# CASE NO.

638/

APPlication, Transcripts, Small Exhibits,

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

### EXAMINER HEARING

IN THE MATTER OF:

Application of Yates Petroleum )
Corporation for downhole )
comingling, Eddy County, New Mexico.)

CASE 6381

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

# APPEARANCES

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:

Joel Carson, Esq.
LOSEE, CARSON, & DICKERSON
Artesia, New Mexico

#### INDEX

#### EDDIE MAHFOOD

Direct Examination by Mr. Carson Cross Examination by Mr. Nutter

#### EXHIBITS

Applicant Exhibit One, Plat Applicant Exhibit Two, Sketch Applicant Exhibit Three, Log Applicant Exhibit Four, History Applicant Exhibit Five, Document Applicant Exhibit Six, Application

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MR. NUTTER: Call Case 6381.

MS. TESCHENDORF: Case 6381. Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico.

MR. CARSON: Mr. Examiner, my name is Joel Carson, Losee, Carson, and Dickerson, P. A., appearing here on behalf of the applicant and I have one witness, Mr. Eddie Mahfood.

#### (Witness sworn.)

MR. CARSON: Mr. Examiner, this case has been properly advertised, but in filing this application I called this pool the Cottonwood Wolfcamp Pool when it should properly be designated as the East Cottonwood Creek Wolfcamp Pool, and I would like to move for -- to amend my petition so to state.

MR. NUTTER: The application has been amended, Mr. Carson.

#### EDDIE MAHFOOD

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

#### DIRECT EXAMINATION

BY MR. CARSON:

Mr. Mahfood, would you state your name, by

	Pege 4
1 who	m you're employed?  A. Eddie Mahfood, Yates Petroleum, Artesia.
3	Q. And in what capacity?
•	A. I'm their engineer.  Q. Mr. Mahfood, have you previously testified
5 6 be	fore this Commission?
7	A. Yes, I have.  Q. And have your qualifications been accepted?
9	A. Yes.  MR. CARSON: Are his qualifications acceptable?
10	MR. NUTTER: Yes, sir, they are.  O. (Mr. Carson continuing.) Mr. Mahfood, would
13	you state the purpose of this application?  you state the purpose of this application?  you state the purpose of this application?
14 15	the Wolfcamp completions in the
16	Commingle the Atoka and the Kongress Lizzie Howard "HK" No. 1. This well is located in Unit K of Section 13, 16 South, 25 East.
17 18	And I will refer you to Approve
19	Number One and ask what that purports to show?  A Exhibit Number One is a lease ownership map
20 21	the well, Unit K of Section 13.
22	showing the location of the word,  It's in the west half of Section 13, which is colored yellow  Okay. I refer you to Applicant's Exhibit
23	if you would explain that exhibit.
24 25	This is a diagrammuct.

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completion of Lizzie Howard "HK" No. 1.

We have one string of tubing with one packer.

The Atoka is producing through the tubing at this time and the Wolfcamp is shutin in the annulus.

To dual complete -- or to commingle we simply have to open the Baker sleeve, the sliding sleeve in this tubing string.

- Q Okay, and in what -- at what depth are these -
- A. The Atoka perforations --
- Q -- well perforations?
- A -- are at 7178 to 7184, and the Wolfcamp completions are at 5055 to 5072.
- Q Can you tell the Hearing Examiner about the pressures that are involved -- you really need to do that in another exhibit, though, don't you?
- A. We have some exhibits that will bring that out.
- Q Let me ask you to identify Applicant's Exhibit Number Three and explain that.
- A. Exhibit Number Three is a log, the C and L Density Log and DLL Log of the Lizzie Howard "HK" No. 1.

  The perforations are shown and the pay zone is colored in orange and yellow.
- Number Four and ask you to explain that exhibit, please

ALLY WALTON BOY!
BITHED SHORTHAND REPORTE
10 Place (6.65) 411-414
Beats Pt. Now Modico 3194

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A Exhibit Four is the production history of the Atoka Zone in the Lizzie Howard "HK" No. 1.

In yellow is the gas production, showing rapid decline, and above that is the tubing pressure, also showing a rapid decline.

MR. NUTTER: What zone is this for, Hr. Mahfood?

- A. This is the Atoka.
- Q Now do you have any projected pressures for the Wolfcamp?
- A. Yes, I have another exhibit. The tubing pressure is shown -- the shutin -- the initial shutin tubing pressure is shown here at the top of the tubing pressure curve.
  - 0 This is on Exhibit Four?
- A. On Exhibit Four and on Exhibit Five, Item F, shutin pressures for the Atoka was 2255 for head pressure or 2721 bottom hole pressure, and the Wolfcamp wellhead pressure is 1958.
- Q Are the gases and the fluids from these two zones compatible?
  - A. Yes.
- Do you have any recommendation as to how the Commission can determine how much production there is in each of these zones?

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Well, we propos	se to produce the Wolfcamp for
awhile to determ and shuting	ves in it.  pressure we can determine the
production nistori	of the
reserves in the Atoka.	the production history of the

- Q What has been the production history of the
- Atoka to date?

  A I don't have a cumulative figure here. I'm

  Sorry about that, but at present the last three days

  the Atoka produced 94 Mcf a day at 600 pounds tubing pres-
  - Now, Mr. Mahfood, let me refer you to Applicant's Exhibit Number Six, and ask you to explain that.
  - M. Exhibit Number Six is the application for multiple completion. This well was originally completed in the -- as a dual but with a bridge plug in the Atoka, in the -- as a dual but with a bridge plug in the Atoka, and approximately two months ago we made application to and approximately two months ago we made application to go back and complete in the Atoka with the Wolfcamp shut in and that was the purpose for the application for the multiple completion.
    - Now, Mr. Mahfood, were Applicant's Exhibits
      Number One through Six prepared by you or under your supervision?
      - MR. CARSON: I'd like to move the introduction of the exhibits, Mr. Examiner.

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MR. NUTTER: Exhibits One through Six will be admitted in evidence.

- A Mr. Mahfood, in your professional opinion, will the granting of the permission to downhole commingle this well, is it in accordance with good convservation practices, and will it otherwise prevent waste and protect correlative rights?
  - A Yes, I believe it is.
- Q And is it in accordance with -- feasible in accordance with good engineering practices?
  - A. Yes, sir.

MR. CARSON: No further questions, Mr. Nutter.

#### CROSS EXAMINATION

#### BY MR. NUTTER:

- Q Mr. Mahfood, has the Wolfcamp ever produced?
- A Just for test purposes only.
- Q. I see, and it's been shutin ever since the well was completed and the Wolfcamp tested, then?
- A. Yes, sir. In Exhibit Two we showed initial potential of 300 Mcf per day from the Wolfcamp and 425 Mcf per day from the Atoka.
- Q So together the two zones made less than a million a day.
  - A That is correct.

Ø.	And now this Exhibit Number Four shows the
decline in the	Atoka, which has gone from a daily rate of
something less	than 300 Mcf per day into the pipeline down
to approximate	ly 100 per day.
A.	That is correct.
Q.	And you stated that the last three days that
it's averaged	94.

A. 94.

Q Now these pressures that are shown here, are these the flowing tubing pressures?

A Those are flowing tubing pressures.

Now, in order to allocate between the two zones, you said you would produce the Wolfcamp for awhile. Did you mean produce it along with the Atoka or would you blank off the Atoka and produce the Wolfcamp separately for awhile?

A. We could blank off the Atoka separately for awhile.

Q I think that would probably be advisable to see just what the Wolfcamp would do. You know what the Atoka will do now.

A. Yes, sir.

And then after you've done that you could consult with our Artesia office and determine an allocation factor.

Yes, sir.

Okay, fine.

MR. NUTTER: Are there further questions of

He may be excused. Mr. Mahfood?

Do you have anything further in Case Number

6381, Mr. Carson?

MR. CARSON: Nothing else in this case.

MR. NUTTER: Does anyone have anything in

Case Number 6381?

We'll take the case under advisement.

(Hearing concluded.)

#### REPORTER'S CEPTIFICATE

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 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 WALTON BO' CHITCHE BROTHLAND NEFOR 1910 Them, Blanco, 0.65, 4714 Seeia, Pa, Now Mondoo 876 3

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# STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

NICK FRANKUN

December 26, 1978

POST OFFICE BOX 2088 STATE LAND OFFICE RULDING BANTA PE, NEW MEXICO 87501 ISOSI 927-2434

Losee, Carson & Dickerson Attorneys at Law Post Office Box 239 Artesia, New Mexico 88210	Applicant: Yates Petroleum Corporation
Dear Sir: Enclosed herewith are two of Division order recently ent	copies of the above-referenced tered in the subject case.
JOE D. RAMEY Director	
•	
JDR/fd	•••
Copy of order also sent t	
Bobbs OCC x Artesia OCC x Aztec OCC	

6381

CASE NO. 6381 ORDER NO. R-5879

#### STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING GALLED BY THE GIL CONSERVATION IVISION FOR THE PURPOSE OF CONSIDERING:

> CASE NO. 6381 Order No. R-5879

PPLICATION OF YATES PETROLEUM CORPORATION FOR DOWNHOLE COMMINGLING, EDDY COUNTY, EW MEXICO.

# ORDER OF THE DIVISION

# THE DIVISION:

This cause came on for hearing at 9 a.m. on November 21, 1978, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 21st day of December, 1978, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the bremises.

#### FINDS:

- (1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the ubject matter thereof.
- (2) That the applicant, Yates Petroleum Corporation, is the owner and operator of the Lizzie Howard "HK" Well No. 1, located in Unit K of Section 13, Township 16 South, Range 25 East, NMPM, ddy County, New Mexico.
- (3) That the applicant seeks authority to commingle East Cottonwood Creek-Wolfcamp and undesignated Atoka production within he wellbore of the above-described well.
- (4) That from the East Cottonwood Creek-Wolfcamp zone, the ubject well is expected to be capable of low marginal production inly.
- (5) That from the Atoka zone, the subject well is capable of low marginal production only.
- (6) That the proposed commingling may result in the recovery additional hydrocarbons from each of the subject pools, thereby preventing waste, and will not violate correlative rights.

-2-Case No. 6381 Order No. R-5879

- (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 well, applicant should consult with the supervisor of the Artesia district office of the Division and determine an allocation formula for each of the production zones.

# IT IS THEREFORE ORDERED:

- (1) That the applicant, Yates Petroleum Corporation, is hereby authorized to commingle East Cottonwood Creek-Wolfcamp and undesignated Atoka production within the wellbore of the Lizzie Howard "HK" Well No. 1, located in Unit K of Section 13, Township 16 South, Range 25 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
- (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 herein-

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JOE D. RAMEY

Director

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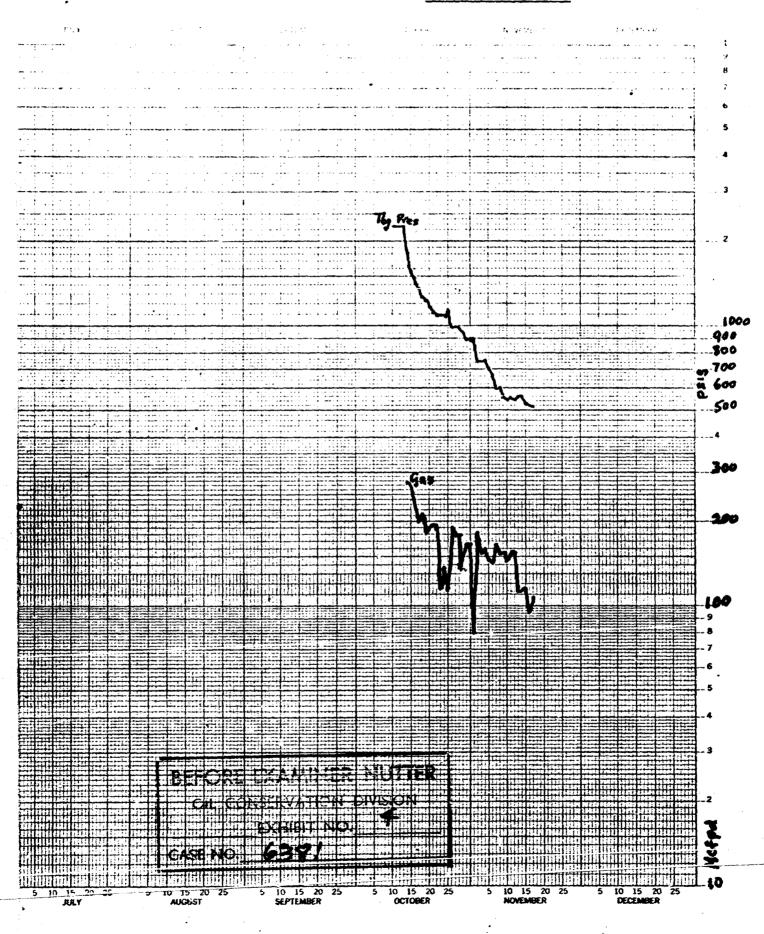
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HINTONE CONTROLLES	COMPANY MATES RETROLEMY CORP.  WILL LIZELE HIMARD "HK" #1  FILD MILDLAT  COUNTY EDDY  SAME TX  SOLL  SAME TX  S
BEFORE EXAMINER NUTTER CIL COMPANDENT BONE EXHIBIT NO. 3.	Restrict to the state of the st
C SENO. 638/	

#### Lizzie Howard HK





207 SOUTH FOURTH STREET ARTESIA, NEW MEXICO 88210 TELEPHONE (\$05) 746-3558

September 29, 1978

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

> Downhole Commingling, Lizzie Howard HK No. 1 Unit K Sec 13-16s-25e, Eddy County

P VATES

TIN YATES, IN

W HARDED SEC. THEAS.

Dear Sir:

Exception to Rule 303-A is hereby applied for:

(a) Operator - Yates Petroleum Corporation, Artesia, New Mexico;

(b) Lizzie Howard HK No. 1, 1980 FSL 1980 FWL, Section 13 T16s R25e; (c) Cottorwood Wolfcamp and Undesignated Atoka, Form C-107, Application for Dual Completion is filed herewith;

(d) Both zones are marginal producers after acidizing and sand frac: The Atoka completion flowed 70 psig on 1/2" choke (425 mcfpd) and the Wolfcamp completion flowed 200 psig on 1/4" choke (300 mcfpd);

(e) This well has been shut in waiting on pipeline connection, but other wells in this shelf area all show rapid initial decline, often down to 25 percent deliverability within the first 60 days;

Shut in pressures are: Atoka - 2255# WHP (2721 psi @ 7121'), Wolfcamp -1958# WHP.

(g) Neither zone produces any formation water or acid gases, therefore, the fluids will not be incompatible;

(h) Commingling will allow a longer economic productive life thereby enhancing ultimate recovery, preventing waste and protecting correlative rights.

Offset operators are notified of this intent by copy hercof and asked that they send waivers of objection to NMOCC, Santa Fe.

Yours very truly,

YATES PETROLEUM CORPORATION

Eddie M. Mahfood

EMM/ob

cc: Exxon Company Texas Oil & Gas Company BEFORE EXAMINER MUTTER CIL CONSTRUCTION DIVISION 6381

#### 5-1-61

#### NEW MEXICO OIL CONSERVATION COMMISSION

#### SANTA FE, NEW MEXICO

# APPLICATION FOR MULTIPLE COMPLETION

Yates Fetroleum Co		County		
ddress			4.4	September 29, 1978
	rporation	Lease	idy	Well No
	Artesia, NM	Lizz	le Howard HK	Well No. 1
ocation Unit	Section	Township		Range
i Well K	13	1	16s	25e
. lian the New Mexico, Oil Conserve	ation Commission beretofore	authorized t	e multiple completion	of a well in these same pools or in the
asme zones within one mile of the It answer is yes, identify one such			; Operator, Lezse, as	d Well ido.:
The following facts are submitted:	Upper Zore		Intermediate Zone	Lower Zone
a. Name of Pool and Formation	Cottonwood Wolfe	amo		Und. Atoka
b. Top and Bottom of	Pfs 5055-5072			Pfs 7176-7184
Pay Section :		i		
(Perforations)				
e. Type of production (Gil or Gas)	Gas			Gas
d. Method of Production				
(Flowing or Artificial Bift) The following are attached. (Plear	Flowing		·	Flowing
		the second section of	ed, it shrii de shouill	nes and intervals of perforation indicate ed as provided by Rule 112—A.)
	ec on which this well is loce P.O. Box 1600,	ted together Exxon l	with their correct maili	ed as provided by Rule 112-A.) ing address. lland, TX 79701
List all offset operators to the lease Exxon Corporation	ec on which this well is loce P.O. Box 1600,	ted together Exxon l	with their correct maili Building, Mid	ed as provided by Rule 112-A.) ing address. lland, TX 79701
List all offset operators to the lease Exxon Corporation	ec on which this well is loce P.O. Box 1600,	ted together Exxon l	with their correct maili Building, Mid	ed as provided by Rule 112-A.) ing address. lland, TX 79701
List all offset operators to the lease  EXXON Corporation  Texas Oil & Gas Comp  Texas Oil & Gas Comp  Were all operators listed in Item 5: of such notification9/29/  CERTIFICATE: I, the undersigned	se on which this well is loce.  P.O. BOX 1600,  Dany 900 Wilco  above notified and furnished 78	Exxon B Build:	with their correct mails Building, Mid Ing, Midland, Ing, Midland, Sapplication? YES_	ed as provided by Rule 112-A.) ing address. lland, TX 79701

- Application of Harvey E. Yates Company, Inc., for a dual completion, Eddy County, New Mexico.

  Applicant, in the above styled cause, seeks approval for the dual completion of its Travis Deep Well

  No. 3 located in Unit B of Section 13, Township 13 South, Range 28 East, to produce oil from the

  Travis-Upper Pennsylvanian Pool and gas from the Morrow formation, Eddy County, New Mexico, through

  parallel strings of tubing.
- Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico.

  Applicant, in the above-styled cause, seeks approval for the downhole commingling of East Cottonwood Creek-Wolfcamp and Atoka production within the wellbore of its Lizzie Howard "HK" Well No. 1 located in Unit K of Section 13, Township 16 South, Range 25 East. Eddy County, New Mexico.
- CASE 6382: Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico.

  Applicant, in the above-styled cause, seeks approval for the downhole commingling of Permo-Penn and
  Little Box Canyon-Atoka production within the wellbore of its Federal "HQ" Well No. 1 located in
  Unit % of Section 5, Township 21 South, Range 22 East, Eddy County, New Nexico.
- CASE 6383: Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico.

  Applicant, in the above-styled cause, seeks approval for the downhole commingling of Eagle Creek

  Permo-Penn and the West Atoka-Morrow production within the wellbore of its Powell "DG" Com. Well No.

  1 located in Unit O of Section 35, Township 17 South, Range 25 East, Eddy County, New Mexico.
- CASE 6364: Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico.

  Applicant, in the above-styled cause, seeks approval for the downhole commingling of Permo-Penn and Atoka production within the wellbore of its Federal "AB" Com. Well No. 5 located in Unit L of Section 21, Township 18 South, Range 25 East, Eddy County, New Mexico.
- CASE 6385: Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico.

  Applicant, in the above-styled cause, seeks approval for the downhole commingling of Box Canyon PermoPenn and Box Canyon-Strawn production within the wellbore of its Huber I-A Federal Well No. 2 located in Unit P of Section 15, Township 21 South, Range 21 East, Eddy County, New Mexico.
- CASE 6386: Application of Atlantic Richfield Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Ellenburger, Devonian, and McKee formations underlying the N/2 of Section 21, Township 22 South, Range 36 East, Lea County, New Mexico, to be dedicated to its Langley Greer Com Well No. 1 located 1650 feet from the North 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 6387: Application of R B Petroleum Company for pool reclassification, San Juan County, New Mexico.

  Applicant, in the above-styled cause, seeks the reclassification of the North Tocito Dome-Pennsylvanian Pool as an associated pool and the promulgation of special pool rules therefor. In the alternative, applicant seeks the abolishment of the North Tocito Dome-Pennsylvanian Pool and the inclusion of the abolished lands in the Tocito Dome Pennsylvanian "D" Associated Pool.
- CASE 6388: 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 E/2 of Section 20. Township 23 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 to the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- Application of Durham. Inc., for pool contraction and extension, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the Indian Basin-Morrow Gas Pool by the deletion therefrom of the N/2 of Section 8, Township 21 South, Range 24 East, Eddy County, New Mexico, or in the alternative, all of said Section 8, and the extension of the Cemetery-Morrow Gas Pool to include the aforesaid N/2 or all of said Section 8.
- CASE 6390: Application of C & E Operators for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down thru the Pictured Cliffs formation underlying the SW/4 of Section 10, Township 30 North, Range 11 West, San Juan 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.

Docket No. 37-78

Dockets Nos. 39-78 and 40-78 are tentatively set for hearing on December 7 and 20, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

#### DOCKET: COMMISSION HEARING - TUESDAY - NOVEMBER 14, 1978

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205 STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases are continued from the November 7, 1978, Commission Hearing.

CASE 6146: (DE NOVO) (Continued and Readvertised)

Application of Jerome P. McHugh for downhole commingling, Rio Arriba County, New Mexico.

Applicant, in the above-styled cause, seeks approval for the downhole commingling of Tapacito-Gallup and Basin-Dakota production within the wellbore of his Jicarilla Well No. 5 located in Unit D of Section 29, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.

Upon application of Jerome P. McHugh this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6266: (DE NOVO)

Application of Harvey E. Yates Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of an Upper Pennsylvanian test well to be located 660 feet from the North and East lines or, in the alternative, 990 feet from the North and East lines of Section 23, Township 22 South, Range 23 East, Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico, all of said Section 23 to be dedicated to the well.

Upon application of Harvey E. Yates Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

- Application of Durham, Inc., for compulsory pooling, Eddy County, New Mexico. Applicant, in the abovestyled cause, seeks an order pooling all mineral interests in the Morrow formation underlying Section
  8. Township 21 South, Range 24 East, Indian Basin-Morrow Gas Pool, Eddy County, New Mexico, to be dedicated to a well to be drilled 1650 feet from the North and East lines of said Section 8. 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 6378: In the matter of the hearing called by the Oil Conservation Division on the motion of Shell Oil Company to permit Corinne Grace and all other interested parties to appear and show cause why Division Order No. R-3713, which pooled all of Section 8, Township 21 South, Range 24 East, Eddy County, New Mexico, should not be declared null and void, if said pooling order has not already automatically expired due to non-production.
- Application of Shell Oil Company for pool contraction and pool extension, Eddy County, New Mexico.

  Applicant, in the above-styled cause, seeks the contraction of the Indian Basin-Morrow Gas Pool by the deletion therefrom of the N/2 of Section 8, Township 21 South, Range 24 East, Eddy County, New Mexico, or in the alternative, all of said Section 8, and the extension of the Cemetery-Morrow Gas Pool to include the aforesaid N/2 or all of said Section 8.

Docket No. 38-78

#### DOCKET: EXAMINER HEARING - TUESDAY - NOVEMBER 21, 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: (I) Consideration of the allowable production of gas for December, 1978, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
  - (2) Consideration of the allowable production of gas for December, 1978, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

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Page 3 of 3 Examiner Hearing - Tuesday - November 21, 1978

Docket No. 38-78

CASE 6391: Application of Acoma Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinebry, Wantz-Abo, and Drinkard production within the wellbore of its Sarkeys Well No. 1 located in Unit A of Section 26, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 6364: (Continued from October 25, 1978, Examiner Hearing)

Application of Adobe Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Ellenburger formation underlying the NW/4 SE/4 of Section 23, Township 20 South, Range 38 East, Lea County, New Mexico, to be dedicated to a proposed oil well to be drilled at a standard location thereon. Applicant seeks the pooling of the SE/4 of said Section 23 in the event said drilling results in a gas well. 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.

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# WAIVER

Downhole Commingling Yates Petroleum Corporation Lizzie Howard HK No. 1

Exxon Corporation, as an offset lease owner, has no objection to Yates Petroleum Corporation's proposal to downhole commingle the Wolfcamp and Atoka formations in their Lizzie Howard HK County, New Mexico.

Y mertynd

FOR EXXON CORPORATION

DATE OCTOBER 10, 1978

#### TEXAS OIL & GAS CORP.

800 MILCO BUILDING

MIDLAND, TEXAS 79701

October 12, 1978

GCT 18 1978

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

Re: Downhole Commingling, Lizzie Howard HK No. 1
Unit K Sec. 13-16s-25e, Eddy County

Dear Sir:

Texas Oil and Gas Corp. does not object to the proposed downhole commingling of the Yates Lizzie Howard HK No. 1, Unit K Sec. 13-16s-25e, Eddy County, New Mexico.

Sincerely,

L. L. Flaten

District Exploration Manager

LLF/so

E. Cotherwood Creek-Neldange.

Fel AB # 5 Com 6528 - 7474 terms - Upper Run · Upper Para Swc

Kenn

LAW OFFICES

A.J. LOSEE JOEL M. CARSON CHAD DICKERSON

# LOSEE & CARSON, P.A.

P. O. DRAWER 239 ARTESIA, NEW MEXICO 86210 AREA CODE SOS 746-3508

60T SU 1978

27 October 1978

Sap a C

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

Dear Mr. Ramey:

Enclosed for filing, please find three copies each of five Applications of Yates Petroleum Corporation for downhole commingling in Eddy County, New Mexico.

We ask that these cases be set for hearing on November 21, 1978 and that you furnish us with a docket of said hearings.

Yours truly,

LOSEE, CARSON & DACKERSON, P.A.

Joel M Carson

JMC:bjm Enclosures

cc w/enclosures: Yates Petroleum Corporation

So. 1978

#### BEFORE THE OIL CONSERVATION DIVISION

#### OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF YATES PETROLEUM CORPORATION for DOWN-HOLE COMMINGLING, EDDY COUNTY, NEW MEXICO

CASE NO. 6381

#### APPLICATION

COMES NOW YATES PETROLEUM CORPORATION, by its attorneys, and in support hereof, respectfully states:

- Pennsylvanian system at a location in Unit K, Section 13, Township

  16 South, Range 25 East, N.M.P.M., Eddy County, New Mexico, upon

  which it has drilled its Lizzie Howard "HK" No. 1 Well. This well

  East Catternate Craft-to
  is located within the boundaries of the Cottonwood-Welfcamp Pool.
- 2. That applicant has completed said well in the Wolfcamp zone at a depth of 5,055 feet to 5,072 feet and proposes to commingle said formation with the Wildcat-Atoka formation at a depth of 7,178 feet to 7,184 feet.
- 3. That the downhole commingling of said well is feasible in accordance with good conservation practices and will otherwise prevent waste and protect correlative rights.

WHEREFORE, applicant prays:

- A. That this application be set for hearing before an examiner and that notice of said hearing be given as required by
- B. That upon hearing the Division enter its order granting permission to applicant to commingle downhole its Lizzie

Howard "HK" No. 1 Well for the production of gas from the Wolfcamp and Pennsylvanian formations.

And for such other relief as may be just in the c. premises.

YATES PETROLEUM CORPORATION

P.O. Drawer 239 Attesia New Mexico 88210

Attorneys for Applicant

John

#### 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 NO6381	
Order No. R-58	79
APPLICATION OF YATES PETROLEUM 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	November 21
19	r Daniel S.
Nutter	
NOW, on this day of,	19 <u>78</u> , the
Division Director, having considered the testimor	y, the record,
and the recommendations of the Examiner, and being	ng fully
advised in the premises,	
FINDS:	
(1) That due public notice having been given	as required
by law, the Division has jurisdiction of this can	se and the
subject matter thereof.	
(2) That the applicant, Yates Petroleum Cor	poration, is
the owner and operator of the Lizzie Howard "HK"	Well No. 1
located in Unit K of Section 13 , Township	P 16 South
Range 25 East , NMPM, Eddy County	, New Mexico.
(3) That the applicant seeks authority to co	mmingle
East Cottonwood Creek-Wolfcamp Atoka	production
within the wellbore of the above-described well.	

(AT CON DNA TEL

Atoka

the production zones.

(9) That in order to allocate the commingled production to each of the commingled zones in the wells, applicant should consult with the supervisor of the Artesia district office of the Division and determine an allocation formula for each of

#### IT IS THEREFORE ORDERED:

(1) That the applicant, Yates Petroleum Corporation , is Wolfcamp
hereby authorized to commingle East Cottonwood Creek- and
production within the wellbore of
the Lizzie Howard "HK" Well No. 1, located in Unit K of
Section 13 , Township 16 South , Range 25 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.
(ALTERNATE)
(2) That percent of the commingled Wolfcamp
production shall be allocated to the East Cottonwood Creek-
zone and percent of the commingled
production shall be allocated to the
production shall be allocated to theAtoka.
production shall be allocated to the
production shall be allocated to the
production shall be allocated to the
(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.
(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
(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.
(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
(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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