

CASE NO.

6401

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Southland Royalty Company) CASE
for downhole comingling, Rio Arriba) 6401
County, New Mexico.)

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: William F. Carr, Esq.
CAMPBELL AND BLACK
Jefferson Plaza
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Plaza, Alamosa, NM 87501
Santa Fe, New Mexico 87501

I N D E X

CURT PARSONS

Direct Examination by Mr. Carr

E X H I B I T S

Applicant Exhibit One, Packer Leakage Test, October 5,
1978 8Applicant Exhibit Two, Packer Leakage Test, September
30, 1978 8Applicant Exhibit Three, Packer Leakage Test,
September, 1977 8

Applicant Exhibit Four, Mesaverde Zone Pressures 8

Applicant Exhibit Five, Pictured Cliffs Zone Production
History 8SALLY WALTON ROYD
CERTIFIED SHORTHAND REPORTER
2010 Plaza Regatta (909) 471-4483
San Jose, CA 95128

1 MR. NUTTER: We will call next Case No. 6401.

2 MS. TESCHENDORF: Case 6401: Application of
3 Southland Royalty Company for downhole commingling, Rio
4 Arriba County, New Mexico.

5 MR. CARR: May it please the Examiner, I am
6 William F. Carr, Campbell and Black, Santa Fe, appearing
7 on behalf of the Applicant. I have one witness to be sworn.

8 DIRECT EXAMINATION

9 BY MR. CARR:

10 Q Will you state your name and place of residence?

11 A I'm Curt Parsons, Farmington, New Mexico.

12 Q By whom are you employed and in what position?

13 A I'm District Engineer for Southland Royalty
14 Company.

15 Q Mr. Parsons, have you previously testified
16 before this Commission, had your credentials accepted and
17 made a matter of record?

18 A Yes, I have.

19 Q Are you familiar with the Application which has
20 been filed in this case?

21 A Yes, I am.

22 MR. CARR: Mr. Examiner, are the witness' cre-
23 dentials acceptable?

24 MR. NUTTER: Yes, they are.

25 BY MR. CARR:

Q Mr. Parsons, will you briefly state what South-
land Royalty Company is seeking with this Application?

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CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (SOS) 471-4401
Santa Fe, New Mexico 87501

1 A We seek permission to commingle production
2 from the Pictured Cliffs and Mesaverde zones in the Jicarilla
3 101 No. 1 well.

4 Q What is the location of this well?

5 A This well is located in Unit A of Section 1,
6 Township 26 North, Range 4 West, Rio Arriba County.

7 Q When was this well originally drilled?

8 A In '67.

9 Q Would you please describe for the Examiner the
10 manner in which the well is presently completed?

11 A Okay. The well is -- has an intermediate
12 string of pipe, 7 - 5/8th's set at 4,169 with a 4 - 1/2
13 liner hung from 4,080 to a depth of 6,262. There is a
14 Baker Model-D packer between the producing zones, packer
15 being at 5,640. The Mesaverde is supposed to produce through
16 inch-and-a-half I.J. tubing with 1-inch tailpipe. This is
17 set at 6,066. The Pictured Cliffs produces through inch-and-
18 a-half I.J. tubing set at 3,994.

19 Q Where is this well perforated, at what depth?

20 A The Mesaverde is perforated from 5,726 to 6,103,
21 and the Pictured Cliffs from 3,954 to 4,028.

22 Q What treatment was given to each zone at the
23 time the well was completed?

24 A Both zones were perforated in the same water
25 frac.

Q Mr. Parsons, if the application is granted, how
do you propose to change the completion of this well?

A There will be no change.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Plaza, Alamosa, Colorado 81005
Alamosa, N.M. 87801

1 Q I would ask you at this time to refer to what
2 has been marked as Exhibits No. One and No. Two and explain
3 to the Examiner what these are and what they show?

4 A Exhibits One and Two are packer leakage tests,
5 Exhibit One being the test run on the 5th of October in '78.
6 In this case, the lower completion was opened for flow. As
7 can be seen, the upper completion dropped in pressure by a
8 total of about 14 pounds in two hours. Exhibit No. Two is
9 a dual-completion packer leakage run on the 30th of September
10 in the same well. In this case, the upper zone had a
11 pressure drop of some 14 pounds at the time.

12 Q So what these Exhibits show is that there was
13 communication between the zones?

14 A Yes, that is correct.

15 Q Will you refer to what has been marked for
16 identification as Exhibit No. Three and explain what it is
17 and what it shows?

18 A Okay. This is the most recent successful
19 packer leakage test conducted in September of '77, showing
20 a shut-in pressure on the upper zone of 745 pounds, zero
21 pressure on the lower zone.

22 Q Now I would like to direct your attention to
23 Exhibit No. Four.

24 A Exhibit No. Four was prepared in order to establish
25 pressure in the Mesaverde zone in this area. In view
of the zero pressure at the surface on the test run in '77,
we feel that this is due to water standing in the tubing and
is not an accurate reflection of pressure for that zone.

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CERTIFIED COURT REPORTER
3000 Penn. Avenue, Suite 211
Dallas, Texas 75219
Phone 754-1111

SALLY WALTON BOYD
COURT REPORTER
2000 Main Street, Suite 200
Boulder, CO 80501

1 This nine-section plat shows the most recent pressures taken
2 in the Mesaverde zone in this area with a high being 1,069
3 pounds on a relatively recent well; a low being 358 pounds.
4 The indication is that this well probably had some liquid
5 standing in the wellbore. Average pressure for the forma-
6 tion in that area is somewhere in the neighborhood of 500
7 pounds.

8 Q Will you now refer to what has been marked as
9 Exhibit No. Five and explain to the Examiner what it is and
10 what it shows?

11 A Exhibit No. Five is a production history since
12 1970 for the Pictured Cliffs zone. Pictured Cliffs is the
13 only zone that has ever produced in this well. Mesaverde
14 was not capable of production. Just gives a summary of oil
15 and gas production from 1970 through June of '78.

16 Q How much oil has been produced from this well?

17 A Two hundred thirty-three barrels total in the
18 life of the well.

19 Q Have the production rates declined during the
20 life of the well, or have they always been --

21 A (Interrupting) They have declined somewhat,
22 but nothing abnormal.

23 Q Are the zones presently flowing or being arti-
24 ficially lifted?

25 A There is no artificial lift on either zone.

Q Mr. Parsons, do you anticipate a cross-flow of
gas or gas migration between the zones if this application
is granted?

A No, I do not. It might be noted that shut-in or average pressure in the Mesaverde area over shut-in is about 500 pounds. The Pictured Cliff, if shut-in, potentially can build up to about 720 pounds. However, this would be a rare instance. Line pressure in the area runs 250 to 300 pounds and under producing conditions there would be no reason to suspect that there would be any cross-flow.

Q How do you recommend the production be allocated between the zones if this application is granted?

A In view of the fact the Mesaverde has never produced and was not even capable of tests, upon completion all of the production should go to the Pictured Cliffs.

Q Is the ownership common in both zones?

A Yes, it is.

Q Mr. Parsons, in your opinion are the reservoir characteristics of these two zones such that underground waste would not be caused by the proposed commingling?

A Yes, they are.

Q In your opinion, will granting this application result in increased recovery of hydro-carbons?

A Yes.

Q In your opinion will granting the application be in the interest of conservation and the prevention of waste and the protection of correlative rights?

A Yes.

MR. CARR: At this time, Mr. Examiner, I would like to offer into evidence Applicant's Exhibits One through Five.

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CERTIFIED SHORTHAND REPORTER
309 1/2 West 11th Street
Santa Fe, New Mexico 87501

1 MR. NUTTER: Exhibits One through Five will be
2 admitted.

3 MR. CARR: I have nothing further on direct.
4

5 CROSS EXAMINATION

6 BY MR. NUTTER:

7 Q Mr. Parsons, Exhibit One of your packer leakage
8 test shows that the lower is producing. Yet it shows 11
9 pounds and ten pounds on the tubing as pressure, is that
correct?

10 A Shows that it is producing?

11 Q Yeah.

12 A Let me see. Well, it does show that there is
13 a pressure deflection there. I suspect that there may have
14 been an error in the dead-weight tester or something of that
15 nature, but the well would not flow. It was opened.

16 Q It was opened?

17 A Yes.

18 Q Now, apparently from this same sheet when the
19 well was shut-in, it was shut-in for 288 hours and the tubing
pressure built up to 713 pounds, as did the casing pressure.

20 A Yes, sir.

21 Q Then you opened up the lower completion. Now,
22 first of all -- let's go back here a minute. I was trying
23 to reconstruct. You don't have a schematic diagram of the
24 well and you were mentioning the casing and tubing that's in
25 the well. Would you go through that again so I can draw a
schematic here.

SALLY WALTON BOYD
COMMERCIAL AND INDUSTRIAL INSURANCE
1110 PINE STREET, SUITE 2100
DALLAS, TEXAS 75201

1 A Okay. So there is a 7 - 5/8th's intermediate
2 string set at 4,169 feet.

3 Q That's 7 - 5/8th's at?

4 A 4,169.

5 Q 4,169, okay. Then there is a liner in there?

6 A Yes, sir. The liner top is at 4,080. The
7 bottom is at 6,262.

8 Q 6,262 and that's 4-inch?

9 A Four-and-a-half.

10 Q Four-and-a-half-inch liner, okay. What kind of
11 surface pipe is on the well?

12 A Ten-and-three-quarter.

13 Q Where is that?

14 A One hundred seventy-five feet.

15 Q Now, do you have the amount of cement that was
16 used on the liner?

17 A Yes, sir, I do, 175 sacks of Class C with 4-
18 percent gell, followed by 100 sacks of neat.

19 Q Have a cement top on that?

20 A I don't have a top on that. I find here that
21 there was a squeeze job on the 7 - 5/8th's.

22 Q How much cement was used on the 7 - 5/8th's
23 originally?

24 A Okay, originally on the 7 - 5/8th's there was
25 45 sacks of C with 10-percent gell, 90 sacks of Posmex with
4-percent gell, 70 sacks of neat and 75 sacks of Posmex with
Celaflay.

Q And then there was a packer installed at 5,640

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COURT REPORTER & INTERVIEWER
2400 Peach Street, Suite 205
Atlanta, Georgia 30309
Phone 404-525-8781

1 I think you mentioned?

2 A Yes, sir. I believe that's correct, yes, sir,
3 Baker Model-D.

4 Q And each zone has inch-and-a-half tubing run
5 to it, and the Mesaverde has a 1-inch tailpipe?

6 A Yes, and the 1-inch tailpipe is from the packer
7 down.

8 Q Now, have you ascertained where this leak is --

9 A (Interrupting) No, sir, we have not.

10 Q (Continuing) -- whether it is in the packer, the
11 tubing, the casing, or the cement?

12 A No, sir, we have not, but the indication would
13 be that it would have to either be in the packer or the
14 tubing, or it would be most likely to be there. Suspicion
15 would be the tubing on my past experience.

16 Q Now, why didn't the well produce when it was
17 completed in the Mesaverde?

18 A Excessive water. There were some efforts made
19 to isolate that water, and they were unsuccessful. I have
20 here a summary of the time when they were blowing the well
21 after completing the Mesaverde. From the 12th of July until
22 the 18th of July, during the entire period it was making
23 about a 2-inch stream of water, would not sustain production
24 on its own.

25 Q That's swabbing in and making some more water?

A They weren't swabbing, they were blowing it in
with compressors. Shut compressors down, it would immediate-
ly be long gone.

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3030 Plaza Blanca, Suite 200
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1 Q So you don't think it's going to produce any
2 from the Mesaverde now?

3 A No, sir.

4 Q So actually in seeking this authority for
5 downhole commingling, you're not expecting to get any pro-
6 duction, you're just wanting to alleviate a problem as far
7 as packer leakage situation is concerned?

8 A Yes, sir.

9 Q Without having to repair it?

10 A Yes, sir, that's correct.

11 Q Now, does the Pictured Cliffs make water at the
12 present time?

13 A No, sir.

14 Q I notice that the production indicated for the
15 Pictured Cliffs on Exhibit No. Five has been very erratic.

16 A There is a logical explanation for that.

17 Q Okay, I would like it, please.

18 A Okay. The well is connected to the pipeline
19 through a 2-inch line. It's a little over a mile long. They
20 have -- there's a great deal of difficulty in keeping line
21 freezes out of it in the winter-time, and some carry-over of
22 very light condensation causes fluctuations in line pressure
23 in that long 2-inch line, even during the summer. We have
24 difficulty with the gathering system, keeping their line
25 clean enough to have a stable line pressure.

Q Well, now, I notice for 1978, Mr. Parsons, that
your best month of production was in the month of January
when it made almost 19,000 Mcf?

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3028 Palm Blume (944) 471-4405
Santa Fe, New Mexico 87501

1 A Yes, sir, that is correct.

2 Q But as soon as the weather started getting
3 warmer it declined to practically nothing. It did produce
4 nothing in May.

5 A I would have to go back and look at charts on
6 that to be absolutely certain, but I suspect that we had
7 liquid build-up in the line, or possibly line freezes in
8 the months of March and April. I'm not saying that we
9 continually have the thing frozen off.

10 Q You're sure that water is not bleeding into the
11 Pictured Cliffs from the Mesaverde and possibly having an
12 adverse affect on Pictured Cliffs production?

13 A We don't have any evidence of this at the sur-
14 face. We can't get any water to the surface out of that
15 zone at all, and we still make a little -- a small amount
16 of condensate just as we always have. The producing rate
17 averages in the neighborhood of 150 Mcf a day, which is
18 normally enough to lift liquid in a similar well. We don't
19 see any water production at all from it. We have looked
20 for this.

21 Q Now, this well is located in the Tapacito-
22 Pictured Cliffs pool which is a prorated gas pool. Can you
23 tell me how the well is classified, whether it is marginal
24 or non-marginal?

25 A It is non-marginal.

Q It's a non-marginal well?

A Yes, sir. It is non-marginal as evidenced by
the necessity of tests, which are also reflected on this

1 production summary.

2 MR. NUTTER: Are there any further questions
3 of Mr. Parsons? You may be excused. Do you have anything
4 further in this case, Mr. Carr?

5 MR. CARR: Nothing further, Mr. Examiner.

6 MR. NUTTER: Does anyone have anything to
7 offer in Case No. 6401? Take the Case under advisement.

8 (Hearing concluded.)
9
10
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25

SALLY WALTON DUVO
CERTIFIED TRANSCRIPTION SERVICE
2007 Pine Street, Suite 900, St. Louis, MO 63101
Phone: 314.433.8700

REPORTER'S CERTIFICATE

I, STEFANIE XANTHULL, 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.

Stefanie Xanthull
Stefanie Xanthull, C.S.R.

I do hereby certify that the foregoing is a correct and true transcript of the proceedings in the hearing of Case No. 4401 heard by me on 12/20 1978.
[Signature] Examiner
Oil Conservation Division

SALLY WILTON BOYD
COURT REPORTER
10101 1/2 N. 11th St.
Tulsa, Okla. 74106



BRUCE KING
GOVERNOR
LARRY KEYDE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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Mr. William P. Carr
Campbell and Black
Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico

Re: CASE NO. 6401
ORDER NO. R-6331

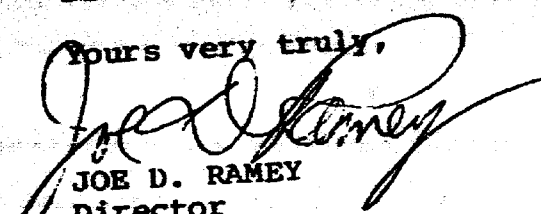
Applicant:

Southland Royalty Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Division order recently entered in the subject case.

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD X
Artesia OCD X
Aztec OCD X

Other _____

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. 6401
Order No. R-6331

APPLICATION OF SOUTHLAND ROYALTY
COMPANY FOR DOWNHOLE COMMINGLING,
RIO ARriba COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 20, 1978, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 30th day of April, 1980, 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, Southland Royalty Company, seeks approval for the downhole commingling of Tapacito-Pictured Cliffs and Blanco Mesaverde production in the wellbore of its Viscarilla 101 Well No. 1 located in Unit A of Section 1, Township 26 North, Range 4 West, WMPN, Rio Arriba County, New Mexico.
- (3) That although said well was completed in 1967 as a dual completion in the aforesaid pools, it has never been capable of production from the Mesaverde zone, and all production from the well has come from the Pictured Cliffs zone.
- (4) That although the Mesaverde formation is extremely tight in the subject well and refuses to give up gas, it does contain gas at a pressure sufficient to avert any serious problem of cross flow if the dual completion equipment in the well were pulled and the zones commingled in the wellbore.

-2-
Case No. 6491
Order No. R-6331

(5) That such commingling will not cause waste nor impair correlative rights and should be approved.

IT IS THEREFORE ORDERED:

(1) That the applicant, Southland Royalty Company, is hereby authorized to commingle the Tapacito-Pictured Cliffs and the Blanco Mesaverde Pools in the wellbore of its Jicarilla 161 Well No. 1 located in Unit A of Section 1, Township 26 North, Range 4 West, NMPN, Rio Arriba County, New Mexico.

(2) That all production from said well shall be attributed to the Tapacito-Pictured Cliffs zone.

(3) 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.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



Joe D. Ramey
JOE D. RAMEY
Director

Ed/

NORTH-EAST NEW MEXICO PACKER-LEAKAGE TEST

Operator Southland Royalty Company

Lease Jicarilla 101

Well No. 1

Location

of Well: Unit A Sec. 01 Twp. 26N Rge. 04W County Rio Arriba

Name of Reservoir or Pool Type of Prod. Method of Prod. Prod. Medium
(Oil or Gas) (Flow or Art. Lift) (Tbg. or Csg.)

Upper Completion	Tapacito Pictured Cliffs	Gas	Flow	Tbg.
Lower Completion	Blanco Mesaverde	Gas	Flow	Tbg.

PRE-FLOW SHUT-IN PRESSURE DATA

Upper Compl	Hour, date Shut-in	Length of time shut-in	SI press. Tbg. 713 psig Csg. 713	Stabilized? (Yes or No)
Lower Compl	Hour, date Shut-in	Length of time shut-in	SI press. Tbg. 717 psig	Stabilized? (Yes or No)

FLOW TEST NO. 1

Commenced at (hour, date)*		10:15 AM 10-17-78		Zone producing (Upper or Lower): Lower	
Time (hour, date)	Lapsed time since*	Pressure Upper Compl. Lower Compl.		Prod. Zone Temp.	Remarks
10:30 AM 10-17-78	15 Min.	Tbg. 707	Tbg. 11		
10:45 AM 10-17-78	30 Min.	Csg. 707	Tbg. 10		
11:00 AM 10-17-78	45 Min.	Tbg. 704	Tbg. 10		
11:15 AM 10-17-78	60 Min.	Csg. 701	Tbg. 10		
11:45 AM 10-17-78	90 Min.	Tbg. 700	Tbg. 10		
12:15 PM 10-17-78	120 Min.	Csg. 697	Tbg. 10		
		Tbg. 693	Tbg. 10		

Production rate during test

Oil: _____ BOPD based on _____ Bbls. in _____ Hrs. _____ Grav. _____ GOR _____
Gas: _____ MCFPD; Tested thru (Orifice or Meter): _____

MID-TEST SHUT-IN PRESSURE DATA

Upper Compl	Hour, date Shut-in	Length of time shut-in	SI press. psig	Stabilized? (Yes or No)
Lower Compl	Hour, date Shut-in	Length of time shut-in	SI press. psig	Stabilized? (Yes or No)

FLOW TEST NO. 2

Commenced at (hour, date)** (Cont'd from above)		Zone producing (Upper or Lower):			
Time (hour, date)	Lapsed time since **	Pressure		Prod. Zone Temp.	Remarks
		Upper Compl.	Lower Compl.		
1:15 PM 10-17-78	180 Min.	Tbg. 688 Csg. 688	Tbg. 9		

Production rate during test

Oil: _____ BOPD based on _____ Bbls. in _____ Hrs. _____ Grav. _____ GOR _____
Gas: _____ MCFPD; Tested thru (Orifice or Meter): _____

REMARKS: Pictured Cliffs off for OP - Mesaverde disconnected - Non Producer.

I hereby certify that the information herein contained is true and complete to the best of my knowledge.

Approved: _____ 19 _____
New Mexico Oil Conservation Commission

By _____
Title _____

Operator Southland Royalty Company

By James Smith

Title District Field Foreman

Date October 19, 1978

NORTHWEST NEW MEXICO PACKER-LEAKAGE TEST

Operator Southland Royalty Company

Lease Jicarilla 101

Well No. 1

Location

of Well: Unit A Sec. 01 Twp. 26N Rge. 04W County Rio Arriba

Name of Reservoir or Pool Tapacito Pictured Cliffs Type of Prod. Gas Method of Prod. Flow Prod. Medium Tbg.
(Oil or Gas) (Flow or Art. Lift) (Tbg. or Csg.)

Upper Completion	Tapacito Pictured Cliffs	Gas	Flow	Tbg.
Lower Completion	Blanco Mesaverde	Gas	Flow	Tbg.

PRE-FLOW SHUT-IN PRESSURE DATA

Upper Compl	Hour, date	10:55 AM	Length of time shut-in	72 Hrs.	SI press. Tbg. 730	Stabilized? (Yes or No)
Lower Compl	Shut-in	09-30-78	Length of time shut-in	72 Hrs.	psig Csg. 730	Stabilized? (Yes or No)
Upper Compl	Hour, date	10:55 AM	Length of time shut-in	72 Hrs.	SI press. Tbg. 730	Stabilized? (Yes or No)
Lower Compl	Shut-in	09-30-78	Length of time shut-in	72 Hrs.	psig Csg. 730	Stabilized? (Yes or No)

FLOW TEST NO. 1

Commenced at (hour, date)* 1:30 PM 10-03-78				Zone producing (Upper or Lower): Upper	
Time (hour, date)	Lapsed time since*	Pressure		Prod. Zone Temp.	Remarks
		Upper Compl.	Lower Compl.		
10-01-78		Tbg. 720	Tbg. 708		
		Csg. 720			
10-02-78		Tbg. 726	Tbg. 719		
		Csg. 726			
10-03-78		Tbg. 730	Tbg. 730		
		Csg. 730			
10-04-78	24 Hrs.	Tbg. 302	Tbg. 528		
		Csg. 429			
10-05-78	48 Hrs.	Tbg. 307	Tbg. 567		
		Csg. 429			

Production rate during test

Oil: _____ BOPD based on _____ Bbls. in _____ Hrs. _____ Grav. _____ GOR _____
Gas: _____ MCFPD; Tested thru (Orifice or Meter): _____

MID-TEST SHUT-IN PRESSURE DATA

Upper Compl	Hour, date	Length of time shut-in	SI press. psig	Stabilized? (Yes or No)
Lower Compl	Shut-in	Length of time shut-in	SI press. psig	Stabilized? (Yes or No)

FLOW TEST NO. 2

Commenced at (hour, date)**				Zone producing (Upper or Lower):	
Time (hour, date)	Lapsed time since **	Pressure		Prod. Zone Temp.	Remarks
		Upper Compl.	Lower Compl.		

Production rate during test

Oil: _____ BOPD based on _____ Bbls. in _____ Hrs. _____ Grav. _____ GOR _____
Gas: _____ MCFPD; Tested thru (Orifice or Meter): _____

REMARKS: Mesaverde - Disconnected - Non Producer

I hereby certify that the information herein contained is true and complete to the best of my knowledge.

Approved: _____ 19
New Mexico Oil Conservation Commission

By _____

Title _____

Operator Southland Royalty Company

James Smith

Title District Field Foreman

Date October 19, 1978

NEW MEXICO OIL CONSERVATION COMMISSION
NORTHWEST NEW MEXICO PACKER-LEAKAGE TEST

Revised 11-1-58

Operator Aztec Oil & Gas Company Lease Jicarilla 101 Well No. #1
Location of Well: Unit A Sec. 1 Twp. 26 North Rge. 4 West County Rio Arriba

	Name of Reservoir or Pool	Type of Prod. (Oil or Gas)	Method of Prod. (Flow or Art. Lift)	Prod. Medium (Tbg. or Csg.)
Upper Completion	Tapacito Pictured Cliff	Gas	Flow	Casing
Lower Completion	Blanco Mesaverde	Gas	Flow	Tubing

PRE-FLOW SHUT-IN PRESSURE DATA

Upper Compl	Hour, date Shut-in	9-17-77	Length of time shut-in	72 Hours	SI press. psig	7	Stabilized? (Yes or No)
Lower Compl	Hour, date Shut-in	9-17-77	Length of time shut-in	72 Hours	SI press. psig	0	Stabilized? (Yes or No)

FLOW TEST NO. 1

Commenced at (hour, date)*		9-20-77		Zone producing (Upper or Lower): Upper		
Time (hour, date)	Lapsed time since*	Pressure		Prod. Zone Temp.	Remarks	
		Upper Compl.	Lower Compl.			
9-18-77		745	0			
9-19-77		751	0			
9-20-77		754	0			
9-21-77	24 Hours	245	0			
9-22-77	48 Hours	245	0			

Production rate during test

Oil: _____ BOPD based on _____ Bbls. in _____ Hrs. _____ Grav. _____ GOR _____
Gas: _____ MCFPD; Tested thru (Orifice or Meter): _____

MID-TEST SHUT-IN PRESSURE DATA

Upper Compl	Hour, date Shut-in	Length of time shut-in	SI press. psig	Stabilized? (Yes or No)
Lower Compl	Hour, date Shut-in	Length of time shut-in	SI press. psig	Stabilized? (Yes or No)

FLOW TEST NO. 2

Commenced at (hour, date)**				Zone producing (Upper or Lower):		
Time (hour, date)	Lapsed time since **	Pressure		Prod. Zone Temp.	Remarks	
		Upper Compl.	Lower Compl.			

Production rate during test

Oil: _____ BOPD based on _____ Bbls. in _____ Hrs. _____ Grav. _____ GOR _____
Gas: _____ MCFPD; Tested thru (Orifice or Meter): _____

REMARKS: _____

I hereby certify that the information herein contained is true and complete to the best of my knowledge.

Approved: _____ 19 _____
New Mexico Oil Conservation Commission

By A. E. Majors
Title PETROLEUM ENGINEER

Operator Aztec Oil & Gas Company

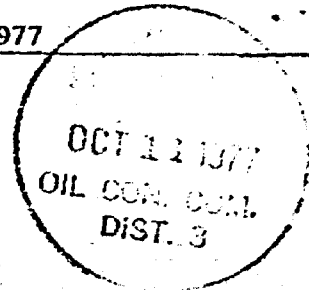
By [Signature]

Title District Production Manager

Date September 29, 1977

RECEIVED

OCT 14 1977



SOUTHLAND ROYALTY CO.

Jicarilla 101 #1

NE/4, Sec. 1, T26N, R4W

Last test date
Shut in pressure

BEFORE EXAMINER NUTTER

OIL CONSERVATION DIVISION

Southland EXHIBIT NO. 4

CASE NO. 6401

<u>1976</u> 450	<u>1977</u> 1069	
	<u>1976</u> 508	<u>1977</u> 576
<u>1976</u> 452	x Jic. 101 #1	<u>1976</u> 504 <u>1976</u> 506
<u>1976</u> 358		<u>1976</u> 439
<u>1976</u> 428		
<u>1976</u> 432		<u>1976</u> 547

CCP
12-4-78

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Southland Royalty
Company for downhole comingling,
Rio Arriba County, New Mexico.

CASE
6401

&
CASE
6402

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:

BALLY WALTON BOYD
COUNTY ADMINISTRATOR, RIO ARriba
COUNTY, NEW MEXICO
SANTA FE, NEW MEXICO 87501

1 MR. STAMETS: Call next Case 6401.

2 MS. TESCHENDORF: Case 6401. Application of
3 Southland Royalty Company for downhole commingling, Rio
4 Arriba County, New Mexico.

5 MR. CARR: Mr. Examiner, I'm William F. Carr,
6 Campbell and Black, Santa Fe, appearing on behalf of the
7 Applicant.

8 We request that this case be continued to
9 the Examiner Hearing scheduled for January 20th.

10 MR. STAMETS: The case will be so continued.

11 MR. CARR: I'm sorry, December 20.

12 MR. STAMETS: Okay. Case 6401 will be con-
13 tinued until December 20th.

14 Call next Case 6402.

15 MS. TESCHENDORF: Case 6402. Application of
16 Southland Royalty Company for downhole commingling, Rio
17 Arriba County, New Mexico.

18 MR. CARR: William F. Carr, Campbell and
19 Black, Santa Fe, appearing on behalf of the Applicant. We
20 would request that this case be continued till the next
21 regularly scheduled Examiner Hearing.

22 MR. STAMETS: The case will be so continued.

23 (Hearing concluded.)
24
25

SALLY WATSON BOVE
CERTIFIED SHUTTLECRAFT REPORTER
2011 Penn. House Bill 2007 (11-01-08)
Harrisburg, PA, New Mexico 87401

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.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Penn. Highway (Q99) 471-4405
Santa Fe, New Mexico 87501

I do hereby certify that the foregoing is a complete record of the proceedings in the Examination of Case No. 440186402 heard by me on 12-17 1978.
Richard P. Hunt, Examiner
Oil Conservation Division

Dockets Nos. 1-79 and 2-79 are tentatively set for hearing on January 3 and 17, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - DECEMBER 20, 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 January, 1979, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for January, 1979, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- CASE 6406:** In the matter of the hearing called by the Oil Conservation Division on its own motion at the request of Emserch Exploration, Inc., to consider the assignment of 39,040 barrels of oil discovery allowable to the Emserch Lambirth Well No. 1 located in Unit K of Section 31, Township 5 South, Range 33 East, South Peterson-Fusselman Pool, Roosevelt County, New Mexico.
- CASE 6407:** Application of T. H. McElvain Oil & Gas Properties for an unorthodox oil well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox oil well location of its Miller B Well No. 6 located 1460 feet from the North line and 2285 feet from the East line of Section 12, Township 24 North, Range 7 West, undesignated Dakota oil pool, Rio Arriba County, New Mexico.
- CASE 6408:** Application of BTA Oil Producers for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its 7811 JV-P Rojo Well No. 1, to be located 660 feet from the North and West lines of Section 27, Township 25 South, Range 33 East, Lea County, New Mexico, the W/2 of said Section 27 to be dedicated to the well.
- CASE 6409:** Application of Atlantic Richfield Company for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill four wells on its Empire Abo Unit Area, Empire-Abo Pool, Eddy County, New Mexico, as follows: In Township 17 South, Range 28 East: Well No. D-361, Surface location 136 feet from the South line and 800 feet from the East line of Section 27, bottom-hole location 300 feet from the North line and 500 feet from the East line of Section 34; Well No. E-392, Surface location 959 feet from the North line and 2400 feet from the East line, bottom-hole location 600 feet from the North line and 2500 feet from the East line, Section 35. In Township 18 South, Range 27 East: Well No. K-131, Surface location 1500 feet from the South line and 600 feet from the West line, bottom-hole location 1600 feet from the South line and 250 feet from the West line, Section 2; Well No. L-133, Surface location 800 feet from the South line and 950 feet from the West line, bottom-hole location 1250 feet from the South line and 700 feet from the West line, Section 2. All of the above wells would be bottomed at unorthodox locations within 150 feet of the described bottom-hole locations.
- CASE 6410:** Application of Carl A. Schellinger for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location of a proposed Pennsylvanian test to be drilled 660 feet from the South line and 1650 feet from the West line of Section 1, Township 22 South, Range 24 East, McKittrick Hills Field, Eddy County, New Mexico, the S/2 of said Section 1 to be dedicated to the well.
- CASE 6411:** 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 6412:** Application of Ralph Nix for compulsory pooling and an unorthodox location, or in the alternative, an amendment to pool rules, 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 27, Township 18 South, Range 26 East, Atoka-Pennsylvanian Gas Pool, Eddy County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location in the SW/4 of said section. 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 Hondo Drilling Company as operator of the well and a charge for risk involved in drilling said well.

As an alternative to the above unorthodox location, applicant seeks an order amending the Special Pool Rules for the Atoka-Pennsylvanian Gas Pool so that well location requirements therein would conform to statewide Rule 104(c).

CASE 6390: (Continued from November 21, 1978, Examiner Hearing)

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.

CASE 6401: (Continued from December 7, 1978, Examiner Hearing)

Application of Southland Royalty Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Pictured Cliffs and Mesaverde production within the wellbore of its Jicarilla 101 Well No. 1 located in Unit A of Section 1, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.

CASE 6402: (Continued from December 7, 1978, Examiner Hearing)

Application of Southland Royalty Company 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 within the wellbore of its Jicarilla 101 Well No. 2 located in Unit M of Section 12, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.

CASE 6403: (Continued from December 7, 1978, Examiner Hearing)

Application of Consolidated Oil & Gas, Inc. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Basin Dakota and Blanco Mesaverde production within the wellbore of its O'Shea Well No. 1 located in Unit K of Section 3, Township 31 North, Range 13 West, San Juan County, New Mexico.

- CASE 6401: Application of Southland Royalty Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Pictured Cliffs and Mesaverde production within the wellbore of its Jicarilla 101 Well No. 1 located in Unit A of Section 1, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.
- CASE 6402: Application of Southland Royalty Company 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 within the wellbore of its Jicarilla 101 Well No. 2 located in Unit M of Section 12, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.
- CASE 6403: Application of Consolidated Oil & Gas, Inc. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Basin Dakota and Blanco Mesaverde production within the wellbore of its O'Shea Well No. 1 located in Unit K of Section 3, Township 31 North, Range 13 West, San Juan County, New Mexico.
- CASE 6404: Application of Sun Production Company for compulsory pooling, non-standard gas proration unit, and an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Emont Gas Pool underlying the SE/4 of Section 35, Township 19 South, Range 36 East, Lea County, New Mexico, to form a non-standard 160-acre proration unit to be dedicated to a well to be drilled at an unorthodox location 810 feet from the South line and 2030 feet from the East line of said section. 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 6405: Application of LaRue and Muncy for exception to Order No. R-111-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the casing/cementing rules for the Oil-Potash Area as promulgated by Order No. R-111-A to permit its Federal FR Well No. 1 located in Unit 1 of Section 15, Township 18 South, Range 30 East, Eddy County, New Mexico, to be completed in the following manner: set surface casing and circulate cement; eliminate salt protection string; and do not circulate cement on production casing.

Dockets Nos. 40-78 and 41-78 are tentatively set for hearing on December 20, 1978 and January 3, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - DECEMBER 7, 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 6392:** In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Corinne Grace. The Travelers Indemnity Company, and all other interested parties to appear and show cause why the Indian Hills Com. Well No. 1 located in Unit J of Section 8, Township 21 South, Range 24 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.
- CASE 6393:** In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Rule 104 F of the Division Rules and Regulations to provide for the administrative approval of the unorthodox location of wells drilled within secondary recovery or pressure maintenance projects.
- CASE 6394:** In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the adoption of an administrative procedure and Forms C-132 and C-132-A, all for the purpose of making wellhead price ceiling category determinations under the Natural Gas Policy Act of 1978.
- CASE 6395:** Application of David Tashan 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 Section 9, Township 21 South, Range 24 East, Eddy County, New Mexico, and the extension of the Cemetery-Morrow Gas Pool to include the aforesaid Section 9.
- CASE 6396:** Application of Amoco Production Company for pool creation and contraction, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the House Drinkard oil pool by the deletion therefrom of the NE/4 and E/2 SE/4 of Section 12 and the E/2 NE/4 of Section 13, both in Township 20 South, Range 38 East, and the W/2 of Section 7 and the NW/4 of Section 18, Township 20 South, Range 39 East, and the creation of a new gas pool for Lower Drinkard production in the NE/4 of Section 12, Township 20 South, Range 38 East, all in Lea County, New Mexico.
- CASE 6397:** Application of Western Oil Producers, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying all of Section 4, Township 24 South, Range 35 East, Cintas Roja-Morrow Gas Pool, 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 6398:** 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 for the Wolfcamp and Pennsylvanian formations of its State Com Well No. 1, to be located 660 feet from the South and West lines of Section 18, Township 21 South, Range 26 East, Catclaw Draw Field, Eddy County, New Mexico, all of said Section 18 to be dedicated to the well in the Morrow formation.
- CASE 6399:** Application of Texas Oil & Gas Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the W/2 of Section 32, Township 18 South, Range 27 East, Eddy County, New Mexico, to be dedicated to a well to be drilled 710 feet from the North line and 2330 feet from the West line of said section. 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 6400:** Application of Coronado Exploration Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying each of the following 40-acre tracts: SW/4 SW/4 Section 7; SW/4 SW/4 Section 8; SW/4 SE/4 Section 18; NW/4 NW/4 Section 19; and NW/4 NW/4 Section 20, all in Township 10 South, Range 28 East, Race Track-San Andres Pool, Chaves County, New Mexico. Also the NE/4 NE/4 Section 28, Township 10 South, Range 28 East, LE Ranch-San Andres Pool, Chaves County, and the SW/4 NE/4 Section 15, Township 11 South, Range 28 East, East Chisum-San Andres Pool, Chaves County. Each of the aforesaid 40-acre tracts would comprise a drilling unit to be dedicated to a well to be drilled at a standard location thereon. Also to be considered, with respect to each of the above described drilling units and well, will be the cost of drilling and completing the 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 each well and a charge for risk involved in drilling each well.

NOV 15 1978



Southland Royalty Company

November 14, 1978

Case 6401

Mr. Joe Ramey
New Mexico Department of Energy and Minerals
Oil and Gas Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Sir:

Southland Royalty Company hereby requests a hearing to consider commingling Pictured Cliffs and Mesa Verde production in the Jicarilla 101 #1 well located in Section 1, T26N, R4W, Rio Arriba County, New Mexico.

Unit A

Yours truly,

Curtis C. Parsons
Curtis C. Parsons
District Engineer

OCP/kde

CC: Al Kendrick
NMOCC

ROUGH

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. 6401

Order No. R-6331

APPLICATION OF SOUTHLAND ROYALTY
COMPANY FOR DOWNHOLE COMMING-
LING, RIO ARRIBA COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 70,
19 80, at Santa Fe, New Mexico, before Examiner DSN.

NOW, on this _____ day of April, 19 80, 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, Southland Royalty Company,
seeks approval for the downhole commingling of Tapasito-
Pictured Cliffs and Plauso Mesaverde production in
the wrebores of its Jicarilla 101 Well No. 1 located in
Unit A of Section 1, Township 26 North, Range 4 West,
NMPM, Rio Arriba County, New Mexico.

(3) That although said well was completed in
1967 as a dual completion in the aforesaid pools,
it has never been capable of production from the

mesaverde zone, and all production from the well has come from the Pictured Cliffs zone.

(4) That although the Mesaverde formation is extremely tight in the subject well and refuses to give up gas, it does contain gas at a pressure sufficient to avert any serious problem of cross flow if the dual completion equipment in the well were pulled and the zones commingled in the well bore.

(5) That such commingling will not cause waste nor impair correlative rights and should be approved.

IT IS THEREFORE ORDERED:

(1) That the applicant, Southland Royalty Company, is hereby authorized to commingle the Tapscito-Pictured Cliffs and the Blanco Mesaverde Pools in the wellbore of its Picavilla 101 Well No. 1 located in Unit A of Section 1 Township 26 North, Range 4 West, NMPM, Rio Arriba County, New Mexico.

(2) That all production from said well shall be attributed to the Tapscito-Pictured Cliffs zone.

(3) Jurisdiction

DOVE @

5923 13

Amway

Continued to December 20

CASE 6402 SOUTHWEST ROYALTY COMPANY
FOR ROYALTY COMPANY, RIO ARriba
COUNTY, NEW MEXICO

by