

CASE NO.

6340

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APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,  
ETC.

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Supron Energy Corpor- ) CASE  
ation for dual completions and down- ) 6340  
hole commingling, Eddy County, New )  
Mexico. )

BEFORE: Richard L. Stamets

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: Michael B. Campbell, Esq.  
CAMPBELL, BINGAMAN & BLACK  
Jefferson Place  
Santa Fe, New Mexico 87501

and

William S. Jameson, Esq.  
General Counsel  
Supron Energy Corporation  
10300 North Central Expressway  
Dallas, Texas 75231

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I N D E X

JERRY LEE

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MR. STAMETS: We'll call next Case 6340.

MS. TESCHENDORF: Case 6340. Application of Supron Energy Corporation for downhole commingling, Eddy County, New Mexico.

MR. STAMETS: Call for appearances in this case.

MR. CAMPBELL: Did you call for appearances?

MR. STAMETS: Yes.

MR. CAMPBELL: Mr. Examiner, my name is Michael Campbell, with the law firm of Campbell, Bingaman, and Black, appearing on behalf of the Supron Energy Corporation. Also appearing for Supron is William Jameson. Mr. Jameson is general counsel of Supron, who will conduct the -- the hearing.

MR. STAMETS: Any other appearances in the case? You may proceed.

MR. JAMESON: Mr. Examiner, we have one witness, Mr. Jerry Lee, that you probably want to swear.

MR. STAMETS: Would the witness please stand and be sworn?

(Witness sworn.)

MR. STAMETS: Was that Lee or Leed?

MR. LEE: Lee, L-E-E.

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JERRY LEE

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

DIRECT EXAMINATION

BY MR. JAMESON:

Q State your name for the record.

A My name is Jerry Lee.

Q By whom are you employed?

A I'm employed by Supron Energy Corporation as a drilling and production engineer.

Q Mr. Lee, give us a brief resume of your education and experience in that capacity.

A I have a BS in petroleum engineering from Louisiana State University, graduating in 1969; five years as a production engineer with Shell Oil Company; and approximately five years with Supron Energy Corporation as a drilling and production engineer.

Q Mr. Lee, have you ever testified before this Commission before?

A Yes, I have.

MR. JAMESON: Mr. Examiner, we submit that the witness is qualified as an expert.

MR. STAMETS: The witness is considered qualified.

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1 Q (Mr. Jameson continuing.) All right, Mr.  
2 Lee, are you familiar with the application of Supron Energy  
3 Corporation in this case, Number 6340?

4 A Yes, I am.

5 Q What does it relate to?

6 A This particular case is an application by  
7 Supron Energy Corporation requesting permission to com-  
8 mingle production from the Strawn and Atoka Formations in  
9 its Shelby Federal No. 1 Well, located in Section 13,  
10 Township 22 South, Range 24 East, Eddy County, New Mexico.

11 Q I hand you a copy of a table identified for  
12 the record as Supron Exhibit Number One, and ask if you  
13 would explain that information shown on that tabulation.

14 A Supron Exhibit Number One is a tabulation of  
15 data pertinent to their Shelby Federal No. 1 Well, located  
16 in Eddy County, New Mexico.

17 It shows basically the location of the well,  
18 the producing zones, that is the Strawn perforated from  
19 9094 feet to 9100 feet, and the Atoka, perforated from  
20 9467 feet to 9478 feet.

21 It shows the initial potential data on the  
22 well and the most recent test data.

23 It also shows that current production due to  
24 sales line pressures of 550 to 800 psi, production -- the  
25 well can be produced only intermittently, due to low shut-

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1 in pressures.

2 The expense involved in producing the well by  
3 the manner of shutting in and then producing for short  
4 periods of time and shutting in again, makes it an unecono-  
5 mic means of producing the well at this time.

6 Q Mr. Lee, I show you a schematic drawing identi-  
7 fied for the record as Supron Exhibit Number Two, and ask  
8 that you explain that drawing.

9 A Supron Exhibit Number Two is a diagrammatic  
10 sketch of the Shelby Federal No. 1, showing this well to  
11 be a dual completion with the Strawn being the upper zone  
12 and the Atoka being the lower zone, these zones being iso-  
13 lated by a packer, a production packer, set at a depth of  
14 9336 feet.

15 The lower zone being the Atoka Zone, is pro-  
16 ducing through tubing. The Strawn, upper zone, is being  
17 produced through the annulus, the casing tubing annulus.

18 Q All right. How do you propose to change the  
19 present completion situation?

20 A What Supron is proposing to do, due to the  
21 uneconomic nature of production at the current time, is to  
22 open the sliding sleeve shown in the tubing string at a  
23 depth of 9121 feet and commingle production from the Strawn  
24 and Atoka Zones. In addition, we will install a compressor  
25 which will give sufficient drawdown to produce the zone.

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1 At the present time the upper zone makes a  
2 sufficient quantity of fluid to make it impossible to  
3 produce at -- under the current condition. Also, I might  
4 add that production within the last six months on this well  
5 is -- has been at an uneconomical rate, and currently,  
6 without the ability to commingle and compress this gas,  
7 we feel that we would have to abandon the well, as an un-  
8 economic producer.

9 Q In your opinion will the proposed downhole  
10 commingling in this well increase the volume of gas that  
11 could be produced from this well in the absence of taking  
12 that action?

13 A Yes, it would, by downhole commingling we can  
14 economically justify the installation cost of a compressor  
15 and thereby further deplete the reservoir, or both reser-  
16 voirs.

17 Q In your opinion would there be any loss of  
18 potential -- of gas that could be potentially produced  
19 from the well by migration between the zones?

20 A The current shutin pressures, as of December,  
21 1977, for the respective zones, the Strawn had a shutin  
22 pressure of 840 psi and the Atoka, 800 psi. The small  
23 differential of pressure between the two zones should pre-  
24 sent no problem as far as cross flow or -- of any kind be-  
25 tween zones while producing, since we will have a compressor

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1 and be drawing the well down, and any cross flow that  
2 might occur over extended periods of shutin, the production  
3 would be recovered after returning to production.

4 Q In your opinion is the proposed course of  
5 action of Supron consistent with conservation of gas and  
6 protection of correlative rights?

7 A Yes, it is.

8 MR. JAMESON: We'll tender Exhibit Number One  
9 and Number Two into evidence.

10 MR. STAMETS: These exhibits will be admitted.

11 MR. JAMESON: That will conclude our case on  
12 that one, that application.

13 CROSS EXAMINATION

14 BY MR. STAMETS:

15 Q Mr. Lee, do you have any graphs showing the  
16 production from these two zones?

17 A I do not have any graphs. I have a record of  
18 production from the well over the -- since 1976; cumulative  
19 production from the Strawn has been 15,764,000 cubic feet  
20 and from the Atoka, 60,894,000 cubic feet.

21 Q How about liquids production?

22 A Liquid production, 149 barrels of condensate  
23 for the Atoka Zone -- excuse me, that's cumulative of 1200  
24 barrels of condensate from the Atoka Zone, and 139 barrels  
25

1 of condensate from the Strawn.

2 Q And that's since when?

3 A That's for the life of the well.

4 Q And when was the well completed?

5 A The initial potential test was 12-28-73.

6 Q What's the size of the tubing in the well?

7 A I'm not sure on that. I thought I had it on  
8 this sketch. I think it's 2-1/2 tubing on the deeper zone  
9 and, of course, the upper zone being produced through the  
10 annulus.

11 Q The compressor that you were talking about,  
12 will that serve this well only?

13 A Yes, it will. It will be an individual well  
14 compressor for this well.

15 Q What's the cost on that?

16 A We currently have a compressor. If it were  
17 a question of buying a compressor to install for this oper-  
18 ation only, we could not justify it economically. We cur-  
19 rently have a compressor that is not in use that we intend  
20 to use on this location.

21 Q Okay.

22 A Basically the cost to perform the operation  
23 we're talking about will be the installation cost of the  
24 compressor.

25 Q Okay. Now, what kind of a formula do you have

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1 for the allocation of production to the two zones?

2 A. What we are recommending as far as the production  
3 allocation back to each of the zones, would be on the test  
4 taken in December of 1977, which was a test to atmosphere  
5 for deliverability purposes, the prospective zones, the  
6 Strawn produced at a rate, an open flow rate, of 250-million  
7 cubic feet per day and the Atoka Zone produced at 500-million  
8 cubic feet per day, and what we would recommend is that  
9 the production be allocated on a percentage basis, based  
10 on these deliverabilities; that is, one-third of the pro-  
11 duction to the Strawn and two-thirds of production to the  
12 Atoka.

13 Q. Do you have in the summary of production there,  
14 does that show monthly production?

15 A. Yes, sir, that's what is shows.

16 Q. I'd like to take a look at that.

17 This record that you have is from 1976 on.

18 It does not go back to the --

19 A. No, sir, it does --

20 Q. -- first production?

21 A. -- not go back to the first production.

22 Q. The indicated first production was in 1975,  
23 so we're just missing one year here.

24 A. Right.

25 Q. Also, it would seem to indicate that all the

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1 liquids were produced during that first year and no liquids  
2 were produced during the last two years, the last three  
3 years.

4 A Well, one zone did --

5 Q Did that actually produce that that month or  
6 is that when you --

7 A Well, I think that's probably sales. We  
8 normally record on sales, as far as that particular report  
9 is required on a sales basis.

10 Q And both pages of this report, both the Strawn  
11 and the Atoka show very intermittent sales of gas for the  
12 last -- well, since the first of 1977.

13 A Yes, sir. From looking at these shutin pres-  
14 sures taken in December, it will fluctuate -- the amount  
15 of sales -- in fact, the only time that we can produce the  
16 well at all is when line pressure has dropped sufficiently  
17 that your shutin pressure will overcome it. Your shutin  
18 pressures in December were 840 and 800 psi, respectively.

19 Obviously, if your line pressure is up in the  
20 800 psi range, it's difficult to obtain any production  
21 from the well.

22 Q Whose line is that?

23 A I'm not sure who the sales -- it may be on the  
24 top. It normally is listed on the top, a gathering.

25 Q I presume that's Southern Union or --

1 A Yes, sir, that would be Southern Union or  
2 Gas Company of New Mexico.

3 Q I'd like to have these two pages entered as  
4 exhibits in this case.

5 And I'll just stamp those Exhibits Three and  
6 Four, and they will be admitted.

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

9 Anything further in this case?

10 The case will be taken under advisement.

11 (Hearing concluded.)  
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## 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 C.S.R.*  
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. 6340 heard by me on 10-11-1978.

*Richard L. Hunt*  
Richard L. Hunt, Examiner  
Oil Conservation Division

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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. 6340  
Order No. R-5837

APPLICATION OF SUPRON ENERGY  
CORPORATION FOR DOWNHOLE COMMINGLING,  
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 11, 1978, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 20th 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, Supron Energy Corporation, is the owner and operator of the Shelby Federal Well No. 1, located in Unit H of Section 13, Township 22 South, Range 24 East, NMPM, Eddy County, New Mexico.

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

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

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



-2-

Case No. 6340

Order No. R-5837

(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 Artesia 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, 67 percent of the commingled production should be allocated to the Atoka zone, and 33 percent of the commingled production to the Strawn zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, Supron Energy Corporation, is hereby authorized to commingle Atoka and Strawn production within the wellbore of the Shelby Federal Well No. 1, located in Unit H of Section 13, Township 22 South, Range 24 East, NMPM, Eddy County, New Mexico.

(2) That 67 percent of the commingled production shall be allocated to the Atoka zone and 33 percent of the commingled production shall be allocated to the Strawn zone.

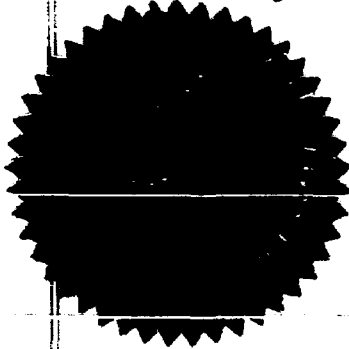
(3) That the operator of the subject well shall immediately notify the Division's Artesia district office any time the well has been shut-in for 7 consecutive days and shall concurrently present, to the Division, a plan for remedial action.

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

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Case No. 6340  
Order No. R-5837

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

S E A L

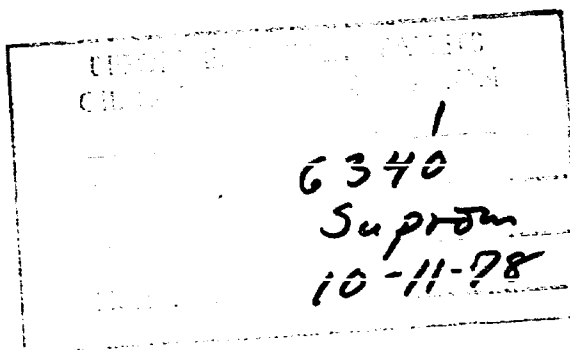
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SUPRON ENERGY CORPORATION

Shelby Federal #1

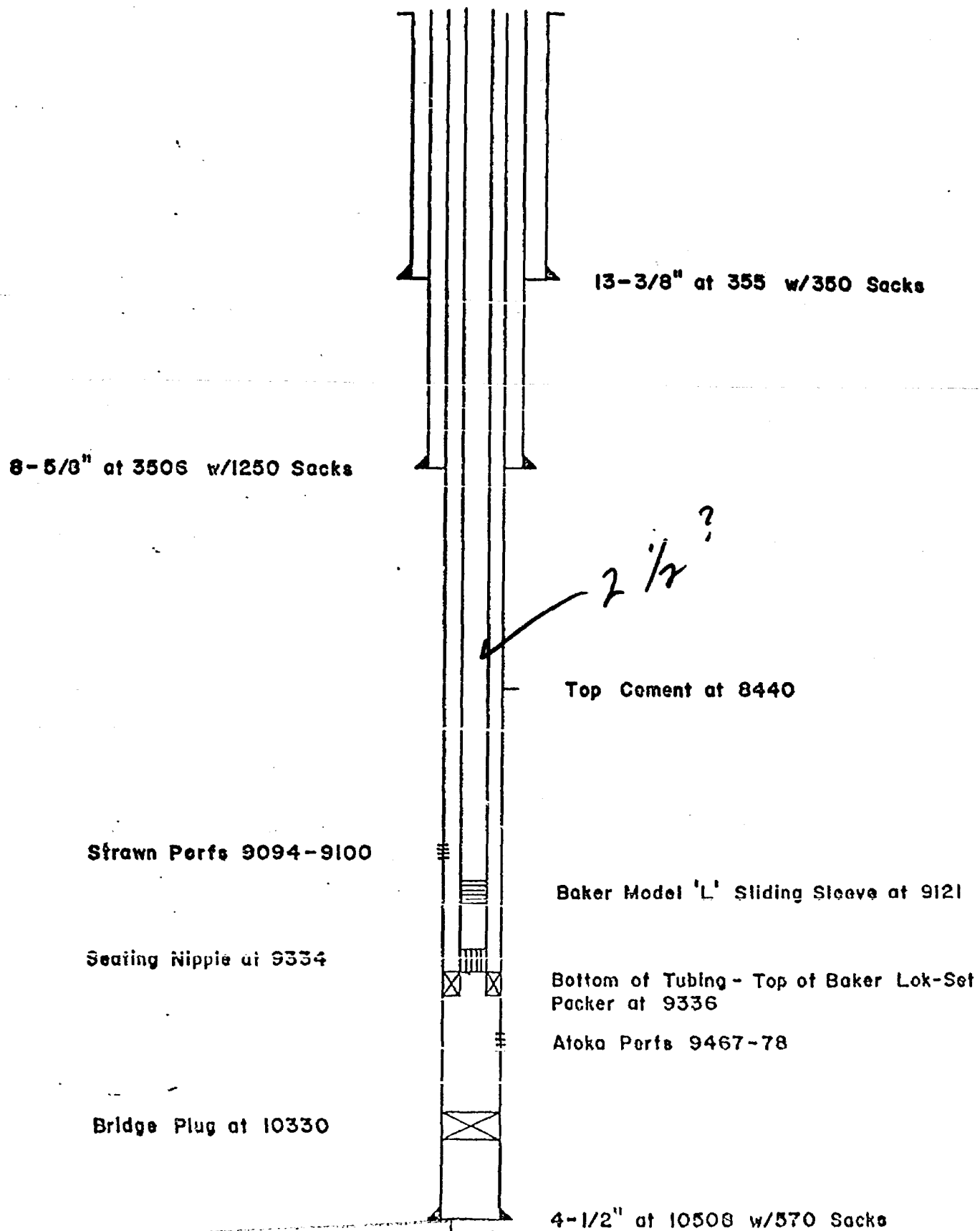
1. Location: SE/4 NE/4 of Section 13, Township 22 South, Range 24 East  
Eddy County, New Mexico
2. Producing Zones:
  - A. McKittrick Hills - Strawn (9094' - 9100')
  - B. McKittrick Hills - Atoka (9467' - 9478')
3. Potential Data:
  - A. Strawn: SIP - 1100 psi CAOF - 400 MCFPD
  - B. Atoka: SIP - 2750 psi CAOF - 914 MCFPD
4. Recent Test Data: December 1977
  - A. Strawn: SIP - 840 psi Production 250 MCFPD
  - B. Atoka: SIP - 800 psi Production - 500 MCFPD
5. Current Production:

Due to sales line pressure of 550 to 800 psi, the subject well can be produced intermittently only by shutting in and allowing pressure to increase sufficiently to overcome line pressure. The expense involved and low production obtained make this an uneconomic means of production.



Supron Exhibit No. 1

SUPRON ENERGY CORPORATION  
Shelby Federal No. 1  
SE NE Section 13, T-22-S, R-24-E  
Eddy County, New Mexico



REPORT OF WELL ANALYSIS  
C.L.  
2  
6340  
Supron  
10-11-78

Supron Exhibit No. 2

SOUTHERN UNION PRODUCTION COMPANY  
PRODUCTION RECORDS

No. 75

Lease Name Shelby Federal Well No. 1 Detail Code 6288  
Operator SUP Working Interest 1.0000 Type Well Gas  
Location: Section SE NE 13 Township 22 Range 24 Survey   
Field Revelation Atoka County Eddy State New Mexico  
Pipeline Connection Gathering Co. Date of 1st Production 2-75

Year Month	MCF This Month	MCF To Date	Condensate/Oil Sales This Month	Condensate/Oil Sales To Date	Water/ Remarks
1976		419.13			
January	146				
February	2549				
March	1462	4160.3			
April	5759				
May	1466				
June	605	5122.3			
July	452				
August	1130				
September	5819	55,225			
October	850				
November	612		1,051		
December	1293	58,361			
1977					
January	1050		-		
February	739		-		
March	274		-		
April	45		-		
May	-		-		
June	207	60,676	-		
July	-		-		
August	-		-		
September	-		-		
October	-		-		
November	-		-		
December	-		-		
1978					
January	16		-		
February	-				
March	122				
April	80	60,894	149	1200	
May					
June			3		
July	-			6340	
August					
September					
October					
November					
December					

SOUTHERN UNION PRODUCTION COMPANY  
PRODUCTION RECORDS

Lease Name Shelby Federal Well No. 1 Detail Code 6440  
 Operator SUP Working Interest 1.0000 Type Well Gas  
 Location: Section SE NE 13 Township 22 Range 24 Survey   
 Field Revelation Strawn County Eddy State New Mexico  
 Pipeline Connection Gathering Co. Date of 1st Production 2-75

Year Month	MCF This Month	MCF To Date	Condensate/Oil Sales This Month	Condensate/Oil Sales To Date	Water/ Remarks
1976		7716		139	
January	419				
February	3250				
March	1447	13221			
April	204				
May	423				
June	200	1450			
July	-				
August	101				
September	497	14748			
October	150				
November	175				
December	144	15217			
1977				139	
January	231				
February	233				
March	1	15,682			
April	8				
May	-				
June	36	15,726			
July	-				
August	-				
September	-				
October	-				
November	-				
December	-				
1978					
January	3				
February					
March	21				
April	14	15,764			
May				6340	
June					
July	-				
August					
September					
October					
November					
December					

Dockets Nos. 34-78 and 35-78 are tentatively set for hearing on October 25 and November 8, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 11, 1978

9 A.M. - OIL CONSERVATION DIVISION 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 6338: Application of Charles C. Loveless for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 660 feet from the South line and 1980 feet from the East line of Section 23, Township 17 South, Range 26 East, Kennedy Farms Field, Eddy County, New Mexico, the E/2 of said Section 23 to be dedicated to the well.
- CASE 6040: (Reopened and Readvertised)
- In the matter of Case 6040 being reopened pursuant to the provisions of Order No. R-5552 which order created the North Teague-Devonian Pool, Lea County, New Mexico, with a special gas-oil ratio limitation of 4000 to 1. All interested parties may appear and show cause why the limiting gas-oil ratio for said pool should not revert to 2000 to 1.
- CASE 6339: Application of Amoco Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 22, Township 23 South, Range 28 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6321: (Continued and Readvertised)
- Application of Texas Oil & Gas Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Shugart State Com. Well No. 1 to be drilled 714 feet from the South line and 2062 feet from the West line of Section 16, Township 18 South, Range 31 East, Eddy County, New Mexico, the W/2 of said Section 16 to be dedicated to the well.
- CASE 6320: (Continued and Readvertised)
- Application of Texas Oil & Gas Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Coquina Federal Com Well No. 1 to be drilled 710 feet from the North line and 2330 feet from the West line of Section 32, Township 18 South, Range 27 East, Eddy County, New Mexico, the W/2 of said Section 32 to be dedicated to the well.
- CASE 6340: Application of Supron Energy Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Atoka and Strawn production in the wellbore of its Shelby Federal Well No. 1 located in the NE/4 of Section 13, Township 22 South, Range 24 East, Eddy County, New Mexico.
- CASE 6341: Application of Supron Energy Corporation for dual completions and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the dual completion of its Jicarilla A Well No. 8 located in the NW/4 of Section 23; its Jicarilla E Well No. 7 located in the SE/4 of Section 15; and its Jicarilla E Well No. 8 located in the NW/4 of Section 15, all in Township 26 North, Range 4 West, Rio Arriba County, New Mexico, to produce gas from the Mesaverde formation through a separate string of tubing and to commingle Gallup and Dakota production in the wellbores of said wells.
- CASE 6342: Application of Supron Energy Corporation for a dual completion and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Jicarilla J Well No. 10 located in the SE/4 of Section 26, Township 26 North, Range 5 West, Rio Arriba County, New Mexico, to produce gas from the Pictured Cliffs formation through a separate string of tubing and to commingle Tocito and Dakota production in the wellbore of said well.
- CASE 6343: Application of Supron Energy Corporation for a dual completion and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Jicarilla H Well No. 8 located in the SE/4 of Section 11, Township 26 North, Range 4 West, Rio Arriba County, New Mexico, to produce gas from the Pictured Cliffs formation through a separate string of tubing and to commingle Gallup and Dakota production in the wellbore of said well.

- CASE 6344: Application of Supron Energy Corporation for a dual completion and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Jicarilla F Well No. 1 located in the SW/4 of Section 27, Township 26 North, Range 4 West, Rio Arriba County, New Mexico, to produce gas from the Pictured Cliffs formation through a separate string of tubing and to commingle Mesaverde and Dakota production in the wellbore of said well.
- CASE 6345: Application of Supron Energy Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gallup and Dakota production in the wellbore of its Jicarilla H Well No. 7 located in the SW/4 of Section 19, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.
- CASE 6346: Application of Supron Energy Corporation 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 the wellbore of its Jicarilla K Well No. 14 located in the SE/4 of Section 11, Township 25 North, Range 5 West, Rio Arriba County, New Mexico.
- CASE 6347: Application of Supron Energy Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Chacra and Dakota production in the wellbore of its Jicarilla K Well No. 17 located in the SW/4 of Section 12, Township 25 North, Range 5 West, Rio Arriba County, New Mexico.
- CASE 6348: Application of Supron Energy Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Mesaverde and Dakota production in the wellbore of its Starr Well No. 3 located in the NE/4 of Section 5, Township 26 North, Range 8 West, San Juan County, New Mexico.
- CASE 6349: Application of Consolidated Oil & Gas, Inc. for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of B.S. Mesa-Gallup and Basin-Dakota production in the wellbore of its Hoyt Well No. 1-5 located in Unit H of Section 5, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.
- CASE 6350: Application of Petro-Lewis Corporation for an unorthodox well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of the unorthodox location in the Mesaverde formation for its Florence Well No. 7 located 2028 feet from the North line and 1040 feet from the West line of Section 4, Township 25 North, Range 3 West, Tapacito Field, Rio Arriba County, New Mexico, the NW/4 of said Section 4 to be dedicated to the well.
- CASE 6351: Application of Southland Royalty Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the N/2 of Section 16, Township 19 South, Range 29 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6352: Application of Southland Royalty Company for three dual completions, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Decker Well No. 2A located in Unit I of Section 26, Township 32 North, Range 12 West, and its Greater "A" Well No. 1A in Unit C of Section 26, Township 30 North, Range 10 West, to produce gas from the Blanco-Pictured Cliffs and the Blanco Mesaverde pools and its Patterson "B" Com Well No. 13 in Unit C of Section 2, Township 31 North, Range 12 West, to produce gas from the Aztec-Pictured Cliffs and Blanco Mesaverde pools, all in San Juan County, New Mexico, with separation of the zones in each of the above wells to be achieved by means of a polished bore receptacle and mandrel.
- CASE 6353: Application of Union Texas Petroleum for two unorthodox well locations, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox locations of its Milnesand Unit Well No. 241 to be drilled 2630 feet from the North line and 100 feet from the East line of Section 24, Township 8 South, Range 34 East, and its Milnesand Unit Well No. 1901 to be drilled 1310 feet from the North and West lines of Section 19, Township 8 South, Range 35 East, Milnesand San Andres Pool, Roosevelt County, New Mexico.
- CASE 6354: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending vertical and horizontal limits of certain pools in Chaves, Eddy, Lea, and Roosevelt Counties, New Mexico:
- (a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Bone Springs production and designated as the Ross Draw-Bone Springs Gas Pool. The discovery well is D. B. Saxter Ross Draw Unit Well No. 5 located in Unit K of Section 27, Township 26 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 30 EAST, NMPM  
Section 27: SW/4



(b) CREATE a new pool in Chaves County, New Mexico, classified as a gas pool for Atoka production and designated as the South Sand Ranch-Atoka Gas Pool. The discovery well is Depco, Inc. Beall Federal Well No. 1 located in Unit G of Section 17, Township 11 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 11 SOUTH, RANGE 30 EAST, NMPM  
Section 17: E/2

(c) EXTEND the Angell Ranch-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM  
Section 25: All  
Section 36: N/2

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM  
Section 1: E/2

(d) EXTEND the Bluit-San Andres Associated Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 38 EAST, NMPM  
Section 16: N/2  
Section 17: NE/4

(e) EXTEND the Buckeye-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM  
Section 3: W/2

(f) EXTEND the East Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM  
Section 5: E/2

(g) EXTEND the East Chisum-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 11 SOUTH, RANGE 28 EAST, NMPM  
Section 9: NW/4 SE/4  
Section 10: W/2 SW/4  
Section 21: NE/4 NW/4

(h) EXTEND the vertical limits of the Comanche Stateline-Yates Pool in Lea County, New Mexico, to include the Tansill formation and redesignate said Comanche Stateline-Yates Pool as the Comanche Stateline Tansill-Yates Pool.

(i) EXTEND the Corbin-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM  
Section 35: NW/4

(j) EXTEND the Crooked Creek-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 24 EAST, NMPM  
Section 16: N/2

(k) EXTEND the South Empire-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM  
Section 25: S/2

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM  
Section 30: N/2

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM  
Section 17: N/2

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM  
Section 7: S/2  
Section 18: All

- (l) EXTEND the West Four Mile Draw-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 26 EAST, NMPM  
Section 6: S/2

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

TOWNSHIP 12 SOUTH, RANGE 38 EAST, NMPM  
Section 5: NW/4

- (n) EXTEND the Herradura Bend-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM  
Section 31: W/2 E/2  
Section 32: NE/4 NE/4

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM  
Section 5: W/2 NW/4

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

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM  
Section 5: S/2  
Section 8: E/2

- (p) EXTEND the Indian Flats-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM  
Section 35: S/2 SW/4

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM  
Section 2: N/2 NW/4

- (q) EXTEND the South Kemnitz-Upper Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM  
Section 33: SW/4

- (r) EXTEND the Kennedy Farms-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM  
Section 33: E/2

- (s) EXTEND the East Lusk-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM  
Section 16: NE/4

- (t) EXTEND the Many Gates-Morrow Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 30 EAST, NMPM  
Section 31: All

- (u) EXTEND the North Mescalero-Cisco Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 32 EAST, NMPM  
Section 11: NW/4

- (v) EXTEND the Millman-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM  
Section 18: All

- (w) EXTEND the Monument-Paddock Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM  
Section 21: NE/4

- (x) EXTEND the South Peterson-Fusselman Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 5 SOUTH, RANGE 33 EAST, NMPM  
Section 31: E/2

- (y) EXTEND the Quali Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM  
Section 16: S/2

- (z) EXTEND the Red Lake-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 27 EAST, NMPM  
Section 19: E/2  
Section 20: W/2

- (aa) EXTEND the Sand Dunes-Cherry Canyon Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM  
Section 23: E/2 SE/4 and NW/4 SE/4

- (bb) EXTEND the Sand Ranch-Atoka Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 29 EAST, NMPM  
Section 23: N/2

- (cc) EXTEND the North Shugart-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM  
Section 21: W/2

- (dd) EXTEND the North Shugart-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM  
Section 21: W/2

- (ee) EXTEND the Tomahawk-San Andres Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 32 EAST, NMPM  
Section 30: NE/4  
Section 31: SE/4  
Section 32: NW/4

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

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM  
Section 6: NW/4

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

- (gg) EXTEND the North Turkey Track-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM  
Section 25: W/2

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM  
Section 29: N/2  
Section 31: S/2

- (hh) EXTEND the Twin Lakes-San Andres Associated Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 28 EAST, NMPM  
Section 25: S/2 SW/4

TOWNSHIP 9 SOUTH, RANGE 28 EAST, NMPM  
Section 1: SW/4 NE/4, NW/4 SE/4, SW/4 NW/4 and NW/4 SW/4

- (ii) EXTEND the Vacuum Grayburg-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 36 EAST, NMPM  
Section 19: NW/4

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 18, 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:

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

BEFORE THE NEW MEXICO  
OIL CONSERVATION DIVISION  
SANTA FE, NEW MEXICO

RECEIVED  
SEP 21 1978

Oil Conservation Commission

In the Matter of an Application  
by Supron Energy Corporation for  
an order authorizing the downhill  
commingling of the production  
from the Akota and Strawn formations  
in its Shelby Federal No. 1 well  
located in the NE/4, Section 13,  
Township 22 S., R. 24 E., Eddy  
County, New Mexico.

)  
)  
) Case No. 6340  
)  
)  
)  
)  
)

APPLICATION

COMES NOW Applicant Supron Energy Corporation, by its  
attorneys and states:

1. It is the operator of the Shelby Federal No. 1 well  
located in the NE/4, Section 13, Township 22 S., R. 24 E., Eddy  
County, New Mexico.

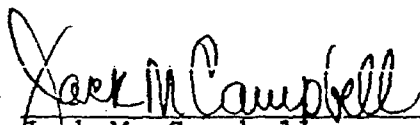
2. Applicant desires to commingle production from the  
Akota and Strawn well formations under such well.

WHEREFORE, Applicant requests the Oil Conservation Division  
to issue its order authorizing the procedures set out in  
paragraph 2, above.

Respectfully submitted,

DATE: September 21, 1978. CAMPBELL, BINGAMAN AND BLACK, P.A.

By



Jack M. Campbell  
Attorneys for Applicant  
Post Office Box 2208  
Santa Fe, New Mexico 87501

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

dr/

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

CASE NO. 6340

Order No. R-5837 5837

APPLICATION OF SUPRON ENERGY CORPORATION

FOR DOWNHOLE COMMINGLING, EDDY

COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 11  
19 78, at Santa Fe, New Mexico, before Examiner Richard L.  
Stamets.

NOW, on this \_\_\_\_\_ day of October, 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, Supron Energy Corporation, is  
the owner and operator of the Shelby Federal Well No. 1,  
located in ~~the NE/4~~ the NW/4 of Section 13, Township 22 South,  
Range 24 East, NMPM, Eddy County, New Mexico.

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

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

(5) That from the Strawn 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 Artesia 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, 2067 percent of the commingled        production should be allocated to the Atoka zone, and 33 percent of the commingled        production to the Strawn zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, Supron Energy Corporation, is hereby authorized to commingle Atoka and Strawn production within the wellbore of the Shelby Federal Well No. 1, located in Unit 21, 14 of ~~the NE/4~~ Section 13, Township 22 South, Range 24 East, NMPM, Eddy County, New Mexico.

(2) That the applicant shall consult with the Supervisor of the Artesia 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) That 67 percent of the commingled \_\_\_\_\_  
production shall be allocated to the Atoka  
zone and 23 percent of the commingled  
\_\_\_\_\_ production shall be allocated to the Strawn  
zone.

(3) That the operator of the subject well shall immediately  
notify the Division's Artesia 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 hereinabove  
designated.