
CASE NO.

6383

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

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
6383

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

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COURT REPORTER
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EDDIE MAHFOOD

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1 MR. NUTTER: Call Case 6383.

2 MS. TESCHENDORF: Case 6393. Application of
3 Yates Petroleum Corporation for downhole commingling, Eddy
4 County, New Mexico.

5 MR. CARSON: Mr. Examiner, my name is Joel
6 Carson, Losee, Carson, Dickerson, P. A., appearing on behalf
7 of the applicant. I have one witness who has previously
8 been sworn in Cause Number 6391.

9 MR. NUTTER: Mr. Mahfood is still under oath
10 and is qualified.

11
12 EDDIE MAHFOOD
13 being called as a witness and having been previously sworn,
14 testified as follows, to-wit:

15
16 DIRECT EXAMINATION

17 BY MR. CARSON:

18 Q Mr. Mahfood, would you state the purpose of
19 this application?

20 A We seek to commingle the -- to downhole com-
21 mingle the Morrow completion and the Permo-Penn completion
22 in this well.

23 Q Okay, now what -- this is the Powell "DG"
24 Com No. 1 Well?

25 A Yes, sir.

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1 Q And it's located in Unit O of Section 35, 17,
2 25, is that correct?

3 A That is correct.

4 Q Mr. Mahfood, I'm going to refer you to Appli-
5 cant's Exhibit Number One and ask you to explain what that
6 exhibit shows.

7 A This is a lease ownership map showing the
8 location of the Powell "DG" No. 1. It's in Unit O, Section
9 35, 17 South, 25 East, and it is designated -- the south
10 half of Section 35 is designated in yellow on this map.

11 Q Now I'll refer you to Applicant's Exhibit
12 Number Two and ask you to explain what that exhibit shows.

13 A Exhibit Two is a diagrammatic sketch of the
14 dual completion. We have two packers in this well; one
15 packer above the Morrow and the other one above the Cisco
16 pay. There is a crossover sleeve in the upper packer, which
17 puts the Morrow in the annulus and the Cisco in the tubing.
18 The well is presently completed in the tubing and the Morrow
19 has been shutin for several months.

20 Q And what -- what depth are the perforations?

21 A The Morrow perforations are at 8367 to 8386.
22 The Cisco perforations are at 6539 to 6683.

23 Q Now, Mr. Mahfood, when you say the Cisco
24 perforations, is that the same thing as the Eagle Creek
25 Permo-Penn perforations?

1 A Yes, I should have -- I think that it says
2 Wolfcamp, also.

3 Q The Eagle Creek Permo-Penn formation is the
4 official designation of this formation, is that right?

5 A This is correct.

6 Q Mr. Mahfood, are the -- let me go ahead,
7 excuse me.

8 I'll refer you to Applicant's Exhibit Number
9 Three and ask you to identify that.

10 A These are electric logs of this well. The
11 perforations are shown, and the pay zone is colored in
12 orange on those logs; one is the C and L Density Log and
13 the other is the DLL Log.

14 Q I'll refer you to Applicant's Exhibit Number
15 Four and ask you to identify that and explain what it
16 shows.

17 A Exhibit Number Four is a production history
18 of the Morrow, which is in the Atoka West Morrow Field.

19 The tubing pressures shown in green, showing
20 a rapid decline of just -- I've shown the tubing pressure
21 for the last few months that the well has produced.

22 We're seeing the pressure decline from 950
23 pounds to approximately 330 pounds at the time it went off
24 the line; was shut in.

25 Q Now what does the graph on the left side of

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1 the page show?

2 A That was the last year's production history
3 of the well.

4 Q And that's -- and that's from the Morrow
5 formation?

6 A From the Morrow formation.

7 Q Now, let's refer to Applicant's Exhibit
8 Number Five.

9 A Exhibit Number Five is a production history
10 of the Permo-Penn completion. The top curve is the tubing
11 pressure, which is fairly stable. We see pressure varying
12 from 700 to 900 -- from 800 and 900 pounds initially, and
13 at the present time is still delivering at 600 plus pounds.

14 Q Now, I refer you to Applicant's Exhibit
15 Number Six and ask if you would identify that and tell
16 it shows.

17 A Number Six is Form C-125, which was recently
18 filed with the Oil Commission showing the pressures on the
19 Morrow on the top showing the shutin pressure was 887 pounds
20 on September the 1st, 1978, and the pressure in the Eagle
21 Creek Permo-Penn was 1205 pounds on August 30th of '78.

22 Q Now, Mr. Mahfood, are the liquids from these
23 two formations compatible?

24 A The -- we propose a standing valve. There
25 should have been a standing valve shown on this. We don't

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1 have one showing it, but there should have been a standing
2 valve shown on the bottom of this packer.

3 Q On Exhibit Number Two, do you mean?

4 A On Exhibit Number Two there should have been
5 a standing valve shown there.

6 Q At the bottom?

7 A At the bottom of the packer to keep the
8 fluids coming from the Permo-Penn off the fluids from the
9 Morrow.

10 MR. CARSON: May we amend that so it will
11 show, Mr. Nutter?

12 MR. NUTTER: You want to install a standing
13 valve above the packer? We don't have the location of the
14 packer shown on here, either, Mr. Mahfood. What is the
15 location of that packer?

16 A Mr. Examiner, it's approximately 8350. I,
17 let me see, yeah, it's 8320; 8320, approximately. Okay?
18 It's shown on Exhibit Number Two.

19 MR. NUTTER: Whereabouts?

20 A On Exhibit Number -- I'm sorry, Exhibit
21 Number Three.

22 MR. NUTTER: Oh.

23 A On Exhibit Number Three.

24 MR. NUTTER: Okay, I see the packer there now.

25 That's 8320?

A 8320, approximately.

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1 Q (Mr. Carson continuing.) Now, Mr. Mahfood,
2 how would you propose to apportion the production from these
3 two formations?

4 A We would take the production histories and
5 the pressure differential to come up with the remaining re-
6 serves.

7 Q Okay, and that can be worked out with the
8 local office of the OCL?

9 A That is correct.

10 Q OCD. Mr. Mahfood, were Applicant's Exhibits
11 Number One through Five prepared by you or under your super-
12 vision?

13 A Yes, sir.

14 MR. CARSON: I'd like to move the introduction
15 of these exhibits.

16 MR. NUTTER: Yates Exhibits One through Five --
17 One through Six will be admitted in evidence.

18 Q Mr. Mahfood, will the granting of this appli-
19 cation be in accordance with -- promote good conservation
20 practices and would it otherwise prevent waste and protect
21 correlative rights?

22 A I believe it will.

23 Q And is this program which you propose in
24 accordance with good engineering practices?

25 A Yes, sir.

1 MR. CARSON: I don't have any further ques-
2 tions.

3
4 CROSS EXAMINATION

5 BY MR. NUTTER:

6 Q Mr. Mahfood, Exhibit Number Four, the left
7 graph shows the 1977 production from the Morrow?

8 A Yes, sir.

9 Q And goes through July.

10 Now, the right side shows 1978 production
11 also from the Morrow?

12 A That is correct.

13 Q And starts with January, so we have approxi-
14 mately five or six months in the second half of 1978 which
15 is not shown, is that correct?

16 A There is no production then.

17 Q It was shutin all that time?

18 A It was shutin all that time.

19 Q And then when it came back on production in
20 February of '78, it had a flowing tubing pressure of almost
21 1000 pounds.

22 A That is correct.

23 Q But this declined to 330 pounds in April of
24 this year.

25 A Yes, sir, that is correct.

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1 Q And then you said it went off the line. Is
2 this because the 330 pounds was insufficient to buck the line
3 pressure in that area?

4 A That is correct. This well was on the com-
5 pressor and the compressor went down and they never did
6 crank the compressor back up. The pressure was up to
7 around 4 or 500 pounds.

8 It could buck the line now but it would be
9 off again in two or three days.

10 Q Okay. And then your -- your Permo-Penn com-
11 pletion on this well has really not experienced much decline.
12 It's had a very steady rate of production that's some --
13 just slightly less than 200 Mcf a day, and also, the flowing
14 tubing pressure seems to run in the vicinity of 600 pounds
15 pretty consistently.

16 A Yes, sir.

17 Q So is this -- is this zone capable of bucking
18 the line pressure without a compressor?

19 A The Cisco zone can. That is correct.

20 Q And you'd consult with our District office
21 to determine an allocation formula for these --

22 A Yes, sir.

23 Q -- two zones?

24 A Right.

25 MR. NUTTER: Are there any further questions

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1 for Mr. Mahfood? He may be excused.

2 Do you have anything further, Mr. Carson?

3 MR. CARSON: Nothing further in this case,
4 Mr. Nutter.

5 MR. NUTTER: Does anyone have anything they
6 wish to offer in Case Number 6383?

7 We'll take the case under advisement.

8 (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 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. 6383 heard by me on 11/21 1978.

[Signature], 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. 6383
Order No. R-5881

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, 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 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, Yates Petroleum Corporation, is the owner and operator of the Powell "DG" Com Well No. 1, located in Unit C of Section 35, Township 17 South, Range 25 East, NMPM, Eddy County, New Mexico.

(3) That the applicant seeks authority to commingle Eagle Creek Permo-Penn and West Atoka-Morrow production within the wellbore of the above-described well.

(4) That from the Eagle Creek Permo-Penn zone, the subject well is capable of marginal production only.

(5) That from the West Atoka-Morrow 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.

-2-

Case No. 6383
Order No. R-5881

(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 Eagle Creek Permo-Penn and West Atoka-Morrow production within the wellbore of the Powell "DG" Com Well No. 1, located in Unit O of Section 35, Township 17 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 the subject well.

(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-
dated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

fd/

YATES PETROLEUM CORPORATION
 Powell "DG" #1 Com, 660' FSL, 1930' FSL, Section 35-T17S-R25E
 Eddy County, New Mexico

Spudded 6-14-74
 Morrow Completion 8-22-74
 Cisco Completion
 Elevation 3490' GR-3505' KB

Tubing Completion - Cisco
 Casing Completion - Morrow

Top San Andres @ 778'

Base of Artesian @ 1138'

cmr circ. on surface & intermediate csg
 17 1/8" hole to
 13 3/8" 43# J-55 csg (336') set at 301' K
 cmtd w/250 sx and 4 yards ready mix

12 1/4" hole to 1233' KB

34 jts 8 5/8" 24# J-55 csg (1223') set at
 1233' KB, cmtd w/1100 sx, centralizers at
 1113 and 700', Baskets at 741 and 667',
 Guide shoe.

Top of cmr behind 4 1/2" csg at 6050'
 4 1/2" Saker Model AR-1 Pkr w/cross-over
 (profile 1.97) at approx 6500'

Cisco at 6435'

Pf 6539-44'
 Pf 6574-32'
 Pf 6611-22'
 Pf 6675-33'

Canyon at 7341'

Strawn at 7781'

Atoka at 8115'

4 1/2" DV tool at 6322' KB,
 cmtd w/200 sx Cl C; 1 1/2% CFR2, 5% salt

Standing Valve
 8320'

Morrow Clastics at 8304'
 flowed 1.01 MFCFPD w/7 80 on
 3/4" choke at 55 psi TP

Pf 8367-63' Treated w/1000 g 7 1/2% MSA & N2
 Pf 8330-36' SF w/17000# 20/40 sd in
 15000 g KCl wtr and CO2

BEFORE EXAMINER NUTTER

Chester L. COOPER, CORPORATION DIVISION

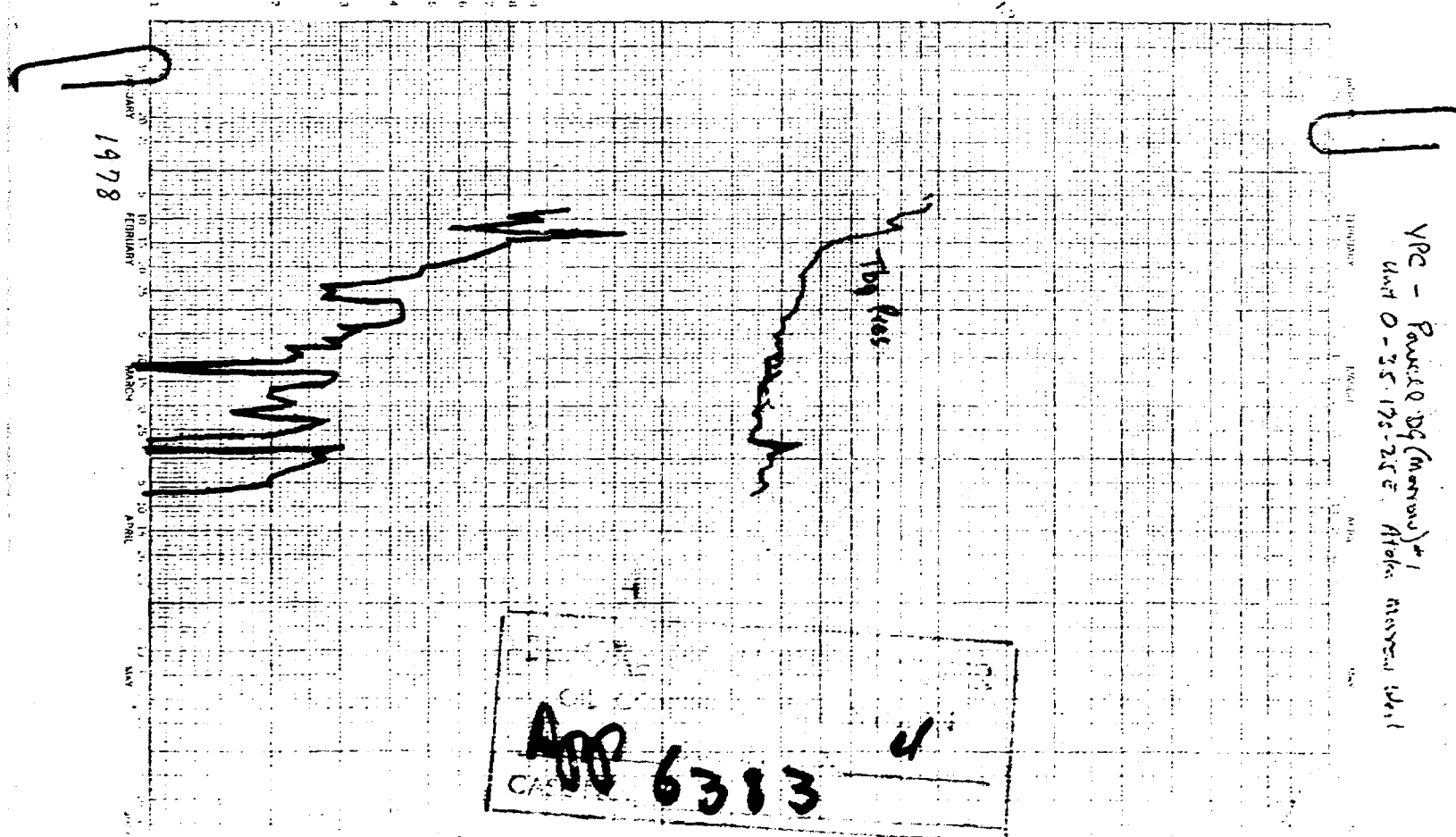
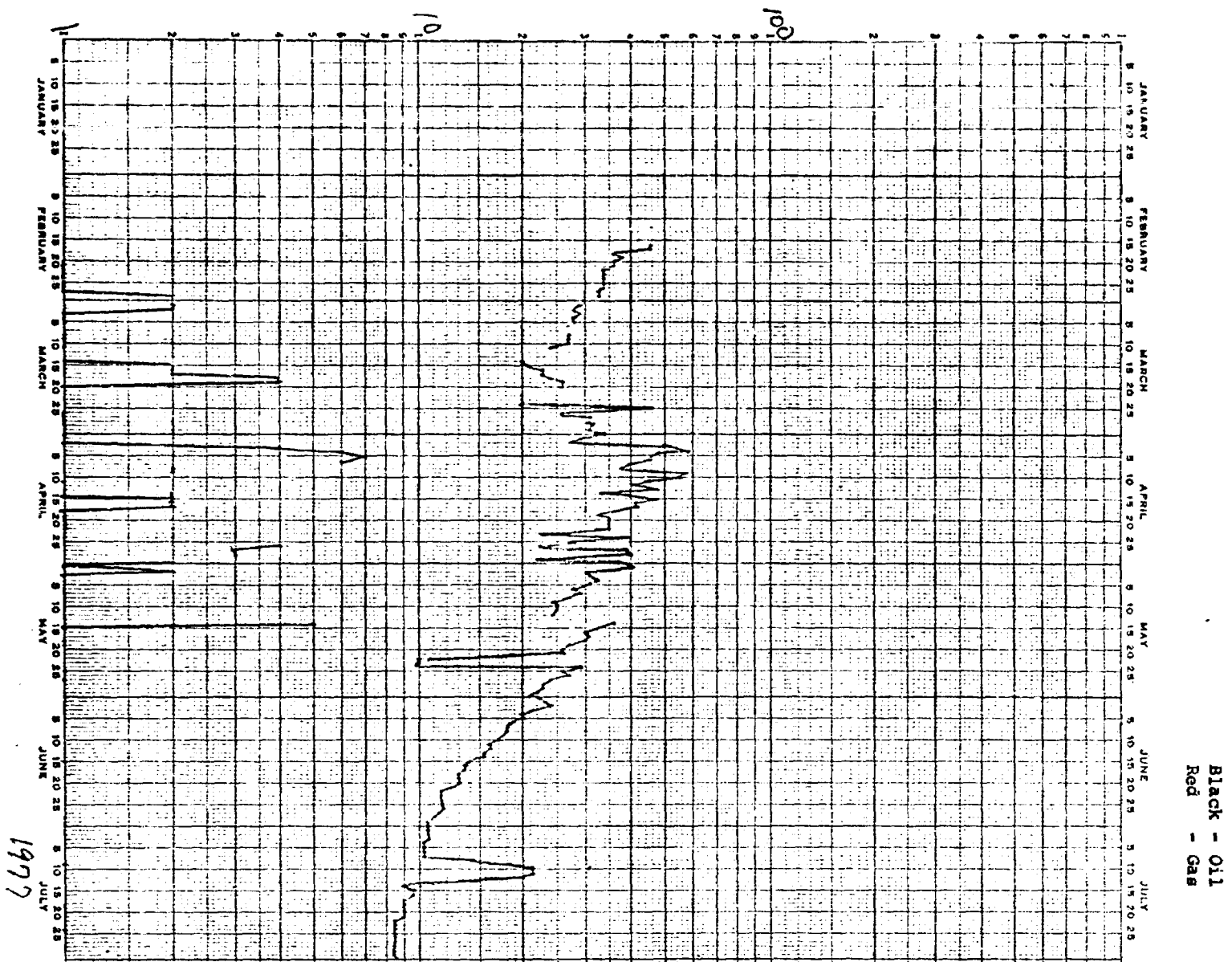
Am 18

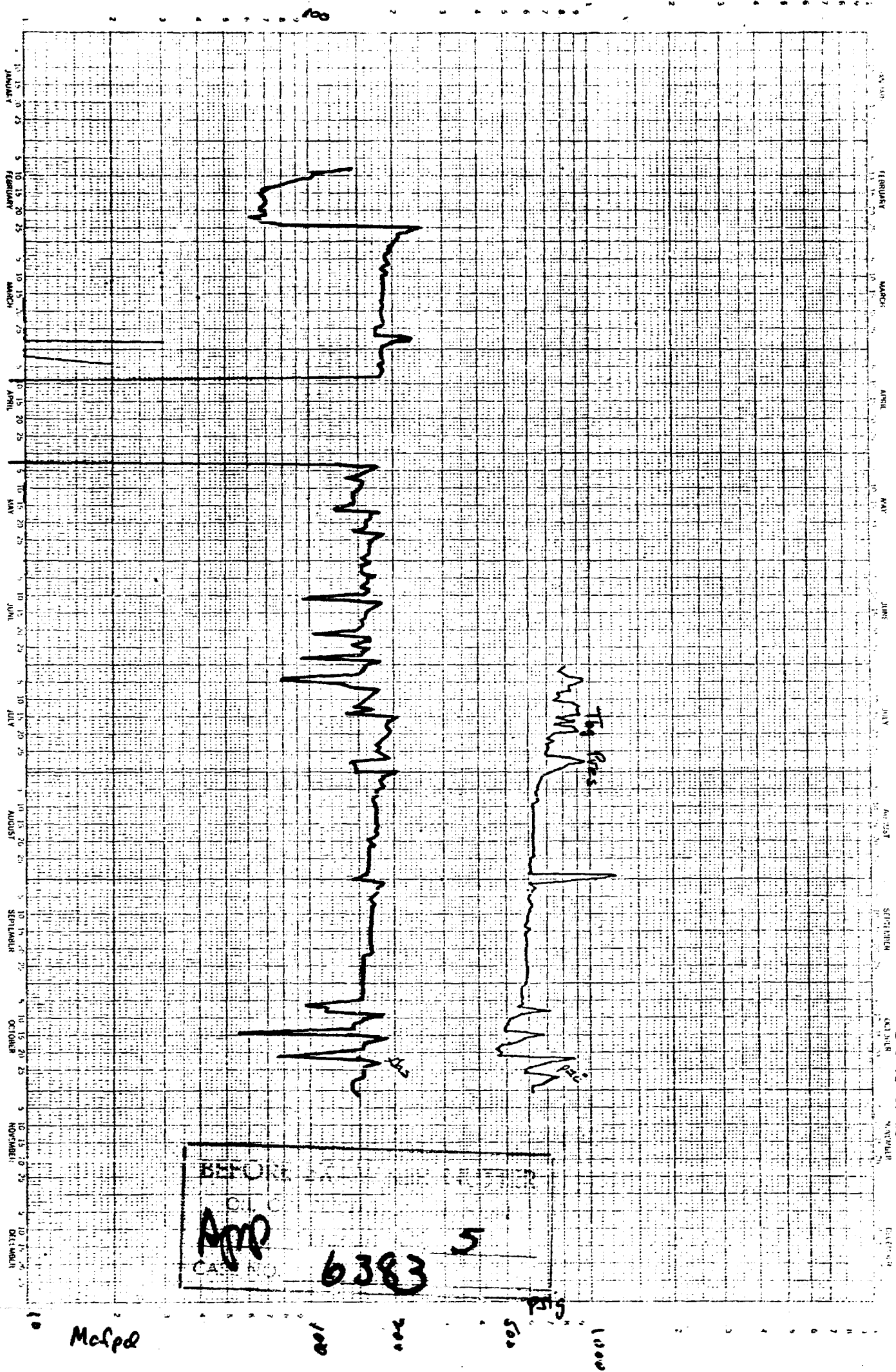
EXHIBIT NO. *2*

CASE NO. **6383**

265 jts 4 1/2" 10.5-11.6# K-55 csg set at 8061'
 cmtd w/250 sx Cl H 3/4% CFR2, 5% salt.

TD 3740'





Black-Oil
Red-Gas

POWELL, JG (GISCO)
Yates Pric. Corp.
10 35-17-25

1978

NEW MEXICO OIL CONSERVATION COMMISSION
GAS WELL SHUT-IN PRESSURE REPORT

Form C-125
Revised 1-1-65

Operator	Address	Pool	County
Yates Petroleum Corp.	207 S. 4th St., Artesia, NM	Atoka Morrow, West	Eddy

NEW MEXICO OIL CONSERVATION COMMISSION
GAS WELL SHUT-IN PRESSURE REPORT

Form C-125
Revised 1-1-65

LEASE	WELL NO.	LOCATION			DATE PRESS. RUN	TIME S.I. HRS./MIN.	S.I. PRESSURE PSIG (DWT)	S.I. PRESSURE PSIA	PREV. TEST DATE
		UNIT	SEC.	TWP.	RGE.				
Powell DG Com	1	D	35	17S	25E	9/1/78	Months	887	9/19/77
Vandiver CN Com	1	E	18	18S	26E	8/23/78	24	295	8/16/77
Vandiver DO Com	1	N	7	18S	26E	8/24/78	24	295	8/16/77
City of Artesia EQ Com	1	J	24	17S	25E	8/24/78	24	760	9/27/77
Federal CR	1	M	29	17S	25E	8/17/78	72 hrs.	1564	9/27/77
Federal CX Com	1	H	7	18S	25E	8/17/78	72 hrs.	1806	9/27/77
Federal C2	1	B	8	18S	25E	8/17/78	72 hrs.	1296	9/27/77
Federal EF Com	1	O	6	18S	25E	8/30/78	24	906	9/27/77
Gable FV Com	1	H	29	17S	25E	8/30/78	24	1062	9/27/77
Gosssett EU Com	1	K	26	17S	25E	8/30/78	24	1381	9/27/77
Manseau EK Fee	1	C	35	17S	25E	8/30/78	24	803	9/27/77
Morley RW Com	1	P	27	17S	25E	8/30/78	24	1130	9/27/77
Powell DG Com	1	O	35	17S	25E	8/30/78	24	1205	9/27/77
Sowers FB Com	1	E	34	17S	25E	8/30/78	24	853	9/27/77
State CY	1	K	32	17S	25E	8/17/78	72 hrs.	1732	9/27/77
Pipkin HE	1	M	4	18S	25E	7/13/78	72 hrs.	1860	9/27/77
Griffin JJ Com	1	F	4	18S	25E	9/2/78	72 hrs.	1870	9/27/77
Federal GR Com	1	R	25	17S	24E	8/17/78	72 hrs.	1743	9/27/77
Federal AB Com	2	O	5	18S	25E	9/15/78	72 hrs.	1830	9/27/77

I hereby certify that the above information is true and complete to the best of my knowledge and belief. SEE RULE 402

Signature E. J. H. H. H. H. H. Title Engineer Date September 20, 1978

EXHIBIT NO. 6383

- CASE 6380:** 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 18 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.
- CASE 6381:** 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 K of Section 5, Township 21 South, Range 22 East, Eddy County, New Mexico.
- 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 6384:** 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 Permo-Penn 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 Tooto 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 Tooto Dome-Pennsylvanian Pool and the inclusion of the abolished lands in the Tooto 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 be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6389:** 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 25, 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.

CASE 6377: Application of Durham, Inc., for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled 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.

CASE 6379: 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. Mutter, Examiner, or Richard L. Stamets, Alternate Examiner:

- ALLOWABLE:
- (1) 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.

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 Blinbry, Wantz-Abo, and Brinkard 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.

OCT 30 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. 6383

APPLICATION

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

1. That applicant is the operator of the Pennsylvanian system at a location in Unit O, Section 35, Township 17 South, Range 25 East, N.M.P.M., Eddy County, New Mexico, upon which it has drilled its Powell "DG" Com. No. 1 Well. This well is located within the boundaries of the Eagle Creek Permo-Penn and the West Atoka Morrow Pool.

2. That applicant has completed said well in the Eagle Creek Permo-Penn formation at a depth of 6,539 feet to 6,683 feet and proposes to commingle said formation with the West Atoka Morrow formation at a depth of 8,367 feet to 8,386 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 law.

B. That upon hearing the Division enter its order granting permission to applicant to commingle downhole its Powell

"DG" Com. No. 1 Well for the production of gas from the Pennsylvanian formation.

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

YATES PETROLEUM CORPORATION

By: 

Joel M. Carson

P. O. Drawer 239

Artesia, New Mexico 88210

Attorneys for Applicant

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:

JAR

CASE NO. 6383

Order No. B-5881

APPLICATION OF YATES PETROLEUM CORPORATION
FOR DOWNHOLE COMMINGLING, EDDY
COUNTY, NEW MEXICO.

JAR

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 21
19 78, at Santa Fe, New Mexico, before Examiner Daniel S.
Nutter.

NOW, on this December day of November, 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, Yates Petroleum Corporation, is
the owner and operator of the Powell "DG" Com Well No. 1,
located in Unit 0 of Section 35, Township 17 South,
Range 25 East, NMPM, Eddy County, New Mexico.

(3) That the applicant seeks authority to commingle
Eagle Creek Permo-Penn and West Atoka-Morrow production
within the wellbore of the above-described well.

(4) That from the Eagle Creek Permo-Penn zone, the subject well is capable of ~~low~~ marginal production only.

(5) That from the West Atoka-Morrow 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, _____ percent of the commingled _____ production should be allocated to the Eagle Creek Permo-Penn zone, and _____ percent of the commingled _____ production to the West Atoka-Morrow zone.~~

~~(ALTERNATE)~~

(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 the production zones.

IT IS THEREFORE ORDERED:

(1) That the applicant, Yates Petroleum Corporation, is hereby authorized to commingle Eagle Creek Permo-Penn and West Atoka-Morrow production within the wellbore of the Powell "DG" Com Well No. 1, located in Unit 0 of Section 35, Township 17 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.

~~(REVERSED)~~

~~(2) That _____ percent of the commingled _____ production shall be allocated to the Eagle Creek Permo-Penn zone and _____ percent of the commingled _____ production shall be allocated to the West Atoka-Morrow 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.

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CASE 6384: YATES PETROLEUM CORPORATION
FOR DOWNHOLE CONSULTING, EDDY COUNTY,
NEW MEXICO