

CASE NO.

6403

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

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 Consolidated Oil & Gas,
Inc. for downhole comingling,
San Juan County, New Mexico.

CASE
6403

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:

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

BALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
1018 PASEO DE LOS ARBORES
SANTA FE, NEW MEXICO 87505

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MR. STAMETS: Call next Case 6403.

MS. TESCHENDORF: Case 6403. Application of Consolidated Oil and Gas, Inc., for downhole commingling, San Juan County, New Mexico.

MR. KELLAHIN: Tom Kellahin of Kellahin and Fox, appearing on behalf of the Applicant.

We request that that case be continued to December 20.

MR. STAMETS: It will be so continued.

(Hearing concluded.)

SALLY WALTON ROYER
COURT REPORTER
1015 Park Avenue, N.E.
Albuquerque, N.M. 87102

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 and correct transcript of the proceedings in
 the Division hearing of Case No. 6403,
 heard by me on 12-7 19 78.
Richard A. Flannery Examiner
 Oil Conservation Division

SALLY WALTON BOYD
 COURT REPORTER
 300TH ST. NEW BRUNSWICK, N.J. 08901

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 Consolidated Oil & Gas,
Inc., for downhole comingling, San
Juan County, New Mexico.

CASE
6403

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

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

For the Applicant:

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

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CERTIFIED SHORTHAND REPORTER
2025 Plaza, Santa Fe, N.M. 87501
505-998-1111

I N D E X

MERLE SAVAGE

Direct Examination by Mr. Kellahin.

E X H I B I T S

Applicant Exhibit One, Plat Map, O/Shea No. 13	10
Applicant Exhibit Two, August, 1978 Packer Leakage Test	10
Applicant Exhibit Three, October, 1978 Packer Leakage	
Test	10
Applicant Exhibit Four, May, 1977 Packer Leakage Test	10
Applicant Exhibit Five, Completion Schematic	10
Applicant Exhibit Six, Proposal to Recomplete	10
Applicant Exhibit Seven, Production Curve for Mesaverde	10
Applicant Exhibit Eight, Production Curve for Dakota	10
Applicant Exhibit Nine, Estimate of Remaining Reserves	10

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 08-10-2001 BY 60322/UC/LP

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DAILY WALKER ROYD
 400 Park Avenue, New York 22, N.Y.
 212-681-1111

1 an also a Registered Professional Engineer in Colorado.

2 Q Have you made a study of the facts surrounding
3 this particular application?

4 A Yes, sir.

5 MR. KELLAHIN: We tender Mr. Savage as an ex-
6 pert.

7 MR. NUTTER: Mr. Savage is qualified.

8 BY MR. KELLAHIN:

9 Q Mr. Savage, would you please refer to what I
10 have marked as Exhibit No. One and identify that for me?

11 A Yes, sir. Exhibit No. One is a plat map showing
12 the well in question as well as the surrounding area.

13 Q Would you identify the well?

14 A It is the O'Shea No. 13 in Section 3, Township
15 31 North, Range 13 West in San Juan County, New Mexico.

16 Q That well is currently classified as what type
17 of producing well?

18 A A gas well.

19 Q From what formations?

20 A The Dakota and the Mesaverde. It is a dual com-
21 pletion.

22 Q What are you seeking to accomplish today?

23 A We would like to commingle production from the
24 two zones.

25 Q What has necessitated the request for the
26 application?

A We failed the packer leakage test. The first
test this year was an inconclusive test.

1 Q Let's look at what I have marked as Exhibit
2 No. Two and have you identify that test.

3 A Yes, sir. That's a test taken in August of
4 this year, which was ruled inconclusive by the Aztec office.
5 There are some differences in pressure after a two-day shut-
6 in period. There were no differences up to that point.

7 Q Subsequent to that, were any subsequent tests
8 taken?

9 A Yes, sir, at the request of the State we re-
10 tested the well. It was witnessed by Mr. Chavez of the Aztec
11 office and that test very conclusively shows communication.

12 Q I show what I have marked as Applicant's Exhibit
13 No. Three and ask you to identify that test.

14 A Yes, sir. That's a test in October of this
15 year.

16 Q In your opinion, there is communication now be-
17 tween the two zones?

18 A Yes, sir.

19 Q Okay. Would you identify what we have marked
20 as Exhibit No. Four?

21 A That I believe is the May of '77 test of the
22 same well.

23 Q What's the purpose of that Exhibit?

24 A This is just to show that a year earlier there
25 was no communication in the well. The well passed the State
test.

Q In your opinion, Mr. Savage, is it economically
feasible for you to repair the leakage in the test and to

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CERTIFIED COURT REPORTER
1016 West Main Street
Tulsa, Okla. 74103

1 continue to produce this as a dual completion?

2 A No, sir. I would feel we would abandon the
3 well rather than make very much of an effort to recomplete
4 it as a dual.

5 Q In addition to the economic disadvantages of a
6 work-over, are there any other risks imposed in trying to
7 repair the leak?

8 A Yes, sir. It's been very common in this area
9 that you can't get the packer loose because of sand fall-out
10 on top of it. At which point we would abandon the well any-
11 way.

12 Q Let's look at Exhibit No. Five, if you please,
13 and have you describe what that is.

14 A This is the original completion schematic of
15 the well with the dual completion. Shows the two strings of
16 tubing and separate production at that point.

17 Q You don't have any indication of exactly where
18 the leak may occur, do you?

19 A No, sir. We assume it's in the long tubing
20 string.

21 Q Would you identify Exhibit No. Six and explain
22 what information it contains?

23 A This would be our proposal to recomplete the
24 commingled well. We would make an effort to remove the
25 packer. Assuming we can't, we would go into the long string,
determine the free point, cut the tubing off at that point,
pull both strings and then run a single string.

Q Would you identify what I have marked as Exhibit

SALLY WADE 2010
COURTESY OF THE
BUREAU OF LAND
MANAGEMENT
U.S. DEPARTMENT OF
THE INTERIOR

1 No. Seven?

2 A Yes, sir. This is a P over Z versus Q pro-
3 duction curve for the Mesaverde production. It shows ulti-
4 mate reserves of 615,000 Mcf for the Mesaverde zone.

5 Q And Exhibit No. Eight?

6 A A similar curve for the Dakota completion,
7 the Dakota zone, which shows ultimate reserves of 635,000
8 Mcf.

9 Q Let's look at Exhibit No. Nine.

10 A These are the estimates of the remaining reserves,
11 showing ultimate cumulative production through September of
12 '78, the remaining reserves and the percentage of remaining
13 reserves attributable to both zones.

14 Q What is the average gas price received for both
15 zones in this well?

16 A Forty-six cents per annum.

17 Q Your average gas price is 46 cents per Mcf?

18 A Yes, sir.

19 Q What has been the average monthly production for
20 the first eight months of this year, Mr. Savage, for each of
21 the zones?

22 A Twenty-three point four Mcf per day for the
23 Mesaverde and 45.1 Mcf per day for the Dakota.

24 Q So neither one of these zones is currently a
25 marginal zone, is that true?

A I suspect that's true, yes, sir.

Q But are there sufficient remaining reserves,
based upon the current gas price received for the gas pro-

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Arling Heights, Illinois 60014

1 duced, that would allow you sufficient economic incentive
2 to repair the well?

3 A No, sir.

4 Q Is the Dakota-Mesaverde gas compatible, in the
5 event commingling is approved?

6 A Yes, sir. We don't feel there will be any
7 problems.

8 Q What about the royalty and working-interest
9 ownership for both zones?

10 A The west half of the Section has been communi-
11 tized and therefore the royalty and the working interest
12 would be common to both zones.

13 Q Do either one of these zones produce any liquids?

14 A Yes, sir.

15 Q Which zone?

16 A The oil is all attributed to the Dakota zone.

17 Q How much oil does it make?

18 A It hasn't make any this year. In 1977 it made
19 12 barrels, and the cumulative oil production since completion
20 is 950 barrels.

21 MR. NUTTER: All from the Dakota?

22 THE WITNESS: Yes, sir.

23 BY MR. KELLAHIN:

24 Q Based upon your study of the information avail-
25 able for this particular well, Mr. Savage, do you have a
26 recommendation to the Examiner as to how to allocate produc-
tion between the two zones?

A Yes, sir. Based on the P over Z versus Q curves

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CERTIFIED SHORTHAND REPORTER
2020 Plaza Blanca, Suite 201, Dallas, Texas 75201
Phone 972-441-4400

1 and a 50 PSI abandonment pressure, we would allocate 22.5
2 percent to the Mesaverde and 77.5 of the remaining reserves
3 to the Dakota. And in no event, as I say, would the royalty
4 interest or the working interest be affected however we
5 allocate.

6 Q Would you summarize for the Examiner the method
7 of obtaining the reserve calculations indicated on Exhibit
8 No. Nine?

9 A We have used this same procedure in other sim-
10 ilar situations. Plot the static bottom-hole pressure, cor-
11 rect it for compressibility and against the well's cumula-
12 tive production. This plot should be a straight line on
13 linear coordinate paper. We have these Exhibits where we
14 have done it both for the Mesaverde and Dakota.

15 Q Those are Exhibits Seven and Eight?

16 A Yes, sir. Using this shut-in pressures report-
17 ed to the Oil Conservation Commission.

18 Q What is the economic limit you have used for
19 the abandonment pressure?

20 A 50 PSI.

21 Q In your opinion, Mr. Savage, will approval of
22 this application be in the best interest of conservation,
23 prevention of waste and the protection of correlative rights?

24 A Yes, sir.

25 Q In the event commingling is approved by the Div-
ision, will waste occur from the downhole supervision?

A It should not.

Q Were Exhibits One through Nine prepared by you

1 directly, or compiled under direction and supervision?

2 A Yes, sir.

3 MR. KELLAHIN: We move the introduction of
4 Exhibits One through Nine.

5 MR. NUTTER: Applicant's Exhibits One through
6 Nine will be admitted in evidence. Are there any questions
7 of the witness? He may be excused. Do you have anything
8 further, Mr. Kellahin?

9 MR. KELLAHIN: No, sir.

10 MR. NUTTER: Does anyone have anything they wish
11 to offer in Case No. 6403? We will take the case under ad-
12 visement. Then the hearing is adjourned.

13 (Hearing concluded.)
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SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Main Street, S.W.
Atlanta, Ga. 30333 (404) 525-1111

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 hearing in the case of 6403 held by me on 12/20 1978.
[Signature], Examiner
Oil Conservation Division

SALLY WATSON 6270
COURT REPORTER
2000 N. 10th St. Suite 100
Phoenix, AZ 85016



JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

January 17, 1979

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Mr. Tom Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: CASE NO. 6403
ORDER NO. R-5902

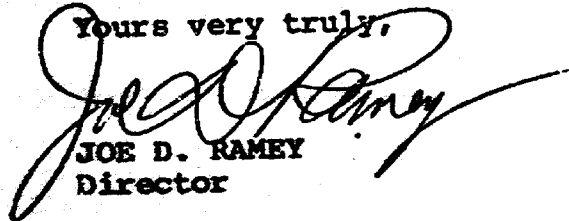
Applicant:

Consolidated Oil & Gas, Inc.

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 OCC x
Artesia OCC x
Aztec OCC 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. 6403
Order No. R-5902

APPLICATION OF CONSOLIDATED OIL &
GAS, INC. FOR DOWNHOLE COMMINGLING,
SAN JUAN 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 16th day of January, 1979, 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, Consolidated Oil & Gas, Inc., is the owner and operator of the O'Shea Well No. 1 located in Unit K of Section 3, Township 31 North, Range 13 West, NMPM, San Juan County, New Mexico.
- (3) That the applicant seeks authority to commingle Blanco Mesaverde and Basin Dakota production within the wellbore of the above-described well.
- (4) That from the Blanco Mesaverde zone, the subject well is capable of low marginal production only.
- (5) That from the Basin Dakota 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. 6403
Order No. R-5902

(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 Aztec 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, 23 percent of the commingled gas production should be allocated to the Blanco Mesaverde zone, and 77 percent of the commingled gas production and all of the oil production to the Basin Dakota zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, Consolidated Oil & Gas, Inc., is hereby authorized to commingle Blanco Mesaverde and Basin Dakota production within the wellbore of the O'Shea Well No. 1, located in Unit X of Section 3, Township 31 North, Range 13 West, NMPM, San Juan County, New Mexico.

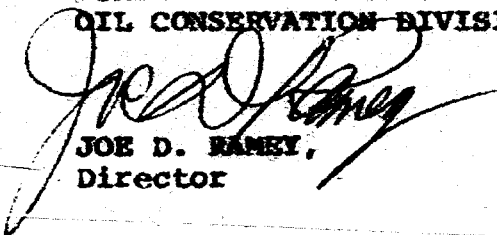
(2) That 23 percent of the commingled gas production shall be allocated to the Blanco Mesaverde zone and 77 percent of the commingled gas production and all of the oil production shall be allocated to the Basin Dakota zone.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY,
Director

E A L

ji/

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. Stumets, Examiner, or Daniel S. Mutter, 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 1975.
- CASE 6395:** Application of David Paaken 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, Cinta 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 560 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 NE/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.

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 Sen 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 Sumont 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 Lafue and Mancy 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 Gil-Potash Area as promulgated by Order No. R-111-A to permit its Federal 7E Well No. 1 located in Unit I 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. 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. Nutter, 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 Enserch Exploration, Inc., to consider the assignment of 39,040 barrels of oil discovery allowable to the Enserch 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 Pennsylvania 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 N/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 Hix 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 Callup 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.

13W

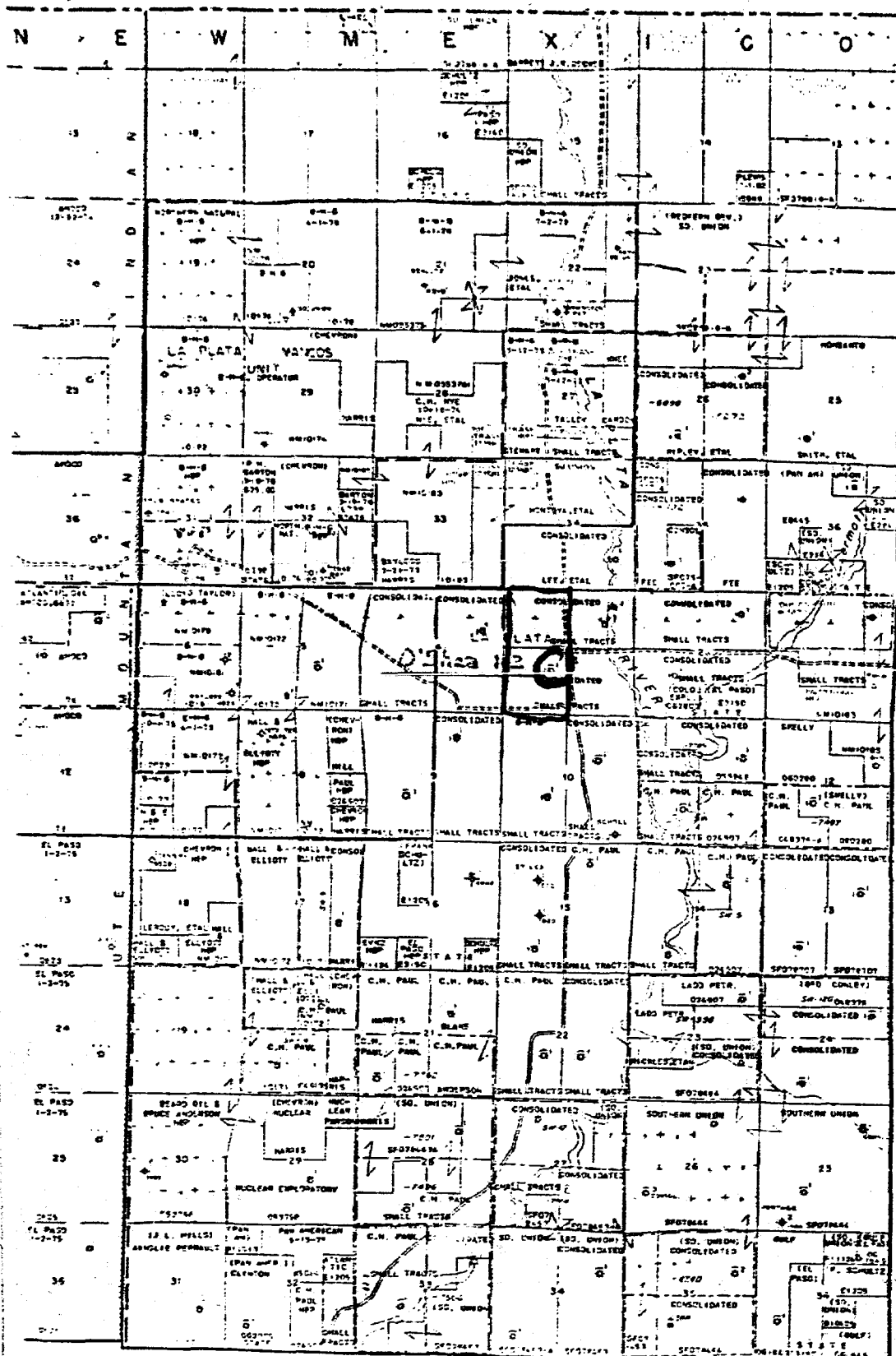
T32N R13W NMPH

POMCO T PLAT

LAST RECORD CHECK

OFFICE	POMCO	BY	ISV
COUNTY	229.78		
STATE	417.78		
FEDERAL	417.78		

NOTES

T.
32
N.

R 13 W

T31N R13W NMPH

POMCO T PLAT

LAST RECORD CHECK

OFFICE	POMCO	BY	ISV
COUNTY	229.78		
STATE	229.78		
FEDERAL	417.78		

NOTES

T.
31
N.

LOCATION PLAT
Completion Schematic
CONSOLIDATED OIL & GAS, INC.
O'Shea No. 1-3
Section 3, T31N, R13W NMPH
San Juan County, New Mexico
October 25 1970

BEFORE EXAMINER MUTTER

OIL CONSERVATION DIVISION

Consolidated EXHIBIT NO. 1

CASE NO. 6403

The information appearing on this plat has been carefully compared with official records. It is not to be used for any purpose other than that for which it was prepared and no warranty is made for its accuracy.

ATTACHMENT NO. 1

NEW MEXICO OIL CONSERVATION COMMISSION

NOV - 6 1978 Received 11-1-78

NORTHWEST NEW MEXICO PACKER-LEAKAGE TEST

Operator CONSOLIDATED OIL & GAS CO. Lease CONTE Well 1
 Location of Well: Unit 1 Sec. 3 Twp. 21 Rge. 12 County Sandoval

	Name of Reservoir or Pool	Type of Prod. (Oil or Gas)	Method of Prod. (Flow or Art. Lift)	Prod. Medium (Thk. or Gss.)
Upper Completion	Mesa Verde	Gas	Flow	Thk.
Lower Completion	Dakota	Gas	Flow	Thk.

PRE-FLOW SHUT-IN PRESSURE DATA

Upper	Hour, date	Length of	SI press.	Stabilized?
Comol	Shut-in 8-1-78	time shut-in 3-Days	psig 355	(Yes or No) No
Lower	Hour, date	Length of	SI press.	Stabilized?
Comol	Shut-in 8-1-78	time shut-in 3-Days	psig 355	(Yes or No) No

FLOW TEST NO. 1

Commenced at (hour, date)*		Pressure		Prod. Zone	Remarks
Time (hour, date)	Lapsed time since*	Upper Comol.	Lower Comol.	Temp.	
8-2-78	1-Day	353	352		Both Zones Shut In
8-3-78	2-Days	355	355		Both Zones Shut In
8-4-78	3-Days	355	355		Both Zones Shut In
8-5-78	1-Day	355	355		Lower Zone Flowing No Flow High Line Pressure
8-6-78	2-Day	355	245		Lower Zone Flowing Compressor Started up

Production rate during test

Oil: 70 BOPD based on 70 Bbls. in 70 Hrs. Grav. 50 COR 50
 Gas: 70 MCFPD; Tested thru (Orifice or Meter): 70

MID-TEST SHUT-IN PRESSURE DATA

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

FLOW TEST NO. 2

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

Production rate during test

Oil: 70 BOPD based on 70 Bbls. in 70 Hrs. Grav. 50 COR 50
 Gas: 70 MCFPD; Tested thru (Orifice or Meter): 70

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 _____
 Title _____

Operator CONSOLIDATED OIL & GAS CO.

By Donal Moore

Title Production Engineer

Date _____

BEFORE EXAMINER NUTTER

OIL CONSERVATION DIVISION

Consolidated EXHIBIT NO. 2

CASE NO. 6403

NORTHWEST NEW MEXICO PACKER-LEAKAGE TEST

Operator CONSOLIDATED OIL & GAS INC. Lease OSRPA Santa Fe Well No. 1 (-)
Location of Well: Unit K Sec. 3 Twp. 31 Rge. 13 County San Juan

	Name of Reservoir or Pool	Type of Prod. (Oil or Gas)	Method of Prod. (Flow or Art. Lift)	Prod. Medium (Tob. or Csg.)
Upper Completion	<u>Wass Wavie</u>	<u>Gas</u>	<u>Flow</u>	<u>Tob.</u>
Lower Completion	<u>Dakota</u>	<u>Gas</u>	<u>Flow</u>	<u>Tob.</u>

PRE-FLOW SHUT-IN PRESSURE DATA

Upper Compl	Hour, date Shut-in	Length of time shut-in	SI press. psig	Stabilized? (Yes or No)
	<u>10-10-78</u>	<u>3-Days</u>	<u>325</u>	<u>Yes</u>
Lower Compl	Hour, date Shut-in	Length of time shut-in	SI press. psig	Stabilized? (Yes or No)
	<u>10-10-78</u>	<u>3-Days</u>	<u>325</u>	<u>Yes</u>

FLOW TEST NO. 1

Commenced at (hour, date)*		Pressure		Prod. Zone	
Time (hour, date)	Lapsed time since*	Upper Compl.	Lower Compl.	Temp.	Remarks
<u>10-11-78</u>	<u>1-Day</u>	<u>314</u>	<u>314</u>		<u>Both Zones Shut In</u>
<u>10-12-78</u>	<u>2-Days</u>	<u>321</u>	<u>321</u>		<u>Both Zones Shut In</u>
<u>10-13-78</u>	<u>3-Days</u>	<u>325</u>	<u>325</u>		<u>Both Zones Shut In</u>
<u>10-13-78</u>	<u>1-Hour</u>	<u>300</u>	<u>300</u>		<u>Blow Upper Zone</u>

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)**		Pressure		Prod. Zone	
Time (hour, date)	Lapsed time since **	Upper Compl.	Lower Compl.	Temp.	Remarks

Production rate during test

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

REMARKS: Communications indicated will start work immediately

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 CONSOLIDATED OIL & GAS INC.
By W. M. Moore
Title Field Foreman

Date BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
EXHIBIT NO. 3
CASE NO. 6403

NORTHEAST NEW MEXICO PACKER-LEAKAGE TEST

Operator Consolidated Oil & Gas Inc. Lease Oshea Well No. 1 (MD)
Location of Well: Unit K Sec. 3 Twp. 31 Rge. 13 County San Juan

	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	Mesa Verde	Gas	Flow	tubing
Lower Completion	Dakota	Gas	Flow	tubing

PRE-FLOW SHUT-IN PRESSURE DATA

Upper Compl	Hour, date Shut-in	4-29-77	Length of time shut-in	3 days	SI press. psig	291	Stabilized? (Yes or No)
Lower Compl	Hour, date Shut-in	4-29-77	Length of time shut-in	3 days	SI press. psig	492	Stabilized? (Yes or No)

FLOW TEST NO. 1

Commenced at (hour, date)* 5-2-77				Zone producing (Upper or Lower):	
Time (hour, date)	Lapsed time since*	Pressure		Prod. Zone Temp.	Remarks
		Upper Compl.	Lower Compl.		
4-30-77	1 day	268	489		
5-1-77	2 days	285	491		
5-2-77	3 days	291	492		
5-3-77	1 day	293	271		Lower Zone Flow
5-4-77	2 days	294	300		

Production rate during test

Oil: _____ BOPD based on _____ Bbls. in _____ Hrs. _____ Grav. _____ GOR _____
Gas: 40 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 _____

Title _____

Operator Consolidated Oil & Gas Inc.

By Veryl Moore

Title Production Foreman

Date _____

BEFORE EXAMINER MUTTER

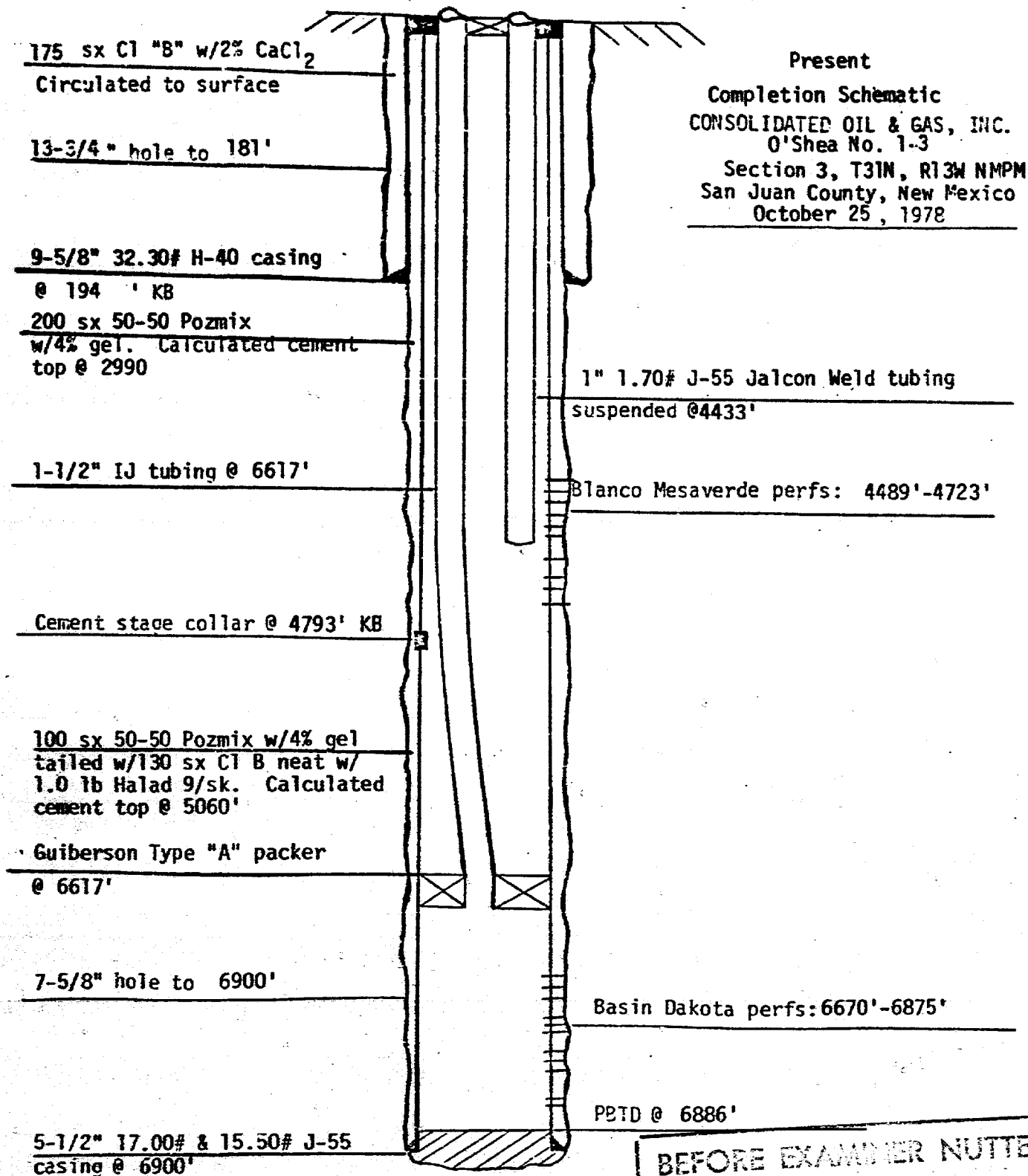
OIL CONSERVATION DIVISION

Consolidated EXHIBIT NO. 4

CASE NO. 6403

Elevation: G.L. 5818'
K.B. 5830'

(ATTACHMENT NO. 3



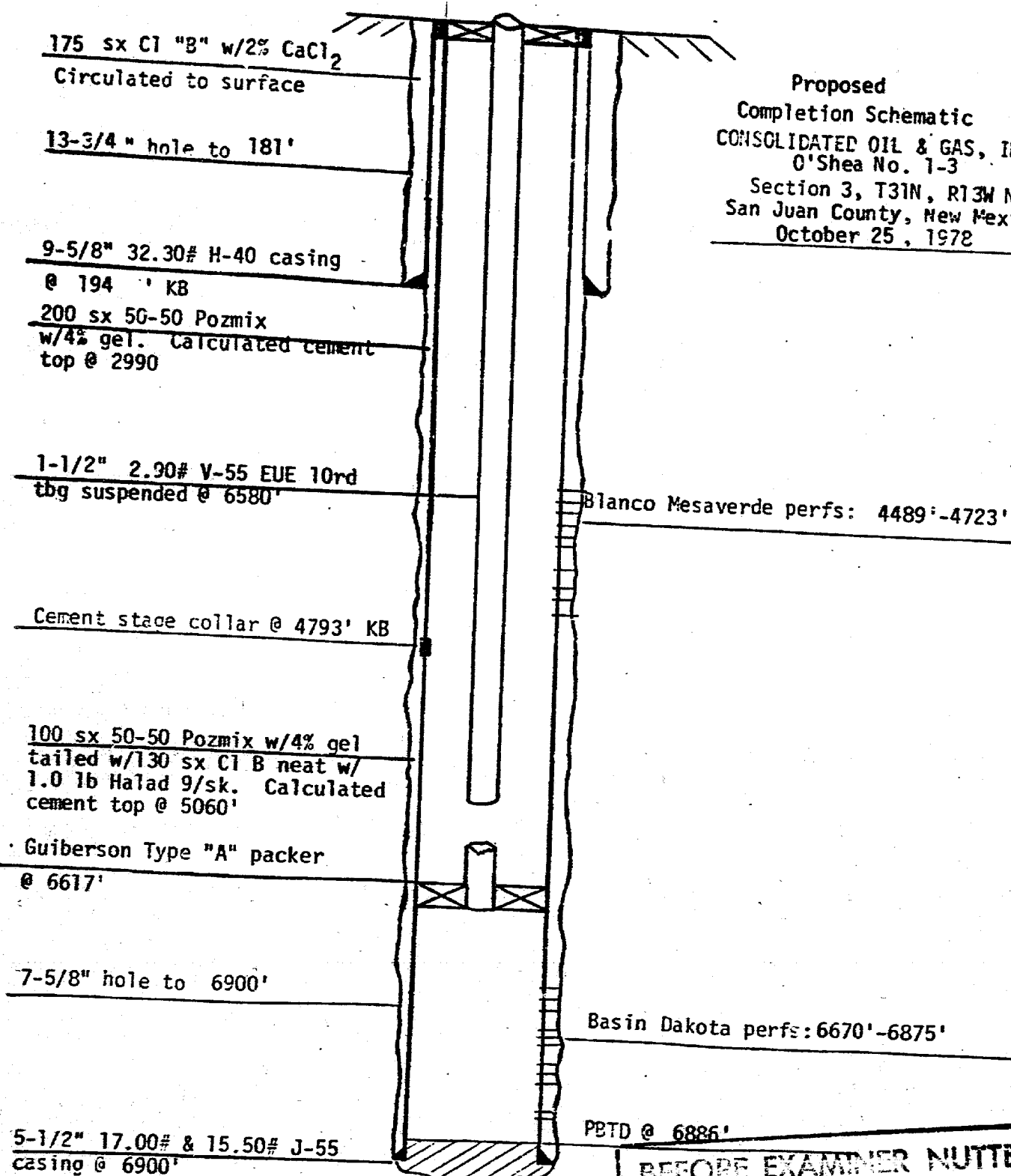
Present

Completion Schematic
CONSOLIDATED OIL & GAS, INC.
O'Shea No. 1-3
Section 3, T31N, R13W NMPM
San Juan County, New Mexico
October 25, 1978

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
Consolidated EXHIBIT NO. 5
CASE NO. 6903

Elevation: G.L. 5818'
K.B. 5830'

Attachment No. 4

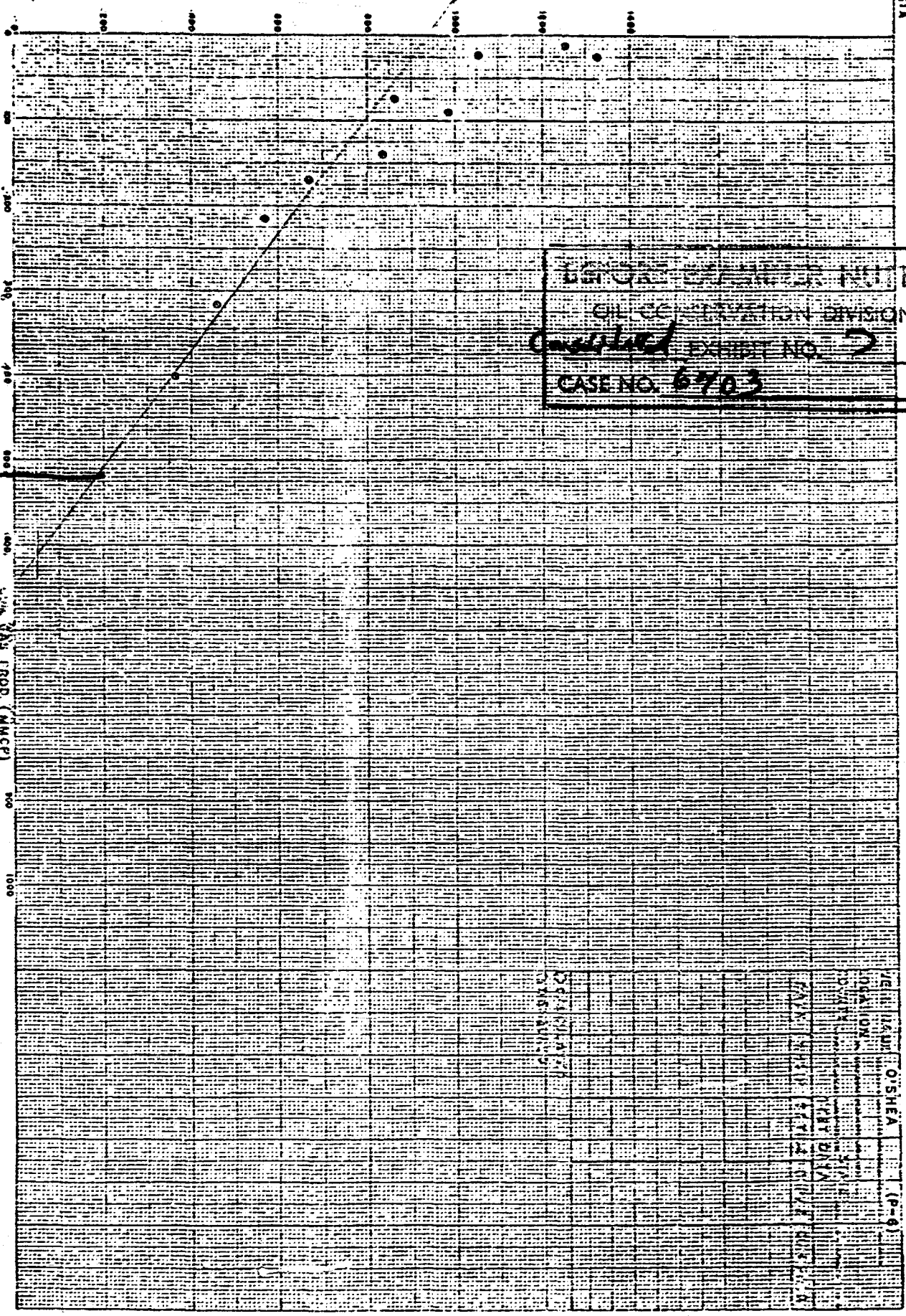


Proposed
Completion Schematic
CONSOLIDATED OIL & GAS, INC.
O'Shea No. 1-3
Section 3, T31N, R13W NMPM
San Juan County, New Mexico
October 25, 1972

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
Consolidated EXHIBIT NO. 6
CASE NO. 6403

PHI / 2
PSIA

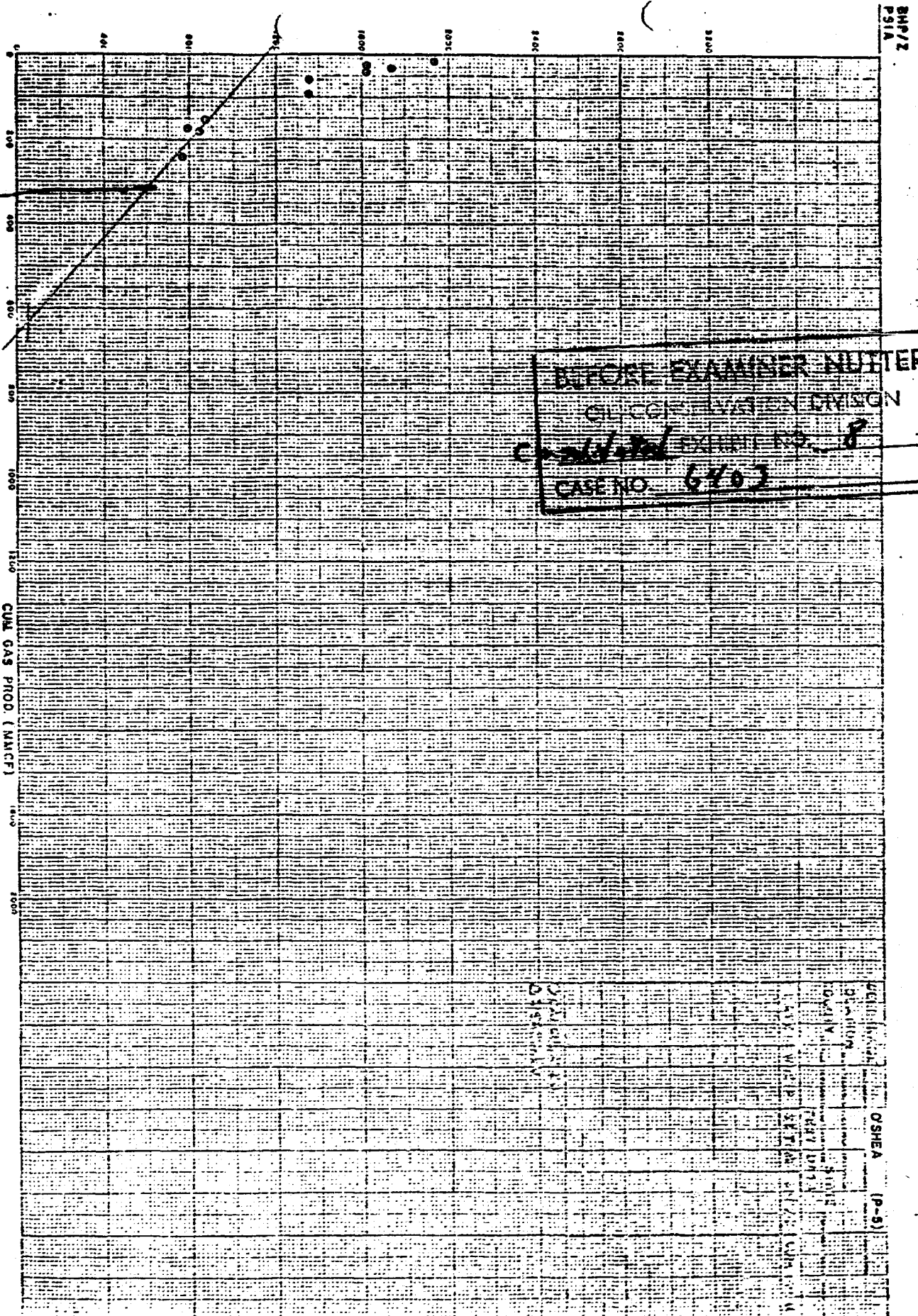
DEPT. OF THE INTERIOR
GILBERTSON DIVISION
Case 6703 EXHIBIT NO. 2
CASE NO. 6703



522000 thru 61978

WELL LOG (MCP)	PHI / 2	WELL LOG (MCP)	PHI / 2	WELL LOG (MCP)	PHI / 2
0	0	0	0	0	0
100	10	100	10	100	10
200	20	200	20	200	20
300	30	300	30	300	30
400	40	400	40	400	40
500	50	500	50	500	50
600	60	600	60	600	60
700	70	700	70	700	70
800	80	800	80	800	80
900	90	900	90	900	90
1000	100	1000	100	1000	100

ATTACHMENT NO. 6
DAKOTA



315000
from Aug 75

Wanda post
50 psi

TABLE 1

Remaining reserves to 50 psig abandonment pressure as of
September 1, 1978 (Mcf)

	<u>Mesaverde</u>	<u>Dakota</u>	<u>Total</u>
Ultimate	615,000	635,000	
Cum. 9-1-78	522,027	315,023	
Remaining reserves	92,977	319,977	412,954
% remaining reserves	22.5%	77.5%	100.0

*allocate +1 MV and to DK
 w/ all oil to DK*

12 bbls oil in 77 (from DK)

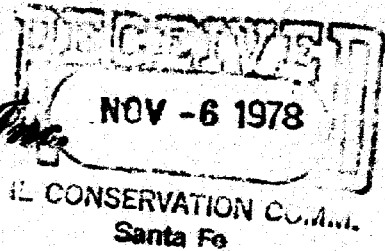
*950 bbls cum oil
 (all from DK)*

BEFORE EXAMINER NUTTER
 OIL CONSERVATION DIVISION
 Consolidated EXHIBIT NO. 9
 CASE NO. 6403



LINCOLN TOWER BUILDING
100 LINCOLN STREET
DENVER, COLORADO 80202
(303) 551-0200

Consolidated Oil & Gas, Inc.



October 25, 1978

Oil Conservation Commission
State of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501

Case 6403

Attention: Mr. J. D. Ramey,
Secretary-Director

Re: Application to Commingle
O'Shea 1-3
"K" Section 3, T31N, R13W
San Juan County, New Mexico

Dear Mr. Ramey:

Consolidated Oil & Gas, Inc., hereby requests a hearing to consider the above referenced application to commingle the Basin Dakota and Blanco Mesaverde zones in the referenced well. The well is now dually completed in these two zones as granted by order No. MC-1088.

Downhole communications of the Dakota and Mesaverde formations was recently discovered during our annual packer leakage test for this well. The initial test results were deemed inconclusive by New Mexico Oil Conservation Commission personnel in Aztec. Therefore, a packer leakage test was rescheduled and witnessed by Mr. Frank Chaves of the New Mexico Oil Conservation Commission's Aztec office. This test was deemed a failure. Results of both these tests are seen as Attachment No. 1 and Attachment No. 2. From the results of these tests, it is evident that communications have been established through a leak (s) in the Dakota tubing string.

Average production from the two zones for the first eight months of this year has been 23.4 Mcfd for the Mesaverde and 45.1 Mcfd for the Dakota. The average price received for the gas is \$0.46 per Mcf. Economics of this situation precludes workover of this well to eliminate the communication problem.

Oil Conservation Commission
Mr. J. D. Ramey
October 25, 1978
Page 2

and bring the well into compliance with Rule 112-A. Therefore, Consolidated proposes to downhole commingle the two zones by pulling both tubing strings and re-running a single 1-1/2" tubing string for production of both zones. (see Attachment Nos. 3 and 4 for details).

The west half of Section 3, Township 31 North, Range 13 West has been communitized per a declaration of communitization dated September 13, 1961 and recorded in Book 495 at page 100 communitizing the production of dry gas and associated hydrocarbons from the Mesaverde and Dakota formations underlying said half section. Thus royalty and working interests are the same for both formations and the correlative rights of both interests are protected regardless of how the production is allocated.

Consolidated, therefore, proposes to assign reserves based on a method which we have found efficient for the San Juan Basin. This method involves plotting a well's static bottomhole pressure, corrected for compressibility, versus the well's cumulative production. Plotting of these points should result in a straight line on linear coordinate paper if the reservoir is allowed to build to its absolute static condition and the proper compressibility (Z) factor is used. This we have done for both the Gallup and Dakota zones in the O'Shea No. 1-3 using the yearly wellhead shut-in pressures reported to the New Mexico Oil Conservation Commission corrected for compressibility at bottom hole conditions. As seen on Attachments Nos. 5 and 6, projection of each zone to an economic limit of 50 psig abandonment pressure yields ultimate production of 92,977 McfG for the Mesaverde zone and 319,977 McfG for the Dakota zone or 22.5% and 77.5%, respectively, of the total remaining reserves from the well (see Table No. 1). There has been no recorded oil production from the Mesaverde zone, therefore, all oil production would be allocated to the Dakota.

In view of the economics of this well and its recent failure of the packer leakage test, we ask that this case be placed on the docket as soon as possible so that this situation can be corrected as quickly as possible with the most equitable allocation of the resources of both Consolidated and the public.

Very truly yours,

CONSOLIDATED OIL & GAS, INC.



C. M. Parham
Senior Production Engineer

CMP:sm

ATTACHMENT NO. 1

This form is not to be used for reporting packer leakage tests in Southwest New Mexico

NEW MEXICO OIL CONSERVATION COMMISSION

Revised 11-1-58

NOV -6 1978

NORTHWEST NEW MEXICO PACKER-LEAKAGE TEST

Well

Operator CONSOLIDATED OIL & GAS INC Lease OSHER CONSERVATION CO. 1 (ND)Location of Well: Unit K Sec. 3 Twp. 31 Rge. 13 Santa Fe County San JuanName of Reservoir or Pool Type of Prod. Method of Prod. Prod. Medium
(Oil or Gas) (Flow or Art. Lift) (Tbg. or Csg.)

Upper Completion	Mesa Verde	Gas	Flow	Tbg.
Lower Completion	Dakota	Gas	Flow	Tbg.

PRE-FLOW SHUT-IN PRESSURE DATA

Upper Compl	Hour, date Shut-in	8-1-78	Length of time shut-in	3-Days	SI press. psig	355	Stabilized? (Yes or No)	No
Lower Compl	Hour, date Shut-in	8-1-78	Length of time shut-in	3-Days	SI press. psig	355	Stabilized? (Yes or No)	No

FLOW TEST NO. 1

Commenced at (hour, date)*		8-4-78		Zone producing (Upper or Lower):		Lower
Time (hour, date)	Lapsed time since*	Pressure		Prod. Zone Temp.	Remarks	
		Upper Compl.	Lower Compl.			
8-2-78	1-Day	353	353		Both Zones Shut In	
8-3-78	2-Days	355	355		Both Zones Shut In	
8-4-78	3-Days	355	355		Both Zones Shut In	
8-5-78	1-Day	355	355		Lower Zone Flowing No Flow High Line Pressure	
8-6-78	2-Day	355	245		Lower Zone Flowing Compressor Started up	

Production rate during test

Oil: BOPD based on Bbls. in Hrs. Grav. GOR
 Gas: 70 MCFPD; Tested thru (Orifice or Meter): 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 _____

Title _____

Operator CONSOLIDATED OIL & GAS INCBy Daryl MooreTitle Production Foreman

Date _____

ATTACHMENT NO. 2

NEW MEXICO OIL CONSERVATION COMMISSION

Revised 11-1-58

NORTHWEST NEW MEXICO PACKER-LEAKAGE TEST

NOV - 6 1978

Operator CONSOLIDATED OIL & GAS INC.Lease OSHEANo. 1 (MD)

Location

of Well: Unit K Sec. 3 Twp. 31Rge. 13County CONSERVATIONState IndianType of Prod.
(Oil or Gas)Method of Production
(Flow or Art. Lift)Prod. Medium
(Tbg. or Csg.)

Upper Completion	Mesa Verde	Gas	Flow	Tbg.
Lower Completion	Dakota	Gas	Flow	Tbg.

PRE-FLOW SHUT-IN PRESSURE DATA

Upper Compl	Hour, date Shut-in 10-10-78	Length of time shut-in 3-Days	SI press. psig 325	Stabilized? (Yes or No) No
Lower Compl	Hour, date Shut-in 10-10-78	Length of time shut-in 3-Days	SI press. psig 325	Stabilized? (Yes or No) No

FLOW TEST NO. 1

Commenced at (hour, date)*		10-13-78		Zone producing (Upper or Lower): Upper	
Time (hour, date)	Lapsed time since*	Pressure		Prod. Zone Temp.	Remarks
		Upper Compl.	Lower Compl.		
10-11-78	1-Day	314	314		Both Zones Shut In
10-12-78	2-Days	321	321		Both Zones Shut In
10-13-78	3-Days	325	325		Both Zones Shut In
10-13-78	1-Hour	300	300		Blow Upper Zone

Production rate during test

Oil: BOPD based on Bbls. in Hrs. Grav. GORGas: MCPPD; 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. GORGas: MCPPD; Tested thru (Orifice or Meter):REMARKS: Communications indicated will start workimmediately

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

Approved: 19
New Mexico Oil Conservation CommissionOperator CONSOLIDATED OIL & GAS INC.By Vern MooreTitle Field Foreman

By _____

Title _____

Date _____

2. At least 72 hours prior to the commencement of any patch leakage test, the operator shall notify the Coordinator in writing of the exact time the test is to be commenced. Other operators shall also be so notified.

3. The packing leakage test shall commence when both sources of the dual completion are shut-in for pressure stabilization. Both sources shall remain shut-in until the well-head pressure is such has stabilized, provided however, that they need not remain shut-in more than seven days.

4. For Flow Test No. 1, one hour of the dual completion shall be produced at the normal rate of production while the other zone remains shut-in. Such test shall be continued for seven days in the case of a gas well and for 30 hours in the case of an oil well. Note: If, on an initial gather leakage test, a gas well is being flowed to the atmosphere due to the lack of a proper connection the flow period shall be seven hours.

5. Following completion of Flow Test No. 1, the well shall again be shut-in, in accordance with Paragraph 3 above.

4. When Test No. 1 shall be conducted even though no leak was indicated during Flow Test No. 1. Procedure for Flow Test No. 2 is to be the same as for Flow Test No. 1 except that the previously produced same shall remain shut-in while the same which was previously shut-in is produced.

Each flow record must be measured on each meter with a sample of three intervals or subintervals. The sample must be taken immediately prior to the beginning of each flow period, at fifteen-minute intervals during the first hour thereof, and at hourly intervals thereafter, including one pressure measurement immediately prior to the termination of each flow period. Two data: immediately prior to the beginning of each flow period, at least one time during each flow period (at least one during the first hour and immediately prior to the conclusion of each flow period. Other pressure measurements may be taken, if or may be requested on wells which have previously shown questionable test data.

24-hour oil nose tests: all pressures, throughout the entire test, shall be continuously measured and recorded with recording pressure gauges, the accuracy of which must be checked at least once, once at the beginning and once at the end of each test, with a deadweight pressure gauge. If a well is a gas-oil or an oil-gas emul completion, the recording gauge shall be required on the oil nose only, with deadweight pressure as required above being taken on the gas nose.

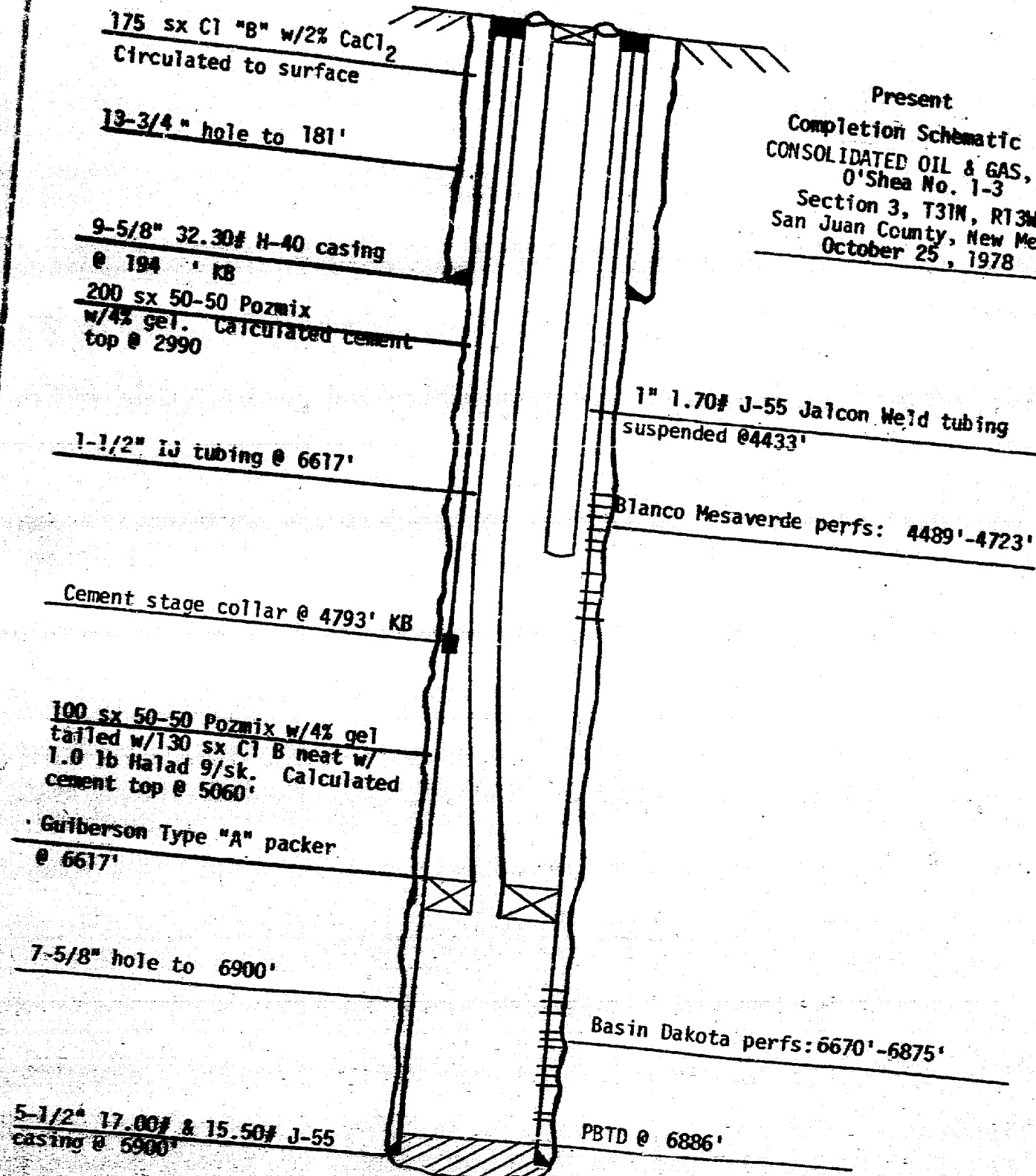
8. The results of the above-described tests shall be filed in triplicate within 15 days after completion of the test. Tests shall be filed with the Arctic District Office of the New Mexico Oil Conservation Commission on Northwest New Mexico Packer Leakage Test Plot located 11-1-58, with all downspout pressure indicated thereon as well as the flowing temperatures (oil column only) and gravity and API (oil column only). A pressure versus time curve for each line of each test shall be constructed on the reverse side of the Packer Leakage Test Form with all downspout pressure points values indicated thereon. For oil zones, the pressure curve should also indicate all key pressure changes which may be reflected by the recording gauge charts. These key pressure changes should also be tabulated on the front of the Packer Leakage Test Form.

[illegible]

Elevation: G.L. 5818'
K.B. 5830'

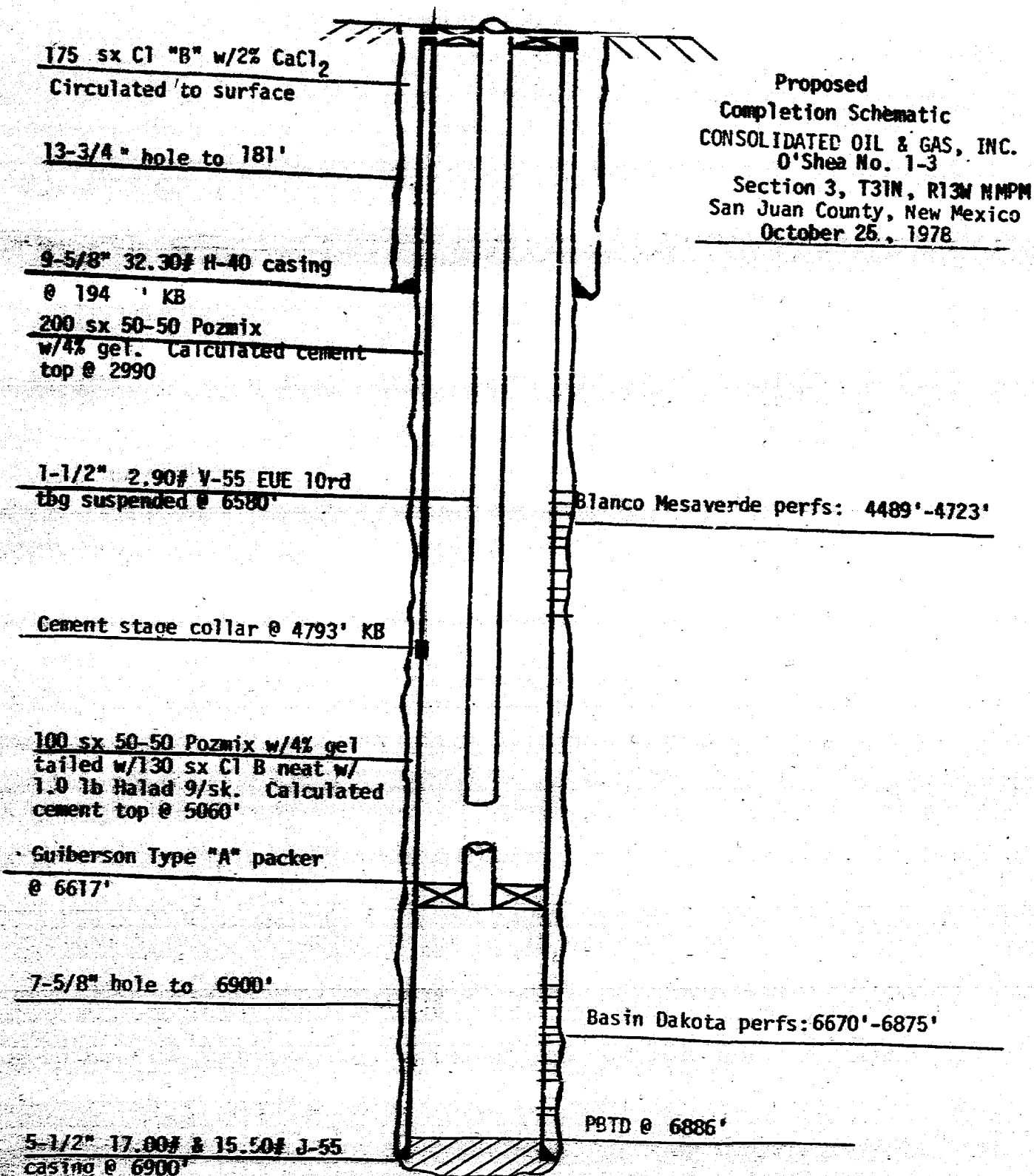
ATTACHMENT NO. 3

Present
Completion Schematic
CONSOLIDATED OIL & GAS, INC.
O'Shea No. 1-3
Section 3, T31N, R13W NMPM
San Juan County, New Mexico
October 25, 1978



Elevation: G.L. 5818'
K.B. 5830'

Attachment No. 4



ATTACHMENT NO. 5
MESAVERDE

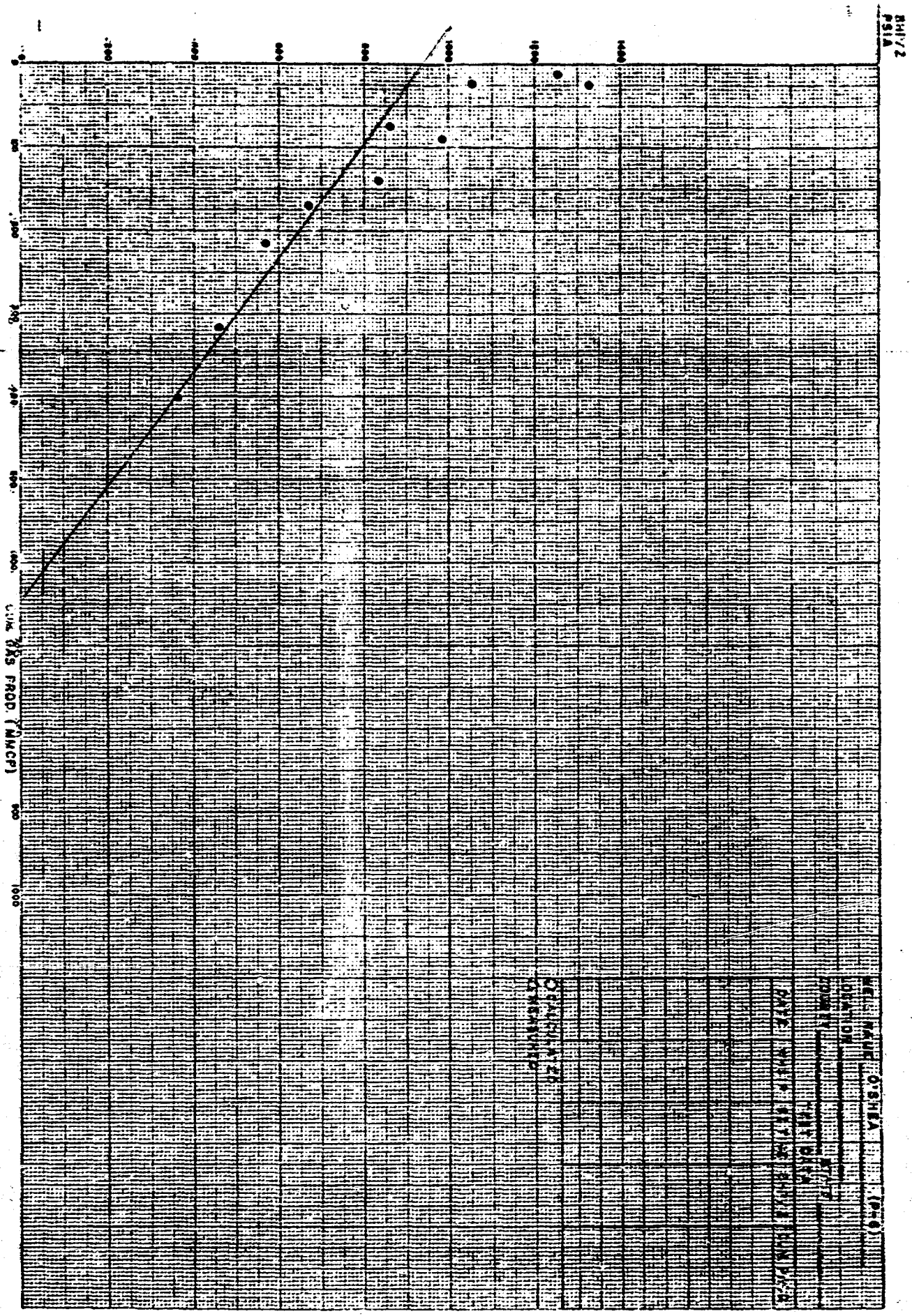


TABLE 1

Remaining reserves to 50 psig abandonment pressure as of
September 1, 1978 (Ncf)

	<u>Mesaverde</u>	<u>Dakota</u>	<u>Total</u>
Ultimate	615,000	635,000	
Cum. 9-1-78	522,027	315,023	
Remaining reserves	92,977	319,977	412,954
% remaining reserves	22.5	77.5	100.0

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 6403
Order No. A-5902

APPLICATION OF CONSOLIDATED OIL & GAS, INC.
FOR DOWNHOLE COMMINGLING, SAN JUAN
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 7
19 78, at Santa Fe, New Mexico, before Examiner Richard L.
Stamets DSN.

NOW, on this _____ day of December, 19 78, the
Division Director, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully
advised in the premises,

FINDS:

(1) That due public notice having been given as required
by law, the Division has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, Consolidated Oil & Gas, Inc., is
the owner and operator of the O'Shea Well No. 1,
located in Unit K of Section 3, Township 31 North
Range 13 West, NMPM, San Juan County, New Mexico.

(3) That the applicant seeks authority to commingle
Basin Dakota and Blanco Mesaverde production
within the wellbore of the above-described well.

at 9:00
received

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

(5) That from the Basin Dakota 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 Aztec 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, 23 percent of the commingled gas production should be allocated to the Blanco Mesaverde zone, and 77 percent of the commingled gas production to the Basin Dakota zone. and all of the oil production

~~(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 Aztec district office of the Division and determine an allocation formula for each of the production zones.~~

IT IS THEREFORE ORDERED:

(1) That the applicant, Consolidated Oil & Gas, Inc., is hereby authorized to commingle Blanco Mesaverte and Basin Dakota production within the wellbore of the O'Shea Well No. 1, located in Unit K of Section 3, Township 31 North, Range 13 West, NMPM, San Juan County, New Mexico.

~~(2) That the applicant shall consult with the Supervisor of the Aztec 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 23 percent of the commingled gas production shall be allocated to the Blanco Mesaverte zone and 77 percent of the commingled gas production and all of the oil production shall be allocated to the Basin Dakota zone.

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

5023 19

Amber

RECEIVED THE FOLLOWING INFORMATION FROM THE
FEDERAL BUREAU OF INVESTIGATION
ON 05-07-64 AT 10:00 AM
FROM THE NEW YORK OFFICE