

CASE 5945: EL PASO NATURAL GAS COMPANY
FOR DOWNHOLE COMMINGLING, SAN JUAN
COUNTY, NEW MEXICO

Case Number
5945

Application
Transcripts.

Small Exhibits

ETC.



OIL CONSERVATION COMMISSION

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



DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO
July 20, 1977

STATE GEOLOGIST
EMERY C. ARNOLD

Mr. Rand C. Schmidt
Office of General Counsel
El Paso Natural Gas Company
Box 1492
El Paso, Texas 79978

Re: CASE NO. 5945
ORDER NO. R-5495

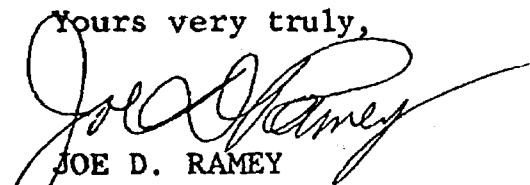
Applicant:

El Paso Natural Gas Company

Dear Sir:

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

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC	<u>X</u>
Artesia OCC	<u>X</u>
Aztec OCC	<u>X</u>

Other _____

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 5945
Order No. R-5495

APPLICATION OF EL PASO NATURAL GAS
COMPANY FOR DOWNHOLE COMMINGLING,
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 8, 1977,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 19th day of July, 1977, 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, El Paso Natural Gas Company, is
the owner and operator of the Blanco Well No. 15, located in
Unit K of Section 36, Township 28 North, Range 8 West, NMPM,
San Juan County, New Mexico.

(3) That the applicant seeks authority to commingle South
Blanco-Pictured Cliffs and Blanco Mesaverde production within
the wellbore of the above-described well.

(4) That from the South Blanco-Pictured Cliffs zone, the
subject well is capable of low marginal production only.

(5) That from the Blanco Mesaverde zone, the subject well
is capable of low marginal production only.

(6) That the proposed commingling may result in the
recovery of additional hydrocarbons from each of the subject
pools, thereby preventing waste, and will not violate correla-
tive rights.

-2-

Case No. 5945
Order No. R-5495

(7) That the reservoir characteristics of each of the subject zones are such that underground waste would not be caused by the proposed commingling provided that the well is not shut-in for an extended period.

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

(9) That in order to allocate the commingled production to each of the commingled zones in the subject well, 75 percent of the commingled gas production should be allocated to the South Blanco-Pictured Cliffs zone, and 25 percent of the commingled gas production and all of the oil production to the Blanco Mesaverde zone.

IT IS THEREFORE ORDERED:

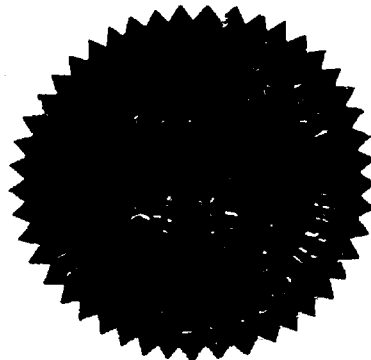
(1) That the applicant, El Paso Natural Gas Company, is hereby authorized to commingle South Blanco-Pictured Cliffs and Blanco Mesaverde production within the wellbore of the Blanco Well No. 15, located in Unit K of Section 36, Township 28 North, Range 8 West, NMPM, San Juan County, New Mexico.

(2) That 75 percent of the commingled gas production shall be allocated to the South Blanco-Pictured Cliffs zone and 25 percent of the commingled gas production and all of the oil production shall be allocated to the Blanco Mesaverde zone.

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

(4) 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.



S E A L
jr/

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Phil R. Lucero
PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

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

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
8 June 1977

IN THE MATTER OF:

Application of El Paso Natural Gas Com-) CASE
pany for downhole commingling, San Juan) 5945
County, New Mexico.)

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Lynn Teschendorf, Esq.
Conservation Commission: Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

For El Paso Natural Gas Rand C. Schmidt, Esq.
Company: Office of General Counsel
El Paso Natural Gas Company
El Paso, Texas

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

I N D E X
PAUL W. BURCHELL

Direct Examination by Mr. Schmidt	3
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E X H I B I T S

El Paso Exhibit One, Diagrammatic Sketch	12
El Paso Exhibit Two, Chart	12
El Paso Exhibit Three, Chart	12

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1 MR. NUTTER: Call Case Number 5945.

2 MS. TESCHENDORF: Case 5945. Application of El
3 Paso Natural Gas Company for downhole commingling, San Juan
4 County, New Mexico.

5 MR. SCHMIDT: My name is Rand Schmidt. I'm with
6 the Office of General Counsel of El Paso Natural Gas Company,
7 and I am appearing for El Paso in this case. For purposes
8 of presenting evidence in this case, I am associated with
9 the local firm of Montgomery, Andrews, and Hannahs.

10 I have one witness to be sworn.

11 (THEREUPON, the witness was duly sworn.)

12
13 PAUL W. BURCHELL

14 called as a witness, having been first duly sworn, was
15 examined and testified as follows:

16
17 DIRECT EXAMINATION

18 BY MR. SCHMIDT:

19 Q Would you please state your name and where you
20 reside?

21 A My name is Paul W. Burchell and I reside in El
22 Paso, Texas.

23 Q By whom are you employed and in what capacity?

24 A I'm employed by the El Paso Natural Gas Company
25 as Senior Proration Engineer.

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1 Q Are you familiar with El Paso's application in
2 this Case Number 5945?

3 A Yes, sir, I am.

4 Q As the Proration Engineer, have you previously
5 been qualified before this Commission or one of its examiners
6 and had your qualifications accepted?

7 A Yes, sir.

8 MR. SCHMIDT: Are the witness' qualifications
9 acceptable?

10 MR. NUTTER: Yes, they are.

11 Q (Mr. Schmidt continuing.) Mr. Burchell, what is
12 El Paso seeking in Case Number 5945?

13 A El Paso seeks permission to downhole commingle
14 gas at the South Blanco-Pictured Cliffs pool with gas of the
15 Blanco-Mesa Verde pool and to produce this gas through one
16 meter at its Blanco Number 15 well. This well is located
17 in Unit K, Section 36, Township 28 North, Range 8 West, San
18 Juan County, New Mexico.

19 El Paso proposes that the allocation of gas to
20 each formation be divided in such a manner that a certain
21 percentage of the gas would be considered Pictured Cliffs
22 and the remaining portion, as well as all of the liquids,
23 would be considered Mesa Verde.

24 Q Why is El Paso seeking permission to downhole com-
25 mingle in this case?

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1 A Downhole conningling is considered by El Paso the
2 most economic and efficient method to undertake in order to
3 produce additional liquid hydrocarbons that would not other-
4 wise be recovered from a conventional dual completion.

5 Q Do you have an exhibit which shows the present
6 equipment in this well?

7 A Yes, sir, I do.

8 Q Would you please explain this exhibit?

9 A I have a diagrammatic sketch of the equipment.
10 It's marked as El Paso's Exhibit Number One. The exhibit
11 shows there are two strings of tubing installed in the Blanco
12 Number 15 well. It also shows that a Baker Model N production
13 packer is set at 2,868 feet. The well is perforated from
14 2,643 feet to 2,665 feet in the Pictured Cliffs pool above
15 the packer and the Mesa Verde pool is perforated from 4,290
16 feet to 4,970 feet below the packer.

17 The Pictured Cliffs side of the well produces
18 through a one and a quarter inch tubing, which is landed at
19 2,665 feet, while the Mesa Verde is produced through a two
20 and one-sixteenth inch tubing set at 5,016 feet.

21 These zones were isolated with a five-inch packer
22 and a two and three-eighths inch sealed unit and latching
23 sub on the two and one-sixteenth inch tubing. The changeovers
24 between the sealed unit and the tubing string have an inside
25 diameter of 1.61 inches.

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1 Now, the well made some oil as long as it had an
2 intermitter on it but it is now unable to produce oil to the
3 line, and gas in sufficient quantities. Because it logged
4 off with oil during shut in periods and would barely unload
5 when blown to the atmosphere, the well was selected for a
6 pumping system installation. A special 1.60 inch piston was
7 run during 1976 but it hung and sealed off in the 1.61 change-
8 over. When the piston was fished, it was blown up the hole
9 and became stuck approximately fifty feet above the sealed
10 unit, as illustrated on the Exhibit Number One.

11 Q Does this well produce any gas from the Mesa Verde
12 side of the well at this time?

13 A Yes, sir, before the piston became stuck the Mesa
14 Verde was averaging about 34 MCF of gas per day, whereas now
15 it makes approximately 20 MCF of gas per day.

16 The main problem is that the well has become very
17 difficult to clean up.

18 Q Do you have an exhibit which shows the gas pro-
19 duction history of this well?

20 A Yes, I do, sir.

21 Q Would you please explain this exhibit?

22 A This exhibit is marked as El Paso's Number Two.
23 Part One of the exhibit shows the gas production of the Mesa
24 Verde and the Pictured Cliffs formation from 1973 to April
25 of 1977. The YAO values, in parentheses, indicate that year's

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1 daily average. Now, presently the Mesa Verde is making 20 MCF
2 of gas per day and is prorated exempt-marginal, while the
3 Pictured Cliffs is producing 56 MCF of gas per day and it is
4 prorated marginal.

5 Now, the lower half of the exhibit, or Part Two,
6 shows the corresponding years of production on a percentage
7 basis. The data shows the Mesa Verde to range from 24% to
8 35% for the years represented and of importance, has a 24%
9 all-time cumulative value.

10 Q Does this well have an oil production history?

11 A Yes, the well has produced a total of 1,131 bar-
12 rels of oil from 1964 to 1972. When the intermitter was
13 changed to a stopcock in 1972, the oil ceased producing.

14 Q In attempting to install a free-running piston,
15 did El Paso expect to increase oil production?

16 A Yes, they most certainly did.

17 Q Do you have an exhibit which shows what effect
18 a piston has on a well in this area?

19 A Yes, I do.

20 Q Would you please explain that exhibit?

21 A El Paso's Exhibit, marked Number Three, shows the
22 comparison of the Mesa Verde oil and gas production from the
23 Blanco Number 15 well with both the San Juan 28-7 Unit,
24 Number 85, and Number 105 wells. As the plat on Exhibit
25 Three illustrates, these wells are approximately one mile

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1 offsets to the east. It can be observed from this exhibit
2 that these two Mesa Verde wells were increased from around
3 20 MCF of gas per day and little or no oil, to over a 100 MCF
4 of gas per day and an average of 1.38 barrels of oil per day
5 by installing pumping pistons. I believe the Number 105 well
6 in 1975, and the piston was installed in the Number 85 well
7 in 1976.

8 Now, since the Blanco Number 15 well has a pro-
9 duction history and producing characteristics very similar
10 to these two aforementioned wells, it appeared to be an ideal
11 candidate for a pumping system installation.

12 And, Mr. Examiner, as I have already mentioned,
13 the operation ran into trouble and the piston is now stuck
14 in the tubing.

15 Q What method would you now recommend to undertake
16 to correct and improve the Blanco Number 15 well's performance?

17 A Well, first of all, if authority can be granted
18 from the New Mexico Oil and Gas Conservation Commission, I
19 recommend removal of the one and a fourth inch tubing and the
20 two and sixteenth inch tubing string, retire the latching sub
21 in the seal unit; rerun the two and sixteenth inch tubing
22 string with a pumping piston installed, and improve the per-
23 formance of the well by commingling the Mesa Verde and the
24 Pictured Cliffs zone. This method, in my opinion, would in-
25 crease oil recovery from the Mesa Verde by using Pictured

1 Cliffs gas to help lift Mesa Verde liquids.

2 Q What would be the cost of this reworking operation
3 which you have just described?

4 A The estimated cost to commingle the well, and this
5 is assuming that the latching-type seal assembly will pull
6 out of the packer, is Two Thousand One Hundred and Seventy-
7 nine Dollars.

8 Q With regard to commingling, what is the compati-
9 bility of pressures and liquids between the two zones?

10 A I believe the two zones are compatible. The shut
11 in tubing pressures recorded during 1976 showed 398 pounds
12 per square inch for the Pictured Cliffs side and around 415
13 pounds per square inch on the Mesa Verde side of the well.

14 Now, I might clarify on that Mesa Verde side, Mr.
15 Examiner. The well does log off and during 1976 there were
16 several attempts to clean it up and this was the maximum
17 pressure that was recorded prior to its logging off and the
18 pressure declining. But I do feel that their pressures are
19 compatible and therefore, no cross flow problems would be ex-
20 pected.

21 Now, if you blow down the well on the Pictured
22 Cliffs side of the well, you see a very fine spray of conden-
23 sate and an amount of water that's too small to measure.
24 Whereas, on the Mesa Verde side when it's blown down, it makes
25 approximately one and a half barrels of oil per day and less

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1 than a half a barrel of water per day.

2 Q By increasing the Mesa Verde oil production, would
3 you foresee an increase in recoverable gas reserves?

4 A No. An increase in the oil production does not
5 necessarily cause a long-term increase in gas production in
6 this area, in the Blanco-Mesa Verde pool. Now, there should
7 be an increase in the daily gas flow volume immediately fol-
8 lowing the rework, but this should stabilize and resume the
9 reservoir's expected rate of decline. Now, reserve studies
10 indicate about 127,000 MCF of gas remaining in the Mesa Verde
11 pool, and this figure, or volume, represents 26% of the total
12 reserves left in the well. No additional ultimate recovery
13 is expected.

14 MR. NUTTER: What was that reserve figure again?

15 A Mr. Examiner, it was 127,000 MCF.

16 MR. NUTTER: And that's 26% of the total?

17 A And it represents 26% of the total remaining gas
18 in that well.

19 MR. NUTTER: I presume the Pictured Cliffs has
20 74%?

21 A Yes, sir.

22 MR. NUTTER: How many MCF is that?

23 A Let's see, okay.

24 MR. NUTTER: If you don't have it, just tell me
25 and we can figure it out.

1 A No, I do have it, Mr. Examiner. Let's see, the
2 Pictured Cliffs side, now this is based on January 1st, 1977,
3 the Pictured Cliffs side had an original reserve figure of
4 830,000 MCF, and the cumulative production as of January 1st,
5 1977, was 470,000 MCF on the Pictured Cliffs side, which
6 leaves a remaining reserves of 360,000 MCF.

7 MR. NUTTER: Thank you.

8 A Okay. Would you like me to review the Mesa Verde
9 there?

10 MR. NUTTER: No, I don't think that's necessary;
11 it's all here.

12 A Okay.

13 Q (Mr. Schmidt continuing.) Mr. Burchell, do you
14 recommend a formula by which gas and liquid production can be
15 apportioned between the two producing zones?

16 A Yes. Based on data related to the Exhibit Number
17 Two that I presented to you, Mr. Examiner, 24% of the Blanco
18 Number 15 well's cumulative gas production came from the Mesa
19 Verde side of the well, and based on my prior testimony re-
20 lating to reserves, the Mesa Verde reserves remaining amounts
21 to around 26%, so I thereby recommend that an average of these
22 two figures be used; therefore 25% of the gas production should
23 be attributed to the Blanco-Mesa Verde pool and 75% of the gas
24 to the South Blanco-Pictured Cliffs pool. It is further re-
25 commended that 100% of the well's liquid be attributed to the

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1 Mesa Verde.

2 Q What is the nature of the ownership involved in
3 this case?

4 A El Paso Natural Gas Company has 100% working in-
5 terest in this well and all of the royalty owners have common
6 ownership in both zones.

7 Q In your opinion would granting this application
8 for downhole commingling of the gas be in the interest of
9 conservation, prevent waste and protect correlative rights?

10 A Yes, it would. We certainly would be recovering
11 oil that otherwise would not be produced and, of course, this
12 is in the best interests of conservation.

13 Q Do you have anything further which you would like
14 to present in this case?

15 A Not at this time.

16 Q Were Exhibits Numbers One, Two, and Three prepared
17 by you or under your supervision?

18 A Yes, sir.

19 MR. SCHMIDT: Mr. Examiner, I would like to ask
20 that Exhibits One, Two, and Three be admitted into evidence
21 at this time.

22 MR. NUTTER: Exhibits One through Three will be
23 admitted in evidence.

24 MR. SCHMIDT: I have no further questions of this
25 witness.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Burchell, when this piston got stuck in there, no attempt was made to fish it out, I presume?

A Yes, sir, we did try to fish it out and the fish got stuck -- or the fishing tool.

Q That's why you got some wire in there, too?

A Yes, sir, but we did get --

Q So the only way you're going to get it now is when you pull that tubing --

A We hope that we can unlatch it, yes, sir.

Q Now, why is the I.D. on this changeover only 1.61 in this well? Seems like that's awfully small equipment to have in there.

A I just don't understand what was in somebody's mind at the time that well was completed, I'm sorry, Mr. Examiner. Who knows what strange things lurk in the minds of men; only the Shadow knows. And I can't answer that question why they did that.

Q They put miniature equipment in here.

A I guess. Yes, it was a specially made piston in the shop.

Q And you believe that the production of this Pictured Cliffs gas in the tubing, after you've reinstalled it,

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1 would keep the liquids unloaded off the mainstream?

2 A It certainly will help. We've always had such a
3 hard time in blowing the Mesa Verde down, that we think the
4 additional volumes of gas from the Pictured Cliffs will aid
5 in the keeping the liquids off the Mesa Verde.

6 Q Now, why was a one inch or one and a quarter inch
7 tubing string installed in the Pictured Cliffs originally?
8 I know many of the Pictured Cliff wells produce through the
9 annulus unless they have a liquid problem.

10 A Right.

11 Q And then they put in that inch and a quarter
12 tubing string.

13 A Right. Now, there is a very slight variation be-
14 tween the one and a quarter tubing pressure at the surface
15 and the annulus, which indicates to us that there is some
16 volumes of liquid that have been produced from the Pictured
17 Cliffs formation, but the variation in pressure is so slight
18 we don't think there is much of a liquid head on there.

19 Q And you mentioned when you blow it down you do get
20 a mist of condensate --

21 A A very fine mist of condensate. It runs about
22 65° API gravity.

23 Q Has any liquid production ever been attributed to
24 the Pictured Cliffs area?

25 A No, no, sir.

1 Q So this entire 1131 barrels of oil that you'd men-
2 tioned that had been produced, was all from the Mesa Verde?

3 A Yes, sir, and it was during that period of time
4 when it was first completed, and I think I mentioned that it
5 stopped in 1972.

6 Q '72.

7 A '72, somewhere there.

8 MR. NUTTER: Are there any other questions of the
9 witness?

10 He may be excused. Do you have anything further,
11 Mr. Schmidt?

12 MR. SCHMIDT: No, I do not.

13 MR. NUTTER: Does anyone have anything they wish
14 to offer in Case Number 5945?

15 We'll take the case under advisement.

16 MR. SCHMIDT: Thank you, Mr. Examiner.

17 MR. NUTTER: Yes, sir.

18 (Hearing concluded.)
19
20
21
22
23
24
25

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REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill and
ability.

Sally Walton Boyd, C. S. R.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5945
heard by me on 6/8, 1977.
Examiner
New Mexico Oil Conservation Commission

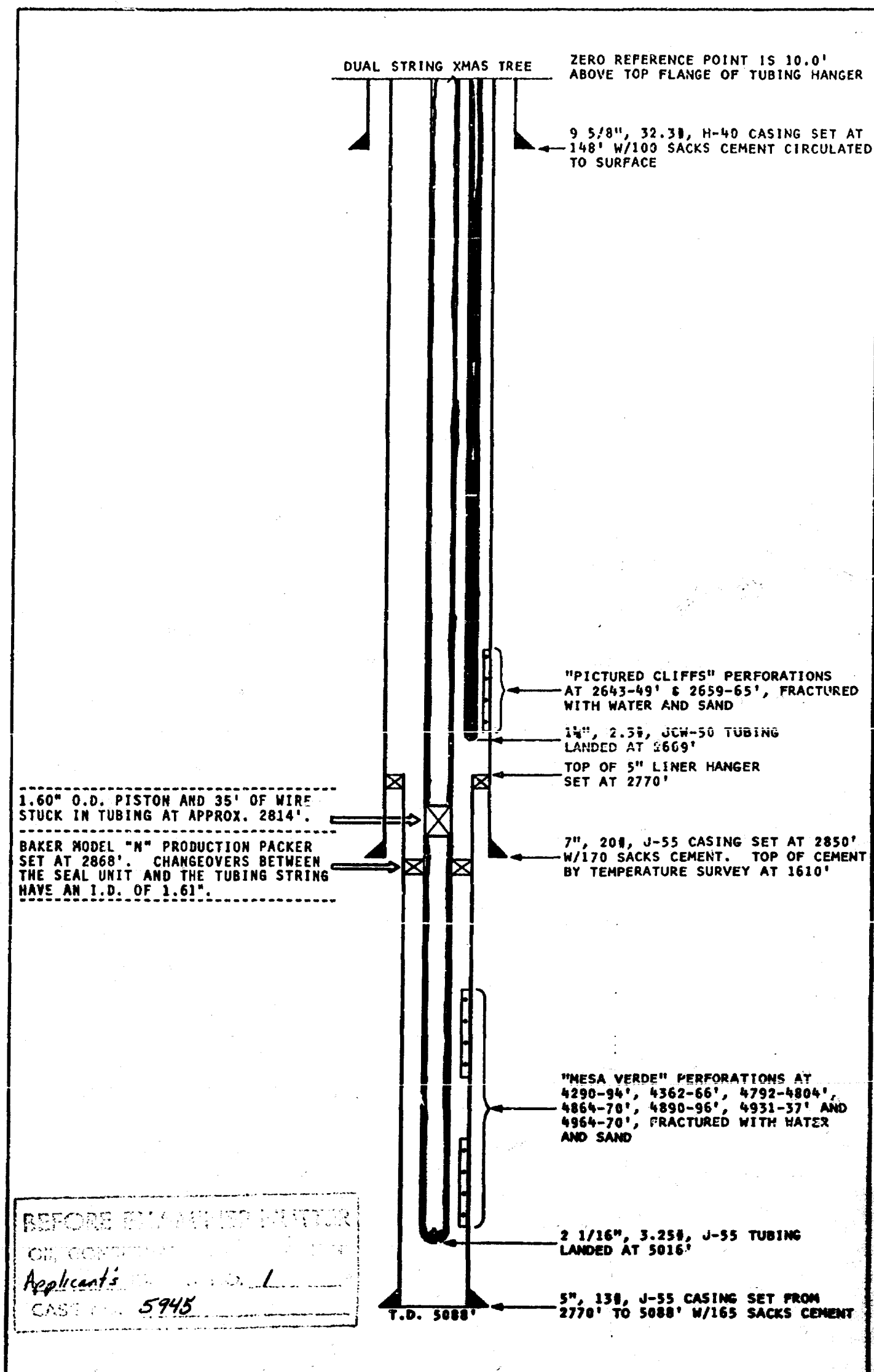
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SCHEMATIC DIAGRAM OF DUALY COMPLETED
EL PASO NATURAL GAS CO. "BLANCO NO. 15" (PM)

SW/4 SECTION 36, T-28-N, R-8-W
SAN JUAN COUNTY, NEW MEXICO

Exhibit No. 1



GAS PRODUCTION (MCF), BY ZONE
 EL PASO NATURAL GAS CO. "BLANCO No. 15" (PM)
 SW/4 SECTION 36, T-28-N, R-8-W
 SAN JUAN COUNTY, NEW MEXICO

PART I -- PRODUCTION & "YAQ" (IN MCF)

	1973 PROD. (YAQ)	1974 PROD. (YAQ)	1975 PROD. (YAQ)	1976 PROD. (YAQ)	1977 (thru APRIL) PROD. (YAQ)	CUMULATIVE (thru APRIL, 1977)
MV	8,930 (25)	8,854 (24)	8,269 (23)	11,716 (32)	2,405 (20)	152,638
PC	28,390 (80)	22,614 (67)	22,953 (65)	21,825 (61)	6,684 (56)	476,296
TOTALS (MV & PC)	37,320	31,468	31,222	33,541	9,089	628,934

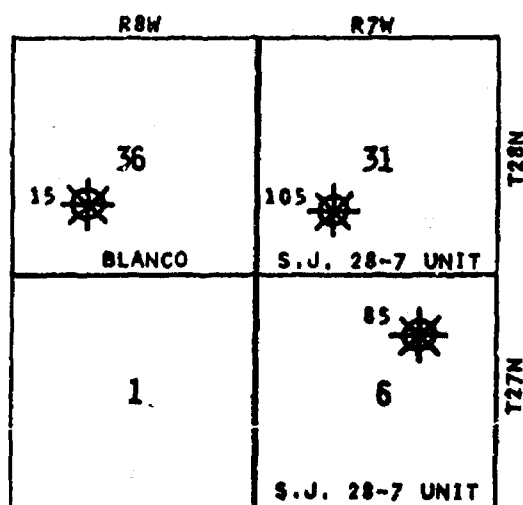
PART II -- PERCENTAGES OF PRODUCTION

	1973	1974	1975	1976	1977 (thru APRIL)	CUMULATIVE (thru APRIL, 1977)
MV%	24	28	26	35	26	24%
PC%	76	72	74	65	74	76%

BEFORE EXAMINER MUTTER
 OIL CONSERVATION COMMISSION
Applicant's EXHIBIT NO. 2
 CASE NO. 5945

MESA VERDE OIL & GAS PRODUCTION
from the
EL PASO NATURAL GAS CO. "BLANCO No. 15" WELL
compared with
SAN JUAN 28-7 UNIT #85 & #105 WELLS
(WITH PLAT)

YEAR	OIL PRODUCTION (bbls)			GAS PRODUCTION (mcf)		
	#15 MV	#105	#85	#15 MV	#105	#85
1958			0 ¹			16,588 ¹
1959		0 ¹	293		19,316 ¹	8,445
1960		0	210		18,709	7,949
1961		0	123		7,168	10,628
1962		126	270		6,198	3,790
1963	0	190	200	16,688	4,789	9,055
1964	55 ¹	198	206	24,497 ¹	4,951	7,046
1965	127	187	114	14,268	6,006	5,943
1966	120	204	122	11,866	4,972	5,795
1967	127	140	123	11,226	7,410	6,613
1968	228	385	267	7,193	8,388	8,679
1969	189	290	298	6,157	8,058	10,842
1970	122	199 ²	13 ²	8,146	6,592 ²	9,943 ²
1971	134	0	19	5,184	5,664	8,671
1972	29 ²	106 ²	0 ²	7,239 ²	5,005 ²	7,279 ²
1973	0	82	0	8,930	7,020	11,502
1974	0	38	0	8,854	4,690	8,773
1975	0	524 ³	0	8,269	23,233 ³	8,710
1976	0	493	581 ⁴	11,716	66,010	44,882 ⁴
CUMULATIVE	1131	3121	2939	150,233	211,978	201,133



- ¹ INSTALLED INTERMITTER
- ² CHANGED INTERMITTER TO STOP-COCK
- ³ TEST STOP-COCK CHANGED BACK TO INTERMITTER
- ⁴ INSTALLED PUMPING PISTON

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Applicant's EXHIBIT NO. 3
CASE NO. 5945

El Paso NATURAL GAS
COMPANY

P. O. BOX 1492
EL PASO, TEXAS 79978
PHONE: 915.542.2600

Cue 5945

May 9, 1977

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

Gentlemen:

El Paso Natural Gas Company respectfully requests a hearing be set before the Commission or its designated examiner at your convenience. El Paso seeks approval to downhole commingle gas from the South Blanco Pictured Cliffs Pool with gas from the Blanco Mesaverde Pool in its Blanco No. 15 Well. This well is located in Unit Letter K of Section 36, T28N-R8W, San Juan County, New Mexico.

Very truly yours,

E. R. Manning
E. R. Manning

ERM:rb

J. O. SETH (1883-1963)

A. K. MONTGOMERY
FRANK ANDREWS
FRED C. HANNAHS
SETH D. MONTGOMERY
FRANK ANDREWS III
OWEN M. LOPEZ
JEFFREY R. BRANNEN
JOHN BENNETT POUND

GARY R. KILPATRICK
THOMAS W. OLSON
WALTER J. MELENDRES
BRUCE L. HERR

MONTGOMERY, ANDREWS & HANNAHS

ATTORNEYS AND COUNSELORS AT LAW

325 PASEO DE PERALTA
SANTA FE, NEW MEXICO 87501

POST OFFICE BOX 2307
AREA CODE 505
TELEPHONE 982-3873

June 7, 1977

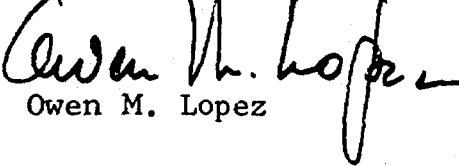
New Mexico Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico 87503

Re: NMOCC Case No. 5945 - Application of El Paso Natural
Gas Company for downhole commingling, San Juan
County, New Mexico

Gentlemen:

Please be advised that Rand C. Schmidt of the office of
General Counsel of El Paso Natural Gas Company, El Paso,
Texas, is associated with our firm for the presentation
of evidence and argument in the above-referenced case.

Sincerely yours,


Owen M. Lopez

OML:RB
5086-76-12

Dockets Nos. 21-77 and 22-77 are tentatively set for hearing on June 22 and July 6, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 8, 1977

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

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

CASE 5942: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the amendment of Rule 1115 of the Commission Rules and Regulations to provide for the reporting of salt water disposal, secondary recovery, and other injection well volumes and pressures on Commission Form C-115, Operator's Monthly Report. Further to be considered will be the amendment of Form C-115 and the deletion of Rule 1120.

(Please see two potential configurations of Form C-115 enclosed)

CASE 5943: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider adoption of the following:

1. Rule 407, requiring notice to the Commission by the operator of the disconnection of any gas wells from intrastate transportation facilities.
2. Rule 1130, setting forth the requirements of the notice of disconnection.
3. Form C-130, NOTICE OF DISCONNECTION, requiring notice of the reason(s) for disconnection.

CASE 5920: (Continued from May 11, 1977 Examiner Hearing)

Application of New Mexico Salt Water Disposal Co., Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation through the perforated interval from approximately 13,000 feet to 13,500 feet in its Sinclair State Lea Well No. 1, located in Unit M of Section 1, Township 11 South, Range 34 East, Sand Springs-Devonian Pool, Lea County, New Mexico.

CASE 5944: Application of Read & Stevens, Inc., for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Hissom-State Com Well No. 1 located in Unit M of Section 23, Township 21 South, Range 27 East, Burton Flats-Morrow Gas Pool, Eddy County, New Mexico, the S/2 of said Section 23 to be dedicated to the well.

CASE 5945: Application of El Paso Natural Gas Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of South Blanco-Pictured Cliffs and Blanco Mesaverde production in the wellbore of its Blanco Well No. 15 located in Unit K of Section 36, Township 28 North, Range 8 West, San Juan County, New Mexico.

CASE 5946: Application of Amoco Production Company for a dual completion and a non-standard proration unit, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Swearingen "C" Well No. 1 located in Unit N of Section 18, Township 5 South, Range 33 East, Roosevelt County, New Mexico, to produce gas from the Pennsylvanian and oil from the Fusselman formations. Applicant also seeks approval for a 160-acre non-standard Pennsylvanian gas proration unit comprising the SW/4 of said Section 18.

CASE 5947: Application of Texaco Inc., for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for its Central Vacuum Unit Area comprising 3046 acres, more or less, of State and fee lands in Sections 25, 30, 31 and 36, Township 17 South, Range 35 East, and Sections 5, 7, and 12, Township 18 South, Range 35 East, Lea County, New Mexico.

CASE 5948: Application of Texaco Inc., for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its Central Vacuum Unit Area by the injection of water into the Grayburg-San Andres formation through 54 wells, Vacuum Pool, Lea County, New Mexico.

CASE 5949: Application of Mesa Petroleum Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying Section 34, Township 24 South, Range 26 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

in
dr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 5945

Order No. R- 5495

APPLICATION OF EL PASO NATURAL GAS COMPANY
FOR DOWNHOLE COMMINGLING, SAN JUAN
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 8,
19 77, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this June day of July 1977, 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, El Paso Natural Gas Company, is the
owner and operator of the Blanco Well No. 15, located
in Unit K of Section 36, Township 28 North, Range
8 West, NMPM, San Juan County, New Mexico.

(3) That the applicant seeks authority to commingle South
Blanco-Pictured Cliffs and Blanco Mesaverde production
within the wellbore of the above-described well.

(4) That from the South Blanco-Pictured Cliffs zone, the
subject well is capable of low marginal production only.

(5) That from the Blanco Mesaverde zone, the
subject well is capable of low marginal production only.

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

Case No. _____
Order No. R- _____

(7) That the reservoir characteristics of each of the subject zones are such that underground waste would not be caused by the proposed commingling provided that the well is not shut-in for an extended period.

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

(9) That in order to allocate the commingled production to each of the commingled zones in the subject well, 74 75 percent of the commingled gas production should be allocated to the South Blanco-Pictured/ cliffs zone, and 25 25 percent of the commingled gas production and all of the oil production to the Blanco Mesaverde zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, El Paso Natural Gas Company is hereby authorized to commingle South Blanco-Pictured / cliffs and Blanco Mesaverde production within the wellbore of the Blanco Well No. 15, located in Unit K of Section 36, Township 28 North, Range 8 West, NMPM, San Juan County, New Mexico.

(2) That 74 75 percent of the commingled gas production shall be allocated to the South Blanco-Pictured Cliffs zone and 25 25 percent of the commingled gas production and all of the oil production shall be allocated to the Blanco Mesaverde zone.

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

(4) 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.