

CASE 5966: J. R. CONE FOR DOWNHOLE
COMMINGLING, LEA COUNTY, NEW MEXICO

5966

Application
Transcripts.
Small Exhibits
ETC.

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EXAMINER HEARING

IN THE MATTER OF:

Application of J. R. Cone for downhole
commingling, Lea County, New Mexico.

CASE
5966

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

Lynn Teschendorf, Esq.
Legal Counsel for the Commis
State Land Office Building
Santa Fe, New Mexico

For the Applicant:

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

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3 L. O. STORM

4 Direct Examination by Mr. Kellahin

5 Cross Examination by Mr. Stamets

6 Cross Examination by Mr. Benischek

7

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EXHIBIT INDEX

11

Offered

Adm

12 Applicant Exhibit One, Plat

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13 Applicant Exhibit Two, Schematic

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14 Applicant Exhibit Three, Form C-116

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3 Cone for downhole commingling, Lea County, New Mexico.

4 MR. KELLAHIN: Tom Kellahin, Kellahin and Fox,
5 New Mexico appearing on behalf of the applicant and I have
6 witness to be sworn.

7 (THEREUPON, the witness was duly sworn.)

8

9 L. O. STORM

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

12

13 DIRECT EXAMINATION

14 BY MR. KELLAHIN:

15 Q. Would you please state your name, by whom you are
16 employed and in what capacity?

17 A. L. O. Storm, employed by J. R. Cone as an engineer.

18 Q. Mr. Storm have you previously testified before
19 Commission and had your qualifications as an expert witness
20 accepted and made a matter of record?

21 A. I have and they have been accepted.

22 MR. KELLAHIN: Are the witness' qualifications
23 acceptable?

24 MR. STAMETS: Yes.

25 Q. (Mr. Kellahin continuing.) Would you please re-

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3 A. Number One is a reproduction of the area Drinkard
4 Blinebry-Tubb, et cetera oil field in the vicinity of Eunice.
5 Outlined in red is the J. R. Cone Eubanks lease comprising
6 approximately a hundred and sixty acres in Section 14, the
7 southwest quarter of that section, Township 21 South, Range
8 37 East.

9 Q. When was this well completed, Mr. Storm?

10 A. Initially it was completed in the Drinkard Pool
11 May of 1949. We are referring to Eubanks Well No. 2.

12 Q. Right. And was it ever recompleted?

13 A. It was recompleted in May of 1952 as a Tubb gas
14 Drinkard dual utilizing one tubing string.

15 Q. What is the current status of the well?

16 A. Well, subsequently it was recompleted as a parallel
17 tubing strings dual in 1964, Blinebry oil over Tubb gas.

18 Q. Do you have that New Mexico Oil Conservation
19 Commission order number?

20 A. Yes, that last recompletion was under MC-1449.

21 Q. Okay.

22 A. That's the current status of the well.

23 Q. Would you please refer to what has been marked as
24 Exhibit Number Two and identify it?

25 A. Exhibit Number Two is a schematic sketch of the

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3 You will note that the Drinkard formation has be
4 removed from the picture by means of plugging the original
5 Model D retainer and capping the same with cement and frac
6 sand. There is a dual production retainer in the well at
7 time at a depth of six thousand six feet which is set below
8 the Blinebry perforations and above the Tubb and it's the
9 primary separation tool between the two pay zones.

10 Q What are the reasons behind Mr. Cone's request for
11 downhole commingling?

12 A We have evidence of failure, meaning downhole leakage
13 in the long or Tubb tubing string permitting entry of the
14 Blinebry liquids and gas into that tubing string.

15 Q Do you have any indication of at what depth the
16 appears?

17 A No, we haven't run tests on that. I would mention
18 that we have had in the past one other failure in the well
19 that same tubing string and that was in May of 1969, five
20 approximately, after the initial Blinebry-Tubb dual, we found
21 a leak in the Tubb tubing string at a depth of fifty-two
22 hundred and thirty feet. All of the tubing was pulled, and
23 that appeared to be corroded or bad was replaced and the well
24 was recompleted in a sanitary condition at that time. If
25 the depth of that leak means anything, I think that we could

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3 Q Please refer to Exhibit Number Three and identify
4 it?

5 A Exhibit Number Three is a Commission Form C-116
6 which presents gas-liquid tests in the Blinebry and the Tubb
7 zones, the last ones that appeared to be before there was
8 any downhole failure, an exception to that being the last
9 test listed under the Tubb which was a short test found at
10 the leakage and to determine what sort of liquid rate we were
11 obtaining from the well as opposed to liquid rate before
12 failure of the tubing.

13 Q Mr. Storm, do you have a recommendation to the
14 Examiner on how to allocate the production between the
15 commingled zones?

16 A If our application were approved I made a recommendation
17 in my application that the Blinebry zone be assigned
18 seventy-one percent of the liquids of the oil produced and
19 fifty-eight percent of the gas. This would be of the gross
20 oil and gas produced from the well. That the Tubb oil and
21 gas zone be assigned twenty-nine percent of the oil and
22 forty-two percent of the gas. Those numbers were derived
23 utilizing the Blinebry oil test under date of October 21,
24 1971 wherein twelve barrels of oil and three hundred and
25 eighty-two MCF of gas were obtained from the Blinebry and

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3 Q Is the ownership between the Blinebry and Tubb
4 formations the same?

5 A As to the hydrocarbons the ownership is common
6 in all of the pays.

7 Q Should your application for commingling not be
8 approved what would be the result with regards to this well

9 A Well, with a leakage known to exist I presume the
10 Commission would want that corrected. This will involve the
11 expenditure of a number of thousands of dollars and there
12 difficulty in obtaining the type of tubing we have in the
13 well which is two and a sixteenth interval drilling tubing
14 I would mention that of the four wells on the lease we have
15 downhole commingling authorized under various orders of
16 the Commission in Wells 1 and 3 and they are completed
17 mechanically essentially the same as Well No. 2 is
18 completed.

19 We feel that the authorization of a downhole
20 commingling is certainly in a monetary sense a conservation
21 We have had no evidence of difficulty in the other wells from
22 any problems caused by the downhole commingling.

23 Q If the application is approved how will you
24 mechanically commingle the two zones?

25 A Of course, in addition to the present leak that

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3 | retainer to permit better entry of Blinebry oil and gas in
4 | the Tubb tubing string. All production probably would be
5 | taken from the Tubb tubing string down to the Blinebry.

6 | We did run a short test with the oral approval
7 | the Commission in Hobbs on the Blinebry on July 22nd, 197
8 | which we obtained no liquids to the surface of the Blineb
9 | tubing string and only forty-six MCF of gas.

10 | Q. In your opinion, Mr. Storm, will damage occur to
11 | either formation in the event the application is approved?

12 | A. I would anticipate none.

13 | Q. In your opinion will the approval of the applica
14 | be in the best interest of conservation, prevention of was
15 | and the protection of correlative rights?

16 | A. Yes, sir.

17 | Q. Were Exhibits One through Three prepared by you
18 | directly or under your direction and supervision?

19 | A. The entire application was prepared by me.

20 | MR. KELLAHIN: We move the introduction of Exhib
21 | One, Two and Three.

22 | MR. STAMETS: These exhibits will be admitted.

23 | (THEREUPON, Applicant Exhibits One through
24 | Three were admitted into evidence.)

25 | MR. KELLAHIN: That concludes our direct examina

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3 Q Mr. Storm, am I correct in assuming that the
4 Blinebry has been shut in since 1971?

5 A It was shut in under Commission order on January
6 1972 at which time the Blinebry zone had been reclassified
7 from oil to gas under the regulations as they then existed
8 of the Blinebry Pool. It has been produced only for this
9 short test.

10 Q And the acreage has, I presume, been dedicated
11 to another Blinebry gas well?

12 A Forty acres that had been dedicated to the Bline
13 zone in Well No. 2 were added to the forty acres dedicated
14 to Well No. 3 immediately to the east making an eighty acre
15 nonstandard Blinebry gas unit.

16 Q Okay, then, what would you do now take that forty
17 acres out of that dedication?

18 A We can. It is somewhat academic in that neither
19 well will produce the allowable for forty acres. If the
20 Commission would so desire we can remove the forty acres of
21 the Blinebry from the eighty acre unit and leave Well No.
22 with forty acres assigned to it.

23 Q Okay, I believe we can probably work this out
24 through our district office in Hobbs subsequent to any order.

25 You indicated that Wells No. 1 and 3 on the same

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3 A. Only in respect to the Blinebry.

4 Q. What zones?

5 A. The 1 and 3 are dualled in the Drinkard and the
6 Blinebry. Well No. 4 is commingled downhole in the Drink
7 and the Blinebry. We had undertaken to open the Abo in th
8 well and we lost it, cemented the Abo off and completed th
9 well in the stipulation of Order R-5064. No. 4 is produce
10 a single string of two and three-eighths upset tubing from
11 the Blinebry and the Drinkard.

12 Q. On your last GOR test, 3-22-77, the oil producti
13 looks pretty close to a simple addition of the final Bline
14 potential and the Tubb potential but the gas has dropped o
15 considerably, do you have an explanation for that?

16 A. I can only guess. If the hole or leakage point
17 high enough in the Tubb tubing string that we have a liqui
18 column accumulated down there and is depressing entry of
19 your gas and, therefore, reducing evident casing pressure
20 top of the ground on the Blinebry side.

21 Q. So you are basing your entire percentages then o
22 the factors that existed before this hole in the tubing?

23 A. Correct. I might mention to the Commission that
24 if you examine the pressure data that is reported in the
25 packer leakage tests over the years on the well, from the

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3 pounds to the top of the ground with a pressure recorder.
4 last reading on which I would rely was August of '75 when
5 had four hundred and ninety pounds remaining in the Tubb.
6 Blinebry in March of 1964 was six hundred and fifty-five
7 pounds of pressure and in August of 1975, eight hundred and
8 sixty.

9 Q. I presume this well is on the pump?

10 A. No, it flowed. The Tubb gas is delivered to El
11 Natural.

12 Q. Is there any opportunity for cross flow between
13 the zones because of these bottom-hole pressures?

14 A. If we can get that liquid to the top of the grou
15 I would think not. I think the Blinebry side of the well
16 was always weak and was produced on a time-cycle control.

17 Q. So even though it has a higher pressure you
18 expect that to bleed off quickly?

19 A. I think we can relieve that by opening that slee
20 and getting the liquids and the gas to the top of the grou
21 and then the pressures should be essentially equalized on
22 bottom.

23 Q. What you are hoping to avoid, I would understand
24 from your testimony, is economic waste in repairing the du
25 completions?

CORRECTION

The preceding 5 CASE FILE
documents were incorrectly
filmed. They are refilmed
following this target.

OMIT B4P NUMBERS 1255-1368

12-83

a CASE 5962: AMOCO PRODUCTION COMPANY FOR
A NON-STANDARD PRORATION UNIT, UNORTH-*ny*
DOX LOCATION & SIMULTANEOUS DEDICATION
~~XXXX~~ COUNTY, NEW MEXICO
44

Case Number

5962

Application

Transcripts.

Small Exhibits

ETC.

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date

JUNE 22, 1977

Time: 9:00 A.M.

NAME	REPRESENTING	LOCATION
Charles V. Vargier	Caulkins Oil Co.	Farmington
O. V. Stuckey	Getty Oil Co.	Midland, Texas
ANTHONY PETERSON	Amoco Production Co.	Houston
H. H. Rice, Jr.	" " "	"
Jim E. Pearce	" " "	"
W. T. MURKIN	Phillips Pet. Co.	Odessa, TX
Robert E. Davis	Texaco Inc.	Midland, Tex.
MORRIS S. TODD	TEXACO INC	Midland, Tex.
Ken Bateman	White-Knucke Kelly & Kelly	Santa Fe, N.M.
J. T. POWER	SUN OIL Co.	DALLAS, TX.
STEPHEN A. GILBERT	- - -	MIDLAND TX
R. J. Anthony	Texaco, Inc	Hobbs, NM
W. R. Hayworth	Texaco Inc.	Hobbs, NM
KENNETH W. LARSON	SUN OIL Co.	DALLAS, TX
Tom Kellahan	Kellahan Fox	Santa Fe
L. B. GOODHEART	Rice Fuel & Oil, Inc	HOBBS
D. R. LAYTON	LAYTON ENTERPRISES	LUBBOCK
Don Stevens	" "	Santa Fe, N.M.
JOE V TEACOCK	PHILLIPS PET. Co.	ODESSA, TX

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 22, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Amoco Production Company)
for a nonstandard proration unit, un-)
orthodox locations and simultaneous)
dedication, Lea County, New Mexico.)

CASES
5962
&
5963

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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

For the Applicant: Antone L. Peterson, III, Esq.
Attorney at Law
Amoco Production Company
Post Office Box 3092
Houston, Texas

ATWOOD, MALONE, MANN & COOTER
Attorneys at Law
P. O. Drawer 700
Roswell, New Mexico

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I N D E X

Page

J. E. PEASE

Direct Examination by Mr. Peterson

4

EXHIBIT INDEX

Offered

Admitted

Amoco's Exhibit One, Map

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9

Amoco's Exhibit Two, Tabulation

6

9

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1 MR. STAMETS: We will call next Case 5962.

2 MS. TESCHENDORF: Case 5962, application of Amoco
3 Production Company for a nonstandard proration unit, unorthodox
4 locations and simultaneous dedication, Lea County, New Mexico.

5 MR. STAMETS: Call for appearances in this case.

6 MR. PETERSON: Amoco Production and Antone Peterson,
7 attorney. The file should reflect an appearance on Amoco's
8 behalf by Atwood, Malone, Mann and Cooter, New Mexico counsel.

9 MR. STAMETS: That is on file.

10 MR. PETERSON: Amoco will have one witness today and
11 I would like to have him sworn at this time.

12 Amoco would like to consolidate this case with the
13 case immediately following to expedite matters. They are
14 similar and we have the same exhibits for purpose of testimony
15 only.

16 MR. STAMETS: Please call the next case.

17 MS. TESCHENDORF: Case 5963, application of Amoco
18 Production Company for a nonstandard proration unit and
19 simultaneous dedication, Lea County, New Mexico.

20 MR. STAMETS: These two cases will be consolidated
21 for the purpose of testimony.

22 Will the witness stand and be sworn, please?

23 (THEREUPON, the witness was duly sworn.)
24
25

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1 J. E. PEASE

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

4
5 DIRECT EXAMINATION

6 BY MR. PETERSON:

7 Q Would you state your name, please?

8 A J. E. Pease.

9 Q You have testified before the Commission previously,
10 have you not, Mr. Pease?

11 A Yes, sir.

12 Q And your qualifications were found acceptable?

13 A Yes, sir.

14 Q What is your field of expertise?

15 A Reservoir engineering.

16 MR. PETERSON: Are the witness' qualifications
17 acceptable, Mr. Examiner?

18 MR. STAMETS: They are.

19 Q (Mr. Peterson continuing.) I would like for you to
20 turn your attention to Amoco's Exhibit One, Mr. Pease and tell
21 what that exhibit shows, please?

22 A Exhibit One is a map of a portion of the Eumont Gas
23 Pool being in portions of Township 20 South, Range 37 East and
24 Township 21 South, Range 36 of Lea County, New Mexico.

25 Q You have hached lines shown on the map, could you tell

1 what those denote?

2 A. Yes, these hachured lines represent the various
3 proration units for the gas completions in the Eumont Gas Pool
4 which are shown on this map by the yellow dots.

5 Q. Aside from the yellow dots you have also marked two
6 wells or locations with red markings, could you explain the
7 significance of those, please?

8 A. Yes, sir. In the bottom portion of the map is a red
9 dot, it represents Amoco's State "C" Tract 11, Well No. 5 which
10 is the subject for Case 5962. The location of this well is
11 thirty-three hundred feet from the north line and six hundred
12 and sixty feet from the east line which places it in Unit I of
13 Section 2 which is an oversized section, Township 21 South,
14 Range 36 East. This well was permitted on a hundred and sixty
15 acres on April 18th, 1977. It was completed as a gas well in
16 the Queen formation on May the 8th, 1977.

17 Q. Is that location an orthodox location in that unit?

18 A. For three hundred and twenty acres that would be an
19 unorthodox location.

20 Q. I would like for you to turn your attention now to the
21 other red dot mentioned earlier to the north of the red dot
22 which you just discussed and tell us the significance of that
23 marking, please?

24 A. This red dot represents the proposed location for
25 Amoco's Gilluly B Federal Royalty Count A Well No. 16. The

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1 location is six hundred and sixty feet from the south line and
2 six hundred and sixty feet from the west line, being in Unit
3 M of Section 22, Township 20 South, Range 37 East.

4 Q Is that an orthodox location on that unit?

5 A This proration unit contains two hundred and forty
6 acres and this would be an unorthodox location for this unit.
7 The first well on this unit was Well No. 7 and it's at a
8 standard location. The nonstandard unit was approved adminis-
9 tratively in May of 1956 by Order No. NSP-263.

10 Q Do you have any further comments at this time
11 regarding Exhibit One?

12 A I would like to go back on the State "C" Tract 11 and
13 mention that the nonstandard unit there in the nonstandard
14 location for Well No. 1 was approved by Order No. R-656.

15 Q All right, I would like for you to turn now to
16 Exhibit Two, Amoco's Exhibit Two, and explain what that
17 tabulation shows, please?

18 A This is a table of allowables and production. On the
19 left-hand side I have the months and the year for the last
20 balancing period for the Eumont Gas Pool and I have reported
21 the allowable which a nonmarginal gas well containing a hundred
22 and sixty acre proration unit would have received. I have
23 the monthly volume and then adjacent to it on the right I have
24 that converted to a daily basis. As you can see this would
25 be approximately a thousand MCF a day for last year.

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1 Now moving farther to the right, I have calculated
2 the allowable for a nonmarginal gas well with two hundred
3 and forty acres and also the daily allowable for a nonmarginal
4 gas well with three hundred and twenty acres.

5 Then on the right is the production data. The first
6 column there would be for Amoco State "C" Tract 11 Well No. 1,
7 as I mentioned had a three hundred and twenty acre proration
8 unit. As you can see it averaged slightly less than one
9 hundred MCF a day during the last balancing period.

10 Taking the allowable which a nonmarginal gas well
11 with three hundred and twenty acres would have received this
12 unit was short approximately eighteen hundred and fifty MCF
13 a day during the last year.

14 On the right, the two right columns, represent the
15 production for Amoco's Gilluly "B" Federal Royalty Count "A"
16 Well No. 7. As I mentioned this has a two hundred and forty
17 acre unit. Again taking its total production for the year and
18 subtracting that number from the allowable for which a two
19 hundred and forty acre would have received a nonmarginal
20 allowable we find that this unit was short five hundred and
21 ninety-one MCF a day during the past year.

22 Q Any further comments on this exhibit?

23 A. No, sir.

24 Q I would like for you to again look at Amoco's Exhibit
25 One, more specifically State "C" Tract 11 Well 5 and explain

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1 the reason for that unorthodox location, please?

2 A. Based on the production from the No. 1 Well and
3 the production of the surrounding wells to the Unit, it appeared
4 that more than one additional completion would be necessary on
5 this lease to raise it up from a marginal to a nonmarginal
6 status. You can see there are two Blinebry completions which
7 are in the Hardy Blinebry Field. Well No. 4 is producing five
8 barrels of oil a day and forty barrels of water. Well No. 3
9 makes about seventeen barrels a day and about twelve barrels
10 of water. It is anticipated that these wells will be completed
11 to the Queen zone in the future and a standard location in this
12 three hundred and twenty acres would have been nineteen hundred
13 and eighty feet from the north unit boundary, which would have
14 placed it due east of the Well No. 4, so to obtain a better
15 spread of our wells on this tract a decision was made to drill
16 a new well at the present time in the nonstandard location
17 picked. This location doesn't crowd any of the existing wells
18 and it's indicated that it is draining a portion of the reservoir
19 which perhaps hasn't been drained by the other wells. The
20 Cities Service wells north of it, the State "AO" No. 1 in April
21 produced eighty-one MCF a day. The No. 5 Well tested seven
22 hundred MCF a day and the bottom-hole pressure recorded in the
23 well shut in after a hundred and eighteen hours is two hundred
24 and ninety-four pounds.

25 Q. I would like for you now to look at Well 16 on the

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1 Gilluly "B" and explain the reason for that unorthodox location?

2 A. Well, a standard location on this tract, the two
3 hundred and forty acres, would have been nineteen hundred and
4 eighty feet from the west line. It was decided to move it
5 to the west which places it closer to an existing proration
6 unit on the same lease.

7 Q. Do you have any further comments regarding either
8 Exhibit One or Two?

9 A. No, sir.

10 Q. In your opinion will the granting of these applications
11 which have been combined for purposes of testimony prevent
12 waste, protect correlative rights and promote the interests
13 of conservation?

14 A. It will.

15 Q. Were Exhibits One and Two prepared by you or under
16 your supervision?

17 A. They were.

18 MR. PETERSON: I would like to move that Amoco's
19 Exhibits One and Two be admitted into evidence.

20 MR. STAMETS: These exhibits will be admitted.

21 (THEREUPON, Amoco's Exhibits One and Two
22 were admitted into evidence.)

23 MR. STAMETS: Mr. Pease, do you know the order number
24 which approved these two nonstandard units originally?

25 MR. PEASE: Yes, sir, the State "C" Tract 11 was

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1 approved by R-656. The Gilluly "B" lease contains four non-
2 standard units and I will give you all four orders if you
3 like.

4 MR. STAMETS: No, just the final order that consoli-
5 dated the two hundred and forty acres.

6 MR. PEASE: That would have been an administrative
7 order, NSP-263.

8 MR. STAMETS: Are there any other questions of the
9 witness? He may be excused.

10 (THEREUPON, the witness was excused.)

11 MR. STAMETS: Anything further in this case? The
12 case will be taken under advisement.

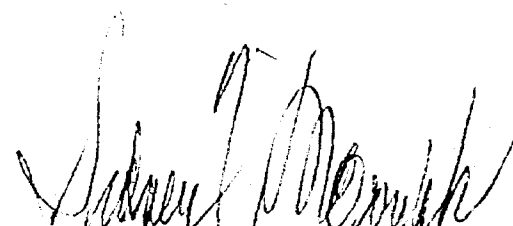
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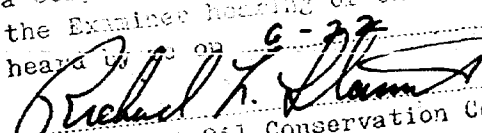
REPORTER'S CERTIFICATE

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



Sidney F. Morrish, C.S.R.

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of case No. **5762-5763**
heard on **6-27**, 19**77**.
 Examiner
New Mexico Oil Conservation Commission

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. 5962
Order No. R-5476

APPLICATION OF AMOCO PRODUCTION COMPANY
FOR A NON-STANDARD PRORATION UNIT, UNORTHODOX
LOCATIONS AND SIMULTANEOUS DEDICATION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 22, 1977, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 28th day of June, 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, Amoco Production Company, seeks approval of a 320-acre non-standard gas proration unit comprising Lots 9, 10, 15, and 16, and the SE/4 of Section 2, Township 21 South, Range 36 East, NMPM, to be simultaneously dedicated to its State "C" Tract 11 Wells Nos. 1 and 5, located at unorthodox locations in Units X and I, respectively, of said Section 2.

(3) That the entire non-standard proration unit may reasonably be presumed productive of gas from the Eumont Gas Pool and that the entire non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid wells.

(4) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Eumont Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

(5) That Commission Order No. R-656 which previously approved the subject proration unit should be superseded.

-2-

Case No. 5962
Order No. R-5476

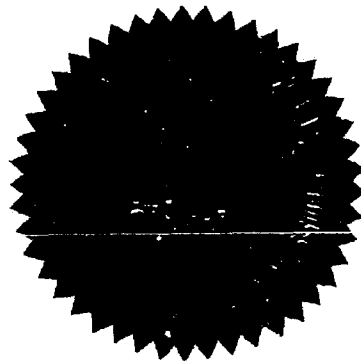
IT IS THEREFORE ORDERED:

(1) That the applicant, Amoco Production Company, is hereby granted a 320-acre non-standard gas proration unit in the Eumont Gas Pool comprising Lots 9, 10, 15, 16, and the SE/4 of Section 2, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, to be simultaneously dedicated to its State "C" Tract 11 Wells Nos. 1 and 5, located at unorthodox locations in Units X and I, respectively, of said Section 2.

(2) That Commission Order No. R-656 is hereby superseded.

(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

Phil R. Lucero
PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

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

S E A L

jr/

Dockets Nos. 23-77 and 24-77 are tentatively set for hearing on July 6 and July 20, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - TUESDAY - JUNE 21, 1977

10:00 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 5960: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Corinne Grace and all other interested parties to appear and show cause why the following wells should not be shut-in until they can be operated in such a manner as to prevent injury to neighboring leases or properties, and to protect against contamination of fresh water supplies:

Humble Grace Com Well No. 1 located in Unit P of Section 2, and
Panagra Com Well No. 1 located in Unit B of Section 11, both in
Township 23 South, Range 26 East, Eddy County, New Mexico.

CASE 5961: Application of D. L. Hannifin for amendment of Order No. R-4432, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-4432 to remove the present operator of the pooled proration unit comprising the S/2 of Section 24, Township 22 South, Range 26 East, South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico, and to designate applicant as operator of said unit.

Docket No. 22-77

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 22, 1977

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

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

CASE 5962: Application of Amoco Production Company for a non-standard proration unit, unorthodox locations, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard proration unit comprising Lots 9, 10, 15 and 16 and the SE/4 of Section 2, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to applicant's State "C" Tract 11 Wells Nos. 1 and 5 located at unorthodox locations in Units X and I, respectively, of said Section 2.

CASE 5963: Application of Amoco Production Company for a non-standard proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 240-acre non-standard proration unit comprising the SW/4 and W/2 SE/4 of Section 22, Township 20 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to applicant's Gilluly B Federal Lease Well Nos. 7 and 16 at unorthodox locations in Units K and M of said Section 22, respectively.

CASE 4962: (Reopened)

In the matter of Case 4962 being reopened pursuant to the provisions of Order No. R-4538 which order established temporary special pool rules for the Peterson-Pennsylvanian Associated Pool, Roosevelt County, New Mexico. All interested parties may appear and show cause why said temporary special pool rules should not be rescinded.

CASE 5964: Application of Texas Pacific Oil Company, Inc., for non-standard proration units and unorthodox gas well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for two 160-acre non-standard gas proration units comprising the NW/4 of Section 9, and the SW/4 of Section 11, dedicated respectively, to its State "A" A/c-2 Wells Nos. 63 and 62, at unorthodox locations 990 feet from the North line and 2310 feet from the West line of Section 9 and 1980 feet from the South line and 2310 feet from the West line of Section 11, all in Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico.

CASE 5965: Application of Layton Enterprises, Inc., for a dual completion and salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Elkins State Well No. 1, located in Unit H of Section 1, Township 7 South, Range 28 East, Chaves County, New Mexico, in such a manner as to produce oil from the Cisco formation thru tubing in the production casing and to dispose of produced salt water down the production/intermediate casing annulus into the San Andres and Yeso formations thru the open-hole interval from 1861 feet to approximately 5000 feet.

CASE 5966: Application of J. R. Cone for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinberry and Tubb production in the wellbore of his Eubanks Well No. 2 located in Unit L of Section 14, Township 21 South, Range 37 East, Lea County, New Mexico.

EUMONT GAS POOL
LEA COUNTY, NEW MEXICO

NON MARGINAL GAS ALLOWABLE

MONTH	YEAR	160 ACRE UNIT		DAILY 240 ACRE		DAILY 320 ACRE		AMOCO STATE C TR. 11 #1		AMOCO GILLULY "B" FED. R/A "A" #7	
		MONTH, MCF	DAILY, MCFD	MCFD	MCFD	MCFD	MCFD	MONTH, MCF	DAILY, MCFD	MONTH, MCF	DAILY, MCFD
April	1976	22,288	743	1,114	1,486	2,747	92	26,772	892	26,772	892
May	1976	19,520	630	945	1,260	3,124	101	27,181	877	27,181	877
June	1976	14,997	500	750	1,000	3,103	103	27,054	902	27,054	902
July	1976	11,505	371	556	742	2,872	93	22,055	711	22,055	711
August	1976	15,000	484	726	968	3,159	102	28,082	906	28,082	906
September	1976	25,415	847	1,270	1,694	3,143	105	25,288	843	25,288	843
October	1976	38,720	1,249	1,874	2,498	3,001	97	26,998	871	26,998	871
November	1976	40,367	1,346	2,019	2,692	2,913	97	26,882	896	26,882	896
December	1976	42,724	1,378	2,067	2,756	2,846	92	29,203	942	29,203	942
January	1977	31,185	1,006	1,509	2,012	2,844	92	28,514	920	28,514	920
February	1977	43,098	1,539	2,308	3,078	2,884	103	24,806	886	24,806	886
March	1977	52,197	1,684	2,526	3,368	2,965	96	27,012	871	27,012	871

TOTAL 357,016 MCF/Yr.

535,524 MCF/Yr. 714,032 MCF/Yr.

NON MARGINAL ALLOWABLE MINUS PRODUCTION

35,601 MCF/Yr. 678,431 MCF

1,849 MCFD

319,847 MCF/Yr.

215,677 MCF

591 MCFD

BEFORE EXAMINER STATEMENTS
OIL CONSERVATION COMMISSION

Amoco EXHIBIT NO. 2
CASE NO. 5962 d 5963

Submitted by Pease
Hearing Date 6-22-77

ATWOOD, MALONE, MANN & COOTER

A PROFESSIONAL ASSOCIATION
LAWYERS

JEFF D. ATWOOD [1883-1960]
ROSS L. MALONE [1910-1974]

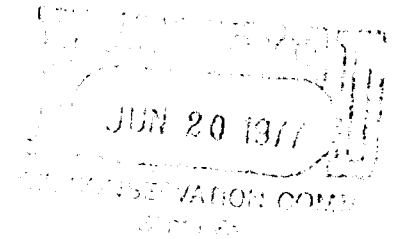
P. O. DRAWER 700
SECURITY NATIONAL BANK BUILDING
ROSWELL, NEW MEXICO 88201
[505] 622-6221

CHARLES F. MALONE
RUSSELL D. MANN
PAUL A. COOTER
BOB F. TURNER
ROBERT A. JOHNSON
JOHN W. BASSETT
ROBERT E. SABIN
R. E. THOMPSON

RANDAL W. ROBERTS

June 16, 1977

Mr. Joe D. Ramey
Secretary-Director
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501



RE: Examiner Hearing June 22, 1977

Dear Joe:

We would appreciate your filing the enclosed Entries of Appearance, for Amoco Production Company, in cases No. 5962, 5963, 4962 and 5967.

Thank you and with regards.

Very truly yours,


Charles F. Malone

CFM:sas
cc: Guy Buell, Esquire

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION)
OF AMOCO PRODUCTION COMPANY FOR)
A NON-STANDARD PRORATION UNIT,) No. 5962
UNORTHODOX LOCATIONS AND DEDICA-)
TION, EUMONT GAS POOL, LEA COUNTY,)
NEW MEXICO.

ENTRY OF APPEARANCE

The undersigned hereby enter their appearance herein
for the Applicant, Amoco Production Company, with Antone Peter-
son of Houston, Texas.

ATWOOD, MALONE, MANN & COOTER, P.A.

By 
Post Office Drawer 700
Roswell, New Mexico 88201

Attorneys for Amoco Production Company

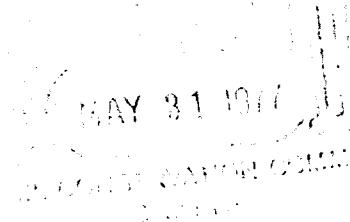
Case 5962



Amoco Production Company

500 Jefferson Building
P.O. Box 3092
Houston, Texas 77001

J. M. Brown
Division Engineering
Manager



May 27, 1977

File: HHR-986.51NM-2252

Re: Application for Hearing
Eumont Gas Pool
Lea County, New Mexico

New Mexico Oil Conservation Commission (3)
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Joe D. Ramey

Gentlemen:

Amoco Production Company respectfully requests a hearing for obtaining approval of a 320 acre non-standard proration unit to be simultaneously dedicated to State "C" Tract 11 Well Nos. 1 and 5 located at unorthodox locations in Units X and I, respectively, in Section 2, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico.

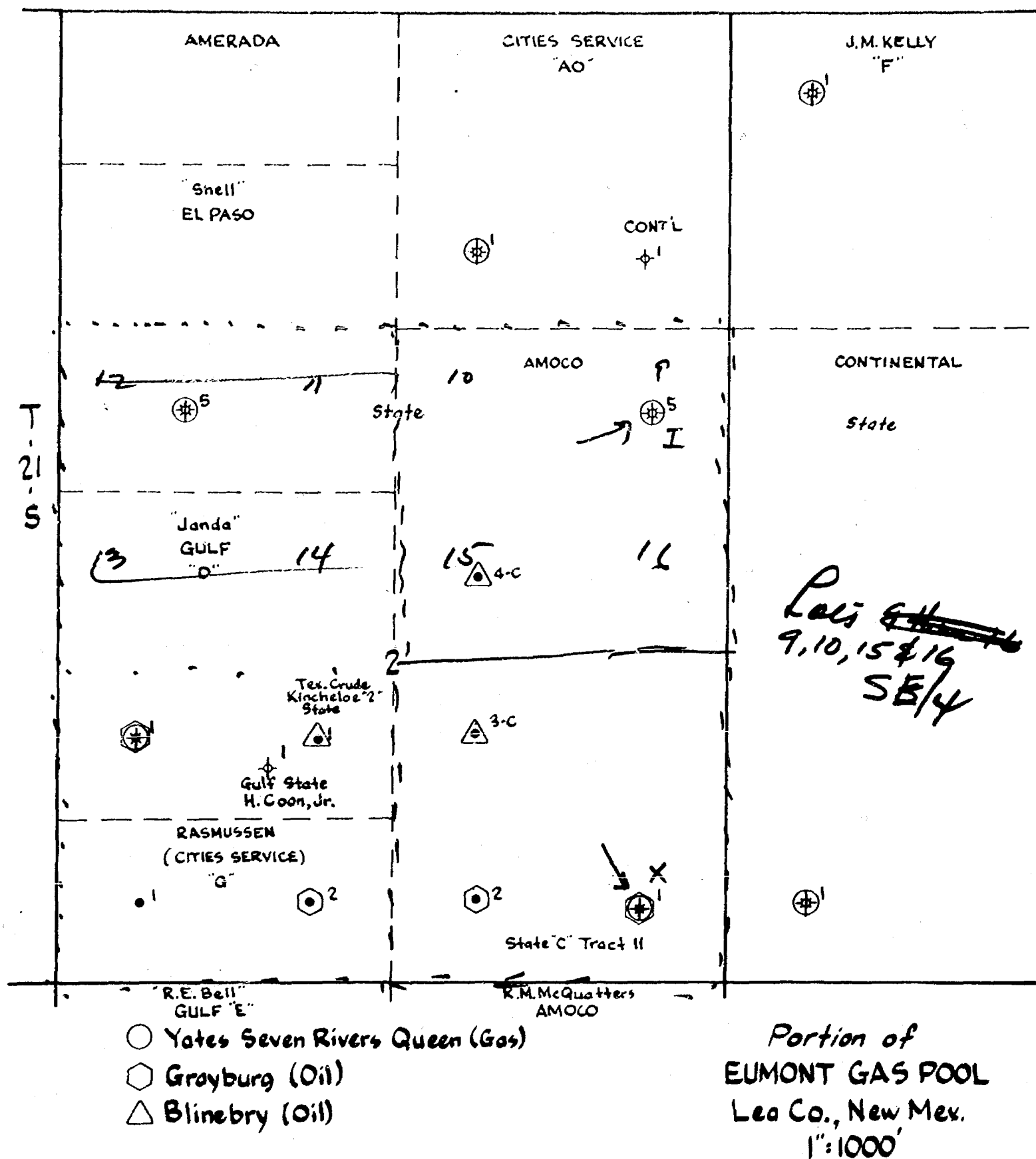
Attached is a map of the area. Please direct any questions to Mr. Jim Pease, telephone number 713-652-5461.

Yours truly,

A handwritten signature in dark ink, appearing to read "J. M. Brown".

JEP/1b
Attachments

R-36-E



DRAFT

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. 5962

Order No. R- 5476

APPLICATION OF AMOCO PRODUCTION COMPANY
FOR A NON-STANDARD PRORATION UNIT, UNORTHODOX LOCATIONS AND
SIMULTANEOUS DEDICATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 22,
19 77, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of , 19 77, 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, Amoco Production Company,
seeks approval of a 320--acre non-standard gas proration unit
comprising Lots 9, 10, 15, and 16, and the SE/4 of Section 2, Town-
ship 21 South, Range 36 East, NMPM, to be
simultaneously dedicated to its State "C" Tract 11 Wells Nos. 1 and 5,
at unorthodox locations
located/in Units X and 1 of said Section 2,
I, respectively,

(3) That the entire non-standard proration unit may rea-
sonably be presumed productive of gas from the Eumont

 Gas Pool and that the entire non-standard
gas proration unit can be efficiently and economically drained
and developed by the aforesaid well.

(4) That approval of the subject application will afford
the applicant the opportunity to produce his just and equitable
share of the gas in the Eumont Gas
Pool, will prevent the economic loss caused by the drilling of
unnecessary wells, avoid the augmentation of risk arising from
the drilling of an excessive number of wells, and will otherwise
prevent waste and protect correlative rights.

(5) That Commission Order No. R-656, which previously appeared the subject
should be superseded.

That the applicant, Amoco Production Company, is hereby granted

-2-

Case No. 5962

Order No. R-

IT IS THEREFORE ORDERED:

(1) ~~That~~ a 320-acre non-standard gas proration unit in the Eumont Gas Pool comprising Lots 9, 10, 15, & 16, and the SE/4 of Section 2, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, ~~is hereby established and~~ ^{to be} ~~dedicated to its~~ ^{simultaneously} ~~State "C"~~ ^{at unorthodox locations} Tract 11 Wells Nos. 1 and 5, located in Units X and I, respectively, of said Section 2.

(2) 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.

(2) That Commission Order No R-652 is hereby superseded.

CASE 5963: AMOCO PRODUCTION COMPANY FOR
A NON-STANDARD PRORATION UNIT AND
SIMULTANEOUS DEDICATION, LEA COUNTY

Case Number

5963

Application

Transcripts.

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 22, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Amoco Production Company)	CASES
for a nonstandard proration unit, un-)	5962
orthodox locations and simultaneous)	5
dedication, Lea County, New Mexico.)	5963

BEFORE: Richard L. Statets, Examiner

TRANSCRIPT OF HEARINGA 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 the Applicant:	Antone L. Peterson, III, Esq.
	Attorney at Law
	Amoco Production Company
	Post Office Box 3092
	Houston, Texas

	ATWOOD, MALONE, MANN & COOTER
	Attorneys at Law
	P. O. Drawer 700
	Roswell, New Mexico

sid morrish reporting service

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

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I N D E X

Page

J. E. PRASE

Direct Examination by Mr. Peterson

4

EXHIBIT INDEX

Offered Admitted

Amoco's Exhibit One, Map

4

9

Amoco's Exhibit Two, Tabulation

6

9

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1 MR. STAMETS: We will call next case 5962.

2 MS. TESCHENDORF: Case 5962, application of Amoco
3 Production Company for a nonstandard proration unit, unorthodox
4 locations and simultaneous dedication, Lea County, New Mexico.

5 MR. STAMETS: Call for appearances in this case.

6 MR. PETERSON: Amoco Production and Antone Peterson,
7 attorney. The file should reflect an appearance on Amoco's
8 behalf by Atwood, Malone, Mann and Cooter, New Mexico counsel.

9 MR. STAMETS: That is on file.

10 MR. PETERSON: Amoco will have one witness today and
11 I would like to have him sworn at this time.

12 Amoco would like to consolidate this case with the
13 case immediately following to expedite matters. They are
14 similar and we have the same exhibits for purpose of testimony
15 only.

16 MR. STAMETS: Please call the next case.

17 MS. TESCHENDORF: Case 5963, application of Amoco
18 Production Company for a nonstandard proration unit and
19 simultaneous dedication, Lea County, New Mexico.

20 MR. STAMETS: These two cases will be consolidated
21 for the purpose of testimony.

22 Will the witness stand and be sworn, please?

23 (THEREUPON, the witness was duly sworn.)

24

25

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J. E. PEASE

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

DETECT EXAMINATION

BY MR. PETERSON:

Q Would you state your name, please?

A J. E. Pease.

Q You have testified before the Commission previously,
have you not, Mr. Pease?

A Yes, sir.

Q And your qualifications were found acceptable?

A Yes, sir.

Q What is your field of expertise?

A Reservoir engineering.

MR. PETERSON: Are the witness' qualifications
acceptable, Mr. Examiner?

MR. STAMETS: They are.

Q (Mr. Peterson continuing.) I would like for you to
turn your attention to Amoco's Exhibit One, Mr. Pease and tell
what that exhibit shows, please?

A Exhibit One is a map of a portion of the Eumont Gas
Pool being in portions of Township 20 South, Range 37 East and
Township 21 South, Range 36 of Lea County, New Mexico.

Q You have hached lines shown on the map, could you tel

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1 what these denote?

2 A Yes, these hachured lines represent the various
3 proration units for the gas completions in the Turcent Gas Pool
4 which are shown on this map by the yellow dots.

5 Q Aside from the yellow dots you have also marked two
6 wells or locations with red markings, could you explain the
7 significance of these, please?

8 A Yes, sir. In the bottom portion of the map is a red
9 dot, it represents Amoco's State "C" Tract 11, Well No. 5 which
10 is the subject for Case 5962. The location of this well is
11 thirty-three hundred feet from the north line and six hundred
12 and sixty feet from the east line which places it in Unit I of
13 Section 2 which is an oversized section, Township 21 South,
14 Range 36 East. This well was permitted on a hundred and sixty
15 acres on April 18th, 1977. It was completed as a gas well in
16 the Queen formation on May the 8th, 1977.

17 Q Is that location an orthodox location in that unit?

18 A For three hundred and twenty acres that would be an
19 unorthodox location.

20 Q I would like for you to turn your attention now to the
21 other red dot mentioned earlier to the north of the red dot
22 which you just discussed and tell us the significance of that
23 marking, please?

24 A This red dot represents the proposed location for
25 Amoco's Gilluly B Federal Royalty Count A Well No. 16. The

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1 location is six hundred and sixty feet from the south line and
 2 six hundred and sixty feet from the west line, being in Unit
 3 M of Section 22, Township 20 South, Range 37 East.

4 Q Is that an orthodox location on that unit?

5 A This proration unit contains two hundred and forty
 6 acres and this would be an unorthodox location for this unit.
 7 The first well on this unit was Well No. 7 and it's at a
 8 standard location. The nonstandard unit was approved adminis-
 9 tratively in May of 1956 by Order No. MSP-263.

10 Q Do you have any further comments at this time
 11 regarding Exhibit One?

12 A I would like to go back on the State "C" Tract 11 and
 13 mention that the nonstandard unit there in the nonstandard
 14 location for Well No. 1 was approved by Order No. R-656.

15 Q All right, I would like for you to turn now to
 16 Exhibit Two, Amoco's Exhibit Two, and explain what that
 17 tabulation shows, please?

18 A This is a table of allowables and production. On the
 19 left-hand side I have the months and the year for the last
 20 balancing period for the Eumont Gas Pool and I have reported
 21 the allowable which a nonmarginal gas well containing a hundred
 22 and sixty acre proration unit would have received. I have
 23 the monthly volume and then adjacent to it on the right I have
 24 that converted to a daily basis. As you can see this would
 25 be approximately a thousand MCF a day for last year.

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1 Now moving farther to the right, I have calculated
2 the allowable for a nonmarginal gas well with two hundred
3 and forty acres and also the daily allowable for a nonmarginal
4 gas well with three hundred and twenty acres.

5 Then on the right is the production data. The first
6 column there would be for Amoco State "C" Tract 11 Well No. 1,
7 as I mentioned had a three hundred and twenty acre proration
8 unit. As you can see it averaged slightly less than one
9 hundred MCF a day during the last balancing period.

10 Taking the allowable which a nonmarginal gas well
11 with three hundred and twenty acres would have received this
12 unit was short approximately eighteen hundred and fifty MCF
13 a day during the last year.

14 On the right, the two right columns, represent the
15 production for Amoco's Gilluly "B" Federal Royalty Count "A"
16 Well No. 7. As I mentioned this has a two hundred and forty
17 acre unit. Again taking its total production for the year and
18 subtracting that number from the allowable for which a two
19 hundred and forty acre would have received a nonmarginal
20 allowable we find that this unit was short five hundred and
21 ninety-one MCF a day during the past year.

22 Q Any further comments on this exhibit?

23 A No, sir.

24 Q I would like for you to again look at Amoco's Exhibit
25 One, more specifically State "C" Tract 11 Well 5 and explain

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1 the reason for that unorthodox location, please?

2 A Based on the production from the No. 1 Well and
3 the production of the surrounding wells to the Unit, it appeared
4 that more than one additional completion would be necessary on
5 this lease to raise it up from a marginal to a nonmarginal
6 status. You can see there are two Blinbry completions which
7 are in the Hardy Blinbry Field. Well No. 4 is producing five
8 barrels of oil a day and forty barrels of water. Well No. 3
9 makes about seventeen barrels a day and about twelve barrels
10 of water. It is anticipated that these wells will be completed
11 to the Queen zone in the future and a standard location in this
12 three hundred and twenty acres would have been nineteen hundred
13 and eighty feet from the north unit boundary, which would have
14 placed it due east of the Well No. 4, so to obtain a better
15 spread of our wells on this tract a decision was made to drill
16 a new well at the present time in the nonstandard location
17 picked. This location doesn't crowd any of the existing wells
18 and it's indicated that it is draining a portion of the reservoir
19 which perhaps hasn't been drained by the other wells. The
20 Cities Service wells north of it, the State "AO" No. 1 in April
21 produced eighty-one MCF a day. The No. 5 Well tested seven
22 hundred MCF a day and the bottom-hole pressure recorded in the
23 well shut in after a hundred and eighteen hours is two hundred
24 and ninety-four pounds.

25 Q I would like for you now to look at Well 16 on the

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Phone (505) 982-9212

1 Gilluly "B" and explain the reason for that unorthodox location?

2 A Well, a standard location on this tract, the two
3 hundred and forty acres, would have been nineteen hundred and
4 eighty feet from the west line. It was decided to move it
5 to the west which places it closer to an existing proration
6 unit on the same lease.

7 Q Do you have any further comments regarding either
8 Exhibit One or Two?

9 A No, sir.

10 Q In your opinion will the granting of these applications
11 which have been combined for purposes of testimony prevent
12 waste, protect correlative rights and promote the interests
13 of conservation?

14 A It will.

15 Q Were Exhibits One and Two prepared by you or under
16 your supervision?

17 A They were.

18 MR. PETERSON: I would like to move that Amoco's
19 Exhibits One and Two be admitted into evidence.

20 MR. STAMETS: These exhibits will be admitted.

21 (THEREUPON, Amoco's Exhibits One and Two
22 were admitted into evidence.)

23 MR. STAMETS: Mr. Pease, do you know the order numbers
24 which approved these two nonstandard units originally?

25 MR. PEASE: Yes, sir, the State "C" Tract 11 was

1 approved by R-656. The Gilluly "B" lease contains four non-
2 standard units and I will give you all four orders if you
3 like.

4 MR. STAMETS: No, just the final order that consoli-
5 dated the two hundred and forty acres.

6 MR. PEASE: That would have been an administrative
7 order, NSP-263.

8 MR. STAMETS: Are there any other questions of the
9 witness? He may be excused.

10 (THEREUPON, the witness was excused.)

11 MR. STAMETS: Anything further in this case? The
12 case will be taken under advisement.

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

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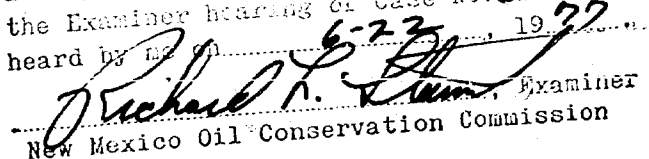
REPORTER'S CERTIFICATE

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


Sidney F. Morrish, C.S.R.

sid morrish reporting service

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

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5962-5963
heard by me on 6-23, 1972.

Richard L. Blum, Examiner
New Mexico Oil Conservation Commission

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. 5963
Order No. R-5475

APPLICATION OF AMOCO PRODUCTION
COMPANY FOR A NON-STANDARD PRORATION
UNIT, UNORTHODOX LOCATIONS, AND
SIMULTANEOUS DEDICATION, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 22, 1977, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 28th day of June, 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, Amoco Production Company, seeks approval of a 240-acre non-standard gas proration unit comprising the SW/4 and W/2 SE/4 of Section 22, Township 20 South, Range 37 East, NMPM, to be simultaneously dedicated to its Gilluly B Federal Lease Wells Nos. 7 and 16, located at unorthodox locations in Units K and M, respectively, of said Section 22.

(3) That the entire non-standard proration unit may reasonably be presumed productive of gas from the Eumont Gas Pool and that the entire non-standard gas proration unit can be efficiently and economically drained and developed by the aforesaid well.

(4) That approval of the subject application will afford the applicant the opportunity to produce his just and equitable share of the gas in the Eumont Gas Pool, will prevent the economic loss caused by the drilling of unnecessary wells, avoid the augmentation of risk arising from the drilling of an excessive number of wells, and will otherwise prevent waste and protect correlative rights.

(5) That Commission Administrative Order NSP-263 which previously approved the subject proration unit should be superseded.

-2-

Case No. 5963

Order No. R-5475

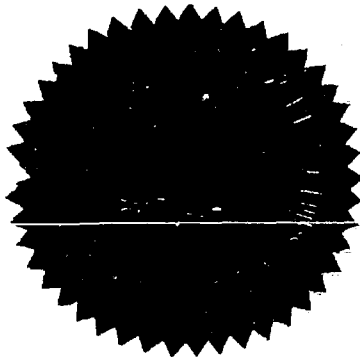
IT IS THEREFORE ORDERED:

(1) That the applicant, Amoco Production Company, is hereby granted a 240-acre non-standard gas proration unit in the Eumont Gas Pool comprising the SW/4 and W/2 SE/4 of Section 22, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, to be simultaneously dedicated to its Gilluly B Federal Lease Wells Nos. 7 and 16, located at unorthodox locations in Units K and M, respectively, of said Section 22.

(2) That Commission Administrative Order NSP-263 is hereby superseded.

(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 herein-above designated.



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

S E A L

jr/

Dockets Nos. 23-77 and 24-77 are tentatively set for hearing on July 6 and July 20, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - TUESDAY - JUNE 21, 1977

10:00 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 5960: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Corinne Grace and all other interested parties to appear and show cause why the following wells should not be shut-in until they can be operated in such a manner as to prevent injury to neighboring leases or properties, and to protect against contamination of fresh water supplies:

Humble Grace Com Well No. 1 located in Unit P of Section 2, and
Panagra Com Well No. 1 located in Unit B of Section 11, both in
Township 23 South, Range 26 East, Eddy County, New Mexico.

CASE 5961: Application of D. L. Hannifin for amendment of Order No. R-4432, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-4432 to remove the present operator of the pooled proration unit comprising the S/2 of Section 24, Township 22 South, Range 26 East, South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico, and to designate applicant as operator of said unit.

Docket No. 22-77

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 22, 1977

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

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

CASE 5962: Application of Amoco Production Company for a non-standard proration unit, unorthodox locations, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard proration unit comprising Lots 9, 10, 15 and 16 and the SE/4 of Section 2, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to applicant's State "C" Tract 11 Wells Nos. 1 and 5 located at unorthodox locations in Units X and I, respectively, of said Section 2.

CASE 5963: Application of Amoco Production Company for a non-standard proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 240-acre non-standard proration unit comprising the SW/4 and W/2 SE/4 of Section 22, Township 20 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to applicant's Gilluly B Federal Lease Well Nos. 7 and 16 at unorthodox locations in Units K and M of said Section 22, respectively.

CASE 4962: (Reopened)

In the matter of Case 4962 being reopened pursuant to the provisions of Order No. R-4538 which order established temporary special pool rules for the Peterson-Pennsylvanian Associated Pool, Roosevelt County, New Mexico. All interested parties may appear and show cause why said temporary special pool rules should not be rescinded.

CASE 5964: Application of Texas Pacific Oil Company, Inc., for non-standard proration units and unorthodox gas well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for two 160-acre non-standard gas proration units comprising the NW/4 of Section 9, and the SW/4 of Section 11, dedicated respectively, to its State "A" A/c-2 Wells Nos. 63 and 62, at unorthodox locations 990 feet from the North line and 2310 feet from the West line of Section 9 and 1980 feet from the South line and 2310 feet from the West line of Section 11, all in Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico.

CASE 5965: Application of Layton Enterprises, Inc., for a dual completion and salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Elkins State Well No. 1, located in Unit N of Section 1, Township 7 South, Range 28 East, Chaves County, New Mexico, in such a manner as to produce oil from the Cisco formation thru tubing in the production casing and to dispose of produced salt water down the production/intermediate casing annulus into the San Andres and Yaso formations thru the open-hole interval from 1861 feet to approximately 5000 feet.

CASE 5966: Application of J. R. Cone for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blincbry and Tubb production in the wellbore of his Eubanks Well No. 2 located in Unit L of Section 14, Township 21 South, Range 37 East, Lea County, New Mexico.

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION)
OF AMOCO PRODUCTION COMPANY FOR A)
NON-STANDARD PRORATION UNIT AND) No. 5963
DEDICATION, EUMONT GAS POOL, LEA)
COUNTY, NEW MEXICO.)

ENTRY OF APPEARANCE

The undersigned hereby enter their appearance herein
for the Applicant, Amoco Production Company, with Antone
Peterson of Houston, Texas.

ATWOOD, MALONE, MANN & COOTER, P.A.

By 
Post Office Drawer 700
Roswell, New Mexico 88201

Attorneys for Amoco Production
Company

EUMONT GAS POOL
LEA COUNTY, NEW MEXICO

NON MARGINAL GAS ALLOWABLE

MONTH	YEAR	160 ACRE UNIT		DAILY 240 ACRE		DAILY 320 ACRE		AMOCO STATE C TR. 11 #1 320 ACRE UNIT		AMOCO GILGULY "B" FED. R/A "A" #7 240 ACRE UNIT	
		MONTH, MCF	DAILY, MCFD	MCFD	MCFD	MCFD	MCFD	MONTH, MCF	DAILY, MCFD	MONTH, MCF	DAILY, MCFD
April	1976	22,288	743	1,114	1,486	2,747	92	26,772	892	27,054	902
May	1976	19,520	630	945	1,260	3,124	101	27,181	877	27,054	902
June	1976	14,997	500	750	1,000	3,103	103	22,055	711	27,054	902
July	1976	11,505	371	556	742	2,872	93	22,055	711	27,054	902
August	1976	15,000	484	726	968	3,159	102	28,082	906	27,054	902
September	1976	25,415	847	1,270	1,694	3,143	105	25,288	843	27,054	902
October	1976	38,720	1,249	1,874	2,498	3,001	97	26,998	871	27,054	902
November	1976	40,367	1,346	2,019	2,692	2,513	97	26,882	896	27,054	902
December	1976	42,724	1,378	2,067	2,756	2,846	92	29,203	942	27,054	902
January	1977	31,185	1,006	1,509	2,012	2,844	92	28,514	920	27,054	902
February	1977	43,098	1,539	2,308	3,078	2,884	103	24,806	886	27,054	902
March	1977	52,197	1,684	2,526	3,368	2,965	96	27,012	871	27,054	902

TOTAL 357,016 MCF/Yr.

NON MARGINAL ALLOWABLE MINUS PRODUCTION

535,524 MCF/Yr. 714,032 MCF/Yr.
35,601 MCF/Yr.
678,431 MCF
1,849 MCFD

319,847 MCF/Yr.
215,677 MCF
591 MCFD

BEFORE EXAMINER COMMENTS
OIL CONSERVATION COMMISSION

Amoco EXHIBIT NO. 2

CASE NO. 5962 & 5963

Submitted by Pease

Hearing Date 6-22-77



Amoco Production Company

500 Jefferson Building
P.O. Box 3092
Houston, Texas 77001

J. M. Brown
Division Engineering
Manager

June 2, 1977

File: HHR-986.51NM-2259

Re: Application for Hearing
Eumont Gas Pool
Lea County, New Mexico

JUN -6 1977
NEW MEXICO OIL
CONSERVATION COMM.

New Mexico Oil Conservation Commission (3)
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Joe D. Ramey

Gentlemen:

Confirming telephone request of June 1, 1977, Amoco Production Company respectfully requests a hearing for obtaining approval of a 240 acre non-standard proration unit to be simultaneously dedicated to Guilluly "B" Federal Well No. 7 and Well No. 16 located at unorthodox locations in Units K and M, respectively, in Section 22, Township 20 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico.

Attached is a map of the area. Please direct any questions to Mr. Jim Pease, telephone number 713-652-5461.

Yours very truly,

J M Brown

JEP:sam
Attachments

DRAFT

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. 5963

Order No. R- 5475

APPLICATION OF AMOCO PRODUCTION COMPANY
FOR A NON-STANDARD PRORATION UNIT AND SIMULTANEOUS DEDICATION,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 22,
19 77, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of , 19 77, 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, Amoco Production Company,
seeks approval of a 240-acre non-standard gas proration unit
comprising the SW/4 and W/2 SE/4 of Section 22, Town-
ship 20 South, Range 37 East, NMPM, to be simul-
taneously dedicated to its Gilluly B Federal Lease Wells Nos. 7 and 16,
at unorthodox locations
located/in Units K and J of said Section 22, respectively.
BM, respectively,

(3) That the entire non-standard proration unit may rea-
sonably be presumed productive of gas from the Eumont
 Gas Pool and that the entire non-standard
gas proration unit can be efficiently and economically drained
and developed by the aforesaid well.

(4) That approval of the subject application will afford
the applicant the opportunity to produce his just and equitable
share of the gas in the Eumont Gas
Pool, will prevent the economic loss caused by the drilling of
unnecessary wells, avoid the augmentation of risk arising from
the drilling of an excessive number of wells, and will otherwise
prevent waste and protect correlative rights.

(5) That Commission Administrative Order NSP-263 which previously approved the subject proration unit should be superseded.

-2-

Case No. 5963
Order No. R-

That the applicant, Amco
Production Company, is
hereby granted

IT IS THEREFORE ORDERED:

(1) ~~240~~ a 240 -acre non-standard gas proration unit
in the Eumont Gas Pool comprising the
SW/4 and W/2 SE/4 of Section 22, Township 20
South, Range 37 East , NMPM, Lea County,
New Mexico, ~~is hereby established~~ ^{to be} ~~and dedicated to its~~ ^{simultaneously} Gilluly B
Federal Lease Wells Nos. 7 and ^{16 at unorthodox locations} M, respectively,
located in Units K and of said
Section 22, respectively.

(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.

(2) The Commission Administrative
Order NSP-263 is hereby superseded.

Case 5963

Called in by Jim Pease

6/1/77

Amoco Production Co.

240-acre Non-Standard Pro-
ration Unit and Simultaneous
Dedication

Gilluly B Federal Lease

Wells # 7 and 16 located
at unorthodox locations
in Units K and M of

22-205-37E

Euromont Gas Pool

Lea Co.

#7 presently in unit
SW 1/4 of NW 1/4 SE 1/4
dedicated (240 ac)
NSP 263

✓ CASE 5964: TEXAS PACIFIC OIL CO. INC. FOR *Inc.*
NON-STANDARD PROPRATION UNITS AND
UNORTHODOX GAS WELL LOCATIONS, LEA CO

Case Number

5964

Application

Transcripts.

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 22, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Texas Pacific Oil Company, Inc., for nonstandard proration) CASE
units and unorthodox gas well locations,) 5964
Lea County, New Mexico.

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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

sid morrish reporting service

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

1 MR. STAMETS: The hearing will please come to order.
2 We will call at this time Case 5964.

3 MS. TESCHENDORF: Case 5964, application of Texas
4 Pacific Oil Company, Inc., for nonstandard proration units and
5 unorthodox gas well locations, Lea County, New Mexico.

6 The applicant in this case has requested that it be
7 dismissed.

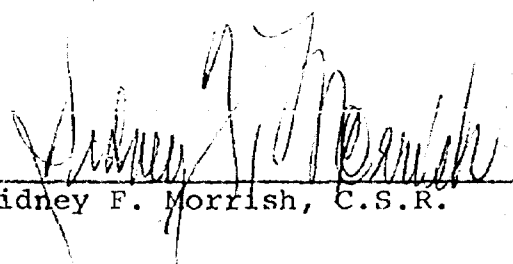
8 MR. STAMETS: Case 5964 will be dismissed.
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sid morrison reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

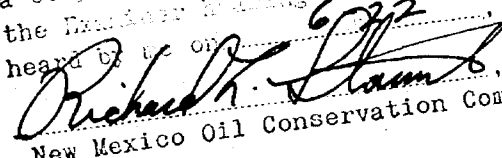
REPORTER'S CERTIFICATE

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


Sidney F. Morrish, C.S.R.

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

I do hereby certify that the foregoing is
a complete and correct transcript of the proceedings in
the said hearing of Case No. 5964...
heard by me on 6/27/77, 1977.

Richard H. Stamm, Examiner
New Mexico Oil Conservation Commission

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. 5964
Order No. R-5477

APPLICATION OF TEXAS PACIFIC OIL
COMPANY, INC. FOR NON-STANDARD PRORATION
UNITS AND UNORTHODOX GAS WELL LOCATIONS,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 22, 1977,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 28th day of June, 1977, the Commission, a
quorum being present, having considered the record and the
recommendations of the Examiner, and being fully advised in
the premises,

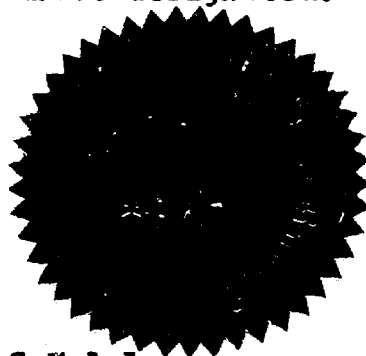
FINDS:

That the applicant's request for dismissal should be granted.

IT IS THEREFORE ORDERED:

That Case No. 5964 is hereby dismissed.

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.



S E A L

dr/

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

Dockets Nos. 23-77 and 24-77 are tentatively set for hearing on July 6 and July 20, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - TUESDAY - JUNE 21, 1977

10:00 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 5960: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Corinne Grace and all other interested parties to appear and show cause why the following wells should not be shut-in until they can be operated in such a manner as to prevent injury to neighboring leases or properties, and to protect against contamination of fresh water supplies:

Humble Grace Com Well No. 1 located in Unit P of Section 2, and
Panagra Com Well No. 1 located in Unit B of Section 11, both in
Township 23 South, Range 26 East, Eddy County, New Mexico.

CASE 5961: Application of D. L. Hannifin for amendment of Order No. R-4432, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-4432 to remove the present operator of the pooled proration unit comprising the S/2 of Section 24, Township 22 South, Range 26 East, South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico, and to designate applicant as operator of said unit.

Docket No. 22-77

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 22, 1977

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

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

CASE 5962: Application of Amoco Production Company for a non-standard proration unit, unorthodox locations, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard proration unit comprising lots 9, 10, 15 and 16 and the SE/4 of Section 2, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to applicant's State "C" Tract 11 Wells Nos. 1 and 5 located at unorthodox locations in Units X and I, respectively, of said Section 2.

CASE 5963: Application of Amoco Production Company for a non-standard proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 240-acre non-standard proration unit comprising the SW/4 and W/2 SE/4 of Section 22, Township 20 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to applicant's Gilluly B Federal Lease Well Nos. 7 and 16 at unorthodox locations in Units K and M of said Section 22, respectively.

CASE 4962: (Reopened)

In the matter of Case 4962 being reopened pursuant to the provisions of Order No. R-4538 which order established temporary special pool rules for the Peterson-Pennsylvanian Associated Pool, Roosevelt County, New Mexico. All interested parties may appear and show cause why said temporary special pool rules should not be rescinded.

CASE 5964: Application of Texas Pacific Oil Company, Inc., for non-standard proration units and unorthodox gas well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for two 160-acre non-standard gas proration units comprising the NW/4 of Section 9, and the SW/4 of Section 11, dedicated respectively, to its State "A" A/c-2 Wells Nos. 63 and 62, at unorthodox locations 990 feet from the North line and 2310 feet from the West line of Section 9 and 1980 feet from the South line and 2310 feet from the West line of Section 11, all in Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico.

CASE 5965: Application of Layton Enterprises, Inc., for a dual completion and salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Elkins State Well No. 1, located in Unit N of Section 1, Township 7 South, Range 28 East, Chaves County, New Mexico, in such a manner as to produce oil from the Cisco formation thru tubing in the production casing and to dispose of produced salt water down the production/intermediate casing annulus into the San Andres and Yeso formations thru the open-hole interval from 1861 feet to approximately 5000 feet.

CASE 5966: Application of J. R. Cone for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinbry and Tubb production in the wellbore of his Eubanks Well No. 2 located in Unit L of Section 14, Township 21 South, Range 37 East, Lea County, New Mexico.

JUN - 2 1977

New Mexico Oil Conservation Comm.
P. O. Box 2088
Santa Fe, New Mexico 87801

Gentlemen:

The undersigned, an offset operator, has been informed of Texas Pacific Oil Company, Inc.'s intent to drill their State "A" A/c-2 Wells No. 62 and 63 in the Jalmat (Gas) Field.

These locations are: Well No. 62: 1980' FSL and 2310' FWL, Section 11, T-22-S, R-36-E; and Well No. 63: 990' FNL & 2310' FWL, Sec. 9, T-22-S, R-36-E.

The undersigned waives notice of hearing and objections to their application for exception to the well location requirements.

GULF ENERGY AND MINERALS COMPANY
Company

By: B. J. Pankratz
B. J. PANKRATZ - Manager Engineering
Date: May 26, 1977

WU
WESTERN UNION

WU Telegram
WU
WESTERN UNION
agram

MAY 25 1977

1977 MAY 25 PM 1:33

IPMFEKA SANA
1-021240C145 05/25/77 CONSERVATION COMM.
TWX HOBBS CONOCO Santa Fe
001 HOBBS, NM 88240 MAY 25, 1977
PMS NEW MEXICO OIL CONSERVATION COMMISSION
P. O. BOX 2038
SANTA FE, NM 87501

APPLICATION OF TEXAS PACIFIC OIL COMPANY, INC FOR NON-STANDARD
LOCATION STATE A A/C 2 WELLS 62 AND 63 IN SECTIONS 11 AND 9,
RESPECTIVELY, T-22S, R-36E HAS BEEN RECEIVED. CONTINENTAL OIL
COMPANY HAS NO OBJECTIONS TO THIS APPLICATION.

L. P. THOMPSON
DIVISION MANAGER
CONTINENTAL OIL COMPANY
P. O. BOX 460
HOBBS, NM 88240
TWX #: 910-986-9732

1430 EST

F
IPMFEKA SANA

Texas Pacific Oil Co.
May 18
~~unrecorded~~ location
~~exemption~~

Wiper Oil Co.
B.D. Singletary
no objection
Well #62
1980 FSL
2310 FWL
S11 T22S R36E
Sea Co.

Well 63
990 FNL
2310 FWL
S 9 T22S R36E
Sea County

TEXAS PACIFIC OIL COMPANY, INC.

1700 ONE MAIN PLACE

DALLAS, TEXAS 75250

May 18, 1977

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MAY 20 1977

OIL CONSERVATION COMMISSION

741-5043

Case
5964

Mr. Joe D. Ramey
Secretary-Director
New Mexico Oil Conservation
Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Request for Exception
To The Well Location Re-
quirements on Unorthodox
Locations, Texas Pacific
Oil Co., Inc., State "A"
A/c-2 Nos. 62 & 63, Jalmat
(Gas) Field, Lea Co., New Mex.

Dear Mr. Ramey:

Texas Pacific Oil Company, Inc. is filing application for permit to drill the wells listed below in the State "A" A/c-2 Lease. These wells are unorthodox locations and we are therefore applying for exception to the well location requirements.

Well No. 62: 1980' FSL & 2310' FWL, Sec. 11, T-22-S, R-36-E
Well No. 63: 990' FNL & 2310' FWL, Sec. 9, T-22-S, R-36-E

We have notified all offset operators of this application and, upon receiving their waivers, will forward them to your office. We have also attached the plat with all offset operators shown.

After processing this application, receiving the waivers, and upon approval, would you please call us collect and inform us; we believe we have a rig standing by.

Yours very truly,

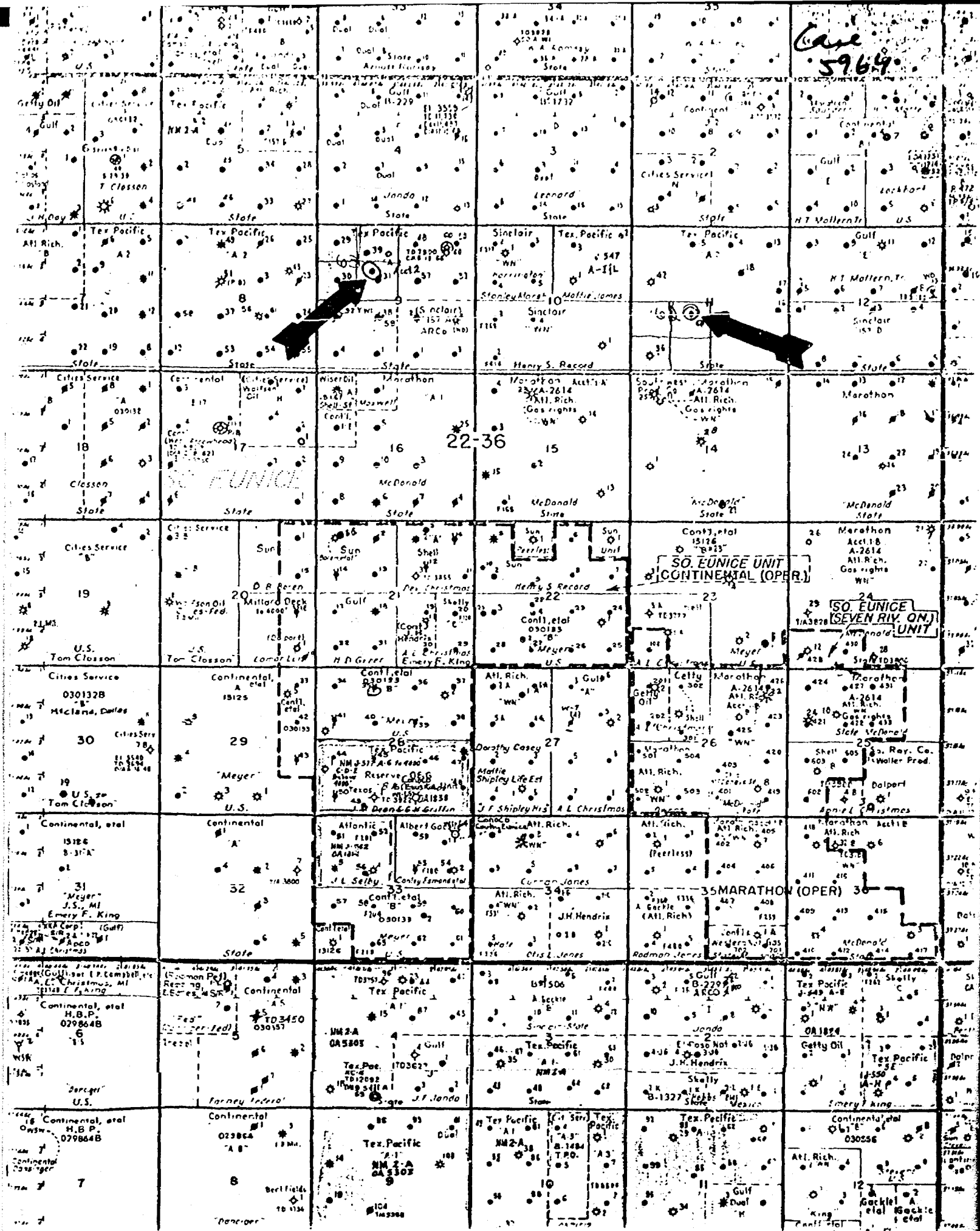
T. M. Matlock

T. M. Matlock

Drlg. Administrative Supervisor

mr

cc: New Mexico Oil Conservation Comm.
P. O. Box 1980
Hobbs, New Mexico 88240



DRAFT

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:

21

CASE NO. 5964

Order No. R- 5477

APPLICATION OF TEXAS PACIFIC OIL
COMPANY, INC. FOR NON-STANDARD
PRORATION UNITS AND UNORTHODOX GAS
WELL LOCATIONS, LEA COUNTY,
NEW MEXICO.

don *JLR*

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 22, 1977,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this _____ day of _____, 1977, the Commission,
a quorum being present, having considered the record and the recom-
mendations of the Examiner, and being fully advised in the premises,

FINDS:

That the applicant's request for dismissal should be
granted.

IT IS THEREFORE ORDERED:

That Case No. 5964 is hereby dismissed.

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

✓ CASE 5965: LAYTON ENTERPRISES, INC.
FOR A DUAL COMPLETION AND SALT WATER
DISPOSAL, CHAVES COUNTY, NEW MEXICO

apl

Case Number

5965

Application

Transcripts.

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 22, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Layton Enterprises, Inc.,) CASE
for a dual completion and salt water) 5965
disposal, Chaves County, New Mexico.)

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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

For the Applicant: Donald G. Stevens, Esq.
Attorney at Law
214 Old Santa Fe Trail
Santa Fe, New Mexico

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Phone (505) 982-9212

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1 MR. STAMETS: At this time we will call Case 5965.
2 MS. TESCHENDORF: Case 5965, application of Layton
3 Enterprises, Inc. for a dual completion and salt water
4 disposal, Chaves County, New Mexico.

5 MR. STEVENS: Mr. Examiner, I'm Don Stevens, attorney
6 from Santa Fe representing the applicant in this case. We
7 have one witness to be sworn.

8 MR. STAMETS: Will you stand and be sworn, please?
9 (THEREUPON, the witness was duly sworn.)

10
11 DONALD R. LAYTON
12 called as a witness, having been first duly sworn, was examined
13 and testified as follows:

14
15 DIRECT EXAMINATION

16 BY MR. STEVENS:

17 Q Would you state your name, your residence, your
18 occupation and your relationship with the applicant in this
19 case, please?

20 A I'm Donald R. Layton, President of Layton Enterprises,
21 Inc. of Lubbock, Texas and I am the applicant.

22 Q Have you previously testified before this Commission
23 and had your qualifications accepted by it?

24 A Yes, I have.

25 MR. STEVENS: Are the witness' qualifications

1 acceptable, Mr. Examiner?

2 MR. STAMETS: They certainly are. I recognize that
3 the witness is qualified from a long way back.

4 Q (Mr. Stevens continuing.) Would you briefly state
5 what the applicant seeks in this case, Mr. Layton?

6 A We seek a dual completion to produce oil from the
7 Cisco formation and let me back up just a moment. This is
8 a wildcat well not in an established field. It is a wildcat
9 well located in Section 1, 7, 25. We seek permission to
10 produce oil through tubing from the Cisco formation and to
11 dispose of the expected rather significant volume of produced
12 water through the annulus between the production five and a
13 half inch casing and eight and five-eighths intermediate
14 casing into the open hole section below the eight and five
15 eighths.

16 Q Is this well located in Chaves County, New Mexico?

17 A It is in Chaves County, yes, sir.

18 MR. STEVENS: Mr. Examiner, I would like to ask the
19 Commission to take administrative notice of Case 4570 in which
20 Shenandoah sought a similar disposal system in the Haystack
21 Field in Chaves County in 1971. The casing program isn't
22 exactly the same but quite similar. Would you so take
23 administrative notice?

24 MR. STAMETS: Yes, we will.

25 Q (Mr. Stevens continuing.) Referring to what has been

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1 marked as Exhibit Number One, would you explain it, please,
 2 Mr. Layton?

3 A. Exhibit One is just a plat of the immediate area
 4 surrounding this well, showing the town site of Elkins. The
 5 area outlined in yellow is our Elkins State lease, four hundred
 6 and eighty acres, located in Section 1. The red dot is the
 7 existing wildcat well which we have just drilled and semi-
 8 completed.

9 Q Are there any other fields in this area of this well?

10 A. No established fields, Union of Cal has a producing
 11 well some two and a half to three miles to the northwest in
 12 another formation.

13 Q That is in Section 34, Township 6 South, Range 28
 14 East?

15 A. That is correct.

16 Q The red mark is the subject well, is that right?

17 A. That is correct.

18 Q Referring then to what has been marked as Exhibit
 19 Number Two, would you explain it, please?

20 A. Exhibit Number Two is just a schematic diagram of
 21 our well located in Section 1, showing the various casing
 22 strings and the cementing program and also shows the formation
 23 tops and our indicated zone of oil production.

24 Q Where is the actual area in which you propose to
 25 dispose in this well?

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1 A. All right, the open-hole section below the eight and
2 five-eighths casing which includes the San Andres, Glorieta
3 and Yeso formations from the depth at the base of the eight and
4 five-eighths at eighteen sixty-one to a depth of approximately
5 five thousand feet which is our calculated cement top on the
6 five and a half production casing.

7 Q. Your Abo there is noted at fifty-two ninety-five so
8 based on your calculation it would be above the Abo and would
9 only go in these three formations?

10 A. That is correct.

11 Q. Is the productive casing the five and a half casing?

12 A. That is correct, yes, sir.

13 Q. Will you be producing directly out of the casing or
14 will the oil and water and some gas be coming through tubing?

15 A. Presumably the oil and water will all be coming
16 through the tubing. A portion of the gas would be produced
17 up the annulus between the tubing and the five and a half
18 casing, yes.

19 Q. Thus the fluids would not be on either side of a
20 single casing string?

21 A. That is correct.

22 Q. What is your anticipated injection pressure on this
23 proposed project?

24 A. We estimate it at less than five hundred pounds. We
25 have no actual data to base this on but based on our expected

1 volumes of a rather broad range of two to four hundred barrels
2 per day, we would expect that probably our injection pressures
3 would be less than five hundred psi at the surface and this is
4 also based on the indicated porosity that we have in these
5 open-hole sections.

6 Q Will you gauge this injection pressure and keep
7 records therefrom?

8 A Yes, sir, the surface connections at the bradenhead
9 would include a pressure gauge and constant pressure observation
10 would be made.

11 Q Thus any leaks that might occur would be readily
12 observable?

13 A That is correct, yes, sir.

14 Q Have you made any tests as to the chemical compatibility
15 of the injection water as opposed to the native formation
16 waters?

17 A Yes, we have and I just took this data by telephone
18 this morning from an established firm, United Chemical Company
19 in Hobbs, New Mexico. They have analyzed water samples from
20 both the Cisco and the San Andres formations.

21 Q Excuse me, were you referring to what has been
22 marked as Exhibit Number Three?

23 A Yes, I am.

24 Q Please continue then.

25 A In their opinion we have no compatibility problem

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1 actually of any significance at all. The analyses as with any
2 two formations varied to some extent, although in a great
3 many areas they are strikingly similar. The important questions,
4 I think, in this water analyses, in our opinion at least, is
5 the absence of hydrogen sulfide in the Cisco water which would
6 eliminate the possibility of any serious corrosion problem
7 injecting down the annular area across these two casing strings.
8 Further the other principal point that we are interested in,
9 the scaling index of the Cisco water is negative for both
10 calcium carbonate and calcium sulphate scaling. The San Andres
11 formation by contrast, the native waters in that zone, are
12 positive in both instances. This really does not concern us
13 to that extent since those waters are already there. The only
14 consideration then would be compatibility as to whether we
15 might aggravate such a situation and the compatibility tests
16 and the scaling index along with this test indicated that the
17 scaling index for calcium sulphate scaling did come down on
18 the San Andres water with only a five percent solution of Cisco
19 water introduced at that point and in their opinion the scaling
20 index will be greatly improved by the introduction of the Cisco
21 water into the San Andres formation.

22 Q Subject to the test to be made by the proper chemical
23 companies, do you plan to chemically treat this water as you
24 inject it?

25 A Yes, we do. We intend just as a little super insurance

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1 to add a scale inhibitor to prevent any possible precipitation
2 of calcium sulfate in the formation which actually would be
3 only a mechanical problem to us probably in the form of
4 pressure. We also intend to treat all of the Cisco water with
5 an organic corrosion inhibitor, a plating type inhibitor just
6 for protection of our casing strings on our own equipment and
7 this will probably be done as the water is produced to insure
8 proper mixing and protection all the way through our system,
9 our collecting vessels, pump, and all of the associated equip-
10 ment.

11 Q Do you plan to have this a closed system, keeping
12 the injected water away from any air?

13 A Yes, we do. We will accomplish this by placing an
14 oil or hydrocarbon blanket of some type on top of the water
15 collection tank to prevent direct contact with the air.

16 Q Have you made calculations as to the hydrostatic
17 pressures, collapse pressures and any allowable pump pressures
18 that might be allowable in your injection system?

19 A Yes, we have and based on what we know, the data
20 that we have, we would assume that hydrostatic pressures at the
21 top of the cement on the five and a half casing would approach
22 two thousand to twenty-five hundred pounds at this point. Our
23 minimum yield, collapse pressures, on the casing is in excess
24 of five thousand pounds and assuming that our assumption is
25 correct on injection pressures, we would be far below any point

1 of danger as far as collapse on this casing.

2 The five and half casing, incidentally, is new J-55
3 seventeen pound casing and I believe that is indicated on
4 Exhibit Two there.

5 Q You would not anticipate ever having a pump pressure
6 in excess of the difference between the collapse pressure
7 and the hydrostatic pressure, would you?

8 A No, certainly not.

9 Q Referring then to what has been marked as Exhibit
10 Number Four, would you explain it, please?

11 A This is just a copy of the porosity log run at the
12 time the well was drilled or -- let me correct that -- it's a
13 section of the porosity log which covers the interval we intend
14 as the disposal section. It shows the eight and five-eighths
15 casing base at the top of the log and then it is extended to
16 approximately five thousand feet which we calculate is the
17 top of our cement behind the five and a half inch casing.

18 Q Does this log show porosity zones in which injected
19 water might go?

20 A Yes, it does, it shows excellent porosity in the
21 P-2 zone of the San Andres and also in the Glorieta.

22 Q Where is that P-2 zone?

23 A The P-2 zone by our definition is about twenty-five
24 sixty to twenty-six thirty, an interval of about seventy feet
25 would be the P-2, possibly a little thicker than that but that

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1 is the zone of porosity.

2 Q Did you test that zone in drilling?

3 A We did take a drill stem test from that zone in
4 drilling and recovered only water, salt water.

5 Q And there are other porosity zones in this interval
6 which might take the water in addition to --

7 A The Glorieta indicates excellent porosity at three
8 thousand and fifty to about three thousand and eighty feet,
9 although we did not test this zone, although it historically
10 carries water in that area and it indicates excellent porosity.

11 Q Could you describe briefly your results of testing
12 in the Cisco zone?

13 A Yes, sir, we did take one drill stem test in the
14 Cisco zone and the hole conditions prevented us from taking
15 further drill stem tests. We were able to obtain one and
16 recovered oil and salt water. We had what we thought was a
17 significant amount of oil in the Cisco. It was about ten
18 percent of our sample. We set casing on the strength of this
19 and since that time we have perforated two rather narrow
20 intervals in the Cisco and swab tested on these individually.
21 In both cases we were able to swab from eight to ten barrels
22 per hour, total fluid, with an oil cut of some ten to twelve
23 percent. Based on this information then, we estimated then
24 that we would be faced possibly with pumping as much as four
25 hundred barrels per day of salt water from these zones in order

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1 to obtain this oil cut. It would equate to about forty
2 barrels at this level if it maintains a consistent and
3 constant rate.

4 Q Are there other areas or wells or salt water disposal
5 facilities nearby you might use?

6 A No, sir, there are none. The only other option
7 would be to truck this salt water.

8 Q Is this Cisco similar to the Bough "C" in Lea
9 County?

10 A We think that it is the Bough "C", yes. The Bough
11 "C" is in the Cisco section and we think it correlates
12 favorably at least, there may be some variance of opinion
13 among geologists but we think it equates very favorably to
14 the Bough "C" in the Vada Penn area.

15 These two particular zones in my own opinion probably
16 conform most closely to the Bough "B" and Bough "C" that we
17 have perforated in this well.

18 Q What are the producing characteristics, water-oil
19 ratios, concerned with time of production and length of time
20 produced in those Bough "C" wells in Lea County?

21 A Historically the Bough "C" in the Vada Penn very
22 often came in producing a hundred percent water and after a
23 very short period of time started showing some oil cut and
24 gradually improved from that point, sometimes not so gradually,
25 sometimes rather markedly improved to a rather high or nearly

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1 a hundred percent oil cut in some cases, many of them flowed
2 for sometime after that.

3 Q How long did this take?

4 A It varied from well to well. The cases that I know
5 of which would be a small percentage of the total, varied from
6 a few days up to thirty to even sixty days testing and with-
7 drawal of this water before the oil cut markedly improved
8 to the point of making a commercial well.

9 Q Thus it is your opinion in this well that it would
10 take a long period of extensive testing and extensive water
11 production to evaluate the commercial oil possibilities of this
12 well?

13 A We feel like it could, yes. It could take ninety
14 days to six months possibly to adequately test this zone and
15 know what we have. We have no offset data to go by in this
16 area since it is a rather rank wildcat but it does have some
17 of these same characteristics and this is our feeling that we
18 can justify it on the basis of other areas, we can justify the
19 test on that basis, assuming that we have a very good chance of
20 an improved oil cut and a commercial well.

21 Q On the basis of your evidence and opinion here, do
22 you consider that the granting of this application will prevent
23 waste and have a tendency to protect correlative rights?

24 A Yes, sir, we think that it will. Actually correlative
25 rights perhaps are no immediate problem. As of the moment

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1 perhaps physical waste is not an immediate problem but economic
 2 waste certainly would be. This is oil that probably could not
 3 be produced if we cannot find a way to produce it economically
 4 and you can equate that to physical waste then any way you see
 5 fit. It is oil that won't be produced unless it can be
 6 produced economically.

7 Q Were Exhibits One through Four prepared by you or
 8 under your direction?

9 A Yes, sir.

10 MR. STEVENS: We move the introduction of these
 11 exhibits at this time, Mr. Examiner, and we have no further
 12 questions on direct.

13 MR. STAMETS: The exhibits will be admitted.

14 (THEREUPON, Applicant Exhibits One through
 15 Four were admitted into evidence.)
 16

17 CROSS EXAMINATION

18 BY MR. STAMETS:

19 Q Mr. Layton, are you asking for approval of this
 20 injection operation on a permanent basis or a temporary basis
 21 during evaluation?

22 A We would like to ask for it on a permanent basis
 23 except that we know that this is impossible in all probability.
 24 We would accept approval on a temporary basis and I assume
 25 from this question you are referring to the imminent Federal

1 guidelines of underground injection?

2 Q Right. What period of time would you ask for, six
3 months or a year?

4 A We would like to ask for one year temporary approval.

5 Q What zone or zones does that Union well you referred
6 to produce from?

7 A It produces from the P-3 zone of the San Andres which
8 on our log we picked the top of it at about twenty-six
9 seventy-five and just their exact interval I don't know but it
10 would be in that particular zone and I think it's a rather
11 thin zone of porosity in their well and I have not seen a
12 copy of their log, this is only by conversation with their
13 people that I know this.

14 We have some indicated porosity in our well in the
15 P-3 zone but we did take a drill stem test and apparently had
16 no permeability because we recovered only a very small amount
17 of drilling mud, just what you would expect from the hydro-
18 static.

19 Q Are there any other zones which produce in the area
20 besides the San Andres and the Pennsylvanian?

21 A Not to my knowledge, not within any reasonable
22 distance. Even the Pennsylvanian, I believe, the nearest
23 Penn production is probably the Haystack, some eight to ten
24 miles distant.

25 Q So you are of the opinion that the injection of water

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1 into the San Andres, Glorieta and Yeso zones will not harm any
2 potential oil production?

3 A. I am of that opinion and the nearest production in
4 the Glorieta and Yeso I think is in Eddy County, probably some
5 fifty to sixty miles to the south of us.

6 Q. Now you spoke about a pressure of as much as five
7 hundred pounds, perhaps you were or were not aware that the
8 Commission has limited the injection pressure to two-tenths
9 of a pound per foot of depth to the top of the perforations
10 or in this case to the base of the casing, except where it
11 has been demonstrated that higher injection pressures won't
12 result in fracturing of the confining strata.

13 A. No, sir, I was not aware of that. I thought it was
14 four-tenths of a pound per foot, that's the number I had.

15 Q. Now this is a surface pressure which in this case
16 would give us something like three hundred and seventy pounds
17 surface pressure. However, these orders have provided that if
18 the applicant can show that higher pressure won't rupture the
19 confining strata the Secretary-Director can give him this
20 higher pressure. I assume that type of an order will be
21 acceptable to you?

22 A. Yes, it would.

23 Q. Do you know if there is fresh water in the area in
24 windmills?

25 A. We really don't know of any in the immediate area,

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1 no, this was something --- a problem in drilling the well,
2 incidentally, our water had to come from quite some distance
3 away.

4 Q In any event your water stays where you put it, it's
5 not going to contaminate any fresh water?

6 A That's correct.

7 MR. STAMETS: Any other questions of the witness?

8 He may be excused.

9 (THEREUPON, the witness was excused.)

10 MR. STAMETS: Anything further in this case? We will
11 take the case under advisement.

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REPORTER'S CERTIFICATE

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

Sidney F. Morrish
Sidney F. Morrish, C.S.R.

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner's hearing of Case No. 5965,
heard by me on 1977.
Richard L. Stum, Examiner
New Mexico Oil Conservation Commission



STATE OF NEW MEXICO

P. O. BOX 2088 - SANTA FE

87501

DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER

PHIL R. LUCERO

June 29, 1977



STATE GEOLOGIST
EMERY C. ARNOLD

Mr. Donald G. Stevens
Attorney at Law
Post Office Box 1797
Santa Fe, New Mexico

Re: CASE NO. 5965
ORDER NO. R-5478

Applicant:

Layton Enterprises, Inc.

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	

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. 5965
Order No. R-5478

APPLICATION OF LAYTON ENTERPRISES,
INC., FOR A DUAL COMPLETION AND SALT
WATER DISPOSAL, CHAVES COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on June 22, 1977, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 28th day of June, 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, Layton Enterprises, INC., seeks authority to complete its Elkins State Well No. 1, located in Unit N of Section 1, Township 7 South, Range 28 East, NMPM, Chaves County, New Mexico, as a dual completion in such a manner as to produce oil from the Cisco formation through tubing within the production casing and to dispose of produced salt water down the 5 1/2" x 8 5/8" production/intermediate casing annulus into the San Andres and Yeso formations through the open-hole interval from 1,861 feet to approximately 5,000 feet.

(3) That the applicant proposes to utilize said well for annular disposal of salt water for a temporary period not to exceed one year to permit production and evaluation of the Cisco zone.

(4) That said Elkins State Well No. 1 is far removed from the main producing area of Southeast New Mexico and normally available salt water disposal facilities.

(5) That the applicant will treat the injected water to prevent corrosion.

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

-2-
Case No. 5955
Order No. R-5478

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

IT IS THEREFORE ORDERED:

(1) That the applicant, Layton Enterprises, Inc., is hereby authorized to complete its Elkins State Well No. 1, located in Unit N of Section 1, Township 7 South, Range 28 East, NMPM, Chaves County, New Mexico, as a dual completion to produce oil from the Cisco formation through tubing within the production casing and to dispose of produced salt water through the 8 5/8-inch and 5 1/2-inch casing/casing annulus into the San Andres and Yeso formations through the open-hole interval from 1,861 feet to approximately 5,000 feet.

(2) That the applicant shall treat the injected water to prevent corrosion.

(3) That the well shall be equipped with a pop-off valve or in some other acceptable manner so as to limit wellhead injection pressures to no more than 400 psi.

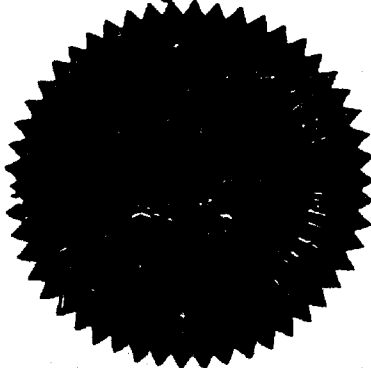
(4) That the operator shall immediately notify the supervisor of the Commission's district office at Artesia of the failure of the injection well in any manner, the leakage of water from or around said well, or any other evidence of migration of water from the injection zone, and shall take such timely steps as may be necessary or required to correct such failure or leakage.

(5) That the applicant shall promptly notify the supervisor of the Commission's district office at Artesia of the date of first injection.

(6) That this order shall expire 12 months following the date of first injection.

(7) 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

Phil R. Lucero
PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

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

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KB Elev. 4059
DF Elev. 4057
GL Elev. 4049
* Datum

CEMENT CIRCULATED TESTED
BEHIND 13 $\frac{3}{8}$ " CASING TO 500 PSI

13 $\frac{3}{8}$ " O.D., 54# WT, 11-40 GRADE, LANDED
AT 215, CMT'D. WITH 250 SX.

TOP OF CEMENT @ 770'
BEHIND 8 $\frac{5}{8}$ " CASING -
FILLED TO SURFACE WITH
RED-MIX & GRAVEL TESTED TO
2500 PSI

8 $\frac{5}{8}$ " O.D., 24# WT, V-55 GRADE, LANDED
AT 1861, CMT'D. WITH 620 SX.

FORMATION TOPS:

SAN ANDRES 1897
GLORIETTA 3051
YESO 3103
ABO 5295

TOP OF CEMENT CALCULATED @ 5000'
BEHIND 5 $\frac{1}{2}$ " CASING

OIL PRODUCTION ZONE (CISCO)
6669-6713

5 $\frac{1}{2}$ " O.D., 17# WT, V-55 GRADE, LANDED
AT 1203, CEMENTED WITH 300 SX.

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

Appl EXHIBIT NO. 2
CASE NO. 5965
Submitted by Appl.
Hearing Date 7-22-77

PBTD 7160
TD 7254

 LAYTON
ENTERPRISES, INC.
3103 - 79TH STREET • LUBBOCK, TEXAS 79423

WELL NAME & NO. ELKINS STATE No.1
FIELD WILDCAT
COUNTY CHAVES STATE NEW MEXICO
LOCATION 660' FSL 1980' FWL
SEC 1, T 1 S, R 28 E

X-2

ELKINS STATE #1

WATER ANALYSES BY UNITED CHEMICAL Co. - Hobbs, N.M.

	<u>Cisco</u>	<u>SAN ANDRES</u>
CALCIUM	13520	27,840
MAGNESIUM	2088	4224
SODIUM	46831	36,890
IRON	134	736
BICARBONATE	140	372
SULFATE	400	717
CHLORIDES	102,000	118,000
HYDROGEN SULFIDE	NIL	N.D.
P.H.	5.55	5.8
SPECIFIC GRAVITY	1.112	1.130
SCALING INDEX:		
CALCIUM CARBONATE	NEGATIVE	POSITIVE
CALCIUM SULFATE	"	"

BEFORE EXAMINER STAMETS	
OIL CONSERVATION COMMISSION	
APPL.	EXHIBIT NO. 3
CASE NO.	5965
Submitted by	APPL.
Hearing Date	7.22.77

X-3

Dockets Nos. 23-77 and 24-77 are tentatively set for hearing on July 6 and July 20, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - TUESDAY - JUNE 21, 1977

10:00 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 5960: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Corinne Grace and all other interested parties to appear and show cause why the following wells should not be shut-in until they can be operated in such a manner as to prevent injury to neighboring leases or properties, and to protect against contamination of fresh water supplies:

Humble Grace Com Well No. 1 located in Unit P of Section 2, and
Panagra Com Well No. 1 located in Unit B of Section 11, both in
Township 23 South, Range 26 East, Eddy County, New Mexico.

CASE 5961: Application of D. L. Hannifin for amendment of Order No. R-4432, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-4432 to remove the present operator of the pooled proration unit comprising the S/2 of Section 24, Township 22 South, Range 26 East, South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico, and to designate applicant as operator of said unit.

Docket No. 22-77

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 22, 1977

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

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

CASE 5962: Application of Amoco Production Company for a non-standard proration unit, unorthodox locations, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard proration unit comprising lots 9, 10, 15 and 16 and the SE/4 of Section 2, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to applicant's State "C" Tract 11 Wells Nos. 1 and 5 located at unorthodox locations in Units X and I, respectively, of said Section 2.

CASE 5963: Application of Amoco Production Company for a non-standard proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 240-acre non-standard proration unit comprising the SW/4 and W/2 SE/4 of Section 22, Township 20 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to applicant's Gilluly B Federal Lease Well Nos. 7 and 16 at unorthodox locations in Units K and L of said Section 22, respectively.

CASE 4962: (Reopened)

In the matter of Case 4962 being reopened pursuant to the provisions of Order No. R-4538 which order established temporary special pool rules for the Peterson-Pennsylvanian Associated Pool, Roosevelt County, New Mexico. All interested parties may appear and show cause why said temporary special pool rules should not be rescinded.

CASE 5964: Application of Texas Pacific Oil Company, Inc., for non-standard proration units and unorthodox gas well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for two 160-acre non-standard gas proration units comprising the NW/4 of Section 9, and the SW/4 of Section 11, dedicated respectively, to its State "A" A/c-2 Wells Nos. 63 and 62, at unorthodox locations 990 feet from the North line and 2310 feet from the West line of Section 9 and 1980 feet from the South line and 2310 feet from the West line of Section 11, all in Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico.

CASE 5965: Application of Layton Enterprises, Inc., for a dual completion and salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Elkins State Well No. 1, located in Unit N of Section 1, Township 7 South, Range 28 East, Chaves County, New Mexico, in such a manner as to produce oil from the Cisco formation thru tubing in the production casing and to dispose of produced salt water down the production/intermediate casing annulus into the San Andres and Yeso formations thru the open-hole interval from 1861 feet to approximately 5000 feet.

CASE 5966: Application of J. R. Cone for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinbry and Tubb production in the wellbore of his Eubanks Well No. 2 located in Unit L of Section 14, Township 21 South, Range 37 East, Lea County, New Mexico.



3103 - 79TH STREET • LUBBOCK, TEXAS 79423 • 806/745-4638

June 1, 1977

Mr. Joe D. Ramey
New Mexico Oil Conservation Commission
P. O. box 2088
Santa Fe, New Mexico 87501

Re: Application for Dual
Completion & Water Disposal
Elkins State No. 1
Lease No. LG 2254
Ogaves County, New Mexico

Dear Sir:

We hereby make application for permission to dually complete the above captioned well in order to dispose of produced water in non-productive zones, and we further request that this matter be placed on the June 22, 1977 docket for hearing. We request that approval be considered on the basis that it would not be economically feasible to complete this well for extended pumping tests if we must provide some other means of disposal.

The attached data sheets include a diagram of the well showing casing and cement data and the proposed procedure for disposal.

Your consideration of this matter is urgently requested.

Yours very truly,

LAYTON ENTERPRISES, INC.

Donald R. Layton
Donald R. Layton
President

REQUEST FOR DUAL COMPLETION AND WATER DISPOSAL

1. Water disposal of 200 to 400 barrels daily would be through the annulus between the 8 5/8" casing and 5 1/2" casing.
2. Disposal would be into the San Andres, Glorieta, and Yeso formations in open hole from 1861 to approximately 5000 ft.
3. Anticipated injection pressure would be less than 500 Psig.
4. Injected water will be chemically treated to control corrosion of the casing strings.
5. A valve and guage will be installed on the annulus between the 13 3/8" casing and the 8 5/8" casing to detect any leaks which may occur.
6. There are no producing wells within a two mile radius.

KB Elev. 4059
DF Elev. 4057
GL Elev. 4049
* Datum

CEMENT CIRCULATED TESTED
BEHIND 13 3/8" CASING TO 500 PSI

13 3/8" O.D., 54# WT, 11-40 GRADE, LANDED
AT 245, CMT'D. WITH 250 SX.

TOP OF CEMENT @ 770'
BEHIND 8 5/8" CASING -
FILLED TO SURFACE WITH
RED-MIX & GRAVEL TESTED TO
2500 PSI

8 5/8" O.D., 24# WT, V-55 GRADE, LANDED
AT 1861, CMT'D. WITH 620 SX.

FORMATION TOPS:

DAN ANDRES 1897
GLORIETTA 3051
YESO 3103
ABO 5295

TOP OF CEMENT CALCULATED @ 5000'
BEHIND 5 1/2" CASING

OIL PRODUCTION ZONE (CISCO)
6669-6713

5 1/2" O.D., 17# WT, V-55 GRADE, LANDED
AT 7203, CEMENTED WITH 300 SX.



WELL NAME & NO. ELKINS STATE No. 1
FIELD WILDCAT
COUNTY CHAVES STATE NEW MEXICO
LOCATION 660' FSL 1980' FWL
SEC 1, T 7 S, R 28 E

PBTD 7160
TD 7254

Application of Rayton Enterprises, Inc.,
for a dual completion ^{and} salt water
disposal, Chaves County, New Mexico.

JD Applicant, in the above styled cause,
seeks authority to dually complete its
Elkins State Well No 1, located in Unit A
of Section 1, Township 7 South, Range 28 East,
Chaves County, New Mexico, in such a
manner as to produce oil from the
Circ formation and to dispose of pro-
duced salt water down the production/
intermediate casing annulus into the
~~open~~ San Andres and ~~open~~ formations
therein thru the open-hole interval
from 1861 feet to approximately
5000 feet.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING

CALLER BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

DR
Don *JS*
CASE NO. 5965
Order No. R-5478

APPLICATION OF LAYTON ENTERPRISES,
INC. FOR A DUAL COMPLETION AND SALT
WATER DISPOSAL, CHAVES COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on June 22, 1977, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this _____ day of _____, 1977, the Commission, a quorum being present, having ~~examined~~ 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, Layton Enterprises, Inc., seeks authority to complete its Elkins State Well No. 1, located in Unit N of Section 1, Township 7 South, Range 28 East, NMPM, Chaves County, New Mexico, as a dual completion ~~through the~~ in such a manner as to produce oil from the Cisco formation ~~through~~ tubing ^{within} in the production casing and to dispose of produced salt water down the production/intermediate casing annulus into the San Andres and Yeso formations ~~through~~ ^{through} the open-hole interval from 1,861 feet to approximately 5,000 feet.

(3) That the applicant proposes to utilize ~~the~~ said well for annular disposal of saltwater for a temporary period not to exceed one year to permit production and evaluation of the Cisco zone.

(4) That said Elkins State Well No. 1 is far removed from the main producing area of Southeast New Mexico and ~~is~~ ^{available} salt water disposal facilities.

(5) That the applicant will treat the injected water to prevent corrosion.

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

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

IT IS THEREFORE ORDERED:

(1) That the applicant, Layton Enterprises, Inc., is hereby authorized to complete its Elkins State Well No. 1, located in Unit N of Section 1, Township 7 South, Range 28 East, NMPM, Chaves County, New Mexico, as a dual completion ~~to produce oil from the Cisco formation through tubing in the production casing and to dispose of produced salt water down the production/intermediate casing annulus into the San Andres and Yeso formations through the open-hole interval from 1,861 feet to approximately 5,000 feet.~~

The 8 5/8 inch and 5 1/2 inch casing/casing

within the
through the

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

~~PROVIDED FURTHER, that the applicant shall take _____ tests upon completion and annually thereafter during the Annual _____ Test Period for the _____ Pool.~~

~~(2) 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.~~

(2) That the applicant shall treat the injected water to prevent corrosion.

(3) That the well shall be equipped with a pop-off valve or in some other acceptable manner so as to limit wellhead injection pressures to no more than 400 psi.

(4) That the operator shall ~~report~~ immediately notify the supervisor of the Commission's district office at Artesia of the failure of the ~~or~~ injection well in any manner, ~~the~~ leakage of water from ~~the~~ or around ~~the~~ said well, or any other evidence of migration from the injection zone, and shall take such timely steps as may be necessary or required to correct such failure or leakage.

of water

~~(5) That~~ (5) That the applicant shall ^{promptly} notify the supervisor of the Commission's district office at Artesia of the date of first injection.

(6) That this order shall ~~expire~~ expire 12 months following the date of first injection.

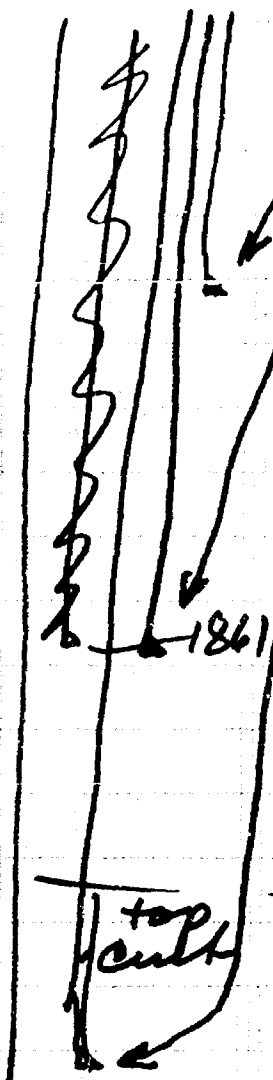
(7) Jurisdiction

Don Layton

pumping camp in Cisco
near Elkins

only have
shut tests
possibly
2-300 BWPD

Drill into SA in same well



13 $\frac{3}{8}$ "-inch 260 cut cire

8 $\frac{5}{8}$ "-inch $\frac{1850}{1861}$ top SA top cut mo'

5 $\frac{1}{2}$ "-inch 7240 top cut calc 5000

top SA

5000

(806)
745-4638
m. l. l. k.

Layton Enterprises Inc Don Layton

Elkins State No 1 location

660 FSL 1980 FW

Sec 1 Township 7 South Range 28 East
Chever Co.

Open hole int from 1861 to approx
5000' SA filter ymo

to produce oil from Cisco perfs
6669-6713 thru 5 $\frac{1}{2}$ seg

CASE 5966: J. R. CONE FOR DOWNHOLE
COMMINGLING, LEA COUNTY, NEW MEXICO

Case Number
5966

Application

Transcripts.

Small Exhibits

ETC.

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
June 22, 1977

EXAMINER HEARING

IN THE MATTER OF:)
)
Application of J. R. Cone for downhole) CASE
commingling, Lea County, New Mexico.) 5966
)

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission:	Lynn Teschendorf, Esq. Legal Counsel for the Commission State Land Office Building Santa Fe, New Mexico
For the Applicant:	W. Thomas Kellahin, Esq. KELLAHIN & FOX Attorneys at Law 500 Don Gaspar Santa Fe, New Mexico

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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

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3	<u>L. O. STORM</u>	
4	Direct Examination by Mr. Kellahin	3
5	Cross Examination by Mr. Stamets	9
6	Cross Examination by Mr. Benischek	12

EXHIBIT INDEX

	<u>Offered</u>	<u>Admitted</u>
12 Applicant Exhibit One, Plat	4	8
13 Applicant Exhibit Two, Schematic	4	8
14 Applicant Exhibit Three, Form C-116	6	8

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1 MR. STAMETS: We will call next Case 5966.

2 MS. TESCHENDORF: Case 5966, application of J. R.
3 Cone for downhole commingling, Lea County, New Mexico.

4 MR. KELLAHIN: Tom Kellahin, Kellahin and Fox, Santa Fe
5 New Mexico appearing on behalf of the applicant and I have one
6 witness to be sworn.

7 (THEREUPON, the witness was duly sworn.)

8
9 L. O. STORM

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

12
13 DIRECT EXAMINATION

14 BY MR. KELLAHIN:

15 Q Would you please state your name, by whom you are
16 employed and in what capacity?

17 A L. O. Storm, employed by J. R. Cone as an engineer.

18 Q Mr. Storm have you previously testified before this
19 Commission and had your qualifications as an expert witness
20 accepted and made a matter of record?

21 A I have and they have been accepted.

22 MR. KELLAHIN: Are the witness' qualifications
23 acceptable?

24 MR. STAMETS: Yes.

25 Q (Mr. Kellahin continuing.) Would you please refer

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1 to what has been marked as Applicant Exhibit Number One,
2 identify it and state what the applicant is seeking?

3 A. Number One is a reproduction of the area Drinkard-
4 Blinebry-Tubb, et cetera oil field in the vicinity of Eunice.
5 Outlined in red is the J. R. Cone Eubanks lease comprising
6 approximately a hundred and sixty acres in Section 14, the
7 southwest quarter of that section, Township 21 South, Range
8 37 East.

9 Q. When was this well completed, Mr. Storm?

10 A. Initially it was completed in the Drinkard Pool in
11 May of 1949. We are referring to Eubanks Well No. 2.

12 Q. Right. And was it ever recompleted?

13 A. It was recompleted in May of 1952 as a Tubb gas over
14 Drinkard dual utilizing one tubing string.

15 Q. What is the current status of the well?

16 A. Well, subsequently it was recompleted as a parallel
17 tubing strings dual in 1964, Blinebry oil over Tubb gas.

18 Q. Do you have that New Mexico Oil Conservation
19 Commission order number?

20 A. Yes, that last recompletion was under MC-1449.

21 Q. Okay.

22 A. That's the current status of the well.

23 Q. Would you please refer to what has been marked as
24 Exhibit Number Two and identify it?

25 A. Exhibit Number Two is a schematic sketch of the down-

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1 hole mechanical arrangement of the well, showing the various
 2 packers and the two tubing strings that are in the well.

3 You will note that the Drinkard formation has been
 4 removed from the picture by means of plugging the original
 5 Model D retainer and capping the same with cement and frac
 6 sand. There is a dual production retainer in the well at this
 7 time at a depth of six thousand six feet which is set below
 8 the Blinebry perforations and above the Tubb and it's the
 9 primary separation tool between the two pay zones.

10 Q What are the reasons behind Mr. Cone's request for
 11 downhole commingling?

12 A We have evidence of failure, meaning downhole leakage
 13 in the long or Tubb tubing string permitting entry of the
 14 Blinebry liquids and gas into that tubing string.

15 Q Do you have any indication of at what depth the leak
 16 appears?

17 A No, we haven't run tests on that. I would mention
 18 that we have had in the past one other failure in the well of
 19 that same tubing string and that was in May of 1969, five years,
 20 approximately, after the initial Blinebry-Tubb dual, we found
 21 a leak in the Tubb tubing string at a depth of fifty-two
 22 hundred and thirty feet. All of the tubing was pulled, any
 23 that appeared to be corroded or bad was replaced and the well
 24 was recompleted in a sanitary condition at that time. If
 25 the depth of that leak means anything, I think that we could

1 assume there is a leak in the Tubb string on the order of
2 something below five thousand feet at this point in time.

3 Q Please refer to Exhibit Number Three and identify
4 it?

5 A Exhibit Number Three is a Commission Form C-116
6 which presents gas-liquid tests in the Blinebry and the Tubb
7 zones, the last ones that appeared to be before there was
8 any downhole failure, an exception to that being the last
9 test listed under the Tubb which was a short test found after
10 the leakage and to determine what sort of liquid rate we were
11 obtaining from the well as opposed to liquid rate before
12 failure of the tubing.

13 Q Mr. Storm, do you have a recommendation to the
14 Examiner on how to allocate the production between the
15 commingled zones?

16 A If our application were approved I made a recommenda-
17 tion in my application that the Blinebry zone be assigned
18 seventy-one percent of the liquids of the oil produced and
19 fifty-eight percent of the gas. This would be of the gross
20 oil and gas produced from the well. That the Tubb oil and
21 gas zone be assigned twenty-nine percent of the oil and
22 forty-two percent of the gas. Those numbers were derived
23 utilizing the Blinebry oil test under date of October 21,
24 1971 wherein twelve barrels of oil and three hundred and
25 eighty-two MCF of gas were obtained from the Blinebry and

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1 the Tubb zone test under date of June 21, 1976 where we obtained
2 five barrels of oil and two hundred and eighty MCF of gas.

3 Q Is the ownership between the Blinebry and Tubb
4 formations the same?

5 A As to the hydrocarbons the ownership is common
6 in all of the pays.

7 Q Should your application for commingling not be
8 approved what would be the result with regards to this well?

9 A Well, with a leakage known to exist I presume the
10 Commission would want that corrected. This will involve the
11 expenditure of a number of thousands of dollars and there is
12 difficulty in obtaining the type of tubing we have in the
13 well which is two and a sixteenth interval drilling tubing.
14 I would mention that of the four wells on the lease we have
15 downhole commingling authorized under various orders of
16 the Commission in Wells 1 and 3 and they are completed
17 mechanically essentially the same as Well No. 2 is
18 completed.

19 We feel that the authorization of a downhole
20 commingling is certainly in a monetary sense a conservation.
21 We have had no evidence of difficulty in the other wells from
22 any problems caused by the downhole commingling.

23 Q If the application is approved how will you
24 mechanically commingle the two zones?

25 A Of course, in addition to the present leak that

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1 appears to be present we probably would open the separation
2 sleeve in the long tubing string which is above the Model D
3 retainer to permit better entry of Blinebry oil and gas into
4 the Tubb tubing string. All production probably would be
5 taken from the Tubb tubing string down to the Blinebry.

6 We did run a short test with the oral approval of
7 the Commission in Hobbs on the Blinebry on July 22nd, 1976 in
8 which we obtained no liquids to the surface of the Blinebry
9 tubing string and only forty-six MCF of gas.

10 Q In your opinion, Mr. Storm, will damage occur to
11 either formation in the event the application is approved?

12 A I would anticipate none.

13 Q In your opinion will the approval of the application
14 be in the best interest of conservation, prevention of waste
15 and the protection of correlative rights?

16 A Yes, sir.

17 Q Were Exhibits One through Three prepared by you
18 directly or under your direction and supervision?

19 A The entire application was prepared by me.

20 MR. KELLAHIN: We move the introduction of Exhibits
21 One, Two and Three.

22 MR. STAMETS: These exhibits will be admitted.

23 (THEREUPON, Applicant Exhibits One through
24 Three were admitted into evidence.)

25 MR. KELLAHIN: That concludes our direct examination.

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Storm, am I correct in assuming that the Blinebry has been shut in since 1971?

A It was shut in under Commission order on January 1, 1972 at which time the Blinebry zone had been reclassified from oil to gas under the regulations as they then existed of the Blinebry Pool. It has been produced only for this one short test.

Q And the acreage has, I presume, been dedicated to another Blinebry gas well?

A Forty acres that had been dedicated to the Blinebry zone in Well No. 2 were added to the forty acres dedicated to Well No. 3 immediately to the east making an eighty acre nonstandard Blinebry gas unit.

Q Okay, then, what would you do now take that forty acres out of that dedication?

A We can. It is somewhat academic in that neither well will produce the allowable for forty acres. If the Commission would so desire we can remove the forty acres of the Blinebry from the eighty acre unit and leave Well No. 3 with forty acres assigned to it.

Q Okay, I believe we can probably work this out through our district office in Hobbs subsequent to any order.

You indicated that Wells No. 1 and 3 on the same

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1 lease had downhole commingling authority, is that for the
2 same two zones?

3 A. Only in respect to the Blinebry.

4 Q. What zones?

5 A. The 1 and 3 are dualled in the Drinkard and the
6 Blinebry. Well No. 4 is commingled downhole in the Drinkard
7 and the Blinebry. We had undertaken to open the Abo in that
8 well and we lost it, cemented the Abo off and completed the
9 well in the stipulation of Order R-5064. No. 4 is produced with
10 a single string of two and three-eighths upset tubing from
11 the Blinebry and the Drinkard.

12 Q. On your last GOR test, 3-22-77, the oil production
13 looks pretty close to a simple addition of the final Blinebry
14 potential and the Tubb potential but the gas has dropped off
15 considerably, do you have an explanation for that?

16 A. I can only guess. If the hole or leakage point is
17 high enough in the Tubb tubing string that we have a liquid
18 column accumulated down there and is depressing entry of
19 your gas and, therefore, reducing evident casing pressure on
20 top of the ground on the Blinebry side.

21 Q. So you are basing your entire percentages then on
22 the factors that existed before this hole in the tubing?

23 A. Correct. I might mention to the Commission that
24 if you examine the pressure data that is reported in the
25 packer leakage tests over the years on the well, from the time

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1 the well was dualled in the Tubb and the Blinebry, the original
2 pressure in the Tubb in March of '64 was fourteen hundred
3 pounds to the top of the ground with a pressure recorder. The
4 last reading on which I would rely was August of '75 when we
5 had four hundred and ninety pounds remaining in the Tubb. The
6 Blinebry in March of 1964 was six hundred and fifty-five
7 pounds of pressure and in August of 1975, eight hundred and
8 sixty.

9 Q I presume this well is on the pump?

10 A No, it flowed. The Tubb gas is delivered to El Paso
11 Natural.

12 Q Is there any opportunity for cross flow between
13 the zones because of these bottom-hole pressures?

14 A If we can get that liquid to the top of the ground,
15 I would think not. I think the Blinebry side of the well
16 was always weak and was produced on a time-cycle control.

17 Q So even though it has a higher pressure you
18 expect that to bleed off quickly?

19 A I think we can relieve that by opening that sleeve
20 and getting the liquids and the gas to the top of the ground
21 and then the pressures should be essentially equalized on the
22 bottom.

23 Q What you are hoping to avoid, I would understand
24 from your testimony, is economic waste in repairing the dual
25 completions?

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1 A. True and we have undertaken work in two duals, one
 2 of them being the Eubanks No. 4 Well and another one on a lease
 3 about a mile west of us and we have been successful in causing
 4 damage to the well. The pressures are so far depleted that we
 5 have literally written off two wells and I would be frightened
 6 if I had to undertake repair of this thing. I don't think I
 7 would get back what I started with.

8 Q. What you are proposing should result in additional
 9 recovery from both of these zones?

10 A. Yes, that's my opinion in the matter.

11 Q. Thereby preventing waste?

12 A. Yes.

13 MR. STAMETS: Any other questions of the witness?

14 Mr. Benischeck.

15 MR. BENISCHEK: May I ask a question? I hold a
 16 mineral interest in that section. May I ask the witness two
 17 questions?

18 MR. STAMETS: Certainly.

19

20 CROSS EXAMINATION

21 BY MR. BENISCHEK:

22 Q. Are there a large number of wells commingled in that
 23 section, you mentioned that there were several on that lease?

24 I have an interest in that section, not under that lease.

25 A. I don't have the data in front of me to answer the

1 question. I did have it in our last application and I think
2 the answer is, yes. As to which zones, if you develop an
3 area, say two or three or four miles radius around the lease,
4 I think you can include everything from the top of the Clear
5 Fork down through the Abo.

6 Q Okay, these are oil wells and they are all forty
7 acres per well, I think I heard you say?

8 A. That's right.

9 MR. BENISCHEK: Okay, that's all I have.

10 MR. STAMETS: Anything else? The witness may be
11 excused.

12 (THEREUPON, the witness was excused.)


13 MR. STAMETS: If there is nothing further we will
14 take the case under advisement.

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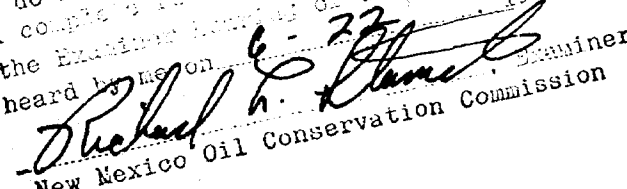
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REPORTER'S CERTIFICATE

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


Sidney F. Morrish, C.S.R.

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I do hereby certify that the foregoing is
a complete and correct report of the proceedings in
the Examiner's Journal of Case No. 5766 in
heard by me on 6-23-77 1977

New Mexico Oil Conservation Commission Examiner

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. 5966
Order No. R-5481

APPLICATION OF J. R. CONE FOR
DOWNHOLE COMMINGLING, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 22, 1977, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 28th day of June, 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, J. R. Cone, is the owner and operator of the Eubanks Well No. 2, located in Unit L of Section 14, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.
- (3) That the applicant seeks authority to commingle Blinebry and Tubb production within the wellbore of the above-described well.
- (4) That from the Blinebry zone, the subject well is capable of low rates of production only.
- (5) That from the Tubb zone, the subject well is capable of low rates of production only.
- (6) That Commission Administrative Order No. MC-1449, which previously authorized the dual completion of said well, should be superseded.
- (7) 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.

-2-

Case No. 5966
Order No. R-5481

(8) 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.

(9) 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 Hobbs district office of the Commission any time the subject well is shut-in for 7 consecutive days.

(10) That in order to allocate the commingled production to each of the commingled zones in the subject well, 71 percent and 58 percent of the commingled oil and gas production, respectively, should be allocated to the Blinebry zone, and the remainder to the Tubb zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, J. R. Cone, is hereby authorized to commingle Blinebry and Tubb production within the wellbore of the Eubanks Well No. 2 located in Unit L of Section 14, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

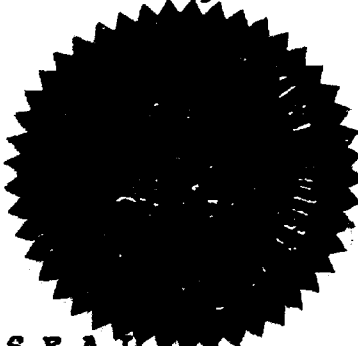
(2) That 71 percent and 58 percent of the commingled oil and gas production, respectively, shall be allocated to the Blinebry zone and the remainder shall be allocated to the Tubb zone.

(3) That the operator of the subject well shall immediately notify the Commission's Hobbs 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 Commission Administrative Order No. MC-1449 is hereby superseded.

(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.



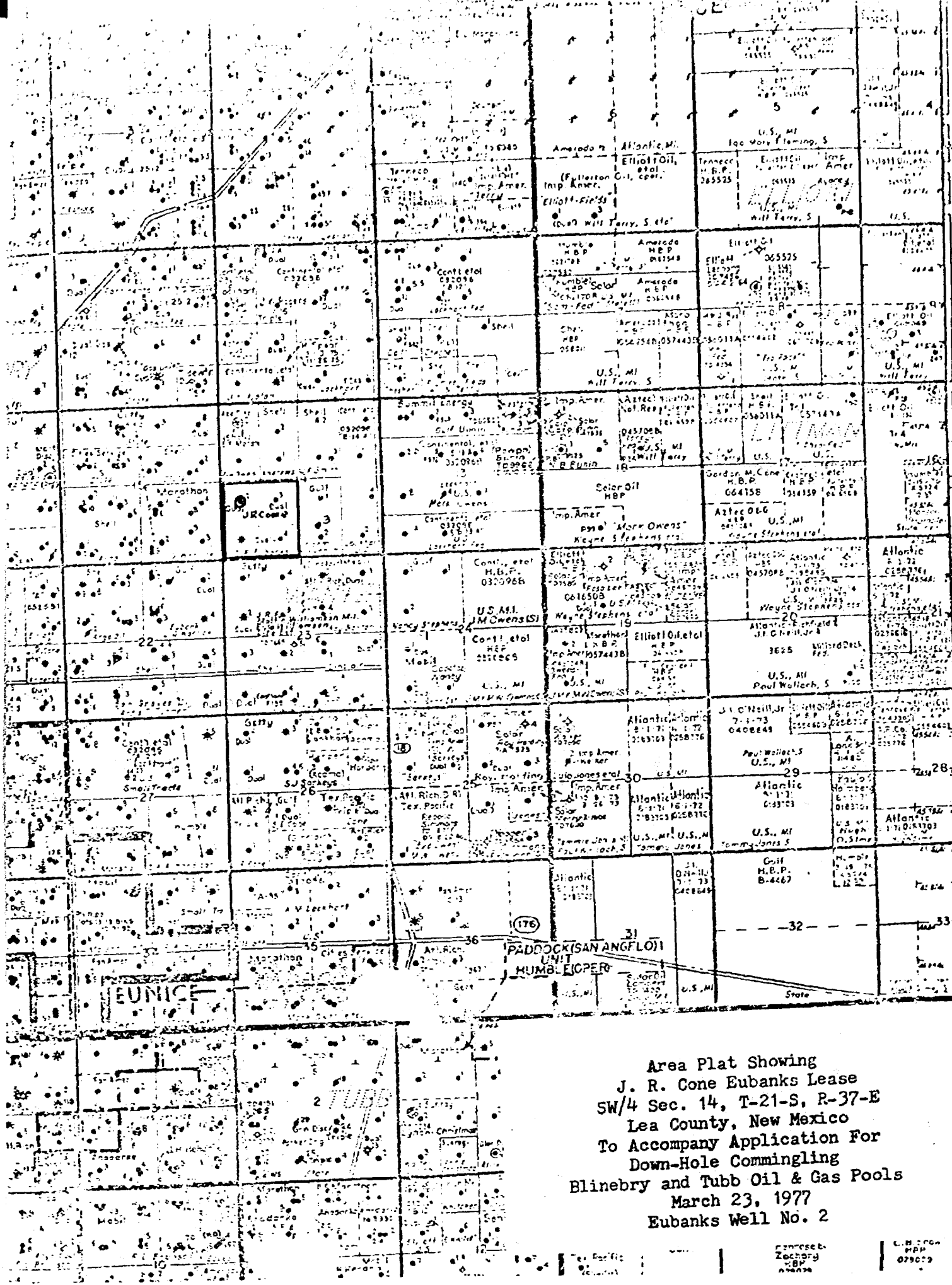
S E A L
jr/

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

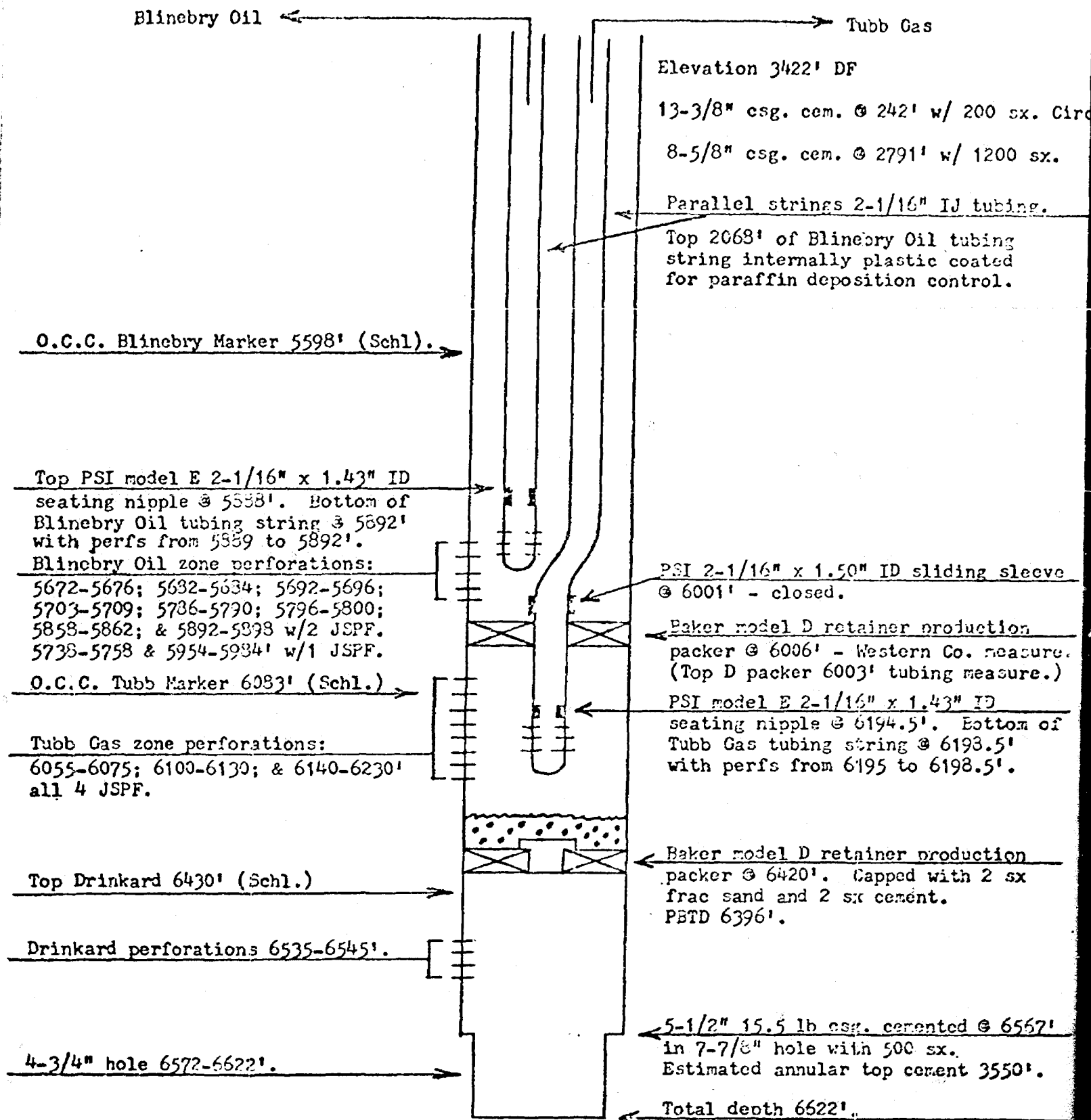


Area Plat Showing
 J. R. Cone Eubanks Lease
 SW/4 Sec. 14, T-21-S, R-37-E
 Lea County, New Mexico
 To Accompany Application For
 Down-Hole Commingling
 Blinebry and Tubb Oil & Gas Pools
 March 23, 1977
 Eubanks Well No. 2

BEFORE EXAMINER STATES
 OIL CONSERVATION COMMISSION
 JRCone EXHIBIT NO. 1
 CASE NO. 5966
 Submitted by _____
 Hearing Date _____

J. R. CONE Buried Well No. 2
Unit L, Section 14, T-21-S, R-37-E
Lea County, New Mexico

Diagrammatic Sketch of Down-hole Dual Completion Arrangement
Blinebry Oil and Tubb Gas Pools



To accompany DHC application March 23, 1977.

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION
JRCm EXHIBIT NO. 2
CASE NO. 5966
Submitted by _____
Hearing Date _____

MC1449

NEW MEXICO OIL CONSERVATION COMMISSION
GAS-OIL RATIO TESTS

Oil
Revised 1-1-65

Operator		Pool		County		Lea										
J. R. CONE		Blinberry and Tubb Oil & Gas Pools														
Address		Box 871, Lubbock, Texas 79408														
LEASE NAME	WELL NO.	LOCATION				DATE OF TEST	TYPE OF TEST - (X)	CHOKE SIZE	TEG. PRESS.	DAILY ALLOW. ACRES	LENGTH OF TEST HOURS	PROD. DURING TEST				GAS - OIL RATIO CU. FT./BBL.
		U	S	T	R							WATER BBL'S	GRAV. OIL	OIL BBL'S	GAS M.C.F.	
Eubanks	2 - L 14 21S 37E Blinberry Oil Pool: Zone shut in January 1, 1972 upon reclassification to gas well. Zone opened for test only: Tubb Oil & Gas:					10/21/71	F	40/64	70	11	24	Tr	38	12	382.0	31,000
						7/22/76	F	32/64	40	None	24	-0-	-	-0-	46.0	-
						6/21/76	F	1"	100	-	24	Tr	46°	5	280.0	56,000
						11/26/76	F	1"	100	-	24	Tr	46°	5	312.0	62,400
						3/22/77	F	1"	105	-	24	Tr	40°	19	347.0	18,260

BEFORE EXAMINER STARTS
OIL CONSERVATION COMMISSION
JRCone
5966
3

No well will be assigned an allowable greater than the amount of oil produced on the official test.

During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowable when authorized by the Commission.

Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60° F. Specific gravity base will be 0.55.

Report casing pressure in lieu of tubing pressure for any well producing through casing.

Well entered and one copy of this report to the district office of the New Mexico Oil Conservation Commission in accordance with Rule 301 and applicable pool rules.

To Accompany Application For
Down-Hole Correlating
Blinberry and Tubb Oil & Gas Pools
J. R. Cone Eubanks Well No. 2
March 23, 1977

I hereby certify that the above information is true and complete to the best of my knowledge and belief.

Engineer

(Title)

L. O. Storn
- L. O. Storn

Dockets Nos. 23-77 and 24-77 are tentatively set for hearing on July 6 and July 20, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - TUESDAY - JUNE 21, 1977

10:00 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 5960: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Corinne Grace and all other interested parties to appear and show cause why the following wells should not be shut-in until they can be operated in such a manner as to prevent injury to neighboring leases or properties, and to protect against contamination of fresh water supplies:

Humble Grace Com Well No. 1 located in Unit P of Section 2, and
Panagra Com Well No. 1 located in Unit B of Section 11, both in
Township 23 South, Range 26 East, Eddy County, New Mexico.

CASE 5961: Application of D. L. Hamifin for amendment of Order No. R-4432, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-4432 to remove the present operator of the pooled proration unit comprising the S/2 of Section 24, Township 22 South, Range 26 East, South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico, and to designate applicant as operator of said unit.

Docket No. 22-77

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 22, 1977

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

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

CASE 5962: Application of Amoco Production Company for a non-standard proration unit, unorthodox locations, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard proration unit comprising Lots 9, 10, 15 and 16 and the SE/4 of Section 2, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to applicant's State "C" Tract 11 Wells Nos. 1 and 5 located at unorthodox locations in Units X and I, respectively, of said Section 2.

CASE 5963: Application of Amoco Production Company for a non-standard proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 240-acre non-standard proration unit comprising the SW/4 and W/2 SE/4 of Section 22, Township 20 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to applicant's Gilluly B Federal Lease Well Nos. 7 and 16 at unorthodox locations in Units K and M of said Section 22, respectively.

CASE 4962: (Reopened)

In the matter of Case 4962 being reopened pursuant to the provisions of Order No. R-4538 which order established temporary special pool rules for the Peterson-Pennsylvanian Associated Pool, Roosevelt County, New Mexico. All interested parties may appear and show cause why said temporary special pool rules should not be rescinded.

CASE 5964: Application of Texas Pacific Oil Company, Inc., for non-standard proration units and unorthodox gas well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for two 160-acre non-standard gas proration units comprising the NW/4 of Section 9, and the SW/4 of Section 11, dedicated respectively, to its State "A" A/c-2 Wells Nos. 63 and 62, at unorthodox locations 990 feet from the North line and 2310 feet from the West line of Section 9 and 1930 feet from the South line and 2310 feet from the West line of Section 11, all in Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico.

CASE 5965: Application of Layton Enterprises, Inc., for a dual completion and salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Elkins State Well No. 1, located in Unit N of Section 1, Township 7 South, Range 28 East, Chaves County, New Mexico, in such a manner as to produce oil from the Cisco formation thru tubing in the production casing and to dispose of produced salt water down the production/intermediate casing annulus into the San Andres and Yeso formations thru the open-hole interval from 1861 feet to approximately 5000 feet.

CASE 5966: Application of J. R. Cone for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinbry and Tubb production in the wellbore of his Eubanks Well No. 2 located in Unit L of Section 14, Township 21 South, Range 37 East, Lea County, New Mexico.

RESIDENCE PHONE
SHERWOOD 4-8173

Case 5266
OFFICE PHONE
PORTER 3-8211

J. R. CONE
1423 NORTH AVENUE P
P. O. BOX 871
LUBBOCK, TEXAS 79408

May 24, 1977

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

Attention: Mr. C. G. Ulvog

Re: Application for downhole commingling, Eubanks Well No. 2,
Unit L, Section 14, T-21-S, R-37-E, Lea County, NM,
Blinebry Oil & Gas Pool and Tubb Gas Pool.

Dear Mr. Ulvog:

Reference is made to the above application which was filed with
the Commission under date of March 23, 1977, and wherein
administrative approval had been requested.

This will confirm our recent telephone request that our
application be placed on the June 22, 1977 Examiner Hearing
Docket in light of your advice that the application can not
be handled administratively under current Commission rules.

Thank you for your assistance in this matter.

Yours very truly,

J. R. CONE



By: L. O. Storm

RESIDENCE PHONE
SHERWOOD 4-8173

J. R. CONE
1423 NORTH AVENUE P
P. O. BOX 871
LUBBOCK, TEXAS 79408

March 23, 1977

Case 5966

OFFICE PHONE
PORTER 3-8211
806-763-7211

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

Attention: Mr. Joe D. Ramey, Secretary-Director

Re: Application for Administrative Approval, Down-Hole Commingling,
J. R. Cone Eubanks Well No. 2, Blinebry and Tubb Oil & Gas Pools,
Unit L, Section 14, T-21-S, R-37-E, Lea County, New Mexico.

Dear Mr. Ramey:

J. R. Cone herewith makes application for administrative approval of
down-hole commingling in his Eubanks Well No. 2 described above.

The following attachments are appended in support of this application:

1. Area plat showing location of subject well and lease;
2. Sketch of the down-hole mechanical arrangement in Eubanks No. 2;
3. NMOCC Form C-116 which lists the most recent well test data of the Blinebry and Tubb Oil & Gas zones;
4. A list of all offset operators to the Eubanks lease each of whom has been furnished a copy of this application.

Eubanks No. 2 was completed initially in the Drinkard Pool in May 1949. In May 1952 the well was recompleted as a Tubb Gas over Drinkard dual. Lastly, the well was recompleted as a parallel tubing strings Blinebry Oil over Tubb Gas dual in March 1964 under NMOCC Order No. MC-1449.

Effective January 1, 1972 the Blinebry zone was reclassified as a gas well because of excessive gas-oil ratio and shut in. Also effective the same date, the 40 acres formerly dedicated to the Blinebry Oil zone were dedicated to an 80-acre non-standard proration unit established for Blinebry gas production from the east-offsetting Eubanks Well No. 3. The Blinebry zone in Well No. 2 has remained shut in since January 1, 1972 except for the test reported on the attached C-116.

A recent abbreviated packer leakage test, in which only the Tubb zone was produced following a 24-hour shut-in, indicated leakage in the Tubb or long tubing string above the dual production retainer.

Bottom hole pressures have not been run on Well No. 2 because of the down-hole leakage evidence.

Page 2: J. R. Cone down-hole commingling application, Eubanks No. 2:

No incompatibility problems are anticipated from the proposed down-hole commingling based on experience with the other three wells on the Eubanks lease. In those wells, the Blinebry and Drinkard zones are commingled down-hole under the following authorities:

- Well No. 1 - Administrative Order No. DHC-117, dated July 13, 1972.
- Well No. 3 - Order No. R-5169, dated February 24, 1976.
- Well No. 4 - Order No. R-5064, dated July 22, 1975.

The tests listed on the attached C-116 indicate the marginal character of both the Blinebry and Tubb Oil & Gas zones in Well No. 2. Should this application be approved, it is recommended that the commingled oil and gas production be allocated to the respective zones on the basis of those tests as follows:

Blinebry Oil & Gas: Oil 71 percent; gas 58 percent.
Tubb Oil & Gas: Oil 29 percent; gas 42 percent.

We shall appreciate your favorable consideration of this application.

Respectfully submitted,

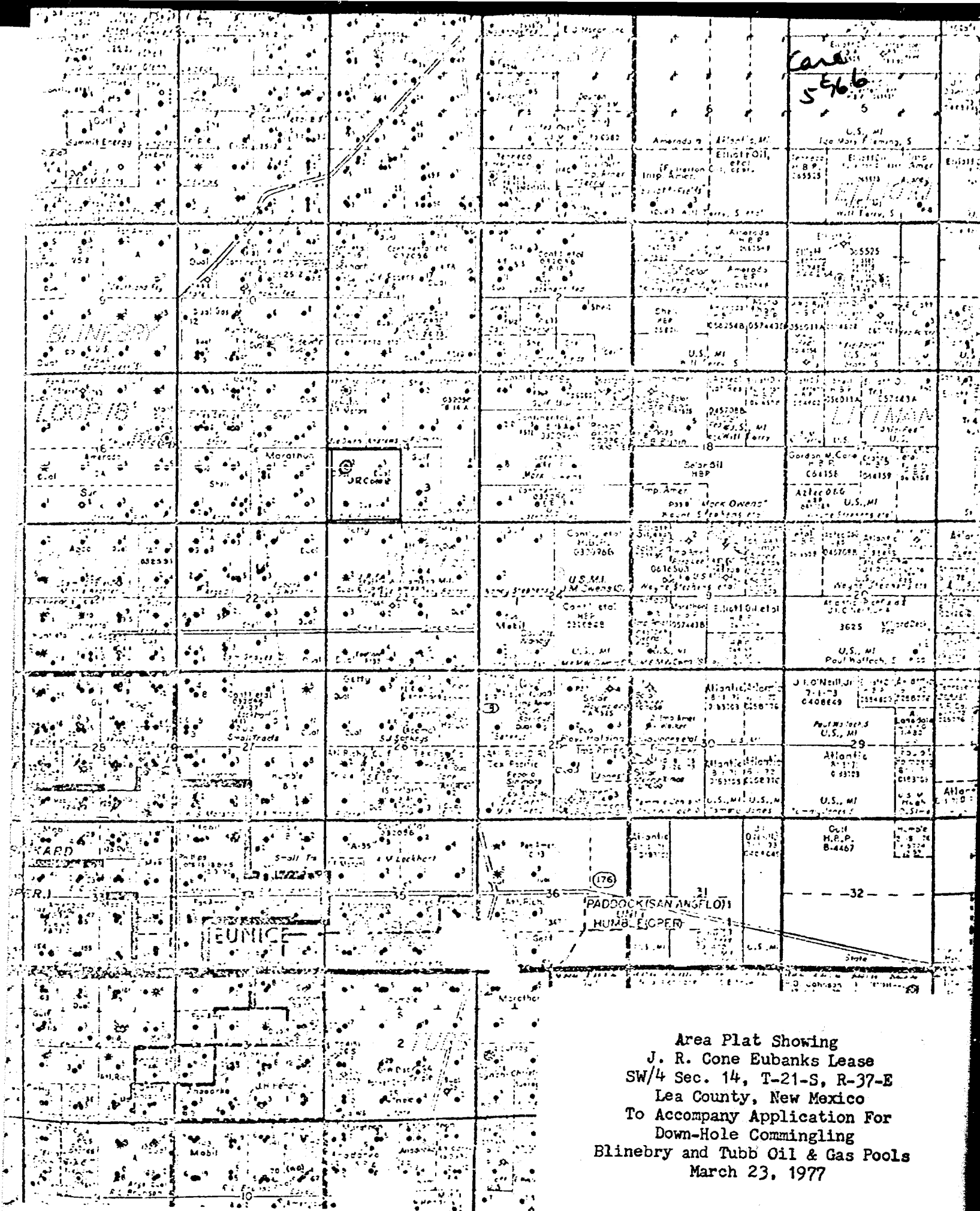
J. R. CONE

By

Jo Starn
Sec

Attachments (4)

GOR - Bl - [50,000 EOR for gas] ∴ Bl is oil
Tubb - [over 45° gr for gas] ∴ Tubb is gas



Area Plat Showing
 J. R. Cone Eubanks Lease
 SW/4 Sec. 14, T-21-S, R-37-E
 Lea County, New Mexico
 To Accompany Application For
 Down-Hole Commingling
 Blinebry and Tubb Oil & Gas Pools
 March 23, 1977

NEW MEXICO OIL CONSERVATION COMMISSION
GAS-OIL RATIO TESTS

C-116
Revised 1-1-65

Case 9966

Operator J. R. CONE		Pool Blinebry and Tubb Oil & Gas Pools				County Lea										
Address Box 871, Lubbock, Texas 79408						TYPE OF TEST - (X)		Scheduled <input type="checkbox"/>		Completion <input type="checkbox"/>		Special <input type="checkbox"/>				
LEASE NAME	WELL NO.	LOCATION				DATE OF TEST	STATUS	CHOKE SIZE	T.B.G. PRESS.	DAILY ALLOWABLE	LENGTH OF TEST HOURS	PROD. DURING TEST				GAS - OIL RATIO CU.FT./BBL
		U	S	T	R							WATER BBL'S.	GRAV. OIL	OIL BBL'S.	GAS M.C.F.	
Eubanks	2 -	L	14	21S	37E											
	Blinebry Oil Pool:					10/21/71	F	40/64	70	11	24	Tr	38	12	382.0	31,833
	Zone shut in January 1, 1972 upon reclassification to gas well.															
	Zone opened for test only:					7/22/76	F	32/64	40	None	24	-0-	-	-0-	46.0	-
	Tubb Oil & Gas:					6/21/76	F	1"	100	-	24	Tr	46°	5	280.0	56,000
						11/26/76	F	1"	100	-	24	Tr	46°	5	312.0	62,400
						3/22/77	F	1"	105	-	24	Tr	40°	19	347.0	18,263

To Accompany Application For
Down-Hole Commingling
Blinebry and Tubb Oil & Gas Pools
J. R. Cone Eubanks Well No. 2
March 23, 1977

No well will be assigned an allowable greater than the amount of oil produced on the official test.

During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Commission.

Gas volumes must be reported in MCF measured at a pressure base of 15,025 psia and a temperature of 60° F. Specific gravity base will be 0.60.

Report casing pressure in lieu of tubing pressure for any well producing through casing.

Mail original and one copy of this report to the district office of the New Mexico Oil Conservation Commission in accordance with Rule 301 and appropriate pool rules.

I hereby certify that the above information is true and complete to the best of my knowledge and belief.

L. O. Storm - L. O. Storm
(Signature)

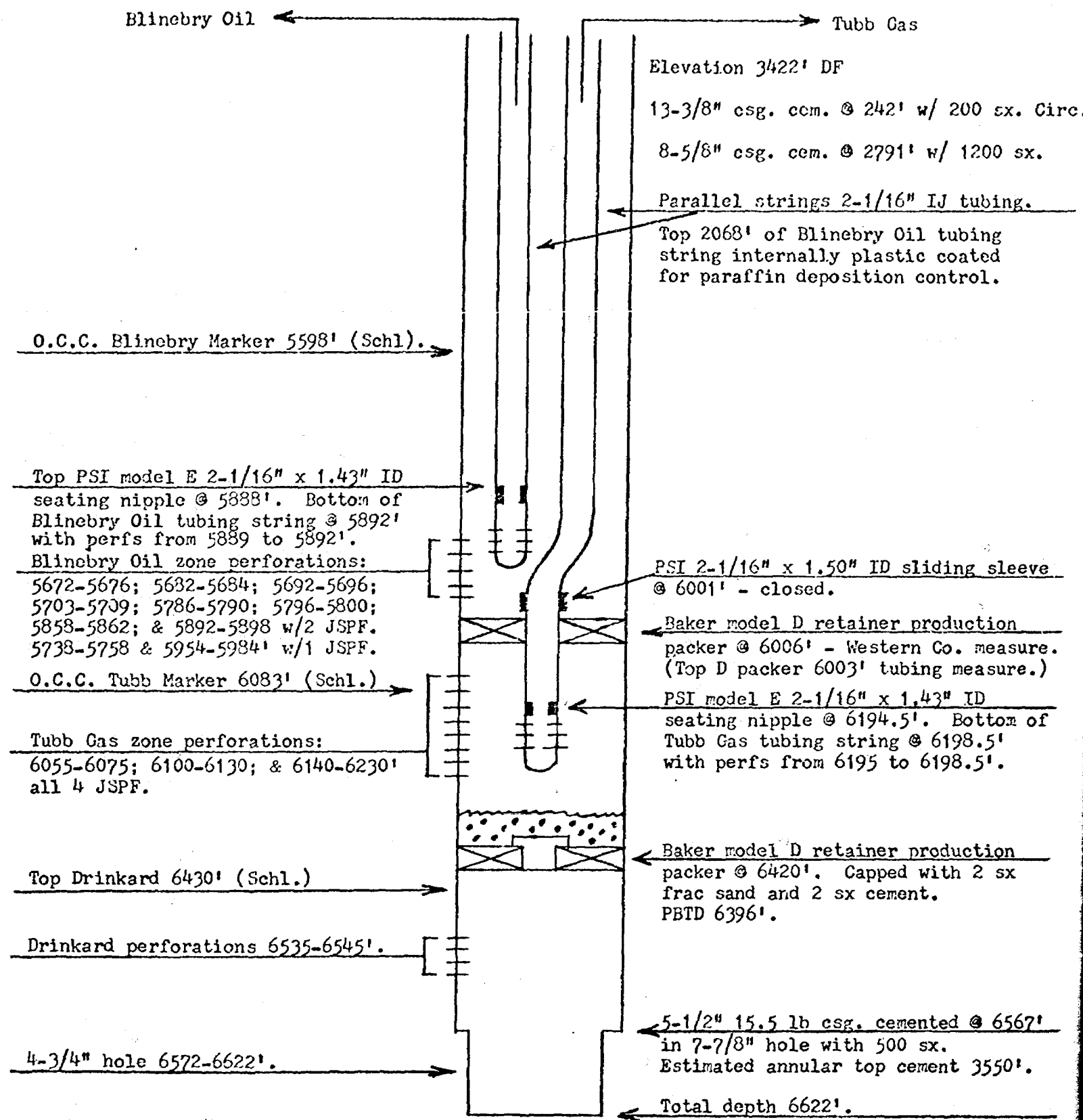
Engineer

(Title)

(Date)

J. R. CONE Eubanks Well No. 2
Unit L, Section 14, T-21-S, R-37-E
Lea County, New Mexico

Diagrammatic Sketch of Down-hole Dual Completion Arrangement
Blinebry Oil and Tubb Gas Pools



To accompany DHC application March 23, 1977.

List of attachments

1. Area plat showing lease and well in question.
2. Schematic sketch showing present down-hole mechanical arrangement of well in question.
3. NMOCC Form C-116 presenting most recent well test data.

DISTRIBUTION LIST

Oil Conservation Commission (2)
P. O. Box 2088
Santa Fe, New Mexico 87501

Oil Conservation Commission (1)
P. O. Box 1980
Hobbs, New Mexico 88240

Atlantic Richfield Company (1)
P. O. Box 1710
Hobbs, New Mexico 88240

Getty Oil Company (1)
P. O. Box 249
Hobbs, New Mexico 88240

Gulf Energy & Minerals - U S (1)
P. O. Box 670
Hobbs, New Mexico 88240

Marathon Oil Company (1)
P. O. Box 2409
Hobbs, New Mexico 88240

Moranco (1)
P. O. Box 1860
Hobbs, New Mexico 88240

Shell Oil Company (1)
P. O. Box 1509
Midland, Texas 79701

OIL CONSERVATION COMMISSION
Hobbs DISTRICTOIL CONSERVATION COMMISSION
BOX 2088
SANTA FE, NEW MEXICO

DATE March 28, 1977

RE: Proposed MC _____
Proposed DHC X _____
Proposed NSL _____
Proposed SWD _____
Proposed WFX _____
Proposed PMX _____

Gentlemen:

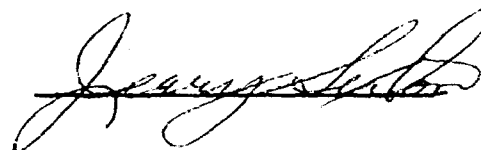
I have examined the application dated _____

for the J. R. Cone Eubanks #2-L 14-21-37
Operator Lease and Well No. Unit, S-T-R

and my recommendations are as follows:

O.K.---J.S.

Yours very truly,



ROUGH

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. 5966

Order No. R-5481

APPLICATION OF J. R. CONE FOR DOWNHOLE
COMMINGLING, LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 22, 1977,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this _____ day of _____, 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, J. R. Cone, is the owner and operator
of the Eubanks Well No. 2, located in Unit L of Section 14, Town-
ship 21 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks authority to commingle Blinebry
and Tubb production within the wellbore of the above-described
well.

(4) That from the Blinebry zone, the subject well is capable
of low ^{rates of} ~~marginal~~ production only.

(5) That from the Tubb zone, the subject well is capable of
low ^{rates of} ~~marginal~~ production only.

(6) That Commission Administrative Order No. MC-1447, which previously authorized the dual completion of said well, should be superseded.

-2-

Case No. 5966
Order No. R-

(7) 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.

(8) 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.

(9) 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 Hobbs district office of the Commission any time the subject well is shut-in for 7 consecutive days.

(10) That in order to allocate the commingled production to each of the commingled zones in the subject well, 71 percent and 58 percent of the commingled oil and gas production, ^{respectively,} should be allocated to the Blinebry zone, and the remainder ~~percent of the commingled~~ production to the Tubb zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, J. R. Cone, is hereby authorized to commingle Blinebry and Tubb production within the wellbore of the Eubanks Well No. 2 located in Unit L of Section 14, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

(2) That 71 percent and 58 percent of the commingled oil and gas production, ^{respectively,} shall be allocated to the Blinebry zone and the remainder ~~percent of the commingled~~ production shall be allocated to the Tubb zone.

(3) That the operator of the subject well shall immediately notify the Commission's Hobbs 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 Commission Administrative Order No. MC-1449 is hereby superseded.

(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.