

CASE NO.

6335

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

STATE OF NEW MEXICO
 ENERGY AND MINERALS DEPARTMENT
 OIL CONSERVATION DIVISION
 State Land Office Building
 Santa Fe, New Mexico
 27 September 1978

EXAMINER HEARING

 IN THE MATTER OF:)

Application of Continental Oil Company)
 for downhole commingling, Lea County,)
 New Mexico.)

CASE
 6335

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
 Division:

Lynn Teschendorf, Esq.
 Legal Counsel for the Division
 State Land Office Bldg.
 Santa Fe, New Mexico 87501

For the Applicant:

W. Thomas Kellahin, Esq.
 KELLAHIN & FOX
 500 Don Gaspar
 Santa Fe, New Mexico 87501

I N D E X

JIM BARGHOUTI

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MR. NUTTER: Case Number 6335.

MS. TESCHENDORF: Case 6335. Application of Continental Oil Company for downhole commingling, Lea County, New Mexico.

MR. KELLAHIN: Tom Kellahin of Kellahin and Fox, appearing on behalf of the applicant, and I have one witness to be sworn.

(Witness sworn.)

JIM BARGHOUTI

being called as a witness and having been duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you please state your name and by whom you are employed?

A My name is Jim Barghouti. I'm employed by Conoco, Continental Oil Company.

MR. NUTTER: How do you spell your last name, please?

A It's B-A-R-G-H-O-U-T-I.

MR. NUTTER: Thank you.

Q Mr. Barghouti, have you previously testified

before the Oil Conservation Division?

A. No, sir.

Q. Would you state for benefit of the Examiner when and where you obtained your degree?

A. I graduated in petroleum engineering from the University of Wyoming in 1972.

Q. Subsequent to graduation where have you been employed and in what capacity?

A. I started working with Schlumberger as a field engineer immediately after graduation, in Farmington, and I joined Continental January '75 as a production engineer, and for the last year I've been a reservoir engineer for Continental in Hobbs.

Q. And you are a registered professional engineer in the State of New Mexico?

A. Yes, sir.

Q. Have you made a study of and are you familiar with the facts surrounding this particular application?

A. Yes.

MR. KELLAHIN: We tender Mr. Barghouti as an expert witness.

MR. NUTTER: He's qualified.

Q. (Mr. Kellahin continuing.) Would you please refer to what we've marked as Exhibit Number One, identify it, and explain to the Examiner what you're seeking to

accomplish?

A. The well is Jack B-30 No. 2 in the northeast quarter of Section 30, 37, 24 -- 24 South, 37 East, and we are seeking to commingle downhole the Langlie Mattix Zone with the Jalmat Zone in gas.

Q. What has been the history of the Jack B-30 Well No. 2?

A. We drilled Jack B-30 No. 2 to prevent drainage by the Adele Sewell northeast of the well.

Q. That --

A. To the Langlie Mattix.

Q. That Adele Sewell well is operated by what operator?

A. Doyle Hartman.

Q. Okay.

A. However, we came 21 feet too deep to the well and we encountered oil, compared to what we were planning to get, a dual gas/gas, which we were approved to get by the Commission.

Q. All right, let me ask you this, Mr. Barghouti. What are the Commission order numbers with regards to the dual application approvals for the gas/gas dual?

A. It's Order Number R-5658 and R-5658-A.

Q. All right, what happened upon reaching total depth for this well?

A. We ran casing to TD, We perforated the Langlie Mattix. We had problems to run the open hole logs. We ran case hole logs and we found it to be too deep to the Adele Sewell Well by 21 feet. We perforated it --

Q. What was the total depth of this well?

A. The total depth was 3650.

Q. Okay. Go ahead.

A. Upon perforating and stimulation, the well produced oil, water, and gas, and five barrels of oil after we recovered the load, five barrels of water, and 234 Mcf of gas.

The well could not -- it had to be pumped artificially in order to keep it in production.

Q. Okay. With regards to the Langlie Mattix, what if any test information do you have on the Langlie Mattix Zone?

A. The Langlie Mattix Zone was tested after recovering the load for five barrels of oil and five barrels of water, 234 Mcf a day, and a bottom hole pressure from fluid level measurement, 350 PSI.

Q. The bottom hole pressure information, describe the type of test that was used to result in a pressure of 350 PSI?

A. It was one week shutin pressure.

Q. Okay. Now, would you -- I assume you ran some

tests on the Jalmat zone.

A. Yes, sir.

Q. What are the results of those tests?

A. After we tested the Langlie Mattix, we set a bridge plug above the perforations of the Langlie Mattix, perforated the Jalmat, and fraced it, tested it after recovering the load. Average tests were 4 barrels of water, 234 - 247 Mcf of gas a day. The one-week shutin pressure was 320 PSI.

Q. Let's go to Exhibit Number Two and have you identify that. What is this?

A. This is a wellbore diagram as the well is being produced now from the Jalmat with 2-3/8th inch tubing ran to the Jalmat, which is perforated from 2994 to 3108 with one jet per foot, and the well is being produced on line to El Paso since July 21st.

Q. If the downhole commingling is approved, how do you propose to recomplete the well?

A. By removing the cast iron bridge plug, run the 2-3/8ths inch tubing below the perforation of the Langlie Mattix and produce it up the 2-3/8ths tubing.

Q. Okay. Let me go back to your Exhibit Number One for a moment and ask you to identify if there is any other Langlie Mattix production offsetting this particular well?

A. Yes, sir. The Adele Sewell has been completed in the Langlie Mattix and it's been on production for over a year, and its average production is about 350 Mcr per day. It does not produce any oil.

MR. NUTTER: It's -- now, that's the --

A. The Adele Sewell.

MR. NUTTER: That's the Doyle Hartman well to the north?

A. That's right.

MR. NUTTER: And it's not a Jalmat well, then, it's strictly a Langlie Mattix?

A. It's the Langlie Mattix.

MR. NUTTER: But it's a gas well?

A. It's a gas well.

MR. NUTTER: Okay, what's the potential on it or what does it produce?

A. It's producing an average of 350 Mcfs.

MR. NUTTER: Okay.

Q. (Mr. Kellahan continuing.) Are there any other Langlie Mattix wells offsetting this?

A. No.

Q. Okay. How about Jalmat production?

A. The Jalmat production, we have, Conoco owns the Jack B-30 No. 1 to the south and the -- this is a marginal gas well in the Jalmat gas.

Q That's in the northeast quarter of Section 30.

A That's right.

Q Let me refer you to Exhibit Number Three and ask you to identify it.

A This C-104 application and it's a Jalmat test with 247 Mcfs a day.

Q Okay. Let me ask you about the Jalmat production. I assume that's a prorated pool.

A Yes.

Q And there is an allowable assigned for your Jalmat production, is there not?

A That's right. We have an allowable in August of 11,977 Mcfs for the Jalmat simultaneous proration of 160 acres for the Jack B-30 No. 2 and Jack B-30 No. 1.

Q All right, so you have both of the wells in the northeast quarter of Section 30 which will produce the Jalmat proration unit allowable?

A That's right.

Q Okay. Are the wells able to in combination equal or exceed the allowable set for the Jalmat production?

A They slightly exceeded the allowable in August but neither one of them can produce the allowable.

Q What was the combined production for August?

A The combined production for August was 14,282

Mcfs, compared to the allowable in August of 11,977 Mcfs.

However, I could point out that in 1977 the average of the allowable was 17,700 Mcfs.

Q Okay. How do you propose to control the production from the Jalmat?

A Should they exceed the allowable during that month we would curtail it by controlling production from No. 1.

Q Is the Jalmat production within the northeast quarter of Section 30 common in the two wells?

The ownership?

A Yes.

Q In your opinion is the downhole commingling of this particular well necessary?

A Yes, it is.

Q Why?

A Should we not commingle the Langlie Mattix, it will not be possible -- feasible mechanically to dual it and in the meantime, the reservoir would be drained by the Adele Sewell well; as the pressure declines we won't be able to recover the reserves.

Q If the downhole commingling is not approved, what, if any, difficulties will you have in producing the Jalmat gas?

A In order to produce the Jalmat gas we have to

run 2-3/8ths inch tubing. The well produces water which tends to form salt rings which requires swabbing and if we dual the well, we have to run to produce it, artificially, pump it under the packer, with a vent string necessary.

Q Okay. As a reservoir engineer, have you made any estimates as to the reserves in the Langlie Mattix Zone?

A Yes, sir. Reserves estimated at 250-million cubic feet of gas and 5000 barrels of oil recoverable over ten years.

Q If this application is not approved by the Division, what will be the effect upon those reserves?

A These reserves will be -- won't be recovered from the Langlie Mattix and the correlative rights of the gas in the Jalmat would be impaired.

Q Okay. If commingling is approved are you aware of any difficulty in the combining of any of the fluids or the gases produced from either of the zones?

A No, we expect no difficulty. The gases are similar in composition.

Q How do you propose to allocate the production between the two zones?

A Fifty percent of the gas to the Jalmat and 100 percent of the oil to the Langlie Mattix.

Q Were Exhibits One, Two, and Three compiled

by you directly or compiled under your supervision and direction?

A. Under my supervision.

Q. And in your opinion will the approval of this application be in the best interests of conservation, the prevention of waste, and the protection of correlative rights?

A. Yes, I believe this.

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

MR. NUTTER: Continental's Exhibits One through Three will be admitted.

CROSS EXAMINATION

BY MR. NUTTER:

Q. Mr. Barghouti, what was the producing history on the No. 1 Well there on this gas unit?

Do you have a compilation of the production from it for a few months back?

A. During 1978 the well averaged 6720 Mcfs a month.

Q. 6720.

A. Yes, sir.

Q. And --

A. That's an average of 216 Mcfs a day.

Q. That was for how many months in '78?

A. In '78 through August.

Q. Through August?

A. Yes.

Q. And this allowable that has been running somewhere in the neighborhood from 12 to 20,000 per month, has it not?

A. Yes, sir. That's true.

Q. Is the well classified as a marginal or nonmarginal well?

A. It is a marginal well.

Q. It is marginal?

A. Yes, sir.

Q. So the No. 1 Well, then, obviously could not make the allowable for the 160-acre unit that's assigned to it,

A. That's correct.

Q. So if you are going to make the allowable you would have to augment that production from some other source.

A. That's correct.

Q. You've got this No. 2 completed there.

A. That's right.

Q. Now, let me see if I've got these potentials correct. In the Langlie Mattix after recovering your load

water --

A. Yes, sir.

Q. -- the No. 2 Well produced 5 barrels of oil, 5 barrels of water, and 235 Mcf.

A. That's correct.

Q. And the Jalmat in that well -- you set a bridge plug then, perforated the Jalmat and tested it completely separate.

A. That's right.

Q. And it produced 4 barrels of water and 247 Mcf.

A. That's right.

Q. And no oil.

A. No oil.

Q. And the bottom hole pressures are 350 --

A. In the Langlie Mattix.

Q. -- in the Langlie Mattix and 320 --

A. And 320 in the Jalmat.

Q. -- in the Jalmat. Now, does the Adele Sewell Well produce from the Jalmat?

A. No.

Q. How about these wells to the west there on your Exhibit Number One? I see five wells in that north-west quarter. Are any of those Jalmat gas wells?

A. Those are Cooper Jal Waterflood Unit and the 228, for instance, is to my recollection, it is water

injection well.

And they are too low to benefit us at this time in the Langlie Mattix.

Q Uh-huh.

A. They are injection in the Langlie Mattix and when we drilled the well, initially we were trying to locate the well in the proximity of this injector in particular, but we were certain that we would not be in the same structure.

Q Uh-huh.

A. So we thought it's a better shot to go after gas/gas.

Q Now, what's this well north of the Jack B-2?

A. This is --

Q. Not the Adele Sowell, the other well, the No. 1 Well there?

A. This is a shutin Langlie Mattix well.

Q That gas well there is?

A. Right. It's a Cities Service shutin gas well.

Q Well, where are the Jalmat gas wells that are around here, then? Are there any?

A. I don't believe so.

Q Now when was this well drilled?

A. This was drilled -- we started in January;

we completed it in April in the Langlie Mattix.

Q of 199?

A Yes, sir.

Q Now, this Order Number R-5658 approved it as a gas/gas dual.

A Yes, sir.

Q You said. Would that have been a gas well in the Jalmat and a gas well in the Langlie Mattix?

A Initially it was approved to drill the well for a dual gas/gas. However, when we tested it and we submitted the C-104 to change the status of the Jalmat from an oil to the gas.

Q What is the ratio in the Langlie Mattix? Have you calculated that out? It's 5 barrels of oil to 235 Mcf.

A I didn't calculate that for GOR.

Q It's something like 30, 40,000, don't you think?

A To 4600, something. I believe we are within the GOR limit in the Langlie Mattix, which is stated as 800, I believe, Mcf.

Q I believe that's right, yeah, 800 Mcf per day.

MR. NUTTER: Are there any further questions of Mr. Barghouti? He may be excused.

Do you have anything further, Mr. Kellahin?

MR. KELLAHIN: No, sir.

MR. NUTTER: Does anyone have anything to
offer in Case Number 6335?

We'll take the case under advisement.

(Hearing concluded.)

REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability, knowledge, and skill, from my notes taken at the time of the hearing.

Sally W. Boyd CSR
Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 6335
heard by me on 9/27 1928.
[Signature] Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6335
Order No. R-5827

APPLICATION OF CONTINENTAL OIL COMPANY
FOR DOWNHOLE COMMINGLING, LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 27, 1978, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 6th day of October, 1978, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Continental Oil Company, is the owner and operator of the Jack B-30 Well No. 2, located in Unit B of Section 30, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks authority to commingle Jalmat gas and Langlie Mattix oil production within the wellbore of the above-described well.

(4) That from the Jalmat zone, the subject well is capable of marginal production only.

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

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

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Case No. 6335
Order No. R-5827

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

(8) That to afford the Division 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 Division any time the subject well is shut-in for 7 consecutive days.

(9) That in order to allocate the commingled production to each of the commingled zones in the subject well, 50 percent of the commingled gas production should be allocated to the Jalmat zone and 50 percent to the Langlie Mattix zone, and 100 percent of the commingled oil production to the Langlie Mattix zone.

IT IS THEREFORE ORDERED:

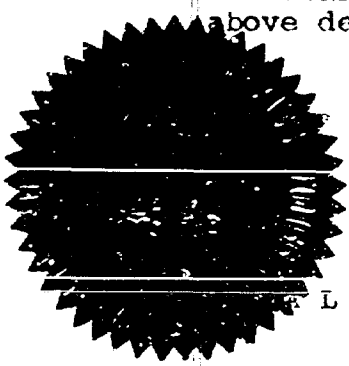
(1) That the applicant, Continental Oil Company, is hereby authorized to commingle Jalmat gas and Langlie Mattix oil production within the wellbore of the Jack B-30 Well No. 2, located in Unit B of Section 30, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico.

(2) That 50 percent of the commingled gas production shall be allocated to the Jalmat zone and 50 percent to the Langlie Mattix zone, and 100 percent of the commingled oil production shall be allocated to the Langlie Mattix zone.

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

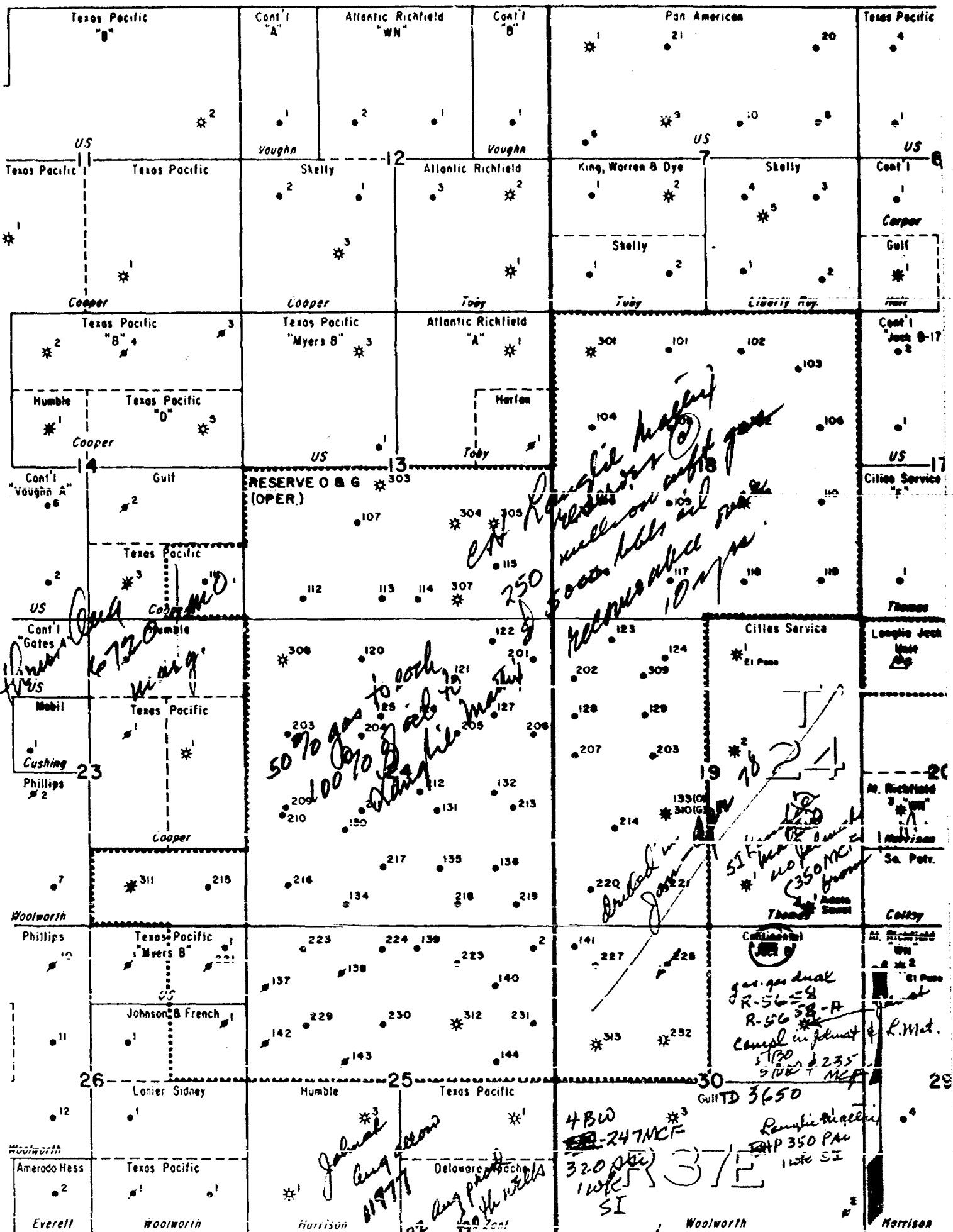
(4) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director



R30E

Carroll

6335

CONTINENTAL OIL COMPANY
PRODUCTION DEPARTMENT — HOBBS DIVISION

COOPER JAL UNIT
LEA COUNTY, NEW MEXICO

"0"-11' AGL

Jack 'B-30' Well No. 2
330' FNL & 1725' FEL of
Section 30, T-24S, R-37E
Lea County, New Mexico
Spudded 3-9-78

1142'-8 5/8" K-55 & J-55 24#CSG w/565sx circ.

2 3/8" TE6 @ 2850' Open-Ended

Jalmit Yates Perfs

2994', 99', 3004', 09', 11', 31', 36', 41', 76', 81', 88', 91', 98'

3103', 08' - IJSPF

3380' CIBP - Baker Model 'N'

Langlie Mattix Perfs

3457', 62', 74', 76', 82', 91', 95', 3506', 08', 20', 24', 33', IJSPF

CIBP on Bottom
Not set

TD-3650'

3650'-5 1/2" K-55, 14#CSG w/611sx
TOC By Temp. 1200'

DEPARTMENT OF ENERGY
OIL FIELD INFORMATION

Conoco

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CASE NO.

6335

NO. OF COPIES RECEIVED	
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TRANSPORTER	OIL GAS
OPERATOR	
PRORATION OFFICE	

NEW MEXICO OIL CONSERVATION COMMISSION
REQUEST FOR ALLOWABLE
AND
AUTHORIZATION TO TRANSPORT OIL AND NATURAL GAS

Form C-104
Supersedes Old C-104 and C-11
Effective 1-1-65

I. Operator
CONTINENTAL OIL COMPANY
Address **P.O. BOX 460, HOBBS, NEW MEXICO 88240**
Reason(s) for filing (check proper box)
New Well ☐ Change in Transporter of:
Recompletion ☐ Oil ☐ Dry Gas ☐
Change in Ownership ☐ Casinghead Gas ☐ Condensate ☐
Other (Please explain)
TO COMPLY WITH RECLASSIFICATION EFFECTIVE 9-1-78, AND TO REPORT THE CONNECTION AND SEPARATE MEASUREMENT OF GAS PRODUCED.

If change of ownership give name and address of previous owner

II. DESCRIPTION OF WELL AND LEASE

Lease Name JACK B-3C	Well No.: Pool Name, including Formation 2 JALMAT YATES GAS	Kind of Lease State, Federal or Fee LC 03232C (1)	Lease No.
Location Unit Letter B : 330 Feet From The NORTH Line and 1725 Feet From The EAST Line of Section 30 Township 24S Range 37E , NMPM, LEA County			

III. DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS

Name of Authorized Transporter of Oil <input type="checkbox"/> or Condensate <input checked="" type="checkbox"/> PERMIAN CORPORATION	Address (Give address to which approved copy of this form is to be sent) MIDLAND, TEXAS
Name of Authorized Transporter of Casinghead Gas <input checked="" type="checkbox"/> or Dry Gas <input type="checkbox"/> EL PASO NATURAL GAS CO.	Address (Give address to which approved copy of this form is to be sent) JAL, NEW MEXICO
If well produces oil or liquids, give location of tanks. Unit B Sec. 30 Twp. 24 Rge. 37	Is gas actually connected? YES When 7-21-78

If this production is commingled with that from any other lease or pool, give commingling order number:

IV. COMPLETION DATA

Designate Type of Completion - (X)	Oil Well	Gas Well	New Well	Workover	Deepen	Plug Back	Same Res.	Diff. Res.
		X				X		X
Date Spudded 3-8-78	Date Compl. Ready to Prod. 6-23-78	Total Depth 3650'	P.B.T.D. 3380' CIBP					
Elevations (DF, RKB, RT, CR, etc.) 3265'	Name of Producing Formation YATES	Top Oil/Gas Pay 2948'	Tubing Depth 2850'					
Perforations 2994'-3102'		Depth Casing Shoe 3650'						
TUBING, CASING, AND CEMENTING RECORD								
HOLE SIZE	CASING & TUBING SIZE	DEPTH SET	SACKS CEMENT					
12 1/4"	2 5/8"	1142'	565					
7 3/8"	5 1/2"	3650'	611					
	2 3/8"	2850'						

V. TEST DATA AND REQUEST FOR ALLOWABLE OIL WELL

(Test must be after recovery of total volume of load oil and must be equal to or exceed top allowable for this depth or be for full 24 hours)

Date First New Oil Run To Tanks	Date of Test	Producing Method (Flow, pump, gas lift, etc.)	
Length of Test	Tubing Pressure	Casing Pressure	Choke Size
Actual Prod. During Test	Oil-Bbls.	Water-Bbls.	Gas-MCF

GAS WELL

Actual Prod. Test-MCF/D 247	Length of Test 24 Hr.	Bbls. Condensate/MXCF	Gravity of Condensate
Testing Method (pilot, back pr.) B.P.	Tubing Pressure (Shut-in)	Casing Pressure (Shut-in)	Choke Size OPEN

VI. CERTIFICATE OF COMPLIANCE

I hereby certify that the rules and regulations of the Oil Conservation Commission have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

Administrative Commission
(Signature)

OIL CONSERVATION COMMISSION

APPROVED **SEP 3 1978**
BY **John H. Hester**
TITLE **Secretary**

This form is to be filed in compliance with RULE 1104.

If this is a request for allowable for a newly drilled or deepened well, this form must be accompanied by a tabulation of the deviated tests taken on the well in accordance with RULE 111.

All sections of this form must be filled out completely for allow

Dockets Nos. 32-78 and 33-78 are tentatively set for hearing on October 11 and October 25, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 27, 1978

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

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

CASE 6329: Application of David Fasken for unorthodox gas well locations and a non-standard proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox locations of the following three wells located in Township 21 South, Range 24 East, Cemetery-Morrow Gas Pool, Eddy County, New Mexico:

Ross Federal Com. Well No. 2 to be drilled 3300 feet from the South line and 660 feet from the West line of Section 4, Lots 9 through 16 of said section to be dedicated to the well; Ross Federal Com. Well No. 3 to be drilled 6040 feet from the South line and 460 feet from the West line of Section 4, to be dedicated to a 284.6-acre non-standard proration unit comprising Lots 1 through 8 of said section; and Shell Federal Com. Well No. 2 to be drilled 3300 feet from the South line and 660 feet from the West line of Section 5, Lots 9 through 16 of said section to be dedicated to the well.

CASE 6330: Application of Petroleum Corporation of Texas for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the NE/4 of Section 32, Township 24 North, Range 3 West, Chacon-Dakota Associated Pool, Rio Arriba 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 6331: Application of American Petrofina Company of Texas for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 990 feet from the South line and 990 feet from the East line of Section 29, Township 32 North, Range 9 West, Blanco-Mesaverde Pool, San Juan County, New Mexico, the E/2 of said Section 29 to be dedicated to the well.

CASE 6332: Application of Reading & Bates Oil and Gas Company for an unorthodox gas well location and a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of a well to be drilled 330 feet from the North line and 1650 feet from the West line of Section 5, Township 23 South, Range 36 East, Lea County, New Mexico, to produce gas from the Jalmat Yates formation and oil from the Langlie Mattix Seven Rivers formation.

CASE 6333: Application of Maddox Energy Corporation for compulsory pooling, 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 E/2 of Section 27, Township 23 South, Range 28 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. In the alternative, applicant seeks an order pooling only the NE/4 of said section for the production of gas from formations above the Wolfcamp. 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 6334: Application of Grace Petroleum Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its New Mexico Federal "C" Well No. 1 to be drilled 4650 feet from the South line and 660 feet from the East line of Section 6, Township 21 South, Range 32 East, Lea County, New Mexico, Lots 9, 10, 15, and 16 and the SE/4 of said Section 6 to be dedicated to the well.

CASE 6335: 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 Jalmat gas and Langlie Mattix oil production within the wellbore of its Jack B-30 Well No. 2 located in Unit B of Section 30, Township 24 South, Range 37 East, Lea County, New Mexico.

CASE 6336: Application of Burleson & Huff for a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas proration unit comprising the E/2 SE/4 of Section 11 and the W/2 SW/4 of Section 12, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be dedicated to a well at a standard location in Unit P of said Section 11.

CASE 6337: Application of Mark D. Wilson to limit application of pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks to limit the application of the McMillan-Morrow Gas Pool present rules to the horizontal limits of said pool only, Eddy County, New Mexico.



L. P. Thompson
Division Manager

E. L. Oshlo
Assistant Division Manager

Production Department
Hobbs Division
North American Production

Continental Oil Company
P.O. Box 460
1001 North Turner
Hobbs, New Mexico 88240
(505) 393-4141

August 24, 1978

AUG 28 1978

Oil Conservation Division
Department of Energy & Minerals
State of New Mexico
P.O. Box 2088
Santa Fe, New Mexico 87501

Attention Mr. J. D. Ramey, Director

Gentlemen:

Application for Examiner Hearing - Jack B-30 Well No. 2, Lea County, NM

Enclosed in triplicate is application for approval of commingling in the wellbore production from the Jalmat Yates Gas and Langlie Mattix Seven Rivers Oil Pools in our Jack B-30 Well No. 2.

Please set this matter for hearing on the earliest available examiner docket.

Yours very truly,

HAI/jj

enc

cc: J. W. Kellahin, Santa Fe

BEFORE THE OIL CONSERVATION DIVISION
OF THE
NEW MEXICO DEPARTMENT OF ENERGY & MINERALS

IN THE MATTER OF THE APPLICATION OF
CONTINENTAL OIL COMPANY FOR AUTHORITY
TO COMMINGLE IN THE WELLBORE PRODUCTION
FROM THE JALMAT YATES GAS POOL AND THE
LANGLIE MATTIX SEVEN RIVERS OIL POOL IN
ITS JACK B-30 WELL NO. 2, LOCATED IN UNIT
"B" OF SECTION 30, TOWNSHIP 24 SOUTH,
RANGE 37 EAST, LEA COUNTY, NEW MEXICO.

AUG 28 1978

Case 6335

APPLICATION

Applicant, CONTINENTAL OIL COMPANY, respectfully requests authority to commingle in the wellbore production from the Jalmat Yates Gas Pool and the Langlie Mattix Seven Rivers Oil Pool in its Jack B-30 Well No. 2, located in Unit "B" of Section 30, T-24-S, R-37-E, Lea County, New Mexico, and in support thereof would show:

1. Applicant is operator and co-owner of the Jack B-30 lease which, in addition to other lands, includes the NE/4 of Section 30, T-24-S, R-37-E, Lea County, New Mexico.
2. Applicant has drilled and completed in the Jalmat Yates Gas Pool and the Langlie Mattix Seven Rivers Oil Pool its Jack B-30 Well No. 2, located in Unit "B" of said Section 30 on said lease under the authority of Administrative Order No. MC-2431.
3. That Order No. R-5658 and R-5658-A provide for an unorthodox gas well location and simultaneous dedication with Jack B-30 Well No. 1, located in Unit "H" of Section 30, T-24-S, R-37-E, Lea County, New Mexico.
4. That artificial lift equipment is required to establish and maintain production from both zones due to the depleted state of these oil and gas reservoirs.
5. That downhole commingling will result in the recovery of oil and gas reserves that would otherwise be lost.
6. That the granting of this application will prevent waste and will not impair correlative rights.

WHEREFORE, applicant respectfully requests that this application be set for hearing before the Division's duly appointed examiner and, upon hearing, an order be entered authorizing the commingling in the wellbore of the production from the Jack B-30 Well No. 2 as described above.

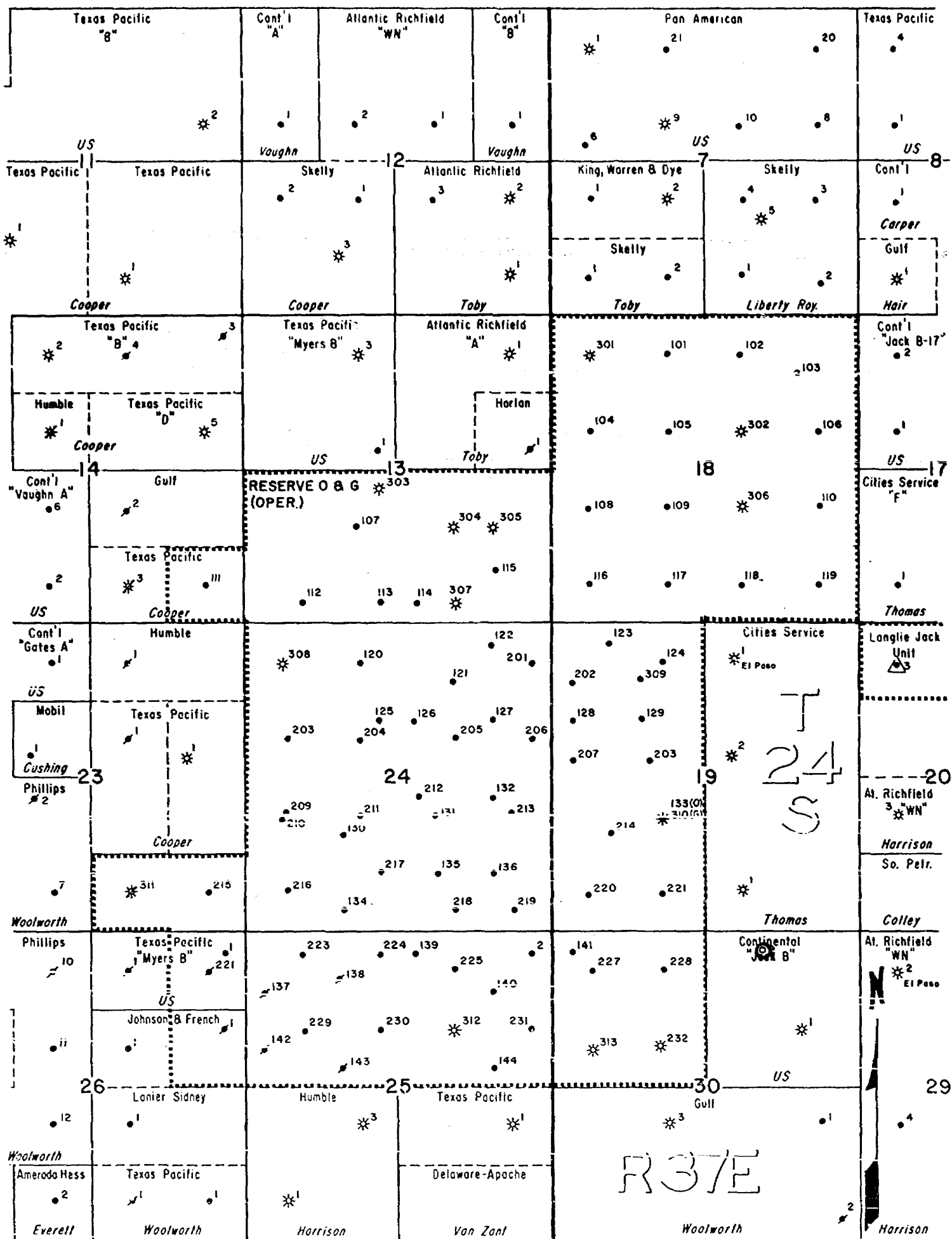
Respectfully submitted,

CONTINENTAL OIL COMPANY

By E. L. Oshlo

E. L. OSHLO

Assistant Division Manager of Production



R36E

CONTINENTAL OIL COMPANY	
PRODUCTION DEPARTMENT - HOBBS DIVISION	
COOPER JAL UNIT	
LEA COUNTY, NEW MEXICO	
<p>SCALE</p> <p>0 1000 2000</p> <p>ERW</p>	

BEFORE THE OIL CONSERVATION DIVISION
OF THE
NEW MEXICO DEPARTMENT OF ENERGY & MINERALS

IN THE MATTER OF THE APPLICATION OF
CONTINENTAL OIL COMPANY FOR AUTHORITY
TO COMMINGLE IN THE WELLBORE PRODUCTION
FROM THE JALMAT YATES GAS POOL AND THE
LANGLIE MATTIX SEVEN RIVERS OIL POOL IN
ITS JACK B-30 WELL NO. 2, LOCATED IN UNIT
"B" OF SECTION 30, TOWNSHIP 24 SOUTH,
RANGE 37 EAST, LEA COUNTY, NEW MEXICO.

AUG 28 1978

Case 6335

APPLICATION

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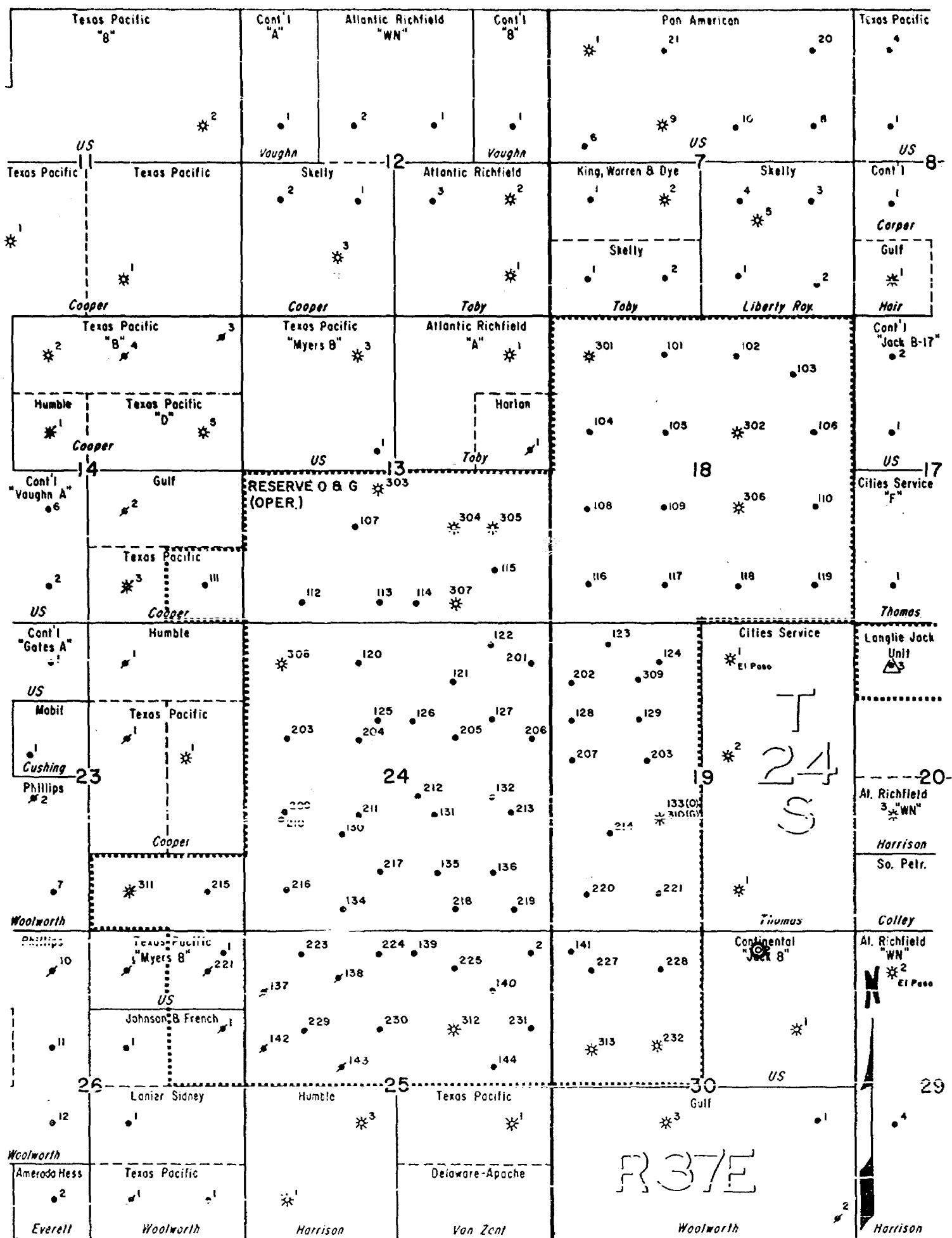
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Respectfully submitted,

CONTINENTAL OIL COMPANY

By E. L. Oshlo
E. L. OSHLO
Assistant Division Manager of Production



R36E

CONTINENTAL OIL COMPANY	
PRODUCTION DEPARTMENT - HOBBS DIVISION	
COOPER JAL UNIT	
LEA COUNTY, NEW MEXICO	
<p>SCALE</p> <p>0 1000 2000</p> <p>FRW</p>	

BEFORE THE OIL CONSERVATION DIVISION
OF THE
NEW MEXICO DEPARTMENT OF ENERGY & MINERALS

IN THE MATTER OF THE APPLICATION OF
CONTINENTAL OIL COMPANY FOR AUTHORITY
TO COMMINGLE IN THE WELLBORE PRODUCTION
FROM THE JALMAT YATES GAS POOL AND THE
LANGLIE MATTIX SEVEN RIVERS OIL POOL IN
ITS JACK B-30 WELL NO. 2, LOCATED IN UNIT
"B" OF SECTION 30, TOWNSHIP 24 SOUTH,
RANGE 37 EAST, LEA COUNTY, NEW MEXICO.

AUG 28 1978

Case 6335

APPLICATION

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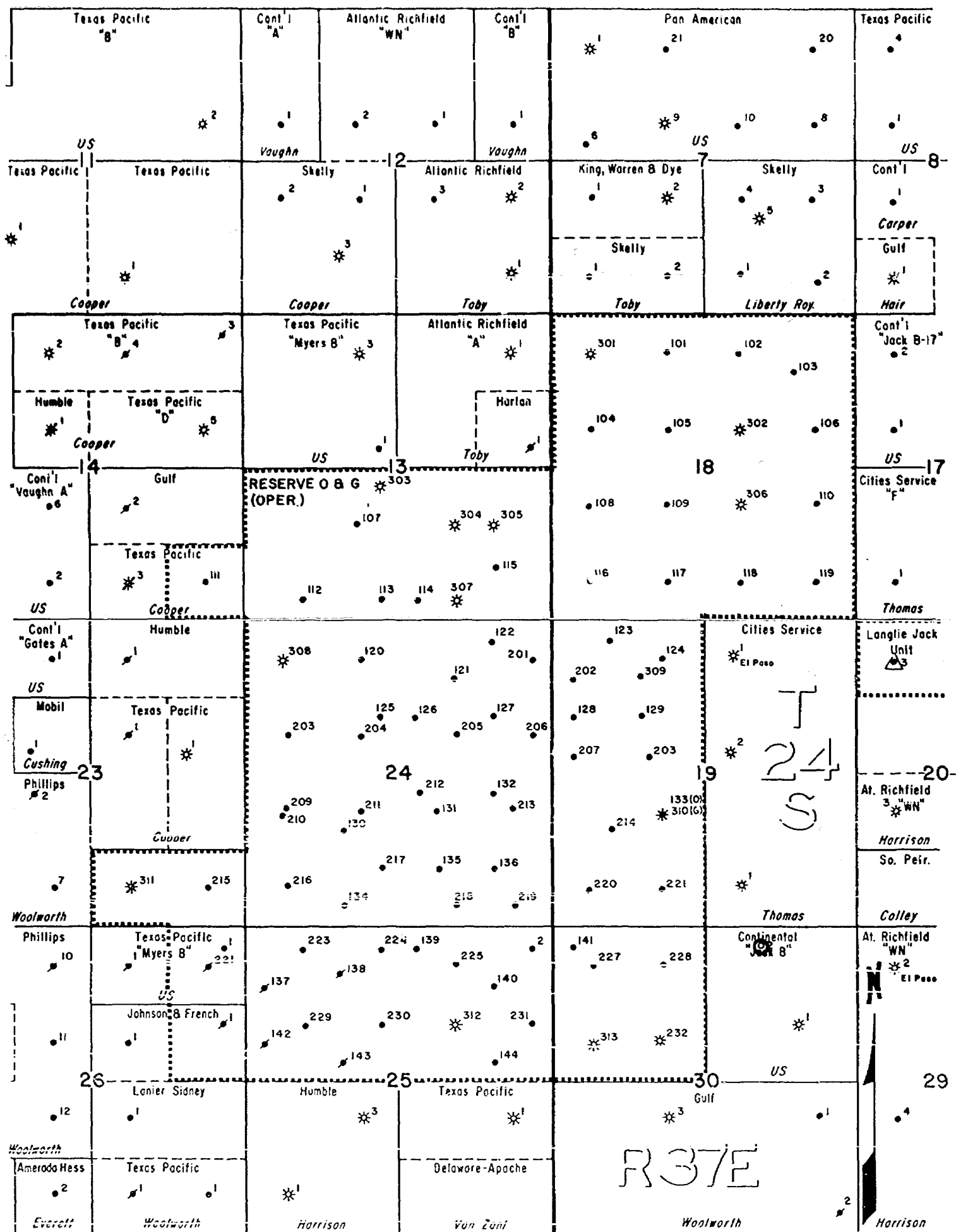
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WHEREFORE, applicant respectfully requests that this application be set for hearing before the Division's duly appointed examiner and, upon hearing, an order be entered authorizing the commingling in the wellbore of the production from the Jack B-30 Well No. 2 as described above.

Respectfully submitted,

CONTINENTAL OIL COMPANY

By E. L. Oshlo
E. L. OSHLO
Assistant Division Manager of Production



R36E

CONTINENTAL OIL COMPANY	
PRODUCTION DEPARTMENT - HOBBS DIVISION	
COOPER JAL UNIT	
LEA COUNTY, NEW MEXICO	
<p>SCALE</p> <p>0 1000 2000</p> <p>ERW</p>	

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6335

Order No. R-5827

APPLICATION OF CONTINENTAL OIL COMPANY

FOR DOWNHOLE COMMINGLING, LEA

COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 27
19 78, at Santa Fe, New Mexico, before Examiner Daniel S.
Nutter.

NOW, on this _____ day of _____, 19 78, the
Division Director, 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 Division has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, Continental Oil Company, is
the owner and operator of the Jack B-30 Well No. 2,
located in Unit B of Section 30, Township 24 South,
Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks authority to commingle
Jalmat gas and Langlie Mattix oil production
within the wellbore of the above-described well.

(4) That from the Jalmat zone, the subject well is capable of ~~low~~ marginal production only.

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

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

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

(8) That to afford the Division 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 Division any time the subject well is shut-in for 7 consecutive days.

(9) That in order to allocate the commingled production to each of the commingled zones in the subject well, 50 percent of the commingled gas production should be allocated to the Jalmat zone, *and 50 percent to the Langlie Mattix zone,* and 100 percent of the commingled oil production to the Langlie Mattix zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, Continental Oil Company, is hereby authorized to commingle Jalmat gas and Langlie Mattix oil production within the wellbore of the Jack B-30 Well No. 2, located in Unit B of Section 30, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico.

~~(2) That the applicant shall consult with the Supervisor of the Hobbs District Office of the Division and determine an allocation formula for the allocation of production to each zone in each of the subject wells.~~

²
(3) That 50 percent of the commingled gas
production shall be allocated to the Jalmat
zone and ^{50 percent to the Langlie Mattix zone, and} 100 percent of the commingled
¹oil production shall be allocated to the Langlie Mattix
zone.

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

⁴
(5) That jurisdiction of this cause is retained for the
entry of such further orders as the Division may deem necessary.

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