

CASE 1902: Application of KENNETH
MURCHISON to commingle Bisti-Lower
Callup Oil Pool production - Fed. lease

WV

Case No.

1902

Application, Transcript,
Small Exhibits, Etc.

EL PASO NATURAL GAS PRODUCTS COMPANY

EL PASO, TEXAS

August 2, 1940

RECEIVED
DIVISION OF OIL & GAS
AUGUST 2 1940
EL PASO, NEW MEX.

Mr. Lloyd M. Gerber
117-A East Main Street
Farmington, New Mexico

Dear Mr. Gerber:

The El Paso Natural Gas Products Company has no objection to the Kenneth Murphree and Company producing the Murphree Federal No. 2 and No. 3, located in Section 3, Township 23N, Range 12W, and a common tank battery.

It is our understanding that such equipment needed to determine each of the well's producing capacity will be installed.

We have no objection to the commingling of the oil in so far that the Oil Conservation Committee approves the application.

Very truly yours,

Ewell N. Walsh
Division Petroleum Engineer

ENW:EW

cc: Mr. Joe Cherry

Mr. Gerber: Orig. & 2 Copies

[Handwritten signature]
190



SHELL OIL COMPANY

SHELL BUILDING
1008 WEST SIXTH STREET
LOS ANGELES 54, CALIFORNIA

TELEPHONE RADISON 5-7331

September 3, 1955

Subject: Murchison Federal No. 3
Section 3, Township 25 North,
Range 12 West, N.M.P.M.
Murchison Federal No. 2
Section 3, Township 25 North,
Range 12 West, N.M.P.M.

Mr. Lloyd M. Garber
Attorney at Law
115 A East Main
Farmington, New Mexico

Dear Mr. Garber:

Pursuant to your request, this is to advise that Shell Oil Company has no objection whatsoever to your commingling production from the subject wells. In addition, Shell Oil Company, as an adjoining landowner, expressly consents to such commingling as provided for under Rule 309 of the New Mexico Oil Conservation Commission.

Yours very truly,

SHELL OIL COMPANY

M. W. Sheppard, Jr., Manager
Land Department

LKK:de



BEFORE THE
OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

IN THE MATTER OF:

CASE 1902: Application of Kenneth Murchison & Company
for permission to commingle the production
from two separate non-contiguous leases.
Applicant, in the above-styled cause, seeks
permission to commingle the Bisti-Lower
Gallup Oil Pool production from the Federal
lease NM-036255-A, consisting of the S/2
SE/4 of Section 3 and the Federal Lease
NM-036255-B, consisting of the S/2 NE/4 of
said Section 3, Township 25 North, Range 12
West, San Juan County, New Mexico.

State Corporation Commission
Hearing Room
Capitol Building
Santa Fe, New Mexico
February 25, 1960

BEFORE:

Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

MR. UTZ: Case 1902.

MR. FLINT: Case 1902. Application of Kenneth Murchison &
Company for permission to commingle the production from two separate
non-contiguous leases.

MR. KELLY: William B. Kelly of Gilbert, White and Gilbert.

MR. UTZ: What was the name again?

MR. KELLY: Kelly, William B.

(Witness sworn.)

MR. UTZ: Any other appearances in this case?



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PHONE CH 3-6691

J. D. FOWLER

called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. KELLY:

Q Would you state your name, please?

A J. D. Fowler.

Q Where are you employed?

A Manager of the National Tank Company, Farmington, New Mexico.

Q Have you previously testified before this Commission?

A No.

Q Would you give us a brief statement of your experience?

A I have approximately four and a half years field experience in Farmington area with the National Tank Company.

Q And has part of your experience--as part of your experience have you had any work with the subject application, the two wells that we are involved with today?

A I have been affiliated with the installation of the tank battery, treating facilities, and this metering separator in question.

MR. KELLY: Are the witness' qualifications acceptable to the Commission?

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MR. UTZ: Are you prepared to state as to the interest in these two tracts?

A Only as I have seen from copy of the letter from Kenneth Murchison to this Commission.

Q (By Mr. Kelly) And also through your conversation with Mr. Gould of Murchison?

A Yes.

MR. UTZ: We will qualify the witness on those grounds.

Q (By Mr. Kelly) Could you state the purpose of the application?

A The purpose of the application is the measuring of oil from two non-contiguous leases, each owned by the--or operated by the Kenneth Murchison Company, the royalty and ownership being identical on the two leases.

Q Are identical?

A Identical, yes.

Q Do you know whether the adjoining land owners have agreed to the commingling request?

A By observation of letters by both the adjoining land owners, they are agreeable.

Q Now, refer to what has been marked Exhibit 1. Could you explain this to the Commission?

A That is the plat?

Q Yes.

A Exhibit 1 shows the location of the Murchison

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operated land in relation to joining acreage. It is Section 3 of Township 25 North, Range 12 West.

Q Could you give us a little history of how this land was acquired?

A The land was acquired from the Shell Oil Company in checkerboard leases by the Murchison Estate, Kenneth Murchison.

Q Now, referring to Exhibit 2, could you explain it to the Commission?

MR. UTZ: Mr. Kelly, I would like to clarify Exhibit 1 before we proceed further. You've got three hundred twenty acres marked here actually.

MR. KELLY: Actually, referring to Exhibit 2, the information here we are supposed to get from Murchison didn't come in time, and we had to borrow this from Sunray Mid Continent. The Exhibit 2 shows the central section in equal section, and the central section is owned by Shell, so the Kenneth Murchison leases are not contiguous.

A The leases in question are the South half of the Northwest quarter, and the south half of the--South half of the Northeast quarter and the South half of the Southeast quarter.

MR. UTZ: The North half of the Southeast quarter belongs to whom?

A Supposedly, Shell Oil Company.

MR. UTZ: As well as the North half of the Northeast quarter?

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A To my understanding, that quarter possibly belongs to Kenneth Murchison. I have no record of whom that belongs to.

Q (By Mr. Kelly) At any rate, it is not drilled?

A That's right.

MR. UTZ: What you want to do here is move oil from which lease to which one, the number 3 to number 2?

A From number 3 to number 2. The tank battery is on the "A" lease which is the number 2 well, and they want to measure oil from the "B" lease which contains the number 3 well to this tank battery.

MR. UTZ: All right, sir. You may proceed.

Q (By Mr. Kelly) Do you know whether the oil from both wells is from the same zone, same pool?

A The oil from both wells, to my knowledge, is from the Lower Gallup. Both production is the same, and the oil from both zones, from both wells, is approximately forty-one degree A.P.I. gravity oil.

Q Do you know whether there is any problem of corrosion, or any water problem?

A To my knowledge, there is no corrosion problem, and water content of each well is two to three tenths of one percent, which is very small.

Q Do you know whether there would be any loss of economic value by mingling these crudes?

A Since both leases are identical ownership, I can see



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no loss, no economic loss.

MR. KELLY: That's all I have on direct.

MR. UTZ: Is the gravity the same on crudes of both wells, Mr. Fowler?

A Yes, sir.

MR. UTZ: What part of the Southeast of the South half of the Southeast will the tank battery be located on?

A The tank battery is approximately on, I would say, three hundred yards west of the number 2 well.

MR. UTZ: That would be in the Southeast Southeast?

A Yes. According to Exhibit number 2, that would probably be in the Southwest of the Southeast.

MR. UTZ: You say the ownership is identical in both of these tracts?

A Yes, sir.

MR. UTZ: Have you contacted Shell in regard to this?

A In regard to this metering? Yes, sir, they have been contacted, and have written a letter of approval.

MR. KELLY: I think in the application there is a copy, we have a copy of that letter from Shell and El Paso.

MR. UTZ: Here it is.

Are there any other questions of the witness?

What is the allowable for each of these wells, Mr. Fowler?

A I believe the allowable now is, I cannot be positive of this, I believe it is 63 barrels.



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MR. UTZ: For each one, or both of them?

A I believe that would be for each well. I could stand to be corrected on that.

MR. UTZ: Do you know whether they are top allowable wells or not?

A No, sir, I don't.

MR. UTZ: What size tanks are you installing?

A I believe they are two hundred ten barrel tanks.

MR. UTZ: Two?

A Yes.

MR. UTZ: How often will the pumper visit these wells, particularly the tank battery?

A I would say at least every other day.

MR. UTZ: Do you think the four hundred and twenty barrel capacity is enough to handle two days' production from these wells?

A Yes, sir.

MR. UTZ: Actually, it might be enough to handle about four days; is that right?

A Yes, sir, it could be.

MR. UTZ: Any other questions? The witness may be excused.

MR. KELLY: Mr. Fowler, do these Exhibits reflect, as far as you know, the accurate condition of the well location in the area?



A As far as I know, they do.

MR. KELLY: I move for the introduction of Exhibits 1 and 2.

MR. UTZ: Without objection, Exhibits 1 and 2 will be entered into the record.

You may be excused.

(Witness excused.)

MR. UTZ: Any other statements to be made in this case?
Case will be taken under advisement.

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ALBUQUERQUE, NEW MEXICO

PHONE CH 3-6691



C E R T I F I C A T E

STATE OF NEW MEXICO)
) ss
 COUNTY OF BERNALILLO)

I, J. A. TRUJILLO, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in stenotype and reduced to typewritten transcript by me and/or under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

WITNESS my Hand and Seal, this, the 15th day of March, 1960, in the City of Albuquerque, County of Bernalillo, State of New Mexico.

Joseph A. Trujillo
 NOTARY PUBLIC

My commission expires:
 October 5, 1960.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 1802 heard by me on Feb 25, 1960.

Shirley H. [Signature] Examiner
 New Mexico Oil Conservation Commission

DEARNLEY-MEIER REPORTING SERVICE, Inc.

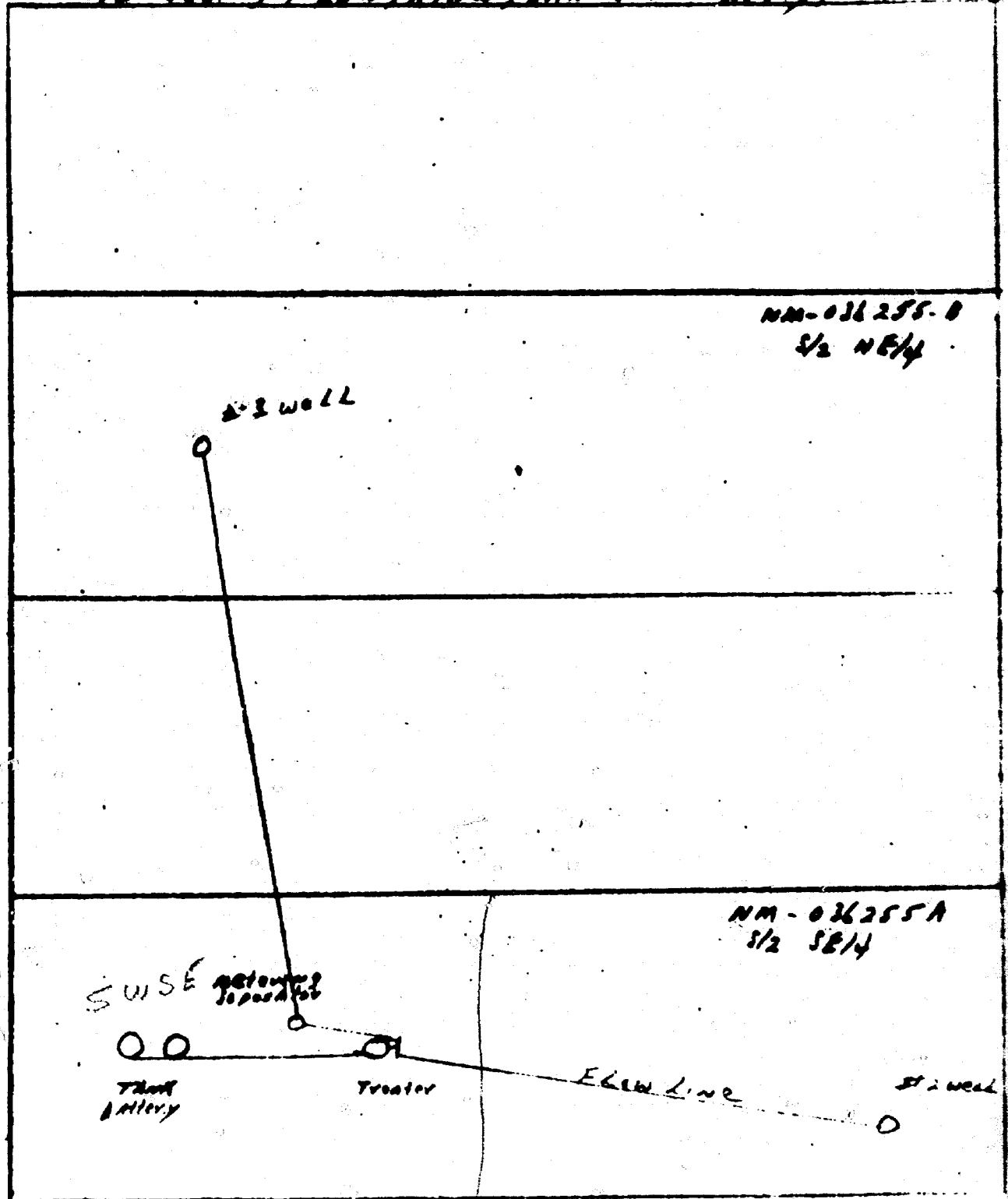
PHONE CH 3-6691

ALBUQUERQUE, NEW MEXICO



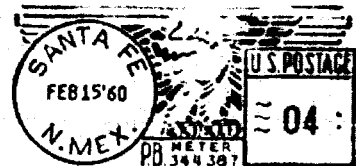
HENNETA MURCHISON
LEASE # NM 036255 A & B
FEDERAL WELLS #2 AND #3
sketch

E/2 SEC. 3, T.25N, R.12W, SAN JUAN COUNTY, NEW MEXICO



BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
and EXHIBIT NO. 2
CASE NO. 1902

State of New Mexico
Oil Conservation Commission
P. O. BOX 871
SANTA FE



Mr. Lloyd M. Gerber
115-A East Main Street
Farmington, New Mexico

RETURN
TO
WRITER



STREET
NUMBER

4458-25-3rd E
Ogden, Utah

NEW CASES

CASE 1901

Application of Caulkins Oil Company for a gas-gas dual completion and for establishment of a 320-acre non-standard Dakota gas unit. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its PC-233 Well, located in Unit D, Section 16, Township 26 North, Range 6 West, Rio Arriba County, New Mexico, in such a manner as to permit the production of gas from the South Blanco-Pictured Cliffs Pool and the production of gas from the Dakota Producing Interval. Applicant further seeks the establishment of a 320-acre non-standard gas unit in the Dakota Producing Interval consisting of the N/2 N/2 and S/2 NW/4 and N/2 SW/4 of said Section 16 to be dedicated to said PC-233 Well.

CASE 1902:



Application of Kenneth Murchison & Company for permission to commingle the production from two separate non-contiguous leases. Applicant, in the above-styled cause, seeks permission to commingle the Bisti-Lower Gallup Oil Pool production from the Federal lease NM-036255-A, consisting of the S/2 SE/4 of Section 3 and the Federal Lease NM-036255-B, consisting of the S/2 NE/4 of said Section 3, Township 25 North, Range 12 West, San Juan County, New Mexico.

CASE 1903:

Application of Texaco Inc. for permission to commingle the production from two separate pools. Applicant, in the above-styled cause, seeks permission to commingle the liquid hydrocarbon production from the Moore-Pennsylvanian Pool and the Moore-Wolfcamp Gas Pool from all wells on its State "BN" (NCT-1) lease consisting of the SW/4 of Section 25, Township 11 South, Range 32 East, Lea County, New Mexico.

CASE 1904:

Application of Sunray Mid-Continent Oil Company for an amendment of Order R-1414, as amended by R-1414-A and R-1414-B. Applicant, in the above-styled cause, seeks an order amending the provisions of Order R-1414 which relate to assignment and transfer of allowables in the Central Bisti LPG-Gas-Water Injection Project, Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.

CASE 1905:

Application of Humble Oil & Refining Company for an oil-oil dual completion utilizing parallel strings of small diameter casing cemented in a common well bore. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its State M-20 Well, located 1930 feet from the North line and 1980 feet from

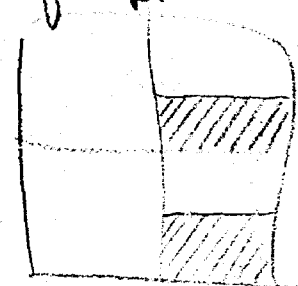
Coal 1902

KENNETH MURCHISON & COMPANY
INSURANCE
TEXACO BUILDING
1512 COMMERCE STREET
DALLAS, TEXAS

MAIL ADDRESS
P. O. BOX 178
DALLAS 21
TELEPHONE
RIVERSIDE 8-6611

21

not eligible
for claim
approval



not
contiguous

1, February, 1960

Mr. A. L. Porter, Secretary-Treasurer
New Mexico Oil Conservation Commission
P. O. Box 871
Santa Fe, New Mexico

Re: Lease #NM-036255-A
S/2 SE/4, Sec. 3, T25N, R12W
Lease #NM-036255-B
S/2 NE/4, Sec. 3, T25N, R12W
San Juan County, New Mexico

Dear Mr. Porter:

This is our application for permission to co-mingle oil production with respect to above described lease acreage. Applicant, as operator, makes this application for himself and the owners of interests in such property.

The owners of interests in such described leasehold properties are:

Operating Rights or Working Interest:

Kenneth Murchison	Undivided 1/4 of 80.4375%
E. W. Mudge, Jr.	Undivided 1/4 of 80.4375%
J. A. Humphrey	Undivided 1/4 of 80.4375%
Delhi-Taylor Oil Corp.	Undivided 1/4 of 80.4375%

Royalty Interest:

United States of America	12 1/2%
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Overriding Royalty (Non-convertible):

Marie Helene Weill	1/8 of 1/36 of 3 1/2%
Myron Lidell	1/8 of 1/36 of 3 1/2%
William Dubilier and Florence D. Dubilier, joint tenants with the right of survivorship	1/4 of 1/36 of 3 1/2% plus
George Bigar	1/4 of 1/36 of 3 1/2%
	1/8 of 1/36 of 3 1/2%

Doyle
Mailed
2-15-60
JH

Mr. A. L. Porter
2/1/60

Page 2

Robert D. Aaronson	$\frac{1}{4}$ of $\frac{1}{36}$ of $3\frac{1}{2}\%$ plus
	$\frac{1}{8}$ of $\frac{1}{36}$ of $3\frac{1}{2}\%$
Wallace S. Karutz	$\frac{1}{8}$ of $\frac{1}{36}$ of $3\frac{1}{2}\%$ plus
	$\frac{1}{16}$ of $\frac{1}{36}$ of $3\frac{1}{2}\%$ plus
Charles D. Karutz and Lucy S. Karutz, joint tenants with the right of sur- vivorship	$\frac{1}{4}$ of $\frac{1}{36}$ of $3\frac{1}{2}\%$
Mrs. Olive Miller	$\frac{1}{32}$ of $\frac{1}{36}$ of $3\frac{1}{2}\%$
Stanley F. Zackarek	$\frac{1}{16}$ of $\frac{1}{36}$ of $3\frac{1}{2}\%$
Lewis Otersen	$\frac{1}{16}$ of $\frac{1}{36}$ of $3\frac{1}{2}\%$ plus
	$\frac{1}{8}$ of $\frac{1}{36}$ of $3\frac{1}{2}\%$
Daniel Alagna	$\frac{1}{16}$ of $\frac{1}{36}$ of $3\frac{1}{2}\%$
Alexander S. LoRe	$\frac{1}{8}$ of $\frac{1}{36}$ of $3\frac{1}{2}\%$
Albert Wilkes	$\frac{1}{16}$ of $\frac{1}{36}$ of $3\frac{1}{2}\%$
Benjamin J. Pienkowski and Helen G. Pienkowski, joint tenants with the right to survivorship	$\frac{1}{8}$ of $\frac{1}{36}$ of $3\frac{1}{2}\%$
Thomas M. Grodin and Minna Grodin, joint tenants with the right of survivorship	$\frac{3}{32}$ of $\frac{1}{36}$ of $3\frac{1}{2}\%$
Lawrence L. Iavalle	$\frac{1}{4}$ of $\frac{1}{36}$ of $3\frac{1}{2}\%$
W. Benton Harrison and Mildred P. Harrison, joint tenants with the right of survivorship	$\frac{1}{8}$ of $\frac{1}{36}$ of $3\frac{1}{2}\%$
Frank Jensis and Margaret Jensis, joint tenants with the right of survivorship	$\frac{1}{4}$ of $\frac{1}{72}$ of $3\frac{1}{2}\%$
Murray Langfelder	$\frac{1}{8}$ of $\frac{1}{72}$ of $3\frac{1}{2}\%$
Sam Kirschenbaum and Sarah Ada Kirschenbaum, joint tenants with the right of survivorship	$\frac{1}{8}$ of $\frac{1}{72}$ of $3\frac{1}{2}\%$
William V. Licht	$\frac{1}{4}$ of $\frac{1}{72}$ of $3\frac{1}{2}\%$
Leonard Bluestone	$\frac{1}{2}$ of $\frac{1}{72}$ of $3\frac{1}{2}\%$
Guy A. Weill	$\frac{1}{4}$ of $\frac{1}{72}$ of $3\frac{1}{2}\%$
Guy A. Weill, Custodian	$\frac{1}{2}$ of $\frac{1}{72}$ of $3\frac{1}{2}\%$
Marianne Weill Lester	$\frac{1}{4}$ of $\frac{1}{72}$ of $3\frac{1}{2}\%$
Myron Lidell and Nelly Lidell, joint tenants with the right of survivorship	$\frac{1}{4}$ of $\frac{1}{72}$ of $3\frac{1}{2}\%$
Stanley F. Zackarek and Ann Zackarek, joint tenants with the right of survivorship	$\frac{1}{16}$ of $\frac{1}{36}$ of $3\frac{1}{2}\%$

Mr. A. L. Porter
2/1/60

Page 3

Albert Wilkes and Tekla Wilkes, joint tenants with the right of survivorship	1/8 of 1/36 of $3\frac{1}{2}\%$
Sid Weiss	1/5 of 1/36 of $3\frac{1}{2}\%$
Morris Levine	1/5 of 1/36 of $3\frac{1}{2}\%$
William Levine	1/5 of 1/36 of $3\frac{1}{2}\%$
Harry Lipshy	1/5 of 1/36 of $3\frac{1}{2}\%$
Lewis Freed	1/5 of 1/36 of $3\frac{1}{2}\%$
Ralph Lowe	1/18 of $3\frac{1}{2}\%$
Hal C. Peck	1/18 of $3\frac{1}{2}\%$
J. F. Postelle	1/18 of $3\frac{1}{2}\%$
J. R. Martin	1/18 of $3\frac{1}{2}\%$
J. Ralph Stewart	1/18 of $3\frac{1}{2}\%$
C. B. Yarbrough	1/2 of 1/18 of $3\frac{1}{2}\%$
Katherine Yarbrough, former wife of C. B. Yarbrough	1/2 of 1/18 of $3\frac{1}{2}\%$
Leo A. Achtschin	1/36 of $3\frac{1}{2}\%$
Myrtle Connor, wife of F.T. Connor, deceased	1/72 of $3\frac{1}{2}\%$
Lee Etta Hedberg	1/72 of $3\frac{1}{2}\%$
W. H. Sloan	1/18 of $3\frac{1}{2}\%$
Jan H. Westerman	1/36 of $3\frac{1}{2}\%$
Robert Murray Fasken, Independent Executor, Ancillary Executor and Trustee under the will of A. Fasken, deceased	1/36 of $3\frac{1}{2}\%$
Leah B. Downey, wife of F.J. Downey, deceased	3/72 of $3\frac{1}{2}\%$
P. O. Sill	1/72 of $3\frac{1}{2}\%$
Gerald Fitz-Gerald	1/36 of $3\frac{1}{2}\%$
Kathryn D. Ashby	1/36 of $3\frac{1}{2}\%$
Robert D. Duden	1/18 of $3\frac{1}{2}\%$
Reese Cleveland	1/18 of $3\frac{1}{2}\%$
Frank A. Schultz	1/18 of $3\frac{1}{2}\%$
R. M. Barron	1/18 of $3\frac{1}{2}\%$
Lewis C. Merrill	1/72 of $3\frac{1}{2}\%$
Robert Mims	2.0625%

Production Payment (Non-convertible)

Robert Mims

\$100.00 per acre, payable out of 1/4 of $1\frac{1}{2}\%$ of production from the above captioned leases and land and other leases

E. W. Mudge, Jr.

\$100.00 per acre, payable out of 1/8 of $1\frac{1}{2}\%$ of production from the captioned leases and land and other leases

Mr. A. L. Porter
2/1/60

Page 4

Betty Jean Mudge Stahl, whose husband is Ottis Stahl
\$100.00 per acre, payable out of 8/80 of $1\frac{1}{2}\%$ of
production from the captioned leases and land
and other leases

Wroe Owen

Perry Brooks Bldg., Austin, Texas
\$100.00 per acre, payable out of 1/80 of $1\frac{1}{2}\%$ of
production from the captioned leases and lands and
other leases

John A. Pace

Republic National Bank Building, Dallas, Texas
\$100.00 per acre, payable out of 1/80 of $1\frac{1}{2}\%$ of
production from the captioned leases and lands
and other leases

Gas Producers Corporation

\$100.00 per acre, payable out of 1/2 of $1\frac{1}{2}\%$ of
production from the captioned leases and lands
and other leases

This property was obtained from Shell Oil Company on a "checker-board" farm-out assignment and the property is not contiguous which caused the assignment of different lease numbers, otherwise, there would have been no question as to separate leases because the ownership, as shown above, is identical.

Applicant has installed a 24" x 10' Model EMS-124-10-125 lb. WP-1 Dump Barrel National Metering Separator to meter production from the NM-036255-B lease prior to co-mingling in common tankage as shown by the attached sketch. Both wells are producing from the Gallup Zone in the Bisti Extension Pool.

Applicant is enclosing the following additional information:

1. Waivers from adjoining lease owners.
2. Township map showing location of such properties.

If you require further information in order to grant approval, please advise.

Very truly yours,

KENNETH MURCHISON

Kenneth E. Price
By: Kenneth E. Price

KEP/lr

encl.

NEW CASES

CASE 1901

Application of Caulkins Oil Company for a gas-gas dual completion and for establishment of a 320-acre non-standard Dakota gas unit. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its PC-233 Well, located in Unit D, Section 16, Township 26 North, Range 6 West, Rio Arriba County, New Mexico, in such a manner as to permit the production of gas from the South Blanco-Pictured Cliffs Pool and the production of gas from the Dakota Producing Interval. Applicant further seeks the establishment of a 320-acre non-standard gas unit in the Dakota Producing Interval consisting of the N/2 N/2 and S/2 NW/4 and N/2 SW/4 of said Section 16 to be dedicated to said PC-233 Well.

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Application of Humble Oil & Refining Company for an oil-oil dual completion utilizing parallel strings of small diameter casing cemented in a common well bore. Applicant, in the above-styled cause, seeks an order authorizing the dual completion of its State M-20 Well, located 1930 feet from the North line and 1980 feet from

OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO

Date 3-1-60

CASE 1902

Hearing Date 2-25-60

My recommendations for an order in the above numbered cases are as follows:

1. Grant Kenneth Murchison's application for commingling Bisti - Lower Gallup oil Production in two non-contiguous Federal leases consisting of $S\frac{1}{2}$ NE/4 + $S\frac{1}{2}$ SW/4 sec. 3, 25N-12W.
2. Common Bath Tank Battery will be located in SWSE - sec. 3-25N-12W.
3. Royalty and W.I. are same in both tracts.
4. Bath wells are marginal.
5. Facilities for testing each well each month.

Smith

Staff Member

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. 1902
Order No. R-1621

APPLICATION OF KENNETH MURCHISON
AND COMPANY FOR PERMISSION TO
COMBINE THE PRODUCTION FROM
TWO SEPARATE LEASES IN SAN JUAN
COUNTY, NEW MEXICO

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on February 25, 1960, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 3rd day of March, 1960, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, 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, Kenneth Murchison & Company, is the operator of the following-described non-contiguous Federal leases in the Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico:

Federal lease NM-036255-A, consisting of the
S/2 SE/4 of Section 3

Federal lease NM-036255-B, consisting of the
S/2 NE/4 of Section 3

both in Township 25 North, Range 12 West.

(3) That the applicant proposes to combine the Bisti-Lower Gallup Oil Pool production from the above-described leases in a common tank battery.

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(4) That the working interests and royalty interests in each of the above-described leases are identical.

(5) That approval of the subject application will neither cause waste nor impair correlative rights provided adequate testing equipment and storage facilities are installed.

IT IS THEREFORE ORDERED:

That the applicant be and the same is hereby authorized to commingle the oil production from the Bisti-Lower Gallup Oil Pool from all wells on the following-described leases in San Juan County, New Mexico:

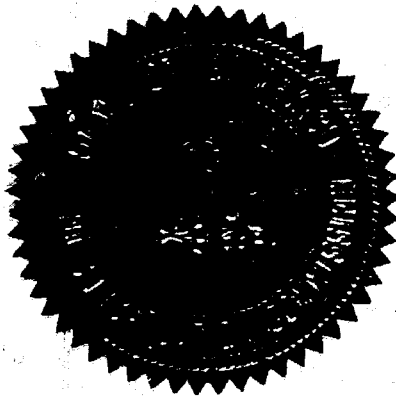
Federal lease NM-036255-A, consisting of the
S/2 SE/4 of Section 3

Federal lease NM-036255-B, consisting of the
S/2 NE/4 of Section 3

both in Township 25 North, Range 12 West.

PROVIDED HOWEVER, That the applicant shall install adequate facilities to permit the testing of all wells located on the above-described leases at least once each month to determine the individual production from each well.

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



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

John Burroughs
JOHN BURROUGHS, Chairman

Murray E. Morgan
MURRAY E. MORGAN, Member

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

vam/