

CASE 3387: Appli. of CHAS.B.READ  
for a dual completion and down-  
hole commingling, Eddy County.

ASE No.

3387

Application,  
Transcripts,

Mail Exhibits

ETC.

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF )  
CHARLES B. READ FOR AN ORDER TO )  
PERMIT DUAL COMPLETION OF THE CHARLES )  
B. READ NO. 1 BOGLE FARMS WELL LOCATED )  
IN THE NW $\frac{1}{4}$ SW $\frac{1}{4}$  SECTION 13, TOWNSHIP 16 )  
SOUTH, RANGE 31 EAST, N.M.P.M., EDDY )  
COUNTY, AND TO COMMINGLE PRODUCTION )  
OF GAS FROM THE WEST MESA QUEEN GAS )  
POOL AND OIL FROM THE BUNKER HILL )  
QUEEN POOL )

NO. 3387

APPLICATION

COMES NOW Charles B. Read and hereby makes application to dually complete his No. 1 Bogle Farms Well located in the NW $\frac{1}{4}$ SW $\frac{1}{4}$  Section 13, Township 16 South, Range 31 East, and for downhole commingling and states:

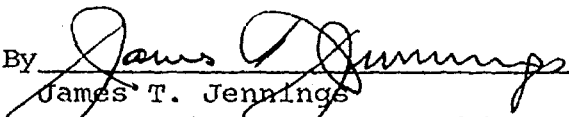
1. That the Charles B. Read No. 1 Bogle Farms Well located in the NW $\frac{1}{4}$ SW $\frac{1}{4}$  Section 13 was completed October 28, 1964, for initial production of 24 barrels of oil per day from the Penrose Zone from the depth of 3605 feet to 3629 feet, and that said well is now producing 12 barrels of oil per day from said zone.
2. That Applicant proposes to perforate the Queen Gas Zone between the depth of 3332 feet and 3343 feet to produce gas from the West Mesa Queen Gas Pool. That the West Mesa Queen Gas Pool and Bunker Hill Queen Oil Pool will be separated by a packer to be set at the approximate depth of 3585 feet; and by the use of a pressure operated gas entry valve, Applicant proposes to commingle production from the two pools to permit the gas produced from the West Mesa Queen Gas Pool to lift oil production from the Bunker Hill Queen Oil Pool.

3. That the proposed dual completion and commingling of production is in the interest of conservation, will not cause waste nor impair the correlative rights of any other operator in either of the pools.

WHEREFORE, Applicant requests that the Commission set this matter down for hearing before an examiner, publish notice as required by law, and after hearing issue its Order authorizing Applicant to dually complete its Charles B. Read No. 1 Bogle Farms Well located in the NW $\frac{1}{4}$ SW $\frac{1}{4}$  Section 13, Township 16 South, Range 31 East, to permit gas production from the West Mesa Queen Gas Pool and oil production from the Bunker Hill Queen Oil Pool, and allowing downhole commingling so as to utilize the gas in producing the oil.

Respectfully submitted,

CHARLES B. READ

By   
James T. Jennings  
For Jennings & Copple, his attorneys  
P. O. Box 1180, Roswell, New Mexico

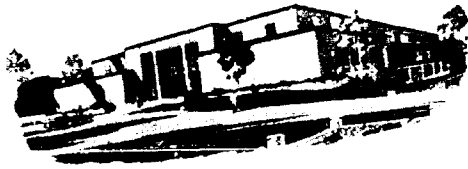
State of New Mexico  
Oil Conservation Commission



P. O. BOX 2088  
SANTA FE

Other \_\_\_\_\_

State of New Mexico



Commissioner of Public Lands



March 23, 1966

P. O. BOX 1148  
SANTA FE, NEW MEXICO

GUYTON B. HAYS  
COMMISSIONER

Mr. Charles B. Read  
Post Office Box 1822  
Roswell, New Mexico 88201

Dear Sir:

This letter is to acknowledge that we have received and reviewed the application which you filed in our office on March 23rd requesting permission to commingle production of gas from the West Mesa Queen Gas Pool and oil from the Bunker Hill-Queen Pool in your No. 1 Bogle Farms Well, which is located in the Northwest Quarter of the Southwest Quarter of Section 13, Township 16 South, Range 31 East.

Please be advised that the Commissioner of Public Lands, within the authority granted to him, hereby grants his approval to commingle production from the two pools as you outlined in your application to the Oil Conservation Commission and forwarded to our office on March 23rd.

This approval is subject to being withdrawn at the discretion of the Commissioner of Public Lands if he deems the operation to be against the best interests of the State of New Mexico.

Very truly yours,

GUYTON B. HAYS  
Commissioner of Public Lands

By

TED BILBERRY, Director  
Oil and Gas Department

GBH/EB/TB/d  
cc:

New Mexico Oil Conservation Commission  
Post Office Box 2088, Santa Fe, New Mexico

Mr. James T. Jennings, Attorney at Law  
Post Office Box 1180, Roswell, New Mexico

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. 3387  
Order No. R-3053

APPLICATION OF CHARLES B. READ  
FOR A DUAL COMPLETION AND DOWN-  
HOLE COMMINGLING, EDDY COUNTY,  
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 23, 1966,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 1st day of April, 1966, 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, Charles B. Read, seeks authority to  
complete his Bogle Farms Well No. 1, located in Unit L of Section  
13, Township 16 South, Range 31 East, NMPM, Eddy County, New  
Mexico, as a dual completion (conventional) to produce gas from  
the West Mesa-Queen Gas Pool through the casing-tubing annulus  
from perforations at approximately 3332 to 3343 feet and to  
produce oil from the Bunker Hill-Queen Pool through 2 3/8-inch  
tubing from perforations at approximately 3605 to 3629 feet,  
separating the zones by a packer set at approximately 3574 feet.

(3) That the applicant also seeks authority to install a  
gas-operated free plunger lifting assembly and to utilize gas  
from the West Mesa-Queen Gas Pool to lift the oil production from  
the Bunker Hill-Queen Pool.

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

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CASE No. 3387  
Order No. R-3053

(5) That approval of the subject application will permit the recovery of otherwise unrecoverable oil, prevent waste, and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Charles E. Read, is hereby authorized to complete his Bogle Farms Well No. 1, located in Unit L of Section 13, Township 16 South, Range 31 East, NMPM, Eddy County, New Mexico, as a dual completion (conventional) to produce gas from the West Mesa-Queen Gas Pool through the casing-tubing annulus from perforations at approximately 3332 to 3343 feet and to produce oil from the Bunker Hill-Queen Pool through 2 3/8-inch tubing from perforations at approximately 3605 to 3629 feet, separating the zones by a packer set at approximately 3574 feet;

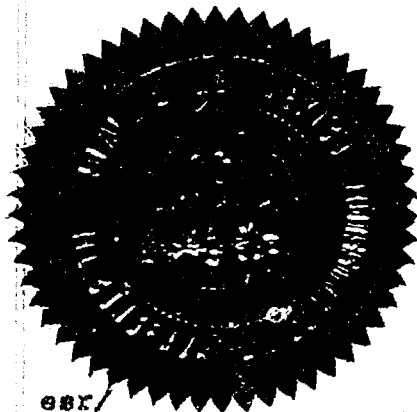
PROVIDED HOWEVER, that the applicant shall complete, operate, and produce said well in accordance with the provisions of Rule 112-A of the Commission Rules and Regulations insofar as said rule is not inconsistent with this order;

PROVIDED FURTHER, that the applicant shall conduct a gas-oil ratio test on the oil zone of the subject well upon completion and annually thereafter.

(2) That the applicant is hereby authorized to install a gas-operated free plunger lifting assembly and to utilize gas from the West Mesa-Queen Gas Pool to lift the oil production from the Bunker Hill-Queen Pool.

(3) 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

*Gordon B. Hays*  
GORDON B. HAYS, Member

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



OIL CONSERVATION COMMISSION  
SANTA FE, NEW MEXICO

Date 3/23/66

CASE NO. 3387

HEARING DATE 9am 3/23  
DSN @ SF

My recommendations for an order in the above numbered case(s) are as follows:

Enter an order authorizing  
Chas. B. Read to finally complete  
his Bagle Farms Well No 1, located  
in Unit L of Sec 13 T16 S R31 E Eddy  
Co NM 40 produce gas <sup>through the existing entrance</sup> from  
perfs 3332 - 3343 in the West Mesa  
Queen Gas Pool and to produce oil  
<sup>through 2 3/8 inch tubing</sup> from perfs 3605 - 3629 in the Bunker  
Hill Queen Oil Pool, separating the zones  
by means of a packer set at 3574  
feet. Also authorize the applicant to  
install and operate a ~~downhole~~ gas-operated  
free plunger lifting assembly, permitting  
some of the gas from the West Mesa  
Queen Gas Pool to enter the tubing  
through a pressure  
operated gas entry  
valve and be utilized  
for lifting the oil.

State Member

Docket No. 9-66

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 23, 1966

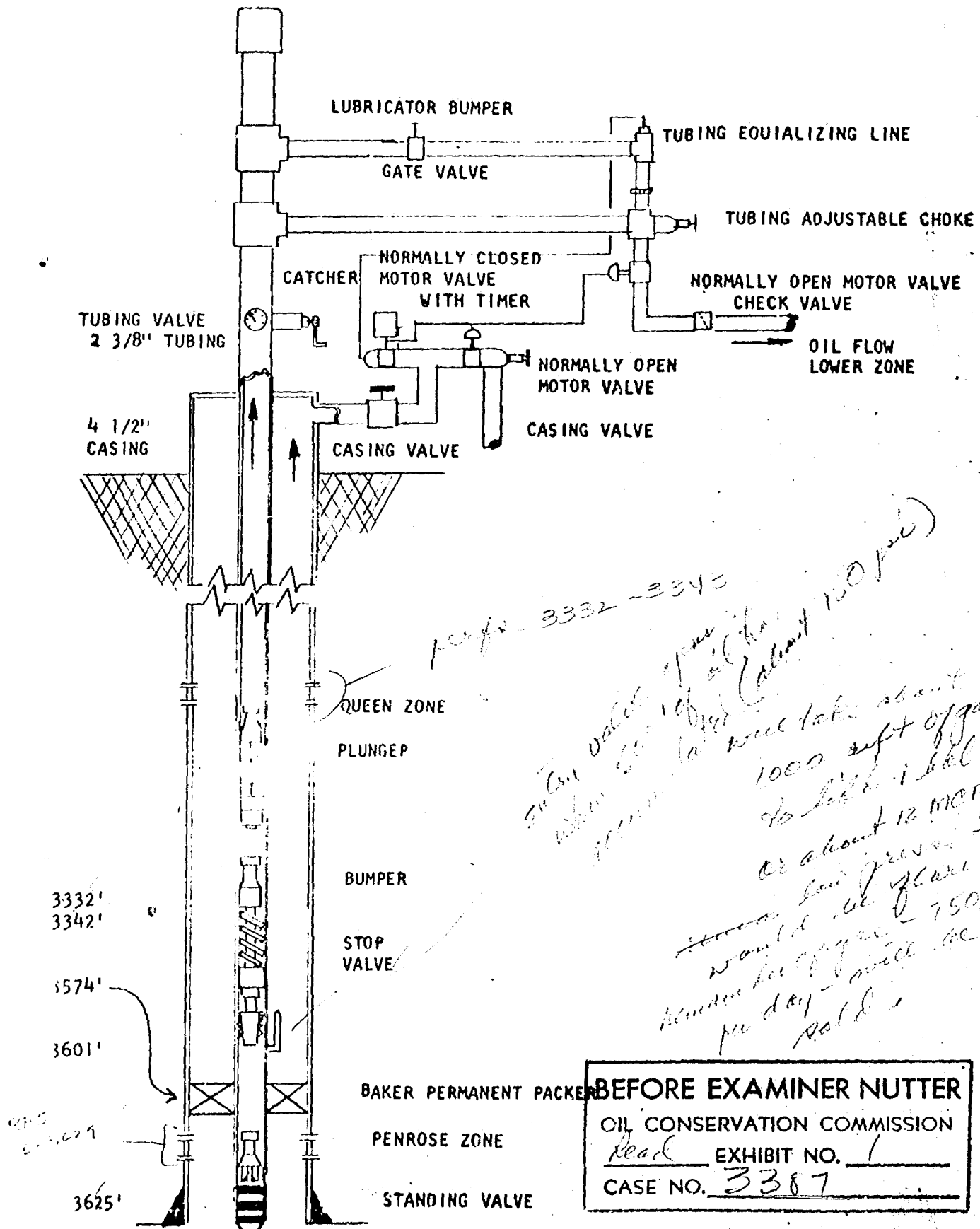
9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or  
Elvis A. Utz, Alternate Examiner:

- CASE 3385: Application of Sinclair Oil & Gas Company 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 of Section 19, Township 23 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico, said unit to be dedicated to applicant's E. L. Steeler Wells Nos. 1, 2, and 3 located in Units P, K, and L, respectively, of said Section 19. Applicant further seeks authority to produce the allowable assigned to said unit from any of the aforesaid wells in any proportion.
- CASE 3386: Application of Sunray DX Oil Company for a dual completion and salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of its New Mexico State "AO" Well No. 1 located in Unit M of Section 16, Township 10 South, Range 34 East, Simanola Pennsylvanian Pool, Lea County, New Mexico, in such a manner as to produce oil from the Pennsylvanian formation through perforations from 9933 feet to 9939 feet and to dispose of produced salt water into the San Andres and Glorieta formations through the annulus between the 8 5/8 and the 5 1/2 inch casing to the interval from 4100 feet to 9390 feet.
- CASE 3387: Application of Charles B. Read for a dual completion and down-hole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the dual completion (conventional) of his Bogle Farms Well No. 1 located in Unit L of Section 13, Township 16 South, Range 31 East, Eddy County, New Mexico, in such a manner as to produce gas from an approximate depth of 3300 feet, West Mesa-Queen Gas Pool, and to produce oil from an approximate depth of 3600 feet, Bunker Hill-Queen Oil Pool, separating the zones by means of a packer and pressure-operated gas entry valve, utilizing said gas to gas lift the oil.
- CASE 3388: Application of Charles B. Read for special rules for the Llano-Pennsylvanian Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Llano-Pennsylvanian Pool, Lea County, New Mexico, including a provision for 160-acre proration units.

## MOORE GAS LIFT WITH SURFACE CONTROL

①



**BEFORE EXAMINER NUTTER**  
**OIL CONSERVATION COMMISSION**  
 Read EXHIBIT NO. 1  
 CASE NO. 3387

CLASS OF SERVICE  
This is a fast message  
unless its deferred char-  
acter is indicated by the  
proper symbol.

# WESTERN UNION TELEGRAM

W. P. MARSHALL, PRESIDENT

1201 (4-00)

SYMBOLS  
DL=Day Letter  
NL=Night Letter  
LT=International  
Letter Telegram

The filing time shown in the date line on domestic telegrams is LOCAL TIME at point of origin. Time of receipt is LOCAL TIME at point of destination

LA096 SSJ238

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L RWA057 PD=ROSWELL NMEX 22 214P MST=

1966 MAR 22 PM 2 25

NEW MEXICO OIL CONSERVATION COMMISSION=

ATTN A L PORTER JR STATE LAND OFFICE BLDG SANTA FE

REFERRING TO CASE NO 3387 WHICH IS SCHEDULED TO BE  
HELD ON MARCH 23RD, THIS IS TO ADVISE THAT MR READ  
HAS REVIEWED THE PROPOSED OPERATING PROCEDURE WITH  
GULF AND AS AN OVERRIDING ROYALTY INTEREST OWNER

GULF CONCURS IN THE APPLICATION=

GULF OIL CORP M I TAYLOR==

3387 23=1

THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

MOORE PRODUCTION EQUIPMENT COMPANY

P. O. BOX 2486 ODESSA, TEXAS

March 16, 1966

C. B. Read Company  
P. O. Box 1822  
Roswell, New Mexico

Dear Sir:

In acknowledgment of our telephone conversation, I have inclosed a schematic and photographs of the installation of your Bogle Farms No. 1. The schematic has all pertinent and nomenclature, therefore I feel it can be referred to from time to time for filling in anything that isn't fully covered in this letter.

The packer is set between the two zones, the upper Queen, a gas producing reservoir, isolated to the casing area. All production from the upper zone is taken through the surface controls on the casing. The zone below the packer, the Penrose, an oil reservoir produces straight up the tubing. A standing valve is placed in the packer to prevent any pressure or fluid moving back to this lower zone. The standing valve may be pulled any desired time for checking by wire line method.

The tubing bleeds off to separator pressure after each fluid head is delivered. The fluid is jetted to the surface by the opening of the gas lift valve, an approximately 500' of fluid or 150# of pressure in the tubing will trigger open this valve. As soon as the fluid is delivered the valve closes.

The plunger is a free traveling tool to eliminate the paraffin build-up inside of the tubing. It will make a complete trip with each cycle of the gas lift valve.

On the surface we have installed a net work of motor valves simply to give us a to control changing from the surface, to improve operating condition. These valves are synchronized and controlled by one clock, and so arranged in case of clock failure, everything will closed in. A normally open motor valve is placed on the oil flow line and the gas flow line. There is a normally closed motor valve on the equalizing line. These valves may be used all at one time or one at a time. It is anticipated the majority of the time, this operation will be fully automatic.

In observing and calculating the amount of gas from the gas zone to be used for lifting the fluid from the oil zone, the lifting gas oil ratio will be approximately 1000/1. The lower zone is completely relieved of all back pressure except the separator pressure of 35#, which should allow the maximum feeding of fluid.

It is well to note that any liquid produced by the gas zone will be unloaded into the tubing.

We wish to thank you for this opportunity, and if any further information is desired, please let us know.

Yours truly,

*Earl K. Moore, Jr.*  
Earl K. Moore, Jr.

EKM:b

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF )  
CHARLES B. READ FOR AN ORDER TO )  
PERMIT DUAL COMPLETION OF THE CHARLES )  
B. READ NO. 1 BOGLE FARMS WELL LOCATED )  
IN THE NW $\frac{1}{4}$ SW $\frac{1}{4}$  SECTION 13, TOWNSHIP 16 )  
SOUTH, RANGE 31 EAST, N.M.P.M., EDDY )  
COUNTY, AND TO COMMINGLE PRODUCTION )  
OF GAS FROM THE WEST MESA QUEEN GAS )  
POOL AND OIL FROM THE BUNKER HILL )  
QUEEN POOL )

NO. 3387

APPLICATION

COMES NOW Charles B. Read and hereby makes application to dually complete his No. 1 Bogle Farms Well located in the NW $\frac{1}{4}$ SW $\frac{1}{4}$  Section 13, Township 16 South, Range 31 East, and for downhole commingling and states:

1. That the Charles B. Read No. 1 Bogle Farms Well located in the NW $\frac{1}{4}$ SW $\frac{1}{4}$  Section 13 was completed October 28, 1964, for initial production of 24 barrels of oil per day from the Penrose Zone from the depth of 3605 feet to 3629 feet, and that said well is now producing 12 barrels of oil per day from said zone.
2. That Applicant proposes to perforate the Queen Gas Zone between the depth of 3332 feet and 3343 feet to produce gas from the West Mesa Queen Gas Pool. That the West Mesa Queen Gas Pool and Bunker Hill Queen Oil Pool will be separated by a packer to be set at the approximate depth of 3585 feet; and by the use of a pressure operated gas entry valve, Applicant proposes to commingle production from the two pools to permit the gas produced from the West Mesa Queen Gas Pool to lift oil production from the Bunker Hill Queen Oil Pool.


3. That the proposed dual completion and commingling of production is in the interest of conservation, will not cause waste nor impair the correlative rights of any other operator in either of the pools.

WHEREFORE, Applicant requests that the Commission set this matter down for hearing before an examiner, publish notice as required by law, and after hearing issue its Order authorizing Applicant to dually complete its Charles B. Read No. 1 Bogle Farms Well located in the NW $\frac{1}{4}$ SW $\frac{1}{4}$  Section 13, Township 16 South, Range 31 East, to permit gas production from the West Mesa Queen Gas Pool and oil production from the Bunker Hill Queen Oil Pool, and allowing downhole commingling so as to utilize the gas in producing the oil.

Respectfully submitted,

CHARLES B. READ

By

  
James T. Jennings  
For Jennings & Copple, his attorneys  
P. O. Box 1180, Roswell, New Mexico

dearnley-meier reporting services, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG. • P. O. BOX 1092 • PHONE 243-6691 • ALBUQUERQUE, NEW MEXICO



PAGE 1

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
March 23, 1966

EXAMINER

HEARING

IN THE MATTER OF:

Application of Charles B. Read for a dual  
completion and down-hole commingling, Eddy  
County, New Mexico.

Case No. 3387

BEFORE:

Daniel S. Nutter, Chief Engineer

TRANSCRIPT OF HEARING



MR. DURRETT: Application of Charles B. Read for a dual completion and down-hole commingling, Eddy County, New Mexico.

MR. JENNINGS: James T. Jennings appearing on behalf of the applicant, Charles B. Read. We have one witness, Mr. Charles B. Read.

(Witness sworn)

(Whereupon, Applicant's Exhibit 1 marked for identification.)

\* \* \*

C H A R L E S B. R E A D, a witness, having been first duly sworn on oath, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. JENNINGS:

Q You are Mr. Charles B. Read, the operator in connection with this application?

A I am.

Q Mr. Read, you are familiar with the contents of the application?

A Yes, sir.

Q Are you a petroleum engineer, Mr. Read?

A Yes, sir.

Q And have you testified before this Commission on many occasions?

A I have.

MR. JENNINGS: Would you like for me to further qualify this witness?

MR. NUTTER: No, sir, he is qualified.

Q (By Mr. Jennings) Mr. Read, are you the operator of the Charles B. Read Bogle Farms Well No. 1 located in Unit L of Section 13, Township 16 South, Range 31 East?

A I am.

Q When was this well completed and for what potential?

A The well was completed on November the 19, 1964 for an initial production of 24 barrels of oil per day in the Penrose Formation.

Q What was the approximate depth of the zone?

A Plugging back total depth was 3676 feet; the perforations in the Penrose were from 3605 to 3629.

Q What is the production of this well at this time?

A 12 barrels of oil per day and no water.

Q That is producing from the, I believe you stated, the Penrose Zone?

A That's correct.

Q Have you performed or have you perforated any other zones in this well since the application was filed or since then?

A Yes, sir, we have.

Q What zone was that?

A We perforated the Queen Formation.

Q At what depth?

A At 3332 to 3343.

Q Is that what is known as the West Mesa-Queen Gas Pool?

A That's correct.

Q Do you propose to commingle the production from the gas production with the oil production, Mr. Read?

A Be a partial commingle of the gas production. Our proposal is to use the portion of the gas from the Queen Formation to gas lift the oil from the Penrose Formation by a plunger lift system.

Q I hand you here what has been marked as Exhibit 1 and ask if you would identify that and explain what it is and how it works?

A Our intention on our operations to date, we have set a Baker packer at 3574 which is 30 feet above the top perforations of the Penrose Formation. The packer, of course, is strewed into the bottom of the tubing. The tubing will have a standing valve in the bottom to prevent any gas from the Queen Formation of going back into the Penrose Formation. The tubing has a plunger lift system in it with a small valve right at the bottom there above that packer, as you see,

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

1120 SIMMS BLDG. • P.O. BOX 1092 • PHONE 243-6491 • ALBUQUERQUE, NEW MEXICO  
1213 FIRST NATIONAL BANK EAST • PHONE 256-1294 • ALBUQUERQUE, NEW MEXICO

a little "L" shaped valve. When the tubing fills up with approximately 500 feet of fluid it will trigger that valve which is set at 150 pounds. In other words, when we get a hundred and fifty pounds on the inside of that fluid column there that valve will open. It will allow the gas from the Queen Formation to come down the hole through the annulus space through the valve, but due to the standing of the valve it cannot go back into the open Penrose Formation at the bottom. But that gas will lift the accumulated fluid in the tubing, which will be approximately 500 feet of oil in the tubing that would accumulate over a period of time. It will actuate that plunger system and it will push the oil to the surface and into the separator and into the stock tanks. It will require approximately 1,000 cubic feet of gas per barrel of oil to lift this oil, so we figure it will take 12 MCF per day of gas to lift 12 barrels of oil.

That gas, of course, will go into the separator and would be vented to the atmosphere since it will be under low pressure and will not go into the pipeline system.

The remaining gas produced from the Queen Formation, which we estimate that we'll be capable of producing 750,000 cubic feet of gas per day, is under sufficient pressure and would produce through the annulus space into the pipeline.

Q Mr. Read, what was the status of the existing well

at this time, was it near depleted or was it economic to operate?

A We had produced the well for approximately 14 months and during that period the production depleted from 24 barrels of oil per day down to 12 barrels of oil per day. We were having an extreme amount of paraffin trouble which was requiring at least 1 to 2 hot oil jobs per month which became expensive, and it reached a point where we were becoming a very expensive operation to lift the 12 barrels of oil per day. We were pumping the oil with a pumping unit on location at the time. We did not have any gas to run the pumping unit. Of course, we used butane to run the pumping unit and lift the 12 barrels per day. It was the only oil well on this particular lease and required a supervision for a 1 well lease oil well on this particular lease.

It was reaching a point where it was becoming uneconomic for us to continue our operations. When we drilled this well, we drilled the well with cable tools and, of course, we knew that the Queen Formation up above did have gas production and we tested the Queen Formation at the time the well was drilled and it has been behind the pipe since the well was completed.

We have since drilled a Number 2 Well which is a North offset to this Number 1 Well, and completed it from the

Queen Gas Zone only. And we drilled a Number 2 Well, we did an evaluation and we did core the Penrose Formation but the core analysis was poor quality and the Penrose Formation was tight and we did not attempt a completion. So it's our opinion that the Penrose Formation in this area is a very marginal reservoir from the production of oil. And right now our idea was to perforate this Queen formation and reduce our operating costs and attempt to recover some of our drilling expenses. The well, of course, has never paid out on the basis of 12 barrels per oil per day, and we would like to recover some of our investment, and to do so the cheapest and most efficient way would be to commingle the fluids or gas with the oil and lift the oil by this plunger lift system which Number 1 will eliminate our paraffin problem because that plunger goes up and down the tubing several times a day.

We will no longer need a pumping unit or sucking rods to pump the rod by conventional methods.

Q Is the entire Southwest Quarter of this State acreage?

A Yes, sir.

Q I believe the remaining portion of the Southwest Quarter is owned by Gulf Oil Corporation?

A That's right. I took a farmout on the Northwest and

the Southwest when we drilled the Number 1 Bogle Farms and gained 40 acres, and since that date, of course, Gulf has owned the State lease on the remaining 120 acres in the Southwest Quarter. And I acquired the farmout from Gulf covering the gas rights only in the Queen Formation and a farmout was based on a dual completion or commingling of the fluids.

Q And you are going to communitize that production?

A That's correct.

Q Explain briefly the dollars and cents economics of the proposed operation?

A Well, we're talking about real small amounts of money. The--of course, the 12 barrels of oil a day, that will be lifted, y'll require roughly 12 MCF of gas; and Phillips, we have a tentative price out there now of 5 1/2 cents, but we're asking for more, and assuming that we do get a price of seven cents for the gas, and I based this analysis on seven cents, why, it would cost us .84 cents a day to lift the 12 barrels of oil. The State's 1/8 of that would be roughly .10 cents a day. It allows us to continue producing the oil. We do not want to abandon the oil reservoir at this time and by being allowed to continue production of the oil reservoir, why, it will result in an economy to the State. There 1/8 interest of 12 barrels, \$3.75, costs .10 cents to lift it, and

a net of \$3.75 to the State. If we can't lift it by the gas lift system it will be necessary for us to abandon the oil reservoir.

Q Your action would prolong the life of the reservoir?

A That's correct.

Q Do you feel this is in the interest of conservation?

A Otherwise we're going to leave some oil in the ground that -- we can continue operations by commingling these fluids on an economical basis and if we're not able to commingle the fluids it will result in pre-abandonment of the well which is already marginal.

Q Will this impair the rights of any other operators?

A No, sir.

Q Has Gulf indicated its approval or disapproval?

A The entire operation has been discussed with the production manager with Gulf and they are agreeable to the procedure.

Q Mr. Read, has the State of New Mexico or the Commissioner of Public Lands indicated his approval or disapproval of commingling of production?

A We have discussed it with the Commissioner of Public Lands and it has met with his approval.



MR. JENNINGS: Off the record.

(Whereupon, a discussion was held off the record.)

MR. JENNINGS: That's all I have.

A I would like to make one other comment. By allowing us to perforate this Queen Zone, of course, it would result in additional royalty to the State of New Mexico inasmuch as we would be allowed to produce 3/4 of a million of cubic feet of gas per day through the annulus space from the Queen Zone, which would result in additional income to the State of roughly \$180.00 per month.

Q (By Mr. Jennings) Mr. Read was Exhibit 1 prepared by Mr. Earl Moore under your direction?

A Yes, sir, that's right.

MR. JENNINGS: We offer Exhibit 1.

(Whereupon, Applicant's Exhibit 1 offered into evidence.)

MR. NUTTER: If there are no objections Applicant's Exhibit 1 will be admitted into evidence.

(Whereupon, Applicant's Exhibit 1 admitted into evidence.)

MR. JENNINGS: We have nothing further.

MR. NUTTER: Any questions of Mr. Read?

CROSS-EXAMINATION

BY MR. NUTTER:

Q Mr. Read, you have completed this well in the gas zone, is that correct?

A That's correct.

Q Do you have a test on it?

A Yes, sir.

Q What is the capacity?

A 2.6 million cubic feet per day.

Q What is the bottom hole pressure of that gas, Mr. Read?

A I don't believe I have that.

Q Have you got a surface pressure on it?

A Well, it's 900 pounds.

Q So you should have gas there available to operate that 150 pound valve for quite some time?

A That's correct.

Q Now, this exhibit indicates this is a drawing from Moore Production Equipment Company. Are they the ones that computed it's going to take a thousand feet of gas?

A They were the ones that measured the gas and they installed the equipment.

Q They estimate a thousand feet of gas to lift a barrel?

A That's right.

MR. NUTTER: Any other questions of the witness?

The witness may be excused. Do you have anything further, Mr. Jennings?

MR. JENNINGS: Nothing further.

MR. NUTTER: Does anyone have anything further to offer in this case?

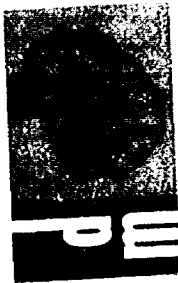
MR. DURRETT: I would like to state for the record that we have received a telegram from Gulf concurring with the applicant.

MR. NUTTER: If there is nothing further in Case 3387 the Commission will take the case under advisement and call Case 3388.

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I N D E X

WITNESS:

PAGE

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Direct Examination by Mr. Jennings 2

Cross-Examination by Mr. Nutter 10

E X H I B I T S

<u>NUMBER</u>	<u>MARKED FOR IDENTIFICATION</u>	<u>OFFERED</u>	<u>ADMITTED</u>
Applt's. 1	2	10	10

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STATE OF NEW MEXICO )  
 ) ss  
COUNTY OF BERNALILLO)

I, BOBBY J. DAVIS, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

Witness my Hand and Seal this 3rd day of May, 1966.

*Bobby J. Davis*  
NOTARY PUBLIC

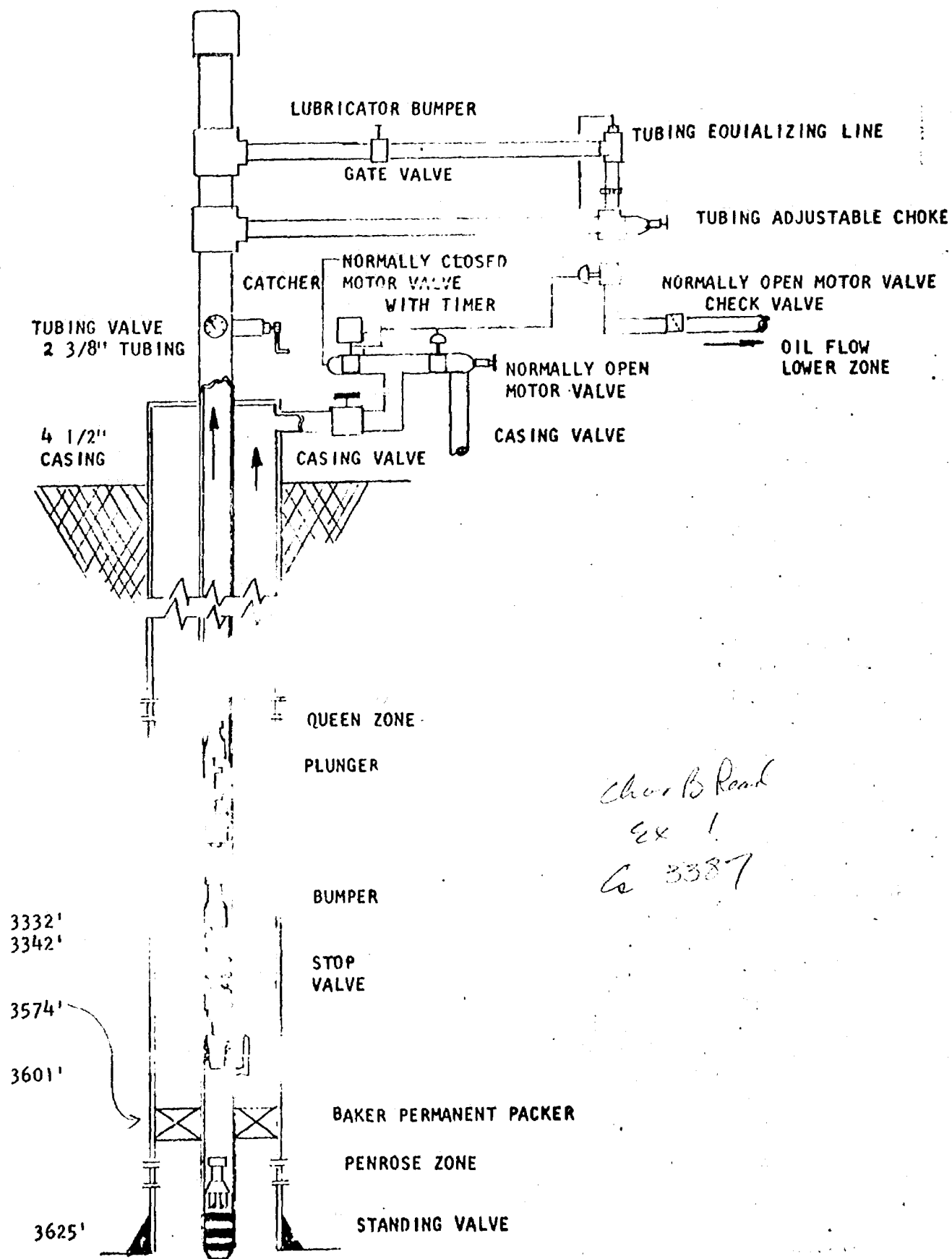
My Commission Expires:

March 13, 1969.

I do hereby certify that the foregoing is a complete record of the proceedings in the Bernalillo hearing of Case No. 3387 heard by me on March 23, 1966.

*[Signature]*  
New Mexico Oil Conservation Commission

## MOORE GAS LIFT WITH SURFACE CONTROL



*Production Equipment Company*  
P. O. BOX 2486  
Odessa, TEXAS

Company CHARLES B. READ Date 3-5-66  
Lease BOGLE FARMS Well 1 Field \_\_\_\_\_  
Tubing 2" Casing 4 1/4 Lift Gas Pressure \_\_\_\_\_  
BHP \_\_\_\_\_ BHT \_\_\_\_\_ PI \_\_\_\_\_ FL \_\_\_\_\_  
Req. Prod. \_\_\_\_\_ % Wtr \_\_\_\_\_ Sep. psi \_\_\_\_\_

[illegible]