Unit Area.

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

May 10, 1976



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

Re: Cities Service Application

Dear Bill:

Please find enclosed for filing on behalf of Cities Service Oil Company, an application for dual completion and downhole commingling of production.

Please set this matter for hearing on June 9, 1976.

Very truly yours,

W. T. Kellahin
W. Thomas Kellahin

CC: Mr. Gene Motter

WTK:kjf

Enclosure

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
CITIES SERVICE OIL COMPANY FOR APPROVAL
OF A DUAL COMPLETION AND DOWNHOLE
COMMINGLING, LEA COUNTY, NEW MEXICO.

A P P L I C A T I O N

Comes now CITIES SERVICE OIL COMPANY and applies to the Oil Conservation Commission of New Mexico for approval of a dual completion and downhole commingling of production for its Owen "A" No. 1 well located in Unit P, Section 35, Township 21 South, Range 37 East, N.M.P.M., Lea County, New Mexico and in support thereof would show the Commission:

1. That the Applicant proposes to commingle Blinebry and Drinkard Oil production and to then dually produce those formations with the Wantz-Granite Wash production.


2. The subject well is currently completed as a Blinebry Wantz-Granite Wash dual with only the Wantz-Granite Wash being produced.

3. All production will be produced through the tubing.

WHEREFORE applicant prays that this application be set for hearing at the next available Examiner's hearing of the Commission and that after notice and hearing as required by law, the Commission approve the application as requested.

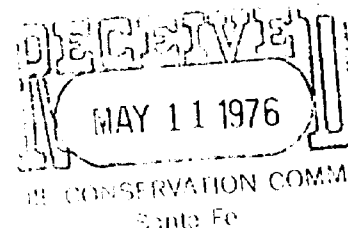
Respectfully submitted,

CITIES SERVICE OIL COMPANY

By 

KELLAHIN & 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
CITIES SERVICE OIL COMPANY FOR APPROVAL
OF A DUAL COMPLETION AND DOWNHOLE
COMMINGLING, LEA COUNTY, NEW MEXICO.

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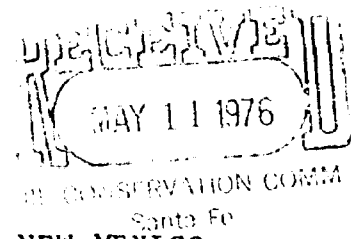
CITIES SERVICE OIL COMPANY

By

A handwritten signature in cursive script, appearing to read "W. G. Kellahin".

KELLAHIN & 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
CITIES SERVICE OIL COMPANY FOR APPROVAL
OF A DUAL COMPLETION AND DOWNHOLE
COMMINGLING, LEA COUNTY, NEW MEXICO.

A P P L I C A T I O N

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1. That the Applicant proposes to commingle Blinebry and Drinkard Oil production and to then dually produce those formations with the Wantz-Granite Wash production.
2. The subject well is currently completed as a Blinebry Wantz-Granite Wash dual with only the Wantz-Granite Wash being produced.
3. All production will be produced through the tubing.

WHEREFORE applicant prays that this application be set for hearing at the next available Examiner's hearing of the Commission and that after notice and hearing as required by law, the Commission approve the application as requested.

Respectfully submitted,
CITIES SERVICE OIL COMPANY

By W. F. Kellahin
KELLAHIN & FOX
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT.



OIL CONSERVATION COMMISSION

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



DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO

STATE GEOLOGIST
EMERY C. ARNOLD

July 16, 1976

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

Re: CASE NO. 5692
ORDER NO. R-5227

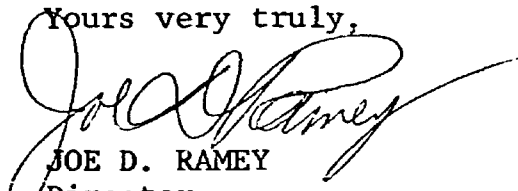
Applicant:

Cities Service Oil Company

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

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. 5692
Order No. R-5227

APPLICATION OF CITIES SERVICE OIL
COMPANY FOR A DUAL COMPLETION AND
DOWNHOLE COMMINGLING, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on July 7, 1976, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 14th day of July, 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, Cities Service Oil Company, seeks authority to complete its Owen "A" Well No. 1, located in Unit P of Section 35, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, as a dual completion (conventional), completing said well in such a manner as to commingle Blinebry and Drinkard oil production and to dually complete said zones with the Wantz-Granite Wash Pool.

(3) That from both the Blinebry and Drinkard zones, said well is capable of low marginal production.

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

(5) That the reservoir characteristics of each of the aforesaid pools are such that underground waste would not be caused by the proposed commingling.

-2-

Case No. 5692

Order No. R-5227

(6) That in order to determine the production from each of the commingled zones in the subject well, 55 percent of the commingled oil production should be allocated to the Blinebry zone and 45 percent to the Drinkard zone, and 20 percent of the commingled gas production should be allocated to the Blinebry zone and 80 percent to the Drinkard zone.

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

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

IT IS THEREFORE ORDERED:

(1) That the applicant, Cities Service Oil Company, is hereby authorized to commingle Blinebry and Drinkard production in the wellbore of its Owen "A" Well No. 1, located in Unit P of Section 35, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

(2) That 55 percent and 20 percent of the commingled oil and gas production, respectively, shall be allocated to the Blinebry zone, and 45 percent and 80 percent of the commingled oil and gas production, respectively, shall be allocated to the Drinkard zone.

(3) That the applicant is hereby authorized to complete said Owen "A" Well No. 1 as a dual completion (conventional) in such a manner as to produce the commingled Blinebry-Drinkard production through a string of 1 1/2-inch EVE tubing and the Granite Wash production through a parallel string of 2 1/16-inch EVE tubing, with separation of the commingled zones and the Wantz-Granite Wash to be achieved by means of a packer set at approximately 7,375 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;

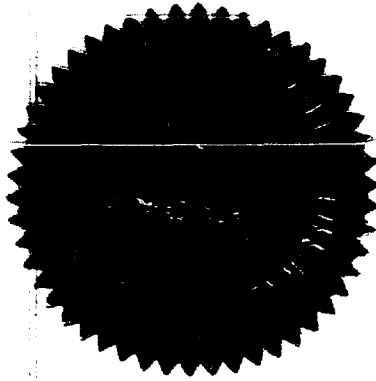
PROVIDED FURTHER, that the applicant shall take packer-leakage tests upon completion and annually thereafter during the Annual Gas-Oil Ratio Test Period for the Wantz-Granite Wash Pool.

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

-3-
Case No. 5692
Order No. R-5227

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

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

S E A L

dr/

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
July 7, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of Cities Service Oil
Company for a dual completion and
downhole commingling, Lea County,
New Mexico.

CASE
5692
(Reopened &
Readvertised)

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:

Jason W. Kellahin, Esq.
KELLAHIN & FOX
Attorneys at Law
500 Don Gaspar
Santa Fe, New Mexico

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

1 MR. NUTTER: We will call next Case Number 5692.

2 MR. CARR: Case 5692, reopened and readvertised,
3 application of Cities Service Oil Company for a dual
4 completion and downhole commingling, Lea County, New Mexico.

5 MR. KELLAHIN: If the Examiner please, this case
6 has already been heard also and because of an error in the
7 advertising it has been readvertised.

8 MR. NUTTER: Are there any other appearances in
9 Case Number 5692?

10 The case was previously heard. We will now take
11 it under advisement.

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

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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.

I do hereby certify that the foregoing is
a complete and correct report of the proceedings in
the Examiner hearing of Case No. 5292,
heard by me on 7/7, 1976.

 Examiner
New Mexico Oil Conservation Commission

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General Court Reporting Service
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Phone (505) 982-9212