

**CASE 2927: Application of SKELLY  
for gas comingling, Rio Arriba  
County, New Mexico.**

CASE NO.  
2927

Application,  
TRANSCRIPTS,  
SMALL Exhibits  
ETC.



STATE OF NEW MEXICO  
**ENERGY AND MINERALS DEPARTMENT**  
OIL CONSERVATION DIVISION

TONEY ANAYA  
GOVERNOR

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-5800

May 14, 1984

Getty Oil Company  
P. O. Box 3360  
Casper, Wyoming 82602

Attention: D. W. Bowers, Area Superintendent

Re: Case 2927 Order No. R-2607  
Surface Commingling Jicarilla  
"C" Lease / South Blanco Picture  
Cliffs and Otero Chacra Pools

Dear Mr. Bowers:

Your application to commingle additional wells producing from the South Blanco Picture Cliffs and Otero Chacra Pools on your Jicarilla "C" lease has been reviewed. Your request is within the limits of order No. R-2607 Rule 4. Therefore, the following wells located on your Jicarilla "C" lease may be surface commingled.

<u>Well No.</u>	<u>Producing Pool</u>
4	South Blanco Picture Cliffs
7	South Blanco Picture Cliffs
8	South Blanco Picture Cliffs
11	Otero Chacra
16	Otero Chacra
18	Otero Chacra
24	Otero Chacra
32	Otero Chacra

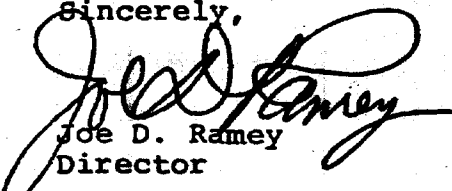
The subject wells shall be governed by all provisions of Division order No. R-2607

In reference to your request for surface commingling on your Jicarilla "B" lease, the referenced order in your application does not have provisions for the Jicarilla "B" lease. If you wish these to be commingled administratively, please provide us with an appropriate

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order allowing for such. If not, a hearing will be necessary to allow such commingling. Please advise Gilbert Quintana of your intentions at 827-5807.

Sincerely,



Joe D. Ramey  
Director

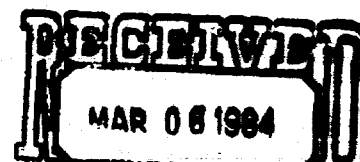
cc: Aztec  
Gilbert Quintana  
Case File 2927 Order no. R-2607

JDR/bok

# Getty

Getty Oil Company | P.O. Box 3360, Casper, Wyoming 82602

Central Exploration and Production Division



OIL CONSERVATION DIVISION  
SANTA FE

265-8386

February 29, 1984

Joe D. Ramey  
Director  
Oil Conservation Division  
P.O. Box 2088  
Santa Fe, NM 87501

RE: Application for Administrative  
Approval for Surface Gas Commingling  
on Getty Oil Company's Jicarilla  
"B" and "C" Leases, Rio Arriba  
County, New Mexico

Dear Mr. Ramey:

Getty Oil Company is seeking administrative approval to commingle additional Pictured Cliffs and Chacra (gas) wells on the Jicarilla "B" and "C" leases located in Township 25N, Range 5W, Rio Arriba County, New Mexico. The original authorization for commingling the existing wells was granted by the Commission on November 20, 1963, Case No. 2927, Order No. R-2607.

Attached is a map of Getty Oil Company's Jicarilla "B" and "C" leases. These leases are underlain by four productive zones: the Pictured Cliff (gas), the Chacra (gas), the Gallup (oil), and the Dakota (gas).

The Gallup oil wells and some Pictured Cliff, Chacra, Dakota wells are connected to a low pressure (60 psi) casinghead gas gathering system. This gas is gathered into a Compressor located on the Jicarilla "C" lease where the gas is then sold to El Paso Natural Gas Company.

Getty proposes to connect certain Pictured Cliff and Chacra wells into this low pressure system in an attempt to increase production on these wells. These wells are currently connected to El Paso's low pressure line which averages approximately 150 psi. These wells are having difficulty producing against this line pressure. The wells to be connected are:

Jicarilla "B" No. 5 - Pictured Cliff  
No. 19 - Pictured Cliff  
No. 20 - DAKOTA  
Jicarilla "C" No. 4 - Pictured Cliff  
No. 7 - Pictured Cliff  
No. 8 - Pictured Cliff  
No. 11 - Chacra  
No. 16 - Chacra  
No. 18 - Chacra  
No. 24 - Chacra  
No. 32 - Chacra

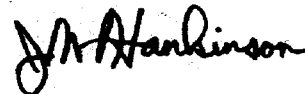
→ 10-30 MCF  
1-2 BLPD

Joe Ramey  
February 29, 1984  
Page 2

The production from each well and zone will be metered at the well before commingled with the gas in the casinghead gas gathering system.

The actual commercial value of the gas will not be decreased. There will be no liquid hydrocarbons involved with this commingling of the gas from the Pictured Cliffs and Chacra zones. This commingling should enable us to increase production and extend the life of these wells.

Sincerely yours,

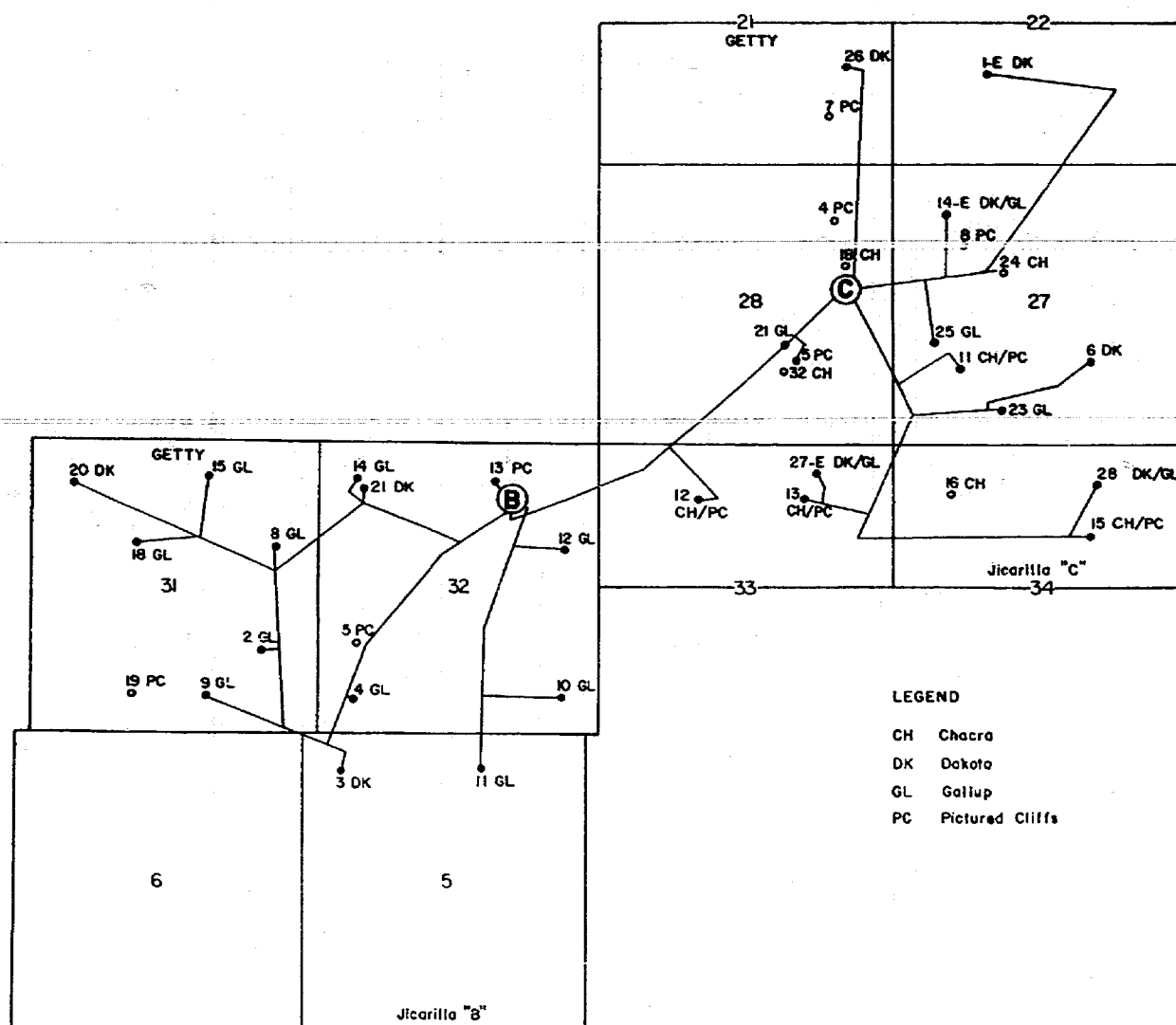


For D. W. Bowers  
Area Superintendent  
Getty Oil Company

DBB/nmt

Attachments

# JICARILLA B & C COMPRESSOR SYSTEM



BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
October 30, 1963

EXAMINER HEARING

DEARNLEY-MEMER REPORTING SERVICE, Inc.

SANTA FE, N. M.  
PHONE 325-1182

SANTA FE, N. M.  
PHONE 363-3671

ALBUQUERQUE, N. M.  
PHONE 243-6691

IN THE MATTER OF: Application of Skelly Oil Company for gas commingling, Rio Arriba County New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 21(A) of Order No. R-1670, Northwest New Mexico Gas Pool Rules, to permit the commingling of gas produced from its Jicarilla "C" Wells Nos. 3, 7, 4, 8 and 6, located in Units M and P of Section 21, Unit A of Section 28 and Units E and J of Section 27 respectively, Township 25 North, Range 5 West, South Blanco-Pictured Cliffs Pool, Rio Arriba County, New Mexico, allocating said gas to the individual wells on the basis of periodic testing. Applicant further proposes to meter said commingled gas and to commingle it with commingled casinghead gas produced from seven Otero-Gallup Oil wells on its Jicarilla "C" lease.

Case No. 2927

BEFORE:

Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING



MR. NUTTER: We will call Case 2927.

MR. DURRETT: Application of Skelly Oil Company for gas commingling, Rio Arriba County, New Mexico.

MR. JACOBS: If the Commission please, Ronald J. Jacobs, attorney for Skelly Oil Company, appearing on behalf of the applicant. I believe the Commission files will reflect the entrance of an appearance of L. C. White of record as local counsel. We have one witness we would like to have sworn, please

(Witness sworn.)

MR. JACOBS: By way of a preliminary explanation, Mr. Examiner, at one time we had contemplated, or it was contemplated by some of our people, I should say, that the gas from the various gas wells on the lease would be commingled prior to metering. Since that time we have decided that we should measure the gas at each of the gas wells, so in effect what this will amount to is, after measuring the gas from the gas wells it will enter into a low pressure gas gathering system, which system is now installed for the casinghead gas for the oil wells, be taken to a central point for compression; will again be metered before it enters the sales line, and from those figures and subtractions you can calculate the amount of gas from casinghead and the amount as reflected by each gas well. With that in mind and with that explanation I wish to offer an ammended application, an original and three copies, which in effect set out the thing we are proposing.

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Albuquerque, New Mexico

Phone 243-6691



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MR. NUTTER: So, in effect rather than commingling the gas and determining the amount of gas that comes from the individual wells on the basis of periodic testing, as the case was advertised, you will meter the gas individually from each of the gas wells, pass it into the low pressure system and commingle it with the casinghead, and meter the total sales from the compressor, subtract the sum of the gas meter readings from the total and determine how much came from the oil wells.

MR. JACOBS: Yes, that is correct.

MR. NUTTER: The application is so amended.

WILLIAM SINGLEY,

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

DIRECT EXAMINATION

BY MR. JACOBS:

Q Will you please state your name for the record?

A William Singley.

Q Mr. Singley, have you testified before this Commission as a petroleum engineer?

A No, I have not.

Q Will you please give a brief resume of your education and experience, please?

A I have a degree in petroleum engineering from Louisiana State University, January, 1955. I'm now employed by Skelly Oil Company as a senior production engineer in the Farmington office,



and I am a registered petroleum engineer in the State of New Mexico.

MR. JACOBS: Any questions as to his qualifications?

MR. NUTTER: No, sir.

Q (By Mr. Jacobs) You have under your jurisdiction the area in Rio Arriba County which contains our Jicarilla "C" lease?

A I do.

Q Are you familiar with the operations on that lease?

A Yes, I am.

(Whereupon, Applicant's Exhibit No. 1 marked for identification.)

Q I hand you what has been marked for identification as Skelly Oil Company's Exhibit Number 1. What does that show, please?

A It's a map of our Jicarilla "C" Lease, and it designates the wells on our lease, and by color system we have designated the different wells which we are proposing to commingle the gas. The wells with the red circle are the wells in the South Blanco-Pictured Cliffs Pool. The blue circle is the Otero-Chacara Pool and the yellow is the Otero-Gallup oil wells.

If you will notice, there are two wells that are dually completed wells, Number 12 and 13; they are both Pictured Cliffs and Chacara gas wells.

Q Mr. Singley, for the record would you please describe the Jicarilla "C" Lease as to location and sections?

A The Jicarilla "C" Lease contains the south half of

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Section 21, 22, all of Section 27, 28, and the north-half of Sections 33 and 34, all being in Township 25 North, Range 5 West, Rio Arriba County, New Mexico.

Q And the Skelly Oil Company locations on this Exhibit 1 are shown by a shaded area, is that right?

A That is correct. You will notice there is also, Section 32 is also shaded. That is our Jicarilla "B" Lease.

Q It is a separate lease?

A It is a separate lease and we are not contemplating any action at this time on that lease.

Q So that the record and the Examiner will be clear, the additional wells that are shown on this lease, some of them are South Blanco-Pictured Cliffs or Otero-Chacra Gas wells, is that right?

A Yes. All of the gas wells on there are either Pictured Cliffs or Chacra except for wells No. 1, 14 and 6, which are Basin Dakota wells, and Well No. 1 is in the southwest-southeast quarter of 22, and Well No. 14 and 6 are in the east half of 27.

Q And the reason that only those particular wells are colored is that those are the wells to which the proposed low pressure gas gathering system will be extended to at this time, is that right?

A Yes. Our present low pressure gas gathering system which gathers the gas from our Gallup oil wells, that system is designated by a solid black line leading to compressor which is

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in the east half of Section 28.

Q By way of an opening statement, you heard me give my unsworn testimony to the Examiner that the way that the gas would be measured and metered, et cetera; would you please now briefly give a statement as to the measuring and commingling of the gas?

A At the present time our Pictured Cliffs and Chacra gas wells are being metered by El Paso Natural Gas, and fed into a main trunk line running across our Jicarilla "C" Lease. That is a 200 pound gas gathering system. It is contemplated that we will renegotiate a contract with El Paso Natural Gas, and where they will continue to operate their meters and their meter runs, and Skelly will take the cost of their discharge on the meter run and tying it into our low pressure system; and in essence El Paso Natural Gas will continue to operate the gas wells and meter the gas, and they will total up the volumes from our wells going into the low pressure system and subtract it from this total on the discharge of our compressor.

Q And the heavy solid black lines show the low pressure gas gathering system for the casinghead gas as it is in existence at this time?

A That is correct. And the dashed line indicates the line which Skelly will lay connecting up our gas well. They will connect it with the downstream side of the meter and eventually tie into our present oil gathering line.

Q This is the extension that you contemplate at this time.

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Q Do you contemplate further extension in the future?

A The reason we were contemplating this is the wells are getting to be extremely low productive and marginal, to say the best, and it is our possibility, since there are other gas wells on the lease, that perhaps down the road it will be advantageous to tie in some additional wells into this system, for example, Well Number 3 in the southwest part of Section 21 there's a possibility that maybe in the future we might run a line over to Number 7 and then on down. At the present time we do not contemplate that, that's merely an example.

(Whereupon, Applicant's Exhibit No. 2 marked for identification.)

Q I hand you what has been marked for identification as Exhibit Number 2. What does that show?

A Well, on this exhibit we've attempted to show the present producing capabilities of our wells that we would like to tie into our low pressure gathering system. We show the well number, the formation and in the next column we show the cumulative production to October 1, 1963, and as we can glance down that we can see only Well Number 4 appears it may eventually pay out. The other wells probably, if they pay out, they will be extremely marginal on their payout.

In the next three columns are our production history for 1963, up until October 1st. We show an average monthly production by well of the days produced during this nine month period, and



the average line pressure on El Paso's system for that period.

The best well on there is the Jicarilla "C" No. 4, which is averaging less than four million a month; and then we have Well No. 12 in the Pictured Cliffs, which is averaging less than 320 MCF a month.

The next column over gives the September 1963 allocation. It shows Jicarilla "C" No. 4 has an allocation, September, 3,365,000 cubic feet. Well No. 5 has a 1,000 MCF; it is classified I believe in the twilight marginal classification of a minimum of a thousand allowable; the Well No. 7 is, September allocation, 2,638 MCF, and the other wells are either exempt from proration or marginal.

The next column over is a computation of the average monthly income, and we have taken the average monthly production and multiplied by our income per MCF, and then deducted royalty, and the income from all of these wells is \$1,473.00 a month.

By our lease operating statements we found that the cost is \$1,215.00 to operate all of these wells which would give us for a summary of all these wells which we hope to put into the system of only a profit of \$258.00 per month for these nine wells.

Going over the last column we'll notice that Well No. 5, 11, two zones in 12 and Pictured Cliffs zone in 13 have all lost money this year, and unless something is done those wells, plus the Chacra zone in No. 13 would have to be plugged.

Q In other words, Mr. Singley, these wells are reaching

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the point where compression is necessary to continue producing these wells economically?

A Yes, that is correct.

Q Do you have an estimate as to what it would cost to lay a separate gathering system to each of the gas wells and to operate a separate compression facility?

A A separate compressor and lines to each of these system would cost in excess of \$30,000.00.

Q Considering the production from these wells do you feel that that is justified?

A If you take a present worth calculation and put a present worth value to the gas as it's produced, it's our estimation that we could not pay out a \$30,000.00 expenditure.

Q Do you feel that the granting or permission to commingle under the method you have outlined here, will that prevent the premature abandonment of wells and would recover hydrocarbons which would not otherwise be recovered?

A Most definitely. We figure that it would recover an additional at least 10,000,000 cubic feet per month if we could put these wells into a 40-pound gathering system.

Q Do you feel then that the granting of this, or permission to commingle in that manner you have described, will prevent waste and protect correlative rights?

A Yes, I believe it would. It would definitely prevent waste, and the fact that it would recover gas that normally would





not be able to be recovered under the present system.

MR. JACOBS: That's all we have, Mr. Examiner. We offer in evidence Exhibits 1 and 2.

MR. NUTTER: Applicant's Exhibits 1 and 2 will be admitted in evidence.

(Whereupon, Applicant's Exhibits Nos. 1 and 2 were admitted in evidence.)

MR. NUTTER: Does anyone have any questions of Mr. Singley?

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Singley, the compressor is presently in operation as far as the Otero-Gallup oil wells is concerned?

A Yes, sir.

Q And you operate that system at a 40-pound pressure?

A 40-pound, as you can see on the compressor, the discharge is slightly in excess of 200 pounds.

Q Will this compressor have the capacity to handle these additional wells, or do you think you are going to have to change that?

A No, sir, one of the advantages of this thing is that we will not have to spend any additional revenue on the compressor. We are actually getting difficulty in operating the compressor at slow enough speed for the gas going into it. It's calculated slightly in excess of top efficiency of over a million cubic feet

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a day that we could put into the compressor.

Q How much do you think that you can increase the productivity of these wells by reducing the line pressure from 200 to 40 pounds?

A We figure at least 10,000,000 a month, oh, say for the next eight to ten months at least, realizing that after that period of time the capacities will drop on these wells as well, and we look at it that period of time, because you say, "We're going to have to spend money for lines, what sort of payout will we have on those lines", so we try to take tests on these wells to see what they would do for a flush period of production in order to pay out our lines and it looks like we will get 10,000,000 a month.

Q From 1963 to date, you have averaged 13,000,000 a month, is that correct?

A Yes, sir, that is correct.

Q So you will almost double your production when you get this compression?

A Yes.

Q You say that the present runs on the meter wells will be left there, and El Paso will remain intact?

A Yes, El Paso will continue to pull charts and operate the wells in the same manner they have been operating them right now. The only difference will be there will be a lower line pressure.

Q Is it contemplated that El Paso will include these wells

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individually on the C114 that they file each month?

A Yes, sir.

Q As though they were taken directly into their line?

A Yes, sir, in fact El Paso made the statement that it would be as if they were still taking the wells under this present system.

Q So we'll continue to receive them on El Paso's C114?

A Yes, sir.

Q Then El Paso will take another meter reading at the discharge of the compressor and subtract the difference and notify you how much casinghead gas they took?

A They will give us an individual total and subtract for them.

MR. NUTTER: Are there any other questions of Mr. Singley? He may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further, Mr. Jacobs?

MR. JACOBS: No, sir; the only thing is, as pointed out on the amended application, we would request that any order issued should an order be issued, provide for administrative approval of expansion to other wells on this lease, should the circumstances so justify.

MR. NUTTER: I see. I have one other question.

BY MR. NUTTER:

Q How about the Chacra production, is it going to be



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handled in this same manner as the South Blanco-Pictured Cliffs?

A It will be handled in the same manner as it is handled presently. El Paso has their own method of proration on the Chacra. They prorate it, they don't tell us what they are going to prorate, or how much they are going to produce it, it's a pipeline proration and they will continue to have that same proration on it.

Q Will it go into this community gathering system?

A Yes, sir.

Q And be compressed?

A Separately, yes, sir.

Q Separately?

A It will go just as if the Picture wells go in, they will continue to meter it separately and then put it into the line.

MR. JACOBS: In other words, what you are saying is that the Chacra production on the wells that you have shown here will have a separate meter on those also.

A Yes, sir.

MR. JACOBS: And they will then, in fact, be commingled into this low pressure gas gathering system also.

A Right.

MR. NUTTER: I'm not sure that it's within the call of the hearing to set up the administrative procedure for this. However we'll give it study and if possible include it in the order.

MR. JACOBS: The question arose, really as to what



hearing was necessary on this type thing.

MR. NUTTER: Since you amended the application it might not be.

MR. JACOBS: Since we already had it set we thought we would come down and explain it.

MR. NUTTER: Does anyone have anything further in Case 2927? We will take the case under advisement.

STATE OF NEW MEXICO )  
COUNTY OF BERNALILLO ) ss.

I, ADA DEARNLEY, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 16th day of November, 1963.

*Ada Dearnley*  
Notary Public - Court Reporter

My Commission Expires:  
June 19, 1967

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2927, heard by me on 10/30, 1963.

*Examiner*  
Examiner  
New Mexico Oil Conservation Commission

DEARNLEY, MEIER, WILKINS and CROWNOVER

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DRAFT  
JMD/esr  
November 12, 1963

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. 2927

Order No. R- 2607

APPLICATION OF SKELLY OIL COMPANY  
FOR GAS COMMINGLING, RIO ARRIBA  
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 30, 1963, at Santa Fe, New Mexico, before Daniel S. Nutter, 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            day of November, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, 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, Skelly Oil Company, seeks an exception to Rule 21 (A) of the General Rules and Regulations governing prorated gas pools in Northwest New Mexico, promulgated by Order No. R-1670, to commingle gas production from the following-described wells:

SOUTH BLANCO-PICTURED CLIFFS POOL

Township 25 North, Range 5 West

Jicarilla "C" Well No. 4, Unit A, Section 28  
Jicarilla "C" Well No. 5, Unit J, Section 28  
Jicarilla "C" Well No. 7, Unit P, Section 21  
Jicarilla "C" Well No. 11, Unit M, Section 27  
Jicarilla "C" Well No. 12, Unit C, Section 33  
Jicarilla "C" Well No. 13, Unit B, Section 33

OTERO CHACRA POOL

Township 25 North, Range 5 West

Jicarilla "C" Well No. 9, Unit K, Section 28  
Jicarilla "C" Well No. 12, Unit C, Section 33  
Jicarilla "C" Well No. 13, Unit B, Section 33

(4)(2) That the applicant also seeks authority to subsequently commingle said gas at the intake of applicant's compression facilities on its Jicarilla "C" Lease with casinghead gas produced from the Otero-Gallup Gas Pool underlying said lease, and to determine the volume of casing head gas production by the subtraction method.

(5)(4) That the applicant also seeks the establishment of an administrative procedure whereby the Secretary-Director may approve expansion of the commingling system by the inclusion of additional wells therein.

(3) (X) That the applicant proposes to continuously meter the gas production from each well prior to commingling.

(6) That the applicant proposes that the existing meter runs should remain on all wells and that the purchaser should continue to report the runs on Form C-114.

(7) That approval of the subject application will result in convenience and economy to the operator, will be in the interest of conservation, and will otherwise prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Skelly Oil Company, is hereby granted an exception to Rule 21(A) of the General Rules and Regulations governing prorated gas pools in Northwest New Mexico, promulgated by Order No. R-1670, to commingle gas produced from the following-described wells:

SOUTH BLANCO-PICTURED CLIFFS POOL

Township 25 North, Range 5 West

Jicarilla "C" Well No. 4, Unit A, Section 28  
Jicarilla "C" Well No. 5, Unit J, Section 28  
Jicarilla "C" Well No. 7, Unit P, Section 21  
Jicarilla "C" Well No. 11, Unit M, Section 27  
Jicarilla "C" Well No. 12, Unit C, Section 33  
Jicarilla "C" Well No. 13, Unit B, Section 33

OTERO CHACRA POOL

Township 25 North, Range 5 West

Jicarilla "C" Well No. 9, Unit K, Section 28  
Jicarilla "C" Well No. 12, Unit C, Section 33  
Jicarilla "C" Well No. 13, Unit B, Section 33

PROVIDED HOWEVER, That the gas production from each well shall be continuously metered prior to commingling.

(2) That the applicant is hereby authorized to subsequently commingle said gas at the intake of applicant's compression facilities on its Jicarilla "C" Lease with casinghead gas produced from the Otero-Gallup Gas Pool underlying said lease, and to determine the volume of casinghead gas production by the subtraction method.

(3) That the existing meter runs shall remain on all wells and that the purchaser shall continue to report the runs on Form C-114.

(4) That the Secretary-Director of the Commission is hereby authorized to approve the inclusion of additional wells in the commingling system approved by this order provided all such wells are located on the applicant's Jicarilla "C" Lease and will be continuously metered prior to commingling.

(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.





# SKELLY OIL COMPANY

P. O. Box 1650

TULSA 2, OKLAHOMA

October 3, 1963

## PRODUCTION DEPARTMENT

C. L. BLACKSHER, VICE PRESIDENT

W. P. WHITMORE, MGR. PRODUCTION

W. D. CARSON, MGR. TECHNICAL SERVICES

ROBERT G. HILTZ, MGR. JOINT OPERATIONS

GEORGE W. SELINGER, MGR. CONSERVATION

Re: Skelly's Jicarilla "C" Lease

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

Dear Mr. Porter:

On this lease we have seven oil wells producing from the Gallup in the Otero Gallup Oil Pool with a top allowable of 94 barrels per well, however, our wells have assigned allowables as follows:

Well No. 18	-	11 barrels
Well No. 24	-	8 barrels
Well No. 21	-	6 barrels
Well No. 25	-	8 barrels
Well No. 23	-	7 barrels
Well No. 20	-	5 barrels
Well No. 16	-	39 barrels

or, a total of 84 barrels for the seven wells. Our runs are even less than the allowable.

We are at the present time picking up the casinghead gas from the oil wells into our low pressure gas system, and we desire to extend this system so as to pick up the low pressure gas from our gas wells in the South Blanco Pictured Cliffs. The approximate runs from these wells are:

Well No. 3	-	300,000 daily	SW/ SW/ 21	M
Well No. 7	-	100,000 daily	SE/ SE/ 21	P
Well No. 4	-	160,000 daily	NE/ NE/ 28	R
Well No. 8	-	300,000 daily	SE/ NE/ 27	E
Well No. 6	-	30,000 daily	NW/ SE 27	J

We desire to eliminate the individual meters on each of the wells and use one master meter to cover the casinghead gas of the Otero Gallup oil wells, and one master meter to cover the South Blanco Pictured Cliffs gas wells in this low pressure gas system, in which

*Received  
Oct 7, 1963  
9 AM*

*Case 2927*

*one meter*

Mr. A. L. Porter, Jr.  
October 3, 1963  
Page 2

volumes could be allocated to the individual wells based on periodic testing as required by the Commission.

These wells are rapidly approaching the economic limit, and this method of metering and testing would prolong the plugging of these wells, and in our opinion would increase the ultimate recovery of all hydrocarbons.

Yours very truly,

*George W. Selinger*

GWS:br

DOCKET MAILED

Date 10-15-63

SKELLY OIL COMPANY

Jicarilla "C" Lease Gas Gathering System

Lease	Well No.	Formation	Cumulative Prod. 10-1-63	Production Data 1-1-63 to 10-1-63			September 1963 Allocation, MCF	Avg. Mo. Income	Avg.
				Avg. Mo. Prod.	Days Prod.	Avg. Line Press.			
Jicarilla "C"	4	Pictured Cliff	468,868	3982	79	221	3365	\$ 430	
Jicarilla "C"	5	Pictured Cliff	118,597	917	260	214	1000	\$ 99	
Jicarilla "C"	7	Pictured Cliff	320,126	2465	59	229	2638	\$ 266	
Jicarilla "C"	9	Chacra	285,688	2796	165	214	except	\$ 302	
Jicarilla "C"	11	Pictured Cliff	63,681	571	247	212	marginal	\$ 62	
Jicarilla "C"	12	Pictured Cliff Chacra	48,274 66,322	320 619	241 233	208 207	marginal except	\$ 35 \$ 67	
Jicarilla "C"	13	Pictured Cliff Chacra	53,859 108,059	514 1441	225 239	211 211	marginal except	\$ 56 \$ 156	
TOTAL				13,625				\$1,473	

BEFORE EXAMINED  
OIL CONSERVATION CO.  
SKELLY EXHIBIT NO.  
CASE NO. 2921

**SKELLY OIL COMPANY**

**Jicarilla "C" Lease Gas Gathering System**

	Cumulative Prod. 10-1-63	Production Data 1-1-63 to 10-1-63			September 1963 Allocation, MCF	Avg. No. Income	Avg. No. Expense	Income Over Expense
		Avg. No. Prod.	Days Prod.	Avg. Line Press.				
red cliff	468,848	3982	79	221	3365	\$ 430	\$ 135	\$ 295
red cliff	118,597	917	260	214	1000	\$ 99	\$ 135	\$ -36
red cliff	320,126	2465	59	229	2638	\$ 266	\$ 135	\$ 131
	285,688	2796	165	214	exempt	\$ 302	\$ 135	\$ 167
red cliff	63,681	571	247	212	marginal	\$ 62	\$ 135	\$ -73
red cliff	48,274	320	241	208	marginal	\$ 35	\$ 135	\$ -100
	66,322	619	233	207	exempt	\$ 67	\$ 135	\$ -68
red cliff	53,859	514	225	211	marginal	\$ 56	\$ 135	\$ -79
	108,059	1441	239	211	exempt	\$ 156	\$ 135	\$ 21
		13,625				\$1,473	\$1,215	\$ 258

**BEFORE EXAMINER NUTTER**  
**OIL CONSERVATION COMMISSION**  
 SKELLY EXHIBIT NO. 2  
 CASE NO. 2987

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

IN THE MATTER OF THE APPLICATION OF )  
 SKELLY OIL COMPANY FOR GAS COMMINGLING )  
 ON ITS JICARILLA "C" LEASE, SECTIONS )  
 21, 22, 27, 28, 33 AND 34, TOWNSHIP )  
 25 NORTH, RANGE 5 WEST, SOUTH BLANCO- )  
 PICTURED CLIFFS POOL, OTERO-GALLUP )  
 POOL, AND OTERO-CHACRA POOL, RIO ARRIBA )  
 COUNTY, NEW MEXICO. )

CASE NO. 2927

AMENDED APPLICATION

Comes now Skelly Oil Company and alleges and states:

1. That it has filed an application for permission to commingle gas into its low pressure gas gathering system on its Jicarilla "C" Lease, located in Sections 21, 22, 27, 28, 33 and 34, Township 25 North, Range 5 West, Rio Arriba County, New Mexico.
2. That said application has been set for hearing October 30, 1963, in Case No. 2927.
3. Skelly Oil Company now seeks to amend its previous application, so as to commingle the gas from the following wells from their respective pools:

Otero-Gallup Oil Pool

Well No. 16
" " 18
" " 20
" " 21
" " 22
" " 23
" " 24
" " 25

Location

Unit D - Section 34
Unit H - Section 28
Unit D - Section 33
Unit J - Section 28
Unit H - Section 33
Unit N - Section 27
Unit F - Section 27
Unit L - Section 27

South Blanco-Pictured Cliffs Gas Pool

Well No. 4
" " 5
" " 7
" " 11
" " 12
" " 13

NE/4 Section 28
SE/4 Section 28
SE/4 Section 21
SW/4 Section 27
NW/4 Section 33
NE/4 Section 33

Otero-Chacra Gas Pool

Well No. 9
" " 12
" " 13

SW/4 Section 28
NW/4 Section 33
NE/4 Section 33

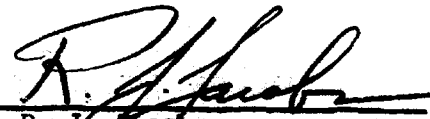
all in Township 25 North, Range 5 West, Rio Arriba County, New Mexico.

4. That applicant proposes to commingle the casinghead gas from its oil wells above described with the gas well gas from the gas wells above described into its low pressure gas gathering system.
5. That applicant proposes to set individual meters on each of the gas wells, which will enable the volume from each gas well to be measured prior to commingling.
6. That the granting of this application will prevent waste by allowing the production of gas from low pressure gas wells, and will tend to prevent the premature abandonment of said wells.
7. That any order issued by the Commission granting the relief sought in this case should provide for administrative approval and expansion of the gathering system and commingling to additional wells which may in the future be similarly situated.

WHEREFORE PREMISES CONSIDERED, applicant prays that the Commission after hearing the evidence adduced issue its order granting Skelly Oil Company permission to commingle gas from its gas wells and casinghead gas from its oil wells on its Jicarilla "C" Lease above described, and in the manner above described, and for future administrative approval for expansion and commingling of gas from additional wells on its lease, and for such other orders, rules and regulations as may be necessary in the premises.

Respectfully submitted,

SKELLY OIL COMPANY

By   
R. J. Jacobs  
Its Attorney

Of Counsel:  
L. C. White  
Gilbert, White and Gilbert

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BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

RE: SKELLY JICARILLA "C" LEASE SOUTH BLANCO  
(PICTURED CLIFFS) POOL AND OTERO (GALLUP)  
OIL POOL, RIO ARriba COUNTY, NEW MEXICO

Case No.  
2927

ENTRY OF APPEARANCE OF RESIDENT COUNSEL

Comes now L. C. White, of Gilbert, White and Gilbert, and herewith  
enters of record his formal appearance as local counsel for Skelly Oil  
Company in the above matter, hearing date having been set October 30, 1963  
before Examiner Dan S. Nutter.

  
L. C. White

GILBERT, WHITE AND GILBERT  
ATTORNEYS AT LAW  
SANTA FE, NEW MEXICO

Docket No. 30-63  
Docket No. 31-63

DOCKET: EXAMINER HEARINGS OCTOBER 18, 1963, AND OCTOBER 30, 1963

BOTH HEARINGS 9:00 A.M. OIL CONSERVATION COMMISSION CONFERENCE  
ROOM, STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

Examiner: Daniel S. Nutter; Alternate Examiner: Elvis A. Utz

DOCKET NO. 30-63 - OCTOBER 18, 1963:

CASE 2910: (Continued from the October 9, 1963, examiner hearing)

Application of Big (6) Drilling Company for extension of an existing oil pool and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the extension of the Scharb Bone Spring Oil Pool to comprise the W/2 of Section 5, all of Section 6, and the N/2 of Section 7, Township 19 South, Range 35 East, Lea County, New Mexico, and for special rules therefor, including 80-acre spacing and proration units to comprise any two contiguous 40-acre tracts, and for fixed well locations.

DOCKET NO. 31-63 - OCTOBER 30, 1963:

CASE 2678: (Reopened and continued from the October 9, 1963, examiner hearing)

In the matter of Case No. 2678 being reopened pursuant to provisions of Order No. R-2359, which order established temporary 160-acre proration units for the East Saunders Permo-Pennsylvanian Pool, Lea County, New Mexico, for a period of one year. All interested parties may appear and show cause why said pool should not be developed on 40-acre proration units.

CASE 2903: (Continued from the October 9, 1963, examiner hearing)

Application of Coastal States Gas Producing Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its Gulf State Well No. 1, located in Unit F of Section 20, Township 17 South, Range 36 East, Lea County, New Mexico, to produce oil from the Double-A Abo Pool and an undesignated Lower Leonard pool through parallel strings of tubing.

CASE 2921:

Application of Robert G. Hanagan for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a non-standard gas proration unit comprising the S/2 SW/4 of Section 1 and the N/2 NW/4 of Section 12, Township 12 South, Range 34 East, Four Lakes-Devonian Gas Pool, Lea County, New Mexico, to be dedicated to a well to be drilled 660 feet from the South and West lines of said Section 1.



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Docket No. 30-63

Docket No. 31-63

CASE 2922:

Application of Consolidated Oil & Gas, Inc. for an unorthodox location and a dual completion, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its Jicarilla No. C-1-11 to produce gas from the Blanco Mesaverde and Basin Dakota Gas Pools. Said well is at an unorthodox Blanco Mesaverde Pool location 890 feet from the South line and 990 feet from the East line of Section 11, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.

CASE 2923:

Application of Cities Service Oil Company for a special gas-lift gas allocation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to produce Blinebry gas from its State "S" Well No. 1 located in Unit E of Section 15, Township 21 South, Range 37 East, Lea County, New Mexico, and to utilize said gas for Hare Pool gas-lift operations on its State "S" Well No. 4 located in said Unit E. Gas produced from said State "S" Well No. 1 would be metered and charged to the Blinebry Oil Pool casinghead gas production from applicant's State "S" Well No. 6 also located in the said Unit E.

CASE 2924:

Application of Socony Mobil Oil Company for a dual completion and for a tubing exception, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its State Bridges No. 58-DD in Unit M of Section 24, Township 17 South, Range 34 East, Lea County, New Mexico, to produce oil from the Vacuum Glorieta and Vacuum Blinebry Oil Pools through parallel strings of tubing. Applicant further seeks an exception to Commission Rule 107(d)4 to produce the Glorieta formation through the casing-tubing annulus from perforations at approximately 6000 feet up to 2 3/8-inch tubing landed in a dual packer at approximately 4020 feet.

CASE 2925:

Application of Sunray DX Oil Company for the creation of a Strawn Gas Pool and for Special Temporary Pool Rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Strawn Gas Pool for its New Mexico State "AH" Well No. 1, located in Unit K of Section 30, Township 18 South, Range 23 East, Eddy County, New Mexico, and the establishment of temporary pool rules therefor, including a provision for 640-acre proration units and for fixed well locations.

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Docket No. 30-63

Docket No. 31-63

CASE 2926:

Application of Sinclair Oil & Gas Company for an exception to Order No. R-1670, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order permitting its Barber Gas Unit Well No. 1, located in Unit E of Section 8, Township 20 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, to produce 600 MCF of gas per month in exception to the shut-in provisions of Rule 15(A) of Order No. R-1670, Southeast New Mexico Gas Pool Rules, said gas to be utilized in the oil well gas-lift system on applicant's B. J. Barber Lease.

CASE 2927:

Application of Skelly Oil Company for gas commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 21(A) of Order No. R-1670, Northwest New Mexico Gas Pool Rules, to permit the commingling of gas produced from its Jicarilla "C" Wells Nos. 3, 7, 4, 8 and 6, located in Units M and P of Section 21, Unit A of Section 28 and Units E and J of Section 27 respectively, Township 25 North, Range 5 West, South Blanco-Pictured Cliffs Pool, Rio Arriba County, New Mexico, allocating said gas to the individual wells on the basis of periodic testing. Applicant further proposes to meter said commingled gas and to commingle it with commingled casinghead gas produced from seven Otero-Gallup oil wells on its Jicarilla "C" lease.

CASE 2928:

Application of Texaco Inc. for a triple completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the triple completion (combination) of its State of New Mexico "O" NCT-1 Well No. 14, located in Unit J of Section 36, Township 17 South, Range 34 East, Lea County, New Mexico, to produce oil from the Vacuum-Wolfcamp and North Vacuum-Abo Pools through parallel strings of 2-7/8 inch casing and to produce oil from the Vacuum-Blaine Pool through 1-1/2 inch tubing run inside 3-1/2 inch casing, all casing strings to be cemented in a common well bore.

CASE 2929:

Application of Texaco Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in the Basal San Andres formation through its State of New Mexico "O" NCT-1 Well No. 12 located in Unit J of Section 36, Township 17 South, Range 34 East, Vacuum Field, Lea County, New Mexico.

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Docket No. 30-63

Docket No. 31-63

CASE 2930:

Application of William G. Ross for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the South Wilson Deep Unit Area comprising 3,920 acres, more or less, of State and Fee lands in Township 21 South, Range 34 East, Lea County, New Mexico.

State of New Mexico  
Oil Conservation Commission

ir/

GOVERNOR  
JACK M. CAMPBELL  
CHAIRMAN

State of New Mexico

## Oil Conservation Commission



LAND COMMISSIONER  
C. B. JENNIFER WALKER  
MEMBER

P. O. BOX 871  
SANTA FE

STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY - DIRECTOR

November 20, 1963

Mr. Charlie White  
Gilbert, White & Gilbert  
Attorneys at Law  
Box 787  
Santa Fe, New Mexico

Re: Case No. 2927  
Order No. A-2607  
Applicant:  
SKELLY OIL COMPANY

Dear Sir:

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

Very truly yours,

*A. L. Porter, Jr.*

A. L. PORTER, Jr.  
Secretary-Director

lr/

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC       

Antec OCC x

OTHER        Mr. R. J. Jacobs (Skelly Oil Company - Tulsa, Okla.)

of the applicant's compression facilities  
on said Florida C. lease, determining  
~~the~~ casing head gas volume by  
means of the subtraction method.

Part in finding that applicant proposes  
that the ~~present~~ ~~gas~~ ~~compressors~~ of the  
existing meter runs on all of the  
aforesaid gas wells will be left  
~~in~~ in place and that the  
present purchaser will continue to  
read the charts and report the runs  
on Form C-114.

Provide for administrative  
approval to add additional wells  
~~to~~ to the commingling and  
compression system provided  
they are on the same lease  
and are separately metered prior  
to commingling.

OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Date 11/7/63

CASE 2927

Hearing Date 9 am 10/30/63  
35N @ 5N

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

Enter an order authorizing  
Skelly Oil Company to commingle  
gas produced from the South Platte  
Pictured Cliffs Pool from the following  
wells:

Jicarilla "C" #4	A-28	25N	SW
Jicarilla "C" #5	J-28	25N	SW
Jicarilla "C" #7	P-21	25N	SW
Jicarilla "C" #11	M-27	25N	SW
Jicarilla "C" #12	C-33	25N	SW
Jicarilla "C" #13	B-33	25N	SW

and gas produced from the Otero Chacra  
Pool from the following wells

Jicarilla "C" #9	K-28	25N	SW
Jicarilla "C" #12	C-33	25N	SW
Jicarilla "C" #13	B-33	25N	SW

provided however that the production  
from each well shall be continuously  
metered ~~after~~ prior to commingling.

Authorize Skelly to further commingle  
the aforesaid commingled production  
with casinghead gas ~~production~~ produced  
from the Otero Gallup gas pool underlying  
applicant's Jicarilla "C" lease at the intake

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. 2927  
Order No. R-2607

APPLICATION OF SKELLY OIL COMPANY  
FOR GAS COMINGLING, RIO ARriba  
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 30, 1963, at Santa Fe, New Mexico, before Daniel S. Mutter, 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 20th day of November, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Mutter, 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, Skelly Oil Company, seeks an exception to Rule 21(A) of the General Rules and Regulations governing prorated gas pools in Northwest New Mexico, promulgated by Order No. R-1670, to commingle gas production from the following-described wells:

SOUTH BLANCO-PICTURED CLIFFS POOL

Township 25 North, Range 5 West

Jicarilla "C" Well No. 4, Unit A, Section 28  
Jicarilla "C" Well No. 5, Unit J, Section 28  
Jicarilla "C" Well No. 7, Unit P, Section 21  
Jicarilla "C" Well No. 11, Unit M, Section 27  
Jicarilla "C" Well No. 12, Unit C, Section 33  
Jicarilla "C" Well No. 13, Unit B, Section 33

-2-  
CASE No. 2927  
Order No. R-2607

**OTERO-CHACRA POOL**

**Township 25 North, Range 5 West**

Jicarilla "C" Well No. 9, Unit K, Section 28  
Jicarilla "C" Well No. 12, Unit C, Section 33  
Jicarilla "C" Well No. 13, Unit B, Section 33

(3) That the applicant proposes to continuously meter the gas production from each well prior to commingling.

(4) That the applicant also seeks authority to subsequently commingle said gas at the intake of applicant's compression facilities on its Jicarilla "C" Lease with casinghead gas produced from the Otero-Gallup Gas Pool underlying said lease, and to determine the volume of casinghead gas production by the subtraction method.

(5) That the applicant also seeks the establishment of an administrative procedure whereby the Secretary-Director may approve expansion of the commingling system by the inclusion of additional wells therein.

(6) That the applicant proposes that the existing meter runs should remain on all wells and that the purchaser should continue to report the runs on Form C-114.

(7) That approval of the subject application will result in convenience and economy to the operator, will be in the interest of conservation, and will otherwise prevent waste and protect correlative rights.

**IT IS THEREFORE ORDERED:**

(1) That the applicant, Skelly Oil Company, is hereby granted an exception to Rule 21(A) of the General Rules and Regulations governing prorated gas pools in Northwest New Mexico, promulgated by Order No. R-1670, to commingle gas produced from the following-described wells:

**SOUTH BLANCO-PICTURED CLIFFS POOL**

**Township 25 North, Range 5 West**

Jicarilla "C" Well No. 4, Unit A, Section 28  
Jicarilla "C" Well No. 5, Unit J, Section 28  
Jicarilla "C" Well No. 7, Unit P, Section 21  
Jicarilla "C" Well No. 11, Unit M, Section 27  
Jicarilla "C" Well No. 12, Unit C, Section 33  
Jicarilla "C" Well No. 13, Unit B, Section 33



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CASE No. 2927  
Order No. R-2607

OTERO-CHACRA POOL

Township 25 North, Range 5 West

Jicarilla "C" Well No. 9, Unit K, Section 28  
Jicarilla "C" Well No. 12, Unit C, Section 33  
Jicarilla "C" Well No. 13, Unit B, Section 33

PROVIDED HOWEVER, That the gas production from each well shall be continuously metered prior to commingling.

(2) That the applicant is hereby authorized to subsequently commingle said gas at the intake of applicant's compression facilities on its Jicarilla "C" Lease with casinghead gas produced from the Otero-Gallup Gas Pool underlying said lease, and to determine the volume of casinghead gas production by the subtraction method.

(3) That the existing meter runs shall remain on all wells and that the purchaser shall continue to report the runs on Form C-114.

(4) That the Secretary-Director of the Commission is hereby authorized to approve the inclusion of additional wells in the commingling system approved by this order provided all such wells are located on the applicant's Jicarilla "C" Lease and will be continuously metered prior to commingling.

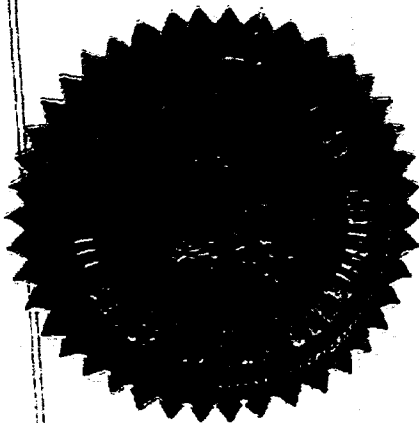
(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.  
done at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*Jack M. Campbell*  
JACK M. CAMPBELL, Chairman

*E. S. Walker*  
E. S. WALKER, Member

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



esr/