

CASE 6127: SOUTHLAND ROYALTY COMPANY
FOR A DUAL COMPLETION, EDDY COUNTY,
NEW MEXICO

Case Number

6127

Application

Transcripts.

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 18, 1978

EXAMINER HEARING

IN THE MATTER OF:

Application of Southland Royalty Company for) CASE
a dual completion, Eddy County, New Mexico.) 6127

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: Michael B. Campbell, Esq.
CAMPBELL, BINGAMAN & BLACK
Attorneys at Law
San Francisco & North Guadalupe
Santa Fe, New Mexico

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

I N D E X

Page

DON R. CRAIG

Direct Examination by Mr. Campbell

3

Cross Examination by Mr. Stamets

6

EXHIBIT INDEX

Offered Admitted

Applicant Exhibit One, Plat

4

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Applicant Exhibit Two, Diagram

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Applicant Exhibit Three, Diagram

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Applicant Exhibit Four, Test

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1 MR. STAMETS: The Hearing will please come to order.
2 We will call next Case 6127.

3 MS. TESCHENDORF: Case 6127, application of Southland
4 Royalty for a dual completion, Eddy County, New Mexico.

5 MR. CAMPBELL: Mr. Examiner, my name is Michael
6 Campbell with the firm of Campbell, Bingaman and Black,
7 Santa Fe, and we have one witness to be sworn.

8 (THEREUPON, the witness was duly sworn.)

9
10 DON R. CRAIG

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

13 DIRECT EXAMINATION

14 BY MR. CAMPBELL:

15 Q Would you please state your name?

16 A Don Craig.

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

18 A Southland Royalty Company as a Production Engineer.

19 Q Have you previously testified before this Commission
20 and been recognized as a qualified witness?

21 A Yes, sir, I have.

22 MR. CAMPBELL: Mr. Examiner, I would ask that the
23 Commission accept Mr. Craig as a qualified witness for
24 testimony.

25 MR. STAMETS: The witness is considered qualified.

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1 Q What does Southland Royalty seek by its application
2 today?

3 A Southland Royalty seeks approval for a conventional
4 dual completion of our Aztec Palmillo State Com Well No. 1.
5 It is located in Unit G of Section 32, Township 18 South,
6 Range 29 East, from which we will produce oil from the Wolfcamp
7 and gas from the Morrow.

8 Q Have four exhibits been prepared in connection
9 with this hearing?

10 A Yes, sir, they have.

11 Q And were these exhibits prepared by you or at your
12 direction?

13 A Yes, sir, they were.

14 Q Would you please identify and explain Exhibit One?

15 A Exhibit Number One is a plat showing the location
16 of our well as indicated by an arrow, to be producing from
17 the Wolfcamp and Morrow intervals. The Morrow location is
18 an orthodox location and the proposed Wolfcamp oil well will
19 also be an orthodox location being located three hundred and
20 thirty feet from the nearest proration line.

21 Q Have all offset operators been furnished copies of
22 your application?

23 A Yes, sir, they have.

24 Q Would you please identify and explain Exhibit
25 Number Two?

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1 A Exhibit Number Two is a wellbore diagram showing
2 the casing and cementing programs that were used on this
3 particular well and also indicating the intervals that we
4 perforated. I might note here that before this multiple
5 completion was done we adequately tested the production
6 casing and it was reported on a C-103 cementing program.

7 Q Would you please identify and explain Exhibit
8 Number Three?

9 A Exhibit Number Three is the current downhole
10 mechanical installation in this particular well indicating
11 that we are producing the Morrow below a packer and over
12 through a crossover and up the annulus and vice versa with
13 producing the Wolfcamp through the crossover and up the
14 tubing.

15 Q Will the well be so equipped that meters may be
16 installed to separately measure gas?

17 A Yes, they will.

18 Q Would you please identify and explain Exhibit
19 Number Four?

20 A Exhibit Number Four is a preliminary test we ran
21 on these two particular intervals. On 12-3 we tested the
22 Morrow on a short test. We calculated nineteen hundred
23 and fifty MCF of gas. On the ninth of the same month we
24 tested the Wolfcamp on a six hour test and it produced a
25 hundred and fifty-six barrels of oil and two hundred and

1 seventy-five MCF of gas which gives a GOR of somewhere
2 around seventeen hundred.

3 Down below are the surface tubing pressures and
4 casing pressures that we are monitoring to maintain that there
5 are no communications between zones in this particular well.

6 MR. CAMPBELL: Mr. Examiner, at this time I would
7 move the introduction of Applicant's Exhibits One through
8 Four.

9 MR. STAMETS: These exhibits will be admitted.
10 (THEREUPON, Applicant's Exhibits One through
11 Four were admitted into evidence.)

12 Q (Mr. Campbell continuing.) Mr. Craig, is it your
13 opinion that Commission approval of this application will
14 prevent waste and protect correlative rights?

15 A Yes, sir, I think it will.

16 MR. CAMPBELL: Mr. Examiner, we have no further
17 direct testimony.

18 CROSS EXAMINATION

19 BY MR. STAMETS:

20 Q Mr. Craig, did the Morrow zone make any liquids?

21 A No, not on this particular test. The reason I say
22 that it didn't is that during this particular test it was
23 freezing up on us and we weren't able to obtain any liquid.
24 I feel like the Morrow will make liquids based on the
25 Palmillo State No. 2 which is located just to the south of

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1 this but was recently completed in the same interval in the
 2 Morrow and it did produce about sixteen barrels of condensate
 3 so the Morrow will have some liquid production.

4 Q Sixteen barrels of condensate in what period of time?

5 A I believe that test was for four hours. Here again
 6 this was--I say four hours--sixteen barrels of condensate
 7 per day is what we estimated it so it would be back from that.
 8 Again, we haven't got adequate tests on either one of these.
 9 We are waiting on pipeline connection which we anticipate
 10 within the next month and then we will do an adequate test
 11 on them as well as packer leakage tests.

12 Q What would you do if the Morrow made enough liquids
 13 that you had production problems coming up the annulus?

14 A Well, in a four and a half casing I don't know what
 15 we would do. I don't really anticipate that much liquid.
 16 From what we know right now I don't anticipate production
 17 problems with liquids.

18 Q I presume that you would work with the district
 19 supervisor at our Artesia District Office subsequent to any
 20 order authorizing this to make certain there are no significant
 21 problems?

22 A Yes, sir. As a matter of fact I have consulted
 23 him on several occasion on this particular completion on the
 24 matter of how we should go about it and such things as this.

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

1 The witness may be excused.

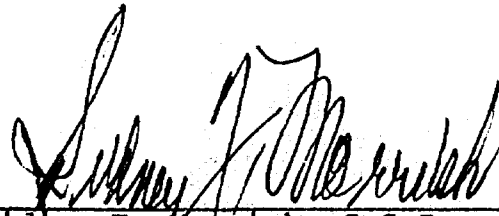
2 (THEREUPON, the witness was excused.)

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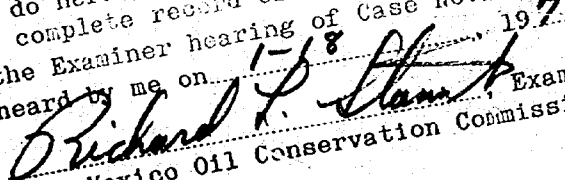
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REPORTER'S CERTIFICATE

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 record of the proceedings in
the Examiner hearing of Case No. 6122
heard by me on 1-18, 1978.

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. 6127
Order No. R-5628

APPLICATION OF SOUTHLAND ROYALTY
COMPANY FOR A DUAL COMPLETION,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 18, 1978,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 24th day of January, 1978, 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, Southland Royalty Company, seeks
authority to complete its Aztec Palmillo State Com Well No. 1,
located in Unit G of Section 32, Township 18 South, Range 29
East, NMPM, Eddy County, New Mexico, as a dual completion
(conventional) to produce oil from the Wolfcamp formation through
2 3/8-inch tubing and gas from the Morrow formation through
2 3/8-inch tubing and the casing-tubing annulus with separation
of the zones achieved by means of packers.
- (3) That the mechanics of the proposed dual completion are
feasible and in accord with good conservation practices.
- (4) That the Secretary-Director of the Commission should
rescind the approval for dual completion herein granted whenever
it should appear that such rescission is necessary to prevent
waste.
- (5) That approval of the subject application will prevent
waste and protect correlative rights.

-2-

Case No. 6127
Order No. R-5628

IT IS THEREFORE ORDERED:

(1) That the applicant, Southland Royalty Company, is hereby authorized to complete its Aztec Palmillo State Com Well No. 1, located in Unit G of Section 32, Township 18 South, Range 29 East, NMPM, Eddy County, New Mexico, as a dual completion (conventional) to produce oil from the Wolfcamp formation through 2 3/8-inch tubing and gas from the Morrow formation through 2 3/8-inch tubing to approximately 8550 feet and thence, by means of a crossover assembly, to the surface through the casing-tubing annulus with separation of the zones by means of packers set at approximately 8550 feet and 10,650 feet.

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

PROVIDED FURTHER, that the applicant shall take packer-leakage tests upon completion and annually thereafter during the Annual Shut-In Pressure Test Period for gas wells in Southeast New Mexico.

(2) That the Secretary-Director of the Commission may rescind the authority for dual completion herein granted if such rescission appears necessary to prevent waste.

(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/

Case 6127



Southland Royalty Company

December 21, 1977

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

Attention: Secretary Director

Re: Palmillo State Comm. No. 1
Multiple Completion

Dear Sir:

Southland Royalty Company requests that an examiner hearing be set to consider our application to dually complete the Aztec Palmillo State Comm. No. 1 in the North Turkey Track Morrow and an undesignated Wolfcamp interval. This well is located in Unit letter G of section 32, Township 18-S, Range 29-E.

Preliminary testing indicates the Morrow zone to be gas productive and the Wolfcamp zone to be oil productive. Attached are forms C-107, diagrammatic sketches of the wellbore and mechanical down-hole assembly, plat showing offset operators and a Neutron log with both zones marked as to tops and perforations. These exhibits and additional information will be presented at the hearing to support Southland's application.

By a copy of this letter we are notifying offset operators of our intention to dually complete the subject well.

Sincerely,

SOUTHLAND ROYALTY COMPANY

C. Harvey Carr
C. Harvey Carr
District Engineer

DRC:ge
Attachments

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
APPLICATION FOR MULTIPLE COMPLETION

Case 6127

Form C-107
5-1-61

Operator Aztec Oil & Gas aka Southland Royalty Co.		County Eddy	Date 12-21-77
Address 1100 Wall Towers West West, Midland, Texas 79701		Lease Palmillo - State Comm.	Well No. 1
Location of Well	Unit G	Section 32	Range 29-E

1. Has the New Mexico Oil Conservation Commission heretofore authorized the multiple completion of a well in these same pools or in the same zones within one mile of the subject well? YES _____ NO ☒
2. If answer is yes, identify one such instance: Order No. _____; Operator Lease, and Well No. _____

3. The following facts are submitted:	Upper Zone	Intermediate Zone	Lower Zone
a. Name of Pool and Formation	Wolfcamp		Morrow
b. Top and Bottom of Pay Section (Perforations)	8660'-8672'		11,002'-11,066'
c. Type of production (Oil or Gas)	Oil		Gas
d. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing

4. The following are attached. (Please check YES or NO)

Yes	No	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	a. Diagrammatic Sketch of the Multiple Completion, showing all casing strings, including diameters and setting depths, centralizers and/or turbolizers and location thereof, quantities used and top of cement, perforated intervals, tubing strings, including diameters and setting depth, location and type of packers and side door chokes, and such other information as may be pertinent.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	b. Plat showing the location of all wells on applicant's lease, all offset wells on offset leases, and the names and addresses of operators of all leases offsetting applicant's lease.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	c. Waivers consenting to such multiple completion from each offset operator, or in lieu thereof, evidence that said offset operators have been furnished copies of the application.*
<input checked="" type="checkbox"/>	<input type="checkbox"/>	d. Electrical log of the well or other acceptable log with tops and bottoms of producing zones and intervals of perforation indicated thereon. (If such log is not available at the time application is filed it shall be submitted as provided by Rule 112-A.)

5. List all offset operators to the lease on which this well is located together with their correct mailing address.

Gene Snow, 606 S. 13th, Lovington, New Mexico 88260

T. J. Sivley, Box GG, Artesia, New Mexico 88210

Hondo Drilling Co., 901 West Missouri, Midland, Texas 79702

J. Trigg, 201 East Hobbs, Roswell, New Mexico 88201

Yates Drilling Co., 207 South Fourth St., Artesia, New Mexico 88210

Superior Oil Co., Box 1900, Midland, Tex. 79701

Kincaid & Watson Drilling Co., Box 498, 300 Booker Bldg., Artesia, NM 88210

6. Were all operators listed in Item 5 above notified and furnished a copy of this application? YES ☒ NO _____. If answer is yes, give date of such notification 12-21-77.

CERTIFICATE: I, the undersigned, state that I am the District Engineer of the Aztec Oil & Gas aka Southland Royalty Co. (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

C. Harney Chan
Signature

*Should waivers from all offset operators not accompany an application for administrative approval, the New Mexico Oil Conservation Commission will hold the application for a period of twenty (20) days from date of receipt by the Commission's Santa Fe office. If, after said twenty-day period, no protest nor request for hearing is received by the Santa Fe office, the application will then be processed.

NOTE: If the proposed multiple completion will result in an unorthodox well location and/or a non-standard proration unit in one or more of the producing zones, then separate application for approval of the same should be filed simultaneously with this application.

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
APPLICATION FOR MULTIPLE COMPLETION

Form C-107
5-1-61

Case 6527

12-21-77

Operator Aztec Oil & Gas aka Southland Royalty Co.		County Eddy	Date 12-21-77
Address 1100 Wall Towers West West, Midland, Texas 79701		Lease Palmillo - State Comm.	Well No. 1
Location of Well G	Unit 32	Section 18-S	Range 29-E

1. Has the New Mexico Oil Conservation Commission heretofore authorized the multiple completion of a well in these same pools or in the same zones within one mile of the subject well? YES _____ NO ☒
2. If answer is yes, identify one such instance: Order No. _____; Operator Lease, and Well No.: _____

3. The following facts are submitted:	Upper Zone	Intermediate Zone	Lower Zone
a. Name of Pool and Formation	Wolfcamp		Morrow
b. Top and Bottom of Pay Section (Perforations)	8660'-8672'		11,002'-11,066'
c. Type of production (Oil or Gas)	Oil		Gas
d. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing

4. The following are attached. (Please check YES or NO)

- | | | |
|-------------------------------------|--------------------------|---|
| Yes | No | |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | a. Diagrammatic Sketch of the Multiple Completion, showing all casing strings, including diameters and setting depths, centralizers and/or turbolizers and location thereof, quantities used and top of cement, perforated intervals, tubing strings, including diameters and setting depth, location and type of packers and side door chokes, and such other information as may be pertinent. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | b. Plat showing the location of all wells on applicant's lease, all offset wells on offset leases, and the names and addresses of operators of all leases offsetting applicant's lease. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | c. Waivers consenting to such multiple completion from each offset operator, or in lieu thereof, evidence that said offset operators have been furnished copies of the application. |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | d. Electrical log of the well or other acceptable log with tops and bottoms of producing zones and intervals of perforation indicated thereon. (If such log is not available at the time application is filed, it shall be submitted as provided by Rule 112-A.) |

5. List all offset operators to the lease on which this well is located together with their correct mailing address.

Gene Snow, 606 S. 13th, Lovington, New Mexico 88260

T. J. Sivley, Box GG, Artesia, New Mexico 88210

Hondo Drilling Co., 901 West Missouri, Midland, Texas 79702

J. Trigg, 201 East Hobbs, Roswell, New Mexico 88201

Yates Drilling Co., 207 South Fourth St., Artesia, New Mexico 88210

Superior Oil Co., Box 1900, Midland, Tex. 79701

Kincaid & Watson Drilling Co., Box 498, 300 Booker Bldg., Artesia, NM 88210

6. Were all operators listed in Item 5 above notified and furnished a copy of this application? YES ☒ NO _____. If answer is yes, give date of such notification 12-21-77.

CERTIFICATE: I, the undersigned, state that I am the District Engineer of the Aztec Oil & Gas aka Southland Royalty Co. (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

C. Harnay Chan
Signature

*Should waivers from all offset operators not accompany an application for administrative approval, the New Mexico Oil Conservation Commission will hold the application for a period of twenty (20) days from date of receipt by the Commission's Santa Fe office. If, after said twenty-day period, no protest nor request for hearing is received by the Santa Fe office, the application will then be processed.

NOTE: If the proposed multiple completion will result in an unorthodox well location and/or a non-standard proration unit in one or more of

NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NEW MEXICO
APPLICATION FOR MULTIPLE COMPLETION

Form C-107
5-1-61

Care 6127

12-27-1977

Operator Aztec Oil & Gas aka Southland Royalty Co.		County Eddy	Date 12-21-77
Address 1100 Wall Towers West West, Midland, Texas 79701		Lease Palmillo - State Comm.	Well No. 1
Location of Well G	Unit 32	Section 18-S	Range 29-E

1. Has the New Mexico Oil Conservation Commission heretofore authorized the multiple completion of a well in these same pools or in the same zones within one mile of the subject well? YES _____ NO X
2. If answer is yes, identify one such instance: Order No. _____; Operator Lease, and Well No.: _____

3. The following facts are submitted:	Upper Zone	Intermediate Zone	Lower Zone
a. Name of Pool and Formation	Wolfcamp		Morrow
b. Top and Bottom of Pay Section (Perforations)	8660' - 8672'		11,002' - 11,066'
c. Type of production (Oil or Gas)	Oil		Gas
d. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing

4. The following are attached. (Please check YES or NO)

Yes	No	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	a. Diagrammatic Sketch of the Multiple Completion, showing all casing strings, including diameters and setting depths, centralizers and/or turbolizers and location thereof, quantities used and top of cement, perforated intervals, tubing strings, including diameters and setting depth, location and type of packers and side door chokes, and such other information as may be pertinent.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	b. Plat showing the location of all wells on applicant's lease, all offset wells on offset leases, and the names and addresses of operators of all leases offsetting applicant's lease.
<input checked="" type="checkbox"/>	<input type="checkbox"/>	c. Waivers consenting to such multiple completion from each offset operator, or in lieu thereof, evidence that said offset operators have been furnished copies of the application.*
<input checked="" type="checkbox"/>	<input type="checkbox"/>	d. Electrical log of the well or other acceptable log with tops and bottoms of producing zones and intervals of perforation indicated thereon. (If such log is not available at the time application is filed it shall be submitted as provided by Rule 112A.)

5. List all offset operators to the lease on which this well is located together with their correct mailing address.

Gene Snow, 606 S. 13th, Lovington, New Mexico 88260

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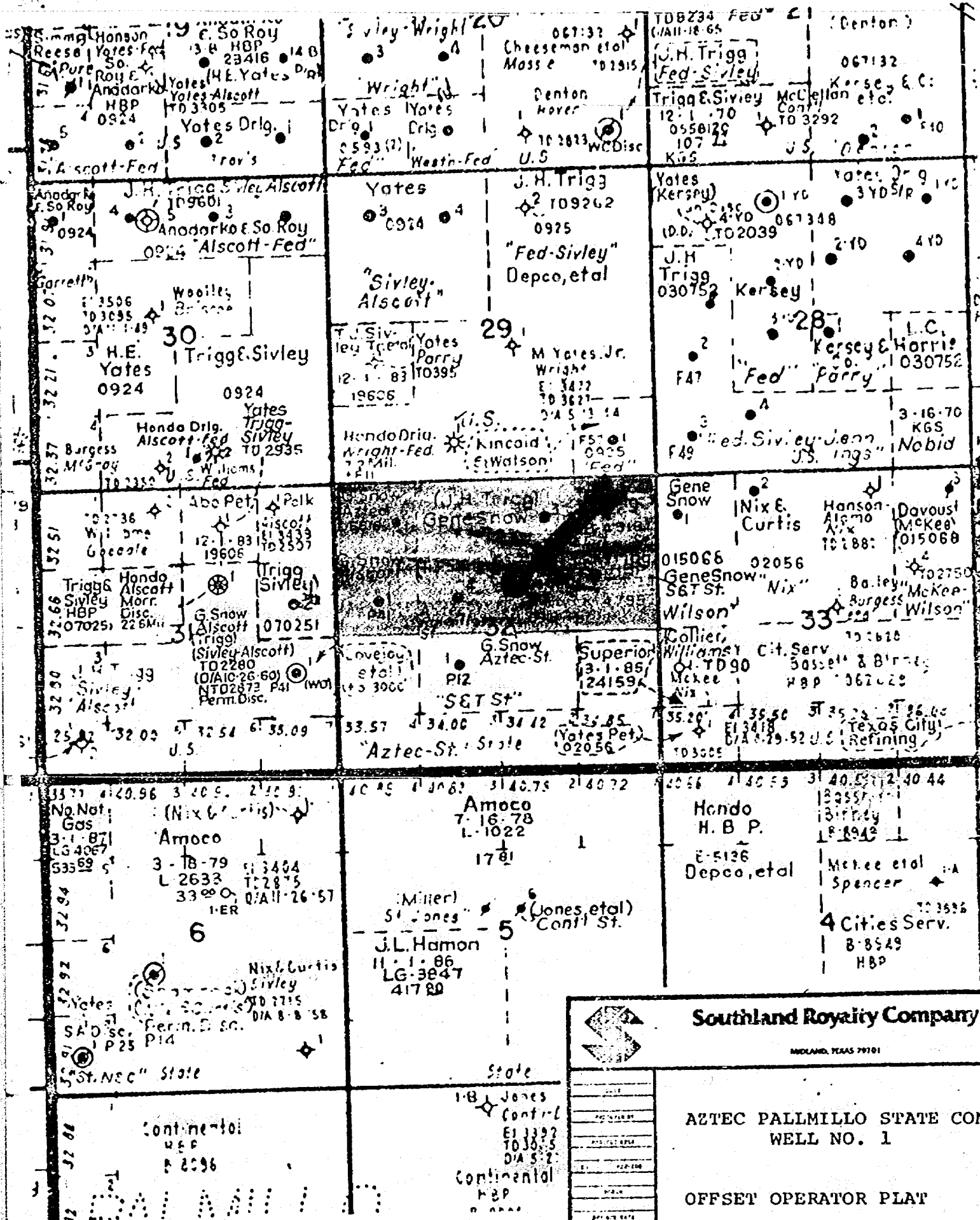
6. Were all operators listed in Item 5 above notified and furnished a copy of this application? YES X NO _____. If answer is yes, give date of such notification 12-21-77.


CERTIFICATE: I, the undersigned, state that I am the District Engineer of the Aztec Oil & Gas aka Southland Royalty Co. (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

C. Harvey Chan
Signature

*Should waivers from all offset operators not accompany an application for administrative approval, the New Mexico Oil Conservation Commission will hold the application for a period of twenty (20) days from date of receipt by the Commission's Santa Fe office. If, after said twenty-day period, no protest nor request for hearing is received by the Santa Fe office, the application will then be processed.

NOTE: If the proposed multiple completion will result in an unorthodox well location and/or a non-standard perforation unit in one or more of





Southland Royalty Company

HOUSTON, TEXAS 77001

AZTEC PALMILLO STATE COMM.

WELL NO. 1

OFFSET OPERATOR PLAT

Dockets Nos. 4-78 and 5-78 are tentatively set for hearing on February 8 and 22, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - WEDNESDAY - JANUARY 11, 1978

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

CASE 5958: (DE NOVO)

Application of Continental Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gonzales-Mesaverde and Otero-Chacara production in the wellbores of its AXI Apache "J" Wells Nos. 18, 23, and 24 located in Units A, D, and P of Section 8; Nos. 19 and 22 in Units D and L of Section 6; Nos. 20 and 21, in Units C and I of Section 5; and No. 25 in Unit A of Section 7, all in Township 25 North, Range 5 West, Rio Arriba County, New Mexico.

Upon application of Continental Oil Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6026: (DE NOVO)

Application of William G. Rabe and Alice P. Rabe for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas proration unit comprising the NE/4 of Section 25, Township 27 North, Range 8 West, Blanco-Mesaverde Pool, San Juan County, New Mexico.

Upon application of William G. Rabe and Alice P. Rabe this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6027: (DE NOVO)

Application of Great Lakes Chemical Corporation for a non-standard gas proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas proration unit comprising the SE/4 of Section 25, Township 27 North, Range 8 West, Blanco-Mesaverde Pool, San Juan County, New Mexico.

Upon application of Great Lakes Chemical Corporation this case will be heard De Novo pursuant to the provisions of Rule 1220.

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 18, 1978

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:

- ALLOWABLE: (1) Consideration of the allowable production of gas for February, 1978, from fifteen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.
- (2) Consideration of the allowable production of gas for February, 1978, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 6123: Application of Stevens Oil Company for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its O'Brien "F" Well No. 1 located 1650 feet from the South line and 330 feet from the East line of Section 35, Township 8 South, Range 28 East, Twin Lakes-San Andres Associated Pool, Chaves County, New Mexico, the SE/4 of said Section 35 to be dedicated to the well.

CASE 6124: Application of HMG Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for its Shoeter Ranch Unit Area comprising 961 acres, more or less, of State lands in Townships 16 and 17 South, Range 35 East, Lea County, New Mexico.

- CASE 6125: Application of Shell Oil Company for an exception to Rule 202(B), San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Commission Rule No. 202(B), San Juan County, New Mexico, to permit the temporary abandonment of certain wells on its Carson Unit Area in Township 25 North, Ranges 11 and 12 West, Dist-1-Lower Gallup Oil Pool, San Juan County, New Mexico. Applicant further seeks that any further extensions be administratively approved.
- CASE 6126: Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the W/2 of Section 21, Township 17 South, Range 26 East, Eddy County, New Mexico, to be dedicated to its Siegenthaler IS Well No. 2 to be drilled at an unorthodox location 1460 feet from the South line and 1980 feet from the West line of said Section 21. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6127: Application of Southland Royalty Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Aztec Palmillo State Com Well No. 1 located in Unit G of Section 32, Township 18 South, Range 29 East, to produce oil from the Wolfcamp and gas from the Morrow formations.
- CASE 6128: Application of Champlin Petroleum Company for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State "36" Well No. 1 located 1980 feet from the South line and 660 feet from the West line of Section 36, Township 21 South, Range 27 East, East Carlsbad Gas Field, Eddy County, New Mexico, the S/2 of said Section 36 to be dedicated to the well.
- CASE 6129: Application of King Resources Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for its Gardner Draw Unit Area comprising 19,840 acres, more or less, of Federal, State, and fee lands in Townships 19 and 20 South, Ranges 20 and 21 East, Eddy County, New Mexico.
- CASE 6130: Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Wantz Abo and Wantz Granite Wash production in the wellbore of its Lockhart B-35 Well No. 5 located in Unit H of Section 35, Township 21 South, Range 37 East, Lea County, New Mexico.
- CASE 6131: Application of Continental Oil Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its Southeast Monument Unit Area, Warren McKee Pool, Lea County, New Mexico, by the injection of water into the McKee formation through 8 wells. Applicant further seeks the establishment of an administrative procedure for adding or substituting injection wells.
- CASE 6132: Application of Continental Oil Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its Warren Unit Area, Warren McKee Pool, Lea County, New Mexico, by the injection of water into the McKee formation through 4 wells. Applicant further seeks the establishment of an administrative procedure for adding and substituting injection wells.
- CASE 6133: Application of Doyle Hartman for compulsory pooling and a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the SE/4 of Section 8, Township 19 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, to form a non-standard unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6134: Application of Burleson & Huff for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Queen formation underlying the SE/4 NW/4 of Section 22, Township 25 South, Range 37 East, Langlie Mattix Pool, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6119: (Continued from January 4, 1978, Examiner Hearing)

Application of Caulkins Oil Company for a dual completion and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Pictured Cliffs, Chacra and Mesaverde production in the wellbore of its Breech Well No. 228, to be located in Unit A of Section 18, Township 26 North, Range 6 West, Rio Arriba County, New Mexico, and to dually complete the commingled formations and the Dakota formation in said well.

CASE 6120: (Continued from January 4, 1978, Examiner Hearing)

Application of Caulkins Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Chacra and Mesaverde production in the wellbores of its Breech E Wells Nos. 109 in Unit M of Section 3 and 104 in Unit P of Section 5 and its Breech A Wells Nos. 627 in Unit B of Section 8, 677 and 679 in Units L and J, respectively, of Section 9, and 207 in Unit A of Section 10, all in Township 26 North, Range 6 West, Rio Arriba County, New Mexico.

CASE 6121: (Continued from January 4, 1978, Examiner Hearing)

Application of Caulkins Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Pictured Cliffs and Chacra production in Sections 3, 4, 5, 7 thru 11, 13 thru 18, 21, 22, 24, and 25 in Township 26 North, Range 6 West, and Sections 13, 14, 23, and 24, Township 26 North, Range 7 West, Rio Arriba County, New Mexico.

CASE 6122: (Continued from January 4, 1978, Examiner Hearing)

Application of Caulkins Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Mesaverde and Dakota production in the wellbores of its Breech E Wells Nos. 64 and 58 located in Unit A of Section 1 and Section 3, its State A Well No. 62 in Unit A of Section 2, and its Breech D Well No. 341 located in Unit B of Section 21, all in Township 26 North, Range 6 West; and its Breech F Wells Nos. 4 and 45 located in Unit A of Section 33, Unit M of Section 35, both in Township 27 North, Range 6 West, Rio Arriba County, New Mexico.

CASE 6096: Continued from January 4, 1978, Examiner Hearing

Application of Texas Oil & Gas Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the S/2 of Section 14, Township 21 South, Range 34 East, Lea County, New Mexico, to be dedicated to applicant's South Wilson State Well No. 1 to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6135: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the extension of the Wagon Mound Dakota-Morrison Gas Pool in Township 21 North, Range 21 East, Mora County, New Mexico.

CASE 6136: In the matter of the application of the Oil Conservation Commission of New Mexico upon its own motion for an order for the creation and extension of certain pools in Lea, Chaves, and Roosevelt Counties, New Mexico.

(a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for San Andres production and designated as the Caprock-San Andres Pool. The discovery well is the Elk Oil Company State D.J. Well No. 1 located in Unit H of Section 2, Township 12 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 12 SOUTH, RANGE 32 EAST, NMPM
Section 2: NE/4

(b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Yates production and designated as the West Scarborough-Yates Pool. The discovery well is the Gifford, Mitchell and Wisenbaker Horse Back Well No. 2 located in Unit G of Section 33, Township 26 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPM
Section 33: NE/4

(c) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Sombrero-Morrow Gas Pool. The discovery well is the Phillips Petroleum Company Michel Well No. 1 located in Unit C of Section 13, Township 16 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM
Section 13: NW/4

(d) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Morrow production and designated as the East Vest Ranch-Morrow Gas Pool. The discovery well is the Cockrell Corporation Occidental Federal Well No. 1 located in Unit A of Section 22, Township 14 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 14 SOUTH, RANGE 30 EAST, NMPM
Section 22: N/2

(e) EXTEND the Blinebry Oil and Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 23: SW/4
Section 26: NW/4

(f) EXTEND the Bluit-Wolfcamp Gas Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 37 EAST, NMPM
Section 10: NE/4
Section 11: NW/4

(g) EXTEND the Brinninstool-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 33 EAST, NMPM
Section 21: W/2

(h) EXTEND the South Brunson-Granite Wash Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 38 EAST, NMPM
Section 31: SW/4

(i) EXTEND the West Kemnitz-Lower Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM
Section 29: S/2
Section 30: SE/4

(j) EXTEND the Querecho Plains-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 27: NW/4

(k) EXTEND the Tom Tom-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 31 EAST, NMPM
Section 23: SW/4
Section 26: W/2
Section 33: SE/4

(l) EXTEND the Townsend-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 35 EAST, NMPM
Section 27: SE/4

(m) EXTEND the North Vacuum-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
Section 15: NW/4

(n) EXTEND the Warren-Tubb Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 23: SW/4
Section 26: NW/4

(o) EXTEND the West Warren-Blinebry Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 20: SW/4
Section 29: NW/4



Southland Royalty Company

January 13, 1978

NEW 13 13 3
New Mexico Oil Conservation Commission
Drawer DD
Artesia, NM 88210

Re: Palmillo-State Comm. No. 1

Dear Sir:

Attached for your approval are the necessary forms required to apply for a discovery allowable and creation of a new pool for the Wolfcamp interval in the subject well.

By a copy of this letter and an attached Form C-109 "Application for Discovery Allowable and Creation of a New Pool," we are notifying offset operators of our application for the discovery allowable and creation of a new pool.

Very truly yours,

SOUTHLAND ROYALTY COMPANY

CH Carr

C. H. Carr
District Engineer

jh

cc: State of New Mexico, Santa Fe, NM 87501 ✓
Joint Operators
Offset Operators

NEW MEXICO OIL CONSERVATION COMMISSION
APPLICATION FOR DISCOVERY ALLOWABLE AND CREATION OF A NEW POOL

Form C-109
 Adopted 9-1-66

NOTE: This form is to be filed and attachments made in accordance with the provisions of Rule 509.
 If discovery is claimed for more than one zone, separate forms must be filed for each.

Operator Southland Royalty Company		Address 1100 Wall Towers West, Midland, TX 79701	
Lease Name Palmillo-State Comm.		Well No. 1	County Eddy
Well Location Unit Letter G ; 1731 Feet from The north Line and 2310 Feet From the east Line of Section 32 , Township 18-S , Range 29-E , NMPM			
Suggested Pool Names (List in order of preference) 1. Turkey Track, N. 2. Palmillo 3.			
Name of Producing Formation Wolfcamp		Perforations 8660-8672'	Date of Filing Form C-104 Not filed
Was "Affidavit of Discovery" Previously Filed For This Well in this Pool? No		If Yes, Give Date of Filing	Date Well was Spudded 10-6-77
Total Depth 11,303'		Plugged Back Depth 11,233'	Depth Casing Shoe 11,303'
Tubing Depth 8550'		Elevation (Gr., DF, RKB, RT, etc.) 3432.9' GL	
Oil Well Potential (Test to be taken only after all load oil has been recovered) 624 Bbl's, Oil Per Day Based On 156 Bbls in 6 Hours; 48 Bbls Water Per Day Based On 12 Bbls In 6 Hours; Gas Production During Test: 275 MCF; Gas-Oil Ratio: 1762 Method Of Producing: Flowing Chk. Size 22/64"			

NEAREST PRODUCTION TO THIS DISCOVERY (Includes past and present oil or gas producing areas and zones whether this discovery is based on horizontal or vertical separation):

Pool Name Loco Hills S.	Name of Producing Formation Queen-Grayburg-San And.	Top of Pay 1880'	Bottom of Pay 2946'	Currently Producing? Yes
Horizontal Distance and Direction from Subject Discovery Well to the Nearest Well in this Pool 450' southeast		Vertical Distance from Subject Discovery Zone to Producing Interval this Pool 4714		

NEAREST COMPARABLE PRODUCTION (Includes past and present oil or gas production from this pay or formation only):

Pool Name Loco Hills-Wolfcamp	Top of Pay 8678	Bottom of Pay 8688	Currently Producing? No
Horizontal Distance and Direction from Subject Discovery Well to the Nearest Well in this Comparable Pool 8200' northeast			

Is "County Deep" Discovery Allowable Requested for Subject Discovery Well? No	If Yes, Give Name, Location, and Depth of Next Deepest Oil Production in this County
---	--

Is the Subject Well Multiple Completion? Yes	Is Discovery Allowable Requested for other Zone(s)? No	If Yes, Name all Such Formations
--	--	----------------------------------

LIST ALL OPERATORS OWNING LEASES WITHIN ONE MILE OF THIS WELL (Attach additional sheet if necessary)

NAME	ADDRESS
Gene Snow	606 S. 13th, Lovington, NM 88260
T. J. Sivley	Box GG, Artesia, NM 88210
Hondo Drilling Company	901 West Missouri, Midland, TX 79701
J. Trigg	201 East Hobbs, Roswell, NM 88201
Yates Drilling Co.	207 South Fourth St., Artesia, NM 88210
Superior Oil Co.	Box 1900, Midland, TX 79702
Kincaid & Watson Drilling Co.	Box 498, 300 Booker Bldg., Artesia, NM 88210
Cities Service Company	Box 300, Tulsa, OK 74102
Amoco Production Co.	Box 1725, Midland, TX 79702
Abo Petroleum Corp.	Yates Bldg., Artesia, NM 88210

Attach evidence that all of the above operators have been furnished a copy of this application. Any of said operators who intends to object to the designation of the subject well as a discovery well, eligible to receive a discovery allowable, must notify the appropriate District Office and the Santa Fe Office of the Commission of such intent in writing within ten days after receiving a copy of this application.

Remarks:

CERTIFICATION

I hereby certify that all rules and regulations of the New Mexico Oil Conservation Commission have been complied with, with respect to the subject well, and that it is my opinion that a bona fide discovery of a hitherto unknown common source of oil supply has been made in said well. I further certify that the discovery allowable for the subject well, if authorized, will be produced from the subject zone in this well only. Further, that the information given herein and attached hereto is true and complete to the best of my knowledge and belief.

C. Harvey Carr
 Signature

District Engineer

1-13-78
 Date

RESERVOIR DATA SUMMARY

John H. Trigg Co.
1-20 Fed. Sivley-Denton
Test #1 8666-8678'

Initial Flow Period	10 minutes	206 psi
Initial Shut-in Period	60 minutes	3542 psi
Second Flow Period	382 minutes	745 psi
Final Shut-in Period	120 minutes	3533 psi

Recovery: 1674' of oil
496' of water cut oil, Cl 96,000 ppm
Flowed 427,000 MCF, 35 bbls. of oil

Test #2 8666-8678'

Initial Flow Period	2400 minutes	2018 psi
Initial Shut-in Period	180 minutes	3513 psi

Recovery: 60' water below circ. sub.
Flowed 220.9 bbls. of oil

John H. Trigg
1-20 Fed.-Sivley-Wright
Test #1 8674-8720'

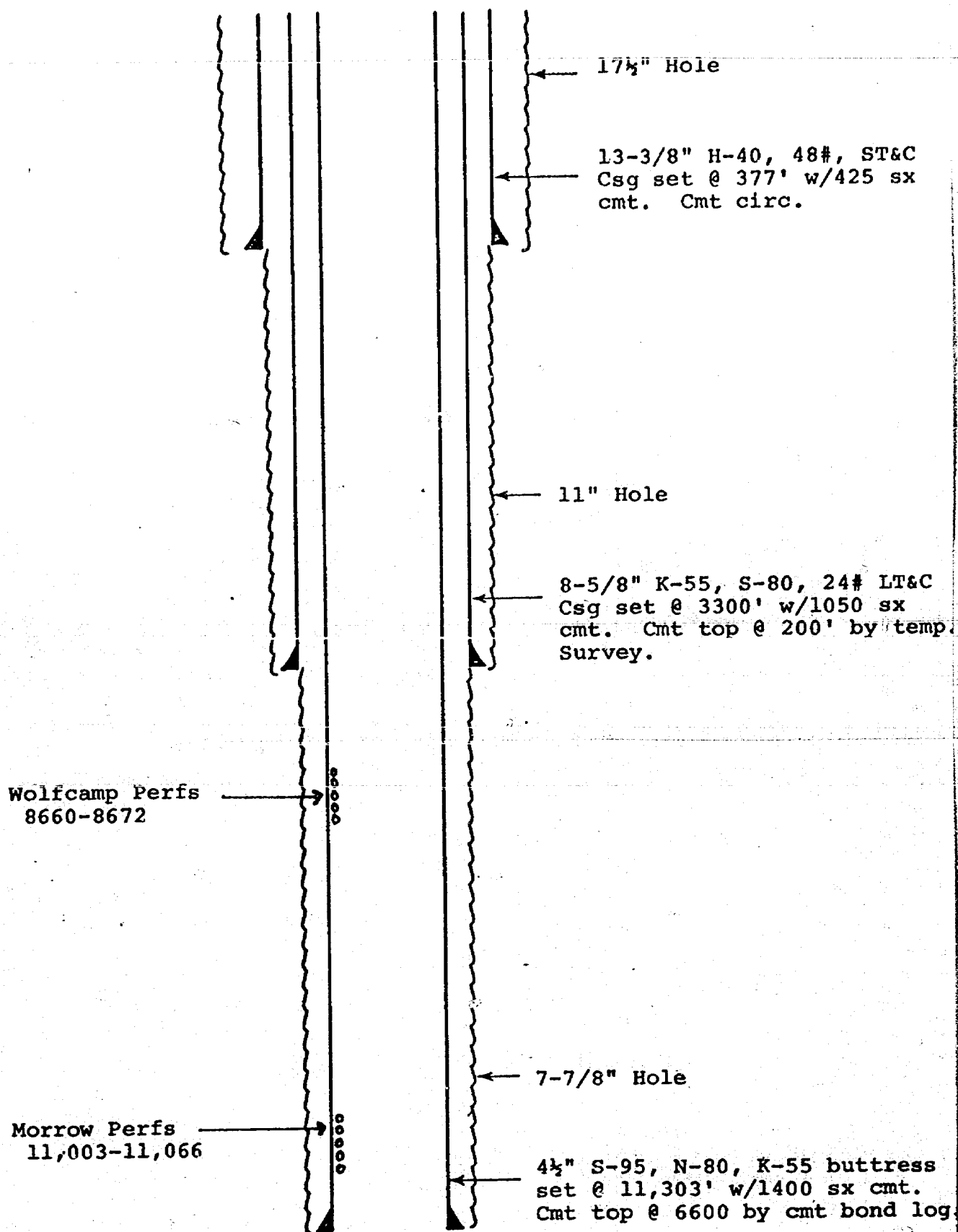
Initial Flow Period	15 minutes	750-248 psi
Initial Shut-in Period	45 minutes	3476 psi
Final Flow Period	180 minutes	475-1176 psi
Final Shut-in Period	60 minutes	3362 psi

Recovery: 2249' oil
Reversed out 23 bbls. oil

Southland Royalty Co.
Palmillo-State Comm. No. 1
Test #1 8530-8668'

Initial Flow Period	60 minutes	3504 psi
Initial Shut-in Period	120 minutes	3582 psi
Final Flow Period	150 minutes	3471 psi
Final Shut-in Period	300 minutes	3575 psi

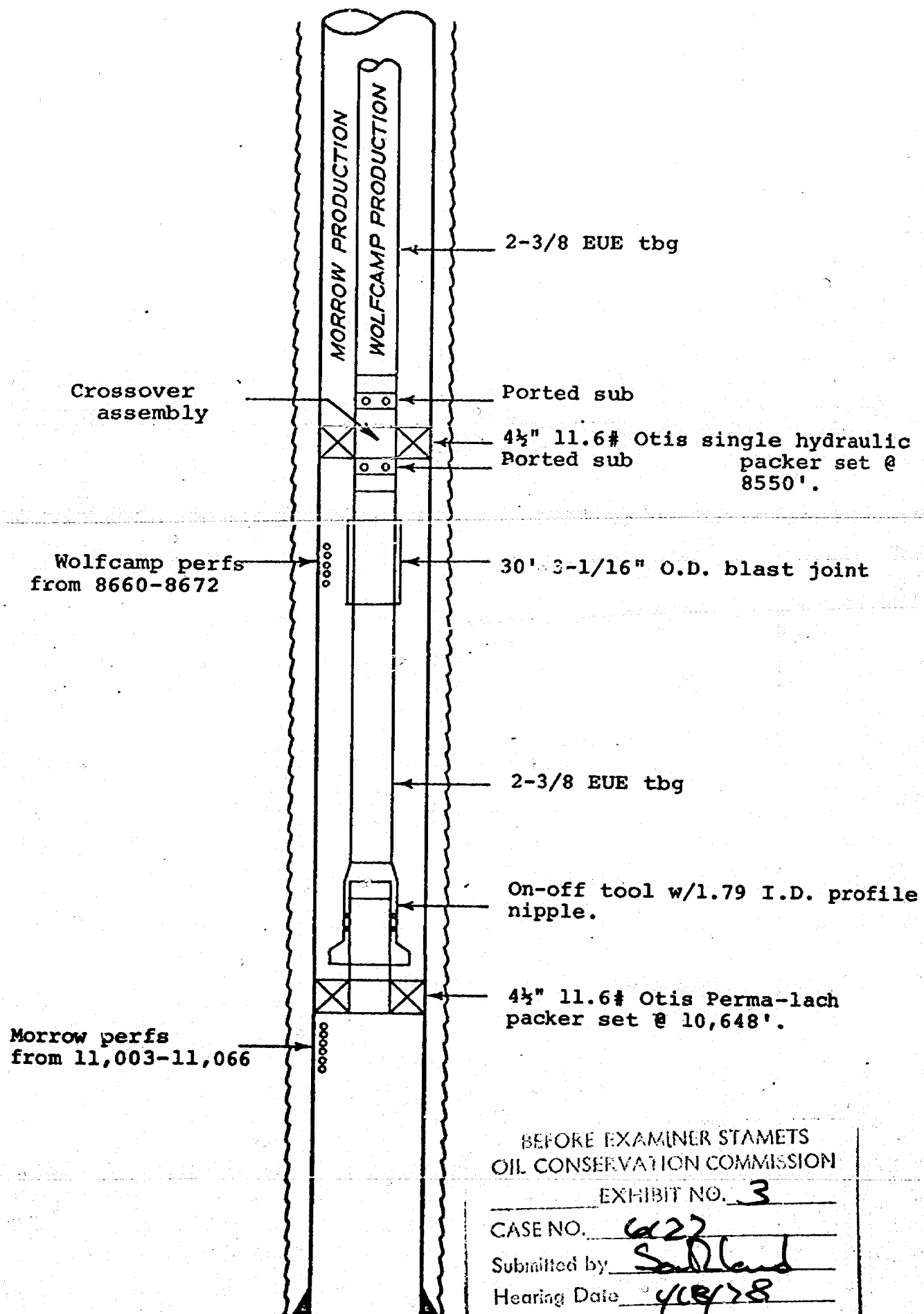
Recovery: 2000' gas cut water
3000' oil and gas condensate
Flowing est. volume 4.7 MMCFD gas, small volume oil



WELL BORE DIAGRAM
SOUTHLAND ROYALTY COMPANY NO. 1 PALMILLO-STATE COMM.

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION
EXHIBIT NO. 2
CASE NO. 6127
Submitted by S. D. Land
Hearing Date 4/8/78

CURRENT DOWNHOLE MECHANICAL INSTALLATION
SOUTHLAND ROYALTY COMPANY NO. 1 PALMILLO-STATE COMM.



PRELIMINARY TESTS
PALMILLO-STATE COMM. NO. 1

Morrow 11,003-11,066'

12-3-77 1650# TP on 1/4" choke on short test.
Calculated 1950 MCFGPD

Wolfcamp 8660-8672'

12-9-77 6 hour test 156 BO, 12 BW, 275 MCFG, FTP 1100#.
After Crossover Installation

12-19-77 Wolfcamp flowed 24/64" choke, 1500#, 5 min. SI 1700#
Morrow flowed 16/64" choke, 2550#, 5 min. SI 2700#

12-20-77 Morrow - SI 2950#
Wolfcamp - SI 2250#

12-21-77 Morrow - SI 3000#
Wolfcamp - SI 2250#

12-29-77 Morrow - SI 3000#
Wolfcamp - SI 2550#

1-16-78 Morrow - SI 3000#
Wolfcamp - SI 2550#

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

EXHIBIT NO. 4

CASE NO. 427

Submitted by S. D. Land

Hearing Date 1/18/78