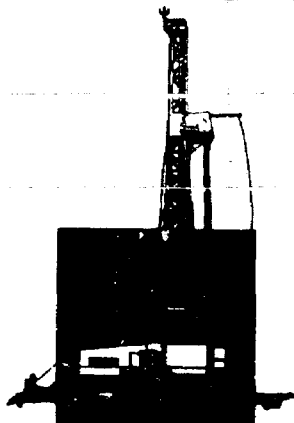


CASE 6453: MORANCO FOR DOWNHOLE COMING
LING, LEA COUNTY, NEW MEXICO

CASE NO.

6453

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.



MORANCO

P. O. BOX 1860 HOBBS, NEW MEXICO 88240 (505) 397-3511 (915) 563-0562

February 15, 1979

Mr. Dan Nutter
N. M. Energy & Mineral Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

FEB 15 1979

File

Re: Case No. 6453 Downhole
Commingling of Blinbry and
Drinkard in MORANCO No. 1
EM Elliott Unit E. Section 35,
T21S, R37E, Lea County, New Mexico

Dear Mr. Nutter:

Enclosed find the letter written by Mr. Joe Ramey in November, 1971, about the present MORANCO, EM Elliott No. 1, Unit E, Section 35, T21S, R37E, reclassifying well from oil to gas. Also, enclosed is a letter requesting a non-standard gas proration unit for well.

Thank you for your patience and understanding in this matter.

Sincerely yours,

Joe T. Janica

Joe T. Janica
Agent for MORANCO

JTJ:ks
enclosure

The More Hole Per Dollar People!

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
14 February 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Moranco for downhole)
commingling, Lea County, New Mexico.)

CASE
6453

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 87503

For the Applicant:

Jason Kellahin, Esq.
KELLAHIN & KELLAHIN
500 Don Gaspar
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3018 Plaza Blanca (986) 471-2462
Santa Fe, New Mexico 87501

I N D E X

JOE T. JANICA

Direct Examination by Mr. Kellahin 3

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E X H I B I T S

Applicant Exhibit One, Plat 9

Applicant Exhibit Two, Documents 9

SALLY WALTON BOYD
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Santa Fe, New Mexico 87501

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MR. NUTTER: Call Case 6453.

MS. TESCHENDORF: Case 6453. Application of Moranco for downhole commingling, Lea County, New Mexico.

MR. KELLAHIN: Jason Kellahin, appearing for the applicant. We have one witness to be sworn.

(Witness sworn.)

JOE T. JANICA

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A My name is Joe Janica. I'm a petroleum consultant from Hobbs, New Mexico, retained by Moranco, for this downhole commingling.

Q Have you ever testified before the Oil Conservation Division and made your qualifications a matter of record?

A Yes, I have.

MR. KELLAHIN: Are the witness' qualifications acceptable?

MR. NUTTER: Yes, they are.

Q (Mr, Kellahin continuing.) Mr. Janica, what

1 does Moranco propose in Case Number 6453?

2 A. Okay. Moranco proposes to downhole commingle
3 the Blinebry gas zone and the Drinkard oil zone in their
4 E. M. Elliott No. 1.

5 Q. Now referring to what has been marked as
6 Exhibit Number Two, a plat of the area, would you identify
7 that Exhibit, please?

8 A. Yes.

9 Q. Exhibit Number One.

10 A. This ownership map here indicates the
11 Moranco well 40-acre unit that the EM Elliott is located
12 on.

13 Q. And does it show the offsetting ownership?

14 A. Yes, it does.

15 Q. Now referring to what has been marked as
16 Exhibit Number Two, which is a 15-page exhibit, would you
17 identify that, please?

18 A. All right. The first two pages is a letter
19 requesting the commingling hearing.

20 The third page gives the required downhole
21 commingling for Rule 303-C-2; Moranco is the operator;
22 Elliott lease location, completion pools, and the attached
23 indication of the attached articles of information.

24 Q. Okay, let's get into Exhibit Number Four and
25 explain that, please.

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Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2030 Plaza Blanca (305) 471-4462
Santa Fe, New Mexico 87501

1 A. Page four. Okay. The Drinkard zone is cur-
2 rently classified an oil zone and the Blinebry is classified
3 a gas zone. Now both of these zones combined currently
4 produce less oil than Allowable B, which is think is 30
5 barrels. Both zones are currently flowing. The combined
6 water production is less than the combined oil limit in
7 paragraph B, which would be 30 barrels likewise.

8 Currently the fluids are commingled at the
9 surface. I see no reason why they should be incompatible
10 downhole.

11 The total value accrued would not be reduced
12 by commingling. Ownership in both zones is the same, and
13 I see no reason why this commingling should jeopardize any
14 secondary recovery efforts.

15 Q. Now you say the ownership is the same. Does
16 that include the royalty and overriding royalty?

17 A. Yes, it does.

18 Q. All interests are the same?

19 A. Yes, sir, they are.

20 Q. Have you arrived at a recommended allocation
21 which will be supported by further information?

22 A. Yes, sir. Our recommended allocation is
23 50 percent oil and 80 percent gas contributed toward the
24 Drinkard, and 50 percent oil and 20 percent gas -- I'm
25 sorry, let's strike that.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (S.B.) 471-4463
Santa Fe, New Mexico 87501

Allocation 50 percent oil and 80 percent gas to the Blinebry and 50 percent oil and 20 percent gas to the Drinkard.

Q Now that's based on subsequent exhibits, is it not?

A Yes, sir, it is.

Q Referring to page five, would you identify that exhibit?

A All right, that's C-116 on the Blinebry zone, which indicates that's the gas zone; production 1 barrel of oil, no water, and 435 Mcf of gas per day.

And then page number six is a C-116 for the Drinkard, and it's 1 barrel of oil produced with 100,000 Mcf -- 100 Mcf per day.

Q And page seven?

A Seven is an oil production decline curve of the Drinkard.

Page eight is a gas production decline curve of the Blinebry.

Page nine is the Drinkard oil production decline curve.

Page ten is the Drinkard gas production decline curve.

Q Now, in your opinion does this reflect that the remaining reserves of both gas and oil could be produced

1 from both of these zones?

2 A Yes, artificially lifted I think that we can
3 get a lot more oil than we can get now. Right now we have
4 a little bit of trouble keeping them flowing and we propose
5 to artificially lift them.

6 Q And would it be economical to operate them
7 in that fashion as separate zones?

8 A Negative, no.

9 Q In other words, in order to artificially
10 lift it's necessary to commingle the production?

11 A Yes, sir.

12 Q And Exhibit Number Eleven, would you identify
13 that exhibit, please?

14 A Okay. Number eleven is a bottom hole pres-
15 sure of the Blinebry zone, 539 at a pressure datum of 5703.

16 Q And page twelve?

17 A Is a bottom hole pressure recording of the
18 Drinkard, and the bottom test at 6350 and pressure 585.

19 Q Now with pressures of that kind would there
20 be any danger of fluids migrating from one zone to the
21 other in a commingled well?

22 A No, sir, in my opinion there would not be
23 any danger of any cross flow.

24 Q This will not be a flowing well?

25 A No, sir.

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3030 Plaza Elanor (999) 471-2462
Santa Fe, New Mexico 87501

1 Q But there is still no danger of migration?

2 A No, not in my opinion.

3 Q Cross flow?

4 A No.

5 Q Now referring to Exhibit Number Thirteen,
6 would you identify that exhibit?

7 A Okay. Thirteen is a current sketch of the
8 wellbore as it is today. It's a dual completed well with
9 two strings of 2-7/8ths with a Brown Oil Tool packer set
10 at approximately 6400, and that's what its current status
11 is today.

12 Q Now Exhibit Number Fourteen, does that re-
13 flect your proposed completion if this application is ap-
14 proved?

15 A Yes, sir. We propose to pull the packers
16 and the tubing and run back in with two strings of 2-3/8ths
17 tubing and a pump with a beam-type pumping unit.

18 Q Now in your opinion will the approval of this
19 application result in the recovery of oil and gas that
20 would not otherwise be recovered?

21 A Yes, in my opinion it would.

22 Q And would it prolong the productive life
23 of the subject well?

24 A Yes, it will.

25 Q Were Exhibits One and Two prepared by you or

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CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (335) 471-2462
Santa Fe, New Mexico 87501

1 under your supervision?

2 A. Yes, they were.

3 MR. KELLAHIN: At this time I would offer
4 Exhibits One and Two.

5 MR. NUTTER: Applicant's Exhibits One and
6 Two will be admitted in evidence.

7
8 CROSS EXAMINATION

9 BY MR. NUTTER:

10 Q. Mr. Janica, these zones both have high
11 ratios. One is 100,000-to-1 and the other is 235,000-to-1.

12 A. Yes, sir.

13 Q. Why is it necessary to pump them? There's
14 no water produced, apparently.

15 A. No. I think they may produce about, I think
16 I don't know production on water.

17 MR. KELLAHIN: You don't show any.

18 A. No, I don't show any. On the tests there
19 was no water produced. They produce about 5 barrels a
20 month.

21 I don't know why they can't, but the flowing
22 tubing pressure, as you see there, is 75 pounds on the
23 C-116, and 50 on the Drinkard, and I don't really know why
24 they won't keep flowing, but you can see back in -- refer
25 to page eight, in '77 we had gas production was down to

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CERTIFIED SHORTHAND REPORTER
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Santa Fe, New Mexico 87501

1 practically zero, and here we had problems keeping flowing
2 the Blinebry gas zone.

3 And why they won't -- won't flow, I don't
4 know.

5 Q But if they were commingled there would be
6 a pump installed, is that --

7 A Yes, sir.

8 Q You have definite plans for that?

9 A Yes, sir, got the AFE out now.

10 Q The Blinebry zone here, you said it's clas-
11 sified as a gas well. Is this in the Blinebry Oil and Gas
12 Pool?

13 A Yes.

14 Q Do they have a nonstandard 40-acre gas unit
15 assigned to that well in the Blinebry?

16 A I'm not -- I don't know. I can't answer
17 that. Without looking back through the records, I don't
18 recall seeing it.

19 Q Is this well carried in the Blinebry gas
20 proration schedule?

21 A No, it's on the Blinebry oil proration zone.

22 Q It's carried in the Blinebry oil, then.

23 A Yes, sir.

24 Q Is this test, which was taken on 2-2-79 --

25 A Yes, sir.

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Santa Fe, New Mexico 87501

1 Q -- the first time that it's demonstrated this
2 high of a GOR, or has it always been a high GOR well in
3 the Blinebry?

4 A It's been a high GOR in the past couple years.
5 I don't know -- I know in the past couple years, but beyond
6 that, further back than that I don't know, and I don't know
7 when it was classified as a gas zone.

8 Q It may not have been classified as a gas
9 zone. It's still in the oil proration schedule instead of
10 the gas proration schedule.

11 A Yes, it might not.

12 MR. NUTTER: Are there any other questions
13 of Mr. Janica? He may be excused.

14 Do you have anything further, Mr. Kellahin?

15 MR. KELLAHIN: That's all, Mr. Nutter,
16 thank you.

17 MR. NUTTER: Does anyone have anything they
18 wish to offer in Case Number 6453?

19 We'll take the case under advisement.

20 (Hearing concluded.)
21
22
23
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SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (955) 471-4462
Santa Fe, New Mexico 87501

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a Court Reporter, DO HEREBY
 CERTIFY that the foregoing and attached Transcript of
 Hearing before the Oil Conservation Division was reported
 by me; that the said transcript is a full, true, and correct
 record of the hearing, prepared by me to the best of my
 ability, knowledge, and skill, from my notes taken at the
 time of the hearing.

SALLY WALTON BOYD
 CERTIFIED SHORTHAND REPORTER
 2030 Plaza Alamosa (S.E.) 471-4403
 Santa Fe, New Mexico 87501

Sally W. Boyd CSR
 Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is
 a complete record of the proceedings in
 the examiner hearing of Case No. 6453
 heard by me on 7/19 1977.
[Signature] Examiner
 Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
14 February 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Moranco for downhole)
commingling, Lea County, New Mexico.)

CASE
6453

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 87503

For the Applicant:

Jason Kellahin, Esq.
KELLAHIN & KELLAHIN
500 Don Gaspar
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
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Santa Fe, New Mexico 87501

I N D E X

JOE T. JANICA

Direct Examination by Mr. Kellahin 3

Cross Examination by Mr. Nutter 9

E X H I B I T S

Applicant Exhibit One, Plat 9

Applicant Exhibit Two, Documents 9

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MR. NUTTER: Call Case 6453.

MS. TESCHENDORF: Case 6453. Application of Moranco for downhole commingling, Lea County, New Mexico.

MR. KELLAHIN: Jason Kellahin, appearing for the applicant. We have one witness to be sworn.

(Witness sworn.)

JOE T. JANICA

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A My name is Joe Janica. I'm a petroleum consultant from Hobbs, New Mexico, retained by Moranco, for this downhole commingling.

Q Have you ever testified before the Oil Conservation Division and made your qualifications a matter of record?

A Yes, I have.

MR. KELLAHIN: Are the witness' qualifications acceptable?

MR. NUTTER: Yes, they are.

Q (Mr, Kellahin continuing.) Mr. Janica, what

1 does Moranco propose in Case Number 64532?

2 A Okay. Moranco proposes to downhole commingle
3 the Blinebry gas zone and the Drinkard oil zone in their
4 E. M. Elliott No. 1.

5 Q Now referring to what has been marked as
6 Exhibit Number Two, a plat of the area, would you identify
7 that Exhibit, please?

8 A Yes.

9 Q Exhibit Number One.

10 A This ownership map here indicates the
11 Moranco well 40-acre unit that the EM Elliott is located
12 on.

13 Q And does it show the offsetting ownership?

14 A Yes, it does.

15 Q Now referring to what has been marked as
16 Exhibit Number Two, which is a 15-page exhibit, would you
17 identify that, please?

18 A All right. The first two pages is a letter
19 requesting the commingling hearing.

20 The third page gives the required downhole
21 commingling for Rule 303-C-2; Moranco is the operator;
22 Elliott lease location, completion pools, and the attached
23 indication of the attached articles of information.

24 Q Okay, let's get into Exhibit Number Four and
25 explain that, please.

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SALLY WALTON BOYD
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2020 Plaza Blanca (906) 471-2403
Santa Fe, New Mexico 87501

1 A Page four. Okay. The Drinkard zone is cur-
2 rently classified an oil zone and the Blinebry is classified
3 a gas zone. Now both of these zones combined currently
4 produce less oil than Allowable B, which is think is 30
5 barrels. Both zones are currently flowing. The combined
6 water production is less than the combined oil limit in
7 paragraph B, which would be 30 barrels likewise.

8 Currently the fluids are commingled at the
9 surface. I see no reason why they should be incompatible
10 downhole.

11 The total value accrued would not be reduced
12 by commingling. Ownership in both zones is the same, and
13 I see no reason why this commingling should jeopardize any
14 secondary recovery efforts.

15 Q Now you say the ownership is the same. Does
16 that include the royalty and overriding royalty?

17 A Yes, it does.

18 Q All interests are the same?

19 A Yes, sir, they are.

20 Q Have you arrived at a recommended allocation
21 which will be supported by further information?

22 A Yes, sir. Our recommended allocation is
23 50 percent oil and 80 percent gas contributed toward the
24 Drinkard, and 50 percent oil and 20 percent gas -- I'm
25 sorry, let's strike that.

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CERTIFIED SHORTHAND REPORTER
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Santa Fe, New Mexico 87501

1 Allocation 50 percent oil and 80 percent gas
2 to the Blinebry and 50 percent oil and 20 percent gas to
3 the Drinkard.

4 Q Now that's based on subsequent exhibits, is
5 it not?

6 A Yes, sir, it is.

7 Q Referring to page five, would you identify
8 that exhibit?

9 A All right, that's C-116 on the Blinebry zone,
10 which indicates that's the gas zone; production 1 barrel
11 of oil, no water, and 435 Mcf of gas per day.

12 And then page number six is a C-116 for the
13 Drinkard, and it's 1 barrel of oil produced with 100,000
14 Mcf -- 100 Mcf per day.

15 Q And page seven?

16 A Seven is an oil production decline curve of
17 the Drinkard.

18 Page eight is a gas production decline curve
19 of the Blinebry.

20 Page nine is the Drinkard oil production
21 decline curve.

22 Page ten is the Drinkard gas production de-
23 cline curve.

24 Q Now, in your opinion does this reflect that
25 the remaining reserves of both gas and oil could be produced

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
1020 Plaza Blanca (SOS) 471-4463
Santa Fe, New Mexico 87501

1 from both of these zones?

2 A Yes, artificially lifted I think that we can
3 get a lot more oil than we can get now. Right now we have
4 a little bit of trouble keeping them flowing and we propose
5 to artificially lift them.

6 Q And would it be economical to operate them
7 in that fashion as separate zones?

8 A Negative, no.

9 Q In other words, in order to artificially
10 lift it's necessary to commingle the production?

11 A Yes, sir.

12 Q And Exhibit Number Eleven, would you identify
13 that exhibit, please?

14 A Okay. Number eleven is a bottom hole pres-
15 sure of the Blinebry zone, 539 at a pressure datum of 5703.

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17 A Is a bottom hole pressure recording of the
18 Drinkard, and the bottom test at 6350 and pressure 585.

19 Q Now with pressures of that kind would there
20 be any danger of fluids migrating from one zone to the
21 other in a commingled well?

22 A No, sir, in my opinion there would not be
23 any danger of any cross flow.

24 Q This will not be a flowing well?

25 A No, sir.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Plaza Miramar (908) 471-4402
Santa Fe, New Mexico 87501

1 Q But there is still no danger of migration?

2 A No, not in my opinion.

3 Q Cross flow?

4 A No.

5 Q Now referring to Exhibit Number Thirteen,
6 would you identify that exhibit?

7 A Okay. Thirteen is a current sketch of the
8 wellbore as it is today. It's a dual completed well with
9 two strings of 2-7/8ths with a Brown Oil Tool packer set
10 at approximately 6400, and that's what its current status
11 is today.

12 Q Now Exhibit Number Fourteen, does that re-
13 flect your proposed completion if this application is ap-
14 proved?

15 A Yes, sir. We propose to pull the packers
16 and the tubing and run back in with two strings of 2-3/8ths
17 tubing and a pump with a beam-type pumping unit.

18 Q Now in your opinion will the approval of this
19 application result in the recovery of oil and gas that
20 would not otherwise be recovered?

21 A Yes, in my opinion it would.

22 Q And would it prolong the productive life
23 of the subject well?

24 A Yes, it will.

25 Q Were Exhibits One and Two prepared by you or

1 under your supervision?

2 A. Yes, they were.

3 MR. KELLAHIN: At this time I would offer
4 Exhibits One and Two.

5 MR. NUTTER: Applicant's Exhibits One and
6 Two will be admitted in evidence.

7

8

CROSS EXAMINATION

9

BY MR. NUTTER:

10

Q Mr. Janica, these zones both have high
11 ratios. One is 100,000-to-1 and the other is 235,000-to-1.

12

A Yes, sir.

13

Q Why is it necessary to pump them? There's
14 no water produced, apparently.

15

A No. I think they may produce about, I think
16 I don't know production on water.

17

MR. KELLAHIN: You don't show any.

18

A No, I don't show any. On the tests there
19 was no water produced. They produce about 5 barrels a
20 month.

21

I don't know why they can't, but the flowing
22 tubing pressure, as you see there, is 75 pounds on the
23 C-116, and 50 on the Drinkard, and I don't really know why
24 they won't keep flowing, but you can see back in -- refer
25 to page eight, in '77 we had gas production was down to

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CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (SOS) 471-4462
Santa Fe, New Mexico 87501

1 practically zero, and here we had problems keeping flowing
2 the Blinebry gas zone.

3 And why they won't -- won't flow, I don't
4 know.

5 Q But if they were commingled there would be
6 a pump installed, is that --

7 A Yes, sir.

8 Q You have definite plans for that?

9 A Yes, sir, got the AFE out now.

10 Q The Blinebry zone here, you said it's clas-
11 sified as a gas well. Is this in the Blinebry Oil and Gas
12 Pool?

13 A Yes.

14 Q Do they have a nonstandard 40-acre gas unit
15 assigned to that well in the Blinebry?

16 A I'm not -- I don't know. I can't answer
17 that. Without looking back through the records, I don't
18 recall seeing it.

19 Q Is this well carried in the Blinebry gas
20 proration schedule?

21 A No, it's on the Blinebry oil proration zone.

22 Q It's carried in the Blinebry oil, then.

23 A Yes, sir.

24 Q Is this test, which was taken on 2-2-79 --

25 A Yes, sir.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
1020 Penn. Bldg. (505) 471-4451
Santa Fe, New Mexico 87501

1 Q -- the first time that it's demonstrated this
2 high of a GOR, or has it always been a high GOR well in
3 the Blinebry?

4 A It's been a high GOR in the past couple years.
5 I don't know -- I know in the past couple years, but beyond
6 that, further back than that I don't know, and I don't know
7 when it was classified as a gas zone.

8 Q It may not have been classified as a gas
9 zone. It's still in the oil proration schedule instead of
10 the gas proration schedule.

11 A Yes, it might not.

12 MR. NUTTER: Are there any other questions
13 of Mr. Janica? He may be excused.

14 Do you have anything further, Mr. Kellahin?

15 MR. KELLAHIN: That's all, Mr. Nutter,
16 thank you.

17 MR. NUTTER: Does anyone have anything they
18 wish to offer in Case Number 6453?

19 We'll take the case under advisement.

20 (Hearing concluded.)
21
22
23
24
25

REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a Court Reporter, DO HEREBY
 CERTIFY that the foregoing and attached Transcript of
 Hearing before the Oil Conservation Division was reported
 by me; that the said transcript is a full, true, and correct
 record of the hearing, prepared by me to the best of my
 ability, knowledge, and skill, from my notes taken at the
 time of the hearing.

Sally W. Boyd, C.S.R.

SALLY WALTON BOYD
 CERTIFIED SHORTHAND REPORTER
 2020 Plaza Blanca (808) 471-4462
 Santa Fe, New Mexico 87501

I do hereby certify that the foregoing is
 a complete and correct transcript of the
 hearing held on 2/14/79 at 6453
 Oil Conservation Division, Examiner



ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

POST OFFICE BOX 2086
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

March 6, 1979

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

Re: CASE NO. 6453
ORDER NO. R-5936

Applicant:

Moranco

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	<u>x</u>
Artesia OCC	<u>x</u>
Aztec OCC	

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. 6453
Order No. R-5936

APPLICATION OF MORANCO FOR
DOWNHOLE COMMINGLING, LEA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 14, 1979, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 28th day of February, 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, Moranco, is the owner and operator of the EM Elliott Well No. 1, located in Unit E of Section 35, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.
- (3) That the applicant seeks authority to commingle Blinebry and Drinkard production within the wellbore of the above-described well.
- (4) That from the Blinebry zone, the subject well is capable of low marginal production only.
- (5) That from the Drinkard zone, the subject well is capable of low marginal production only.
- (6) That the proposed commingling will make possible the artificial lifting of production from both pools, and may thus 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. 6453

Order No. R-5936

(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 Hobbs 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, 50 percent of the commingled oil production and 80 percent of the gas production should be allocated to the Blinbry zone, and 50 percent of the commingled oil production and 20 percent of the gas production to the Drinkard zone.

(10) That Division Order MC-1343, which authorized the dual completion of the subject well, should be rescinded.

IT IS THEREFORE ORDERED:

(1) That the applicant, Moranco, is hereby authorized to commingle Blinbry and Drinkard production within the wellbore of the EM Elliott Well No. 1, located in Unit E of Section 35, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

(2) That 50 percent of the commingled oil production and 80 percent of the gas production shall be allocated to the Blinbry zone and 50 percent of the commingled oil production and 20 percent of the gas production shall be allocated to the Drinkard zone.

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

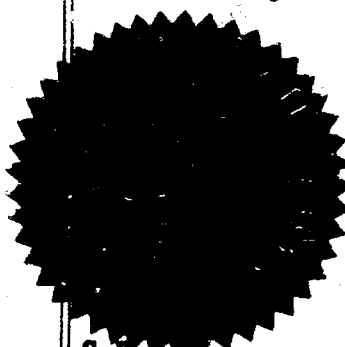
(4) That Division Order MC-1343 is hereby rescinded.

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

-3-

Case No. 6453
Order No. R-5936

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.



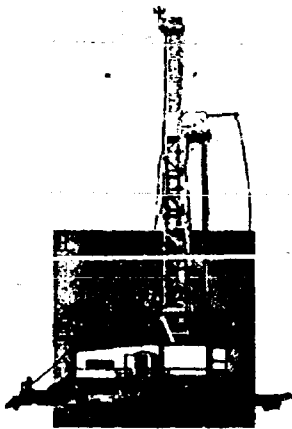
STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

S E K E

fd/

This image shows a blank, aged, cream-colored page, likely an endpaper or flyleaf from an old book. The paper has a slightly textured appearance with some minor discoloration and dark smudges, particularly along the left edge, which may be due to the binding or the age of the paper. The right edge of the page is slightly irregular. There is no text or other markings on the page.



MORANCO

P. O. BOX 1860

HOBBS, NEW MEXICO 88240

(505) 397-3511

(915) 563-0562

February 1, 1979

N. M. Energy & Mineral Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Application to Downhole Commingle
Production from the Blinbry and
Drinkard formations in the MORANCO,
E. M. Elliott #1, Unit E, Section 35,
T21S, R37E, Lea County, New Mexico

Gentlemen:

MORANCO respectfully requests a hearing in order to obtain approval for the Downhole Commingling of the Blinbry Gas Zone and the Drinkard Oil Zone in their E. M. Elliott #1.

Both zones are currently flowing with marginal production from each. Total daily production is less than thirty (30) BOPD and water production is less than thirty (30) BWPD.

Production from the Blinbry and Drinkard formations have been surface commingled for a number of years with no indication of fluid incompatibility. Since the crudes are currently commingled at the surface before being sold, no difference in value will result by downhole commingling in this wellbore. Ownership is the same in each zone.

Commingled production from this well will be artificially lifted with a beam type pumping unit through 2 3/8" tubing. We recommend that 50% of the oil and 80% of the gas be allocated to the Blinbry formation and 50% of the oil and 20% of the gas be allocated to the Drinkard formation (production curves attached).

Commingling of these two formations will not jeopardize any secondary recovery efforts.

The More Hole Per Dollar People!

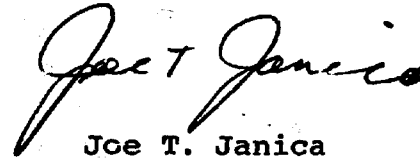
*Exhibit 2
Case 6453*

Page 2
February 1, 1979

N. M. Energy & Mineral Department
Oil Conservation Division

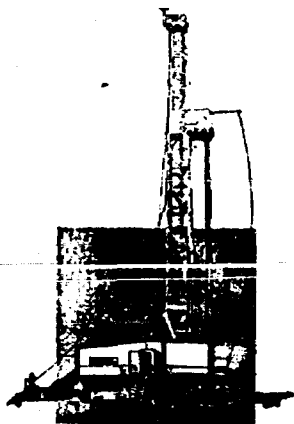
A copy of this letter and attachments is being sent to the
USGS for their notification and information.

Sincerely,

A handwritten signature in cursive script, appearing to read "Joe T. Janica".

Joe T. Janica
Agent

JTJ/eh
Attach.



MORANCO

P. O. BOX 1860 HOBBS, NEW MEXICO 88240 (505) 397-3511 (915) 563-0562

February 1, 1979

Information required for down-hole commingling:
Rule 303-C-2

- A. Operator: MORANCO
P. O. Box 1860
Hobbs, New Mexico 88240
- B. Lease and Location: Elliott #1
Unit E, Section 35, T21S, R37E
Lea County, New Mexico
- C. Completion Pools: Drinkard
Blinebry
Dual completion order #MC-1343
- D. C-116 (attached)
- E. Production graphs (attached)
- F. Bottom hole pressure (attached)



The More Hole Per Dollar People!

MORANCO

E. M. Elliott #1

Unit E, Section 35, T21S, R37E

Lea County, New Mexico

Enclosed you will find the required information on the above well for commingling.

- C-1-a Drinkard zone currently is classified an oil zone.
Blinebry classified a gas zone.
- C-1-b Both zones combined currently produce less oil than the allowable in paragraph "b".
- C-1-c Both zones are currently flowing.
- C-1-d Combined water production is less than combined oil limit in paragraph "b".
- C-1-e Fluids from each zone are compatible and are currently commingled at the surface. We see no reason why they would be incompatible down hole.
- C-1-f Total value of crude will not be reduced by commingling.
- C-1-g Ownership of both zones are the same.
- C-1-h Commingling will not jeopardize the efficiency of secondary recovery.

Recommended Allocation: 50% of oil and 80% of gas to the Blinebry, 50% of oil and 20% of gas to the Drinkard.

Revised 1-1-65

(Title)
February 2, 1979

February 2, 1979

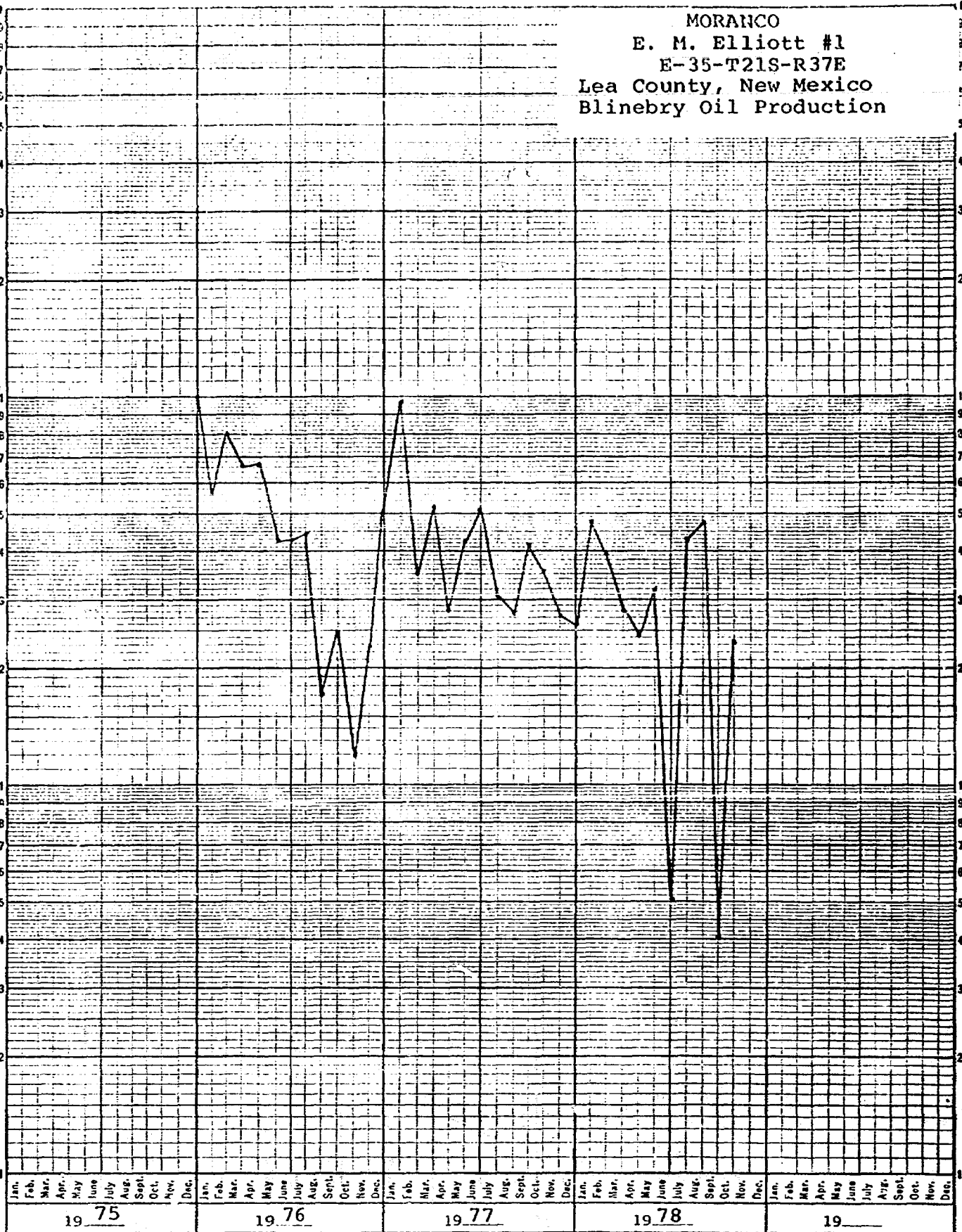
BLINEBRY

OIL PRODUCTION - BBLs/Mo.

46 6693
5 YEARS BY MONTHS
X 3 LOG CYCLES
KEUFFEL & ESSER CO.

100

10



OIL PRODUCTION

BLINEBRY

GAS PRODUCTION-MCF/mo.
K&S 5 YEARS BY MONTHS
X 3 LOG CYCLES
MADE IN U.S.A.
KEUFFEL & ESSER CO.

(30,000)

(20,000)

(10,000)

(1,000)

(100)

MORANCO
E. M. Elliott #1
F-35-T21S-R37E
Lea County, New Mexico
Blinebry Gas Production

(30,000)

(20,000)

(10,000)

(1,000)

(100)

Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
19 75												19 76												19 77												19 78												19											

GAS PRODUCTION

8

DRINKARD

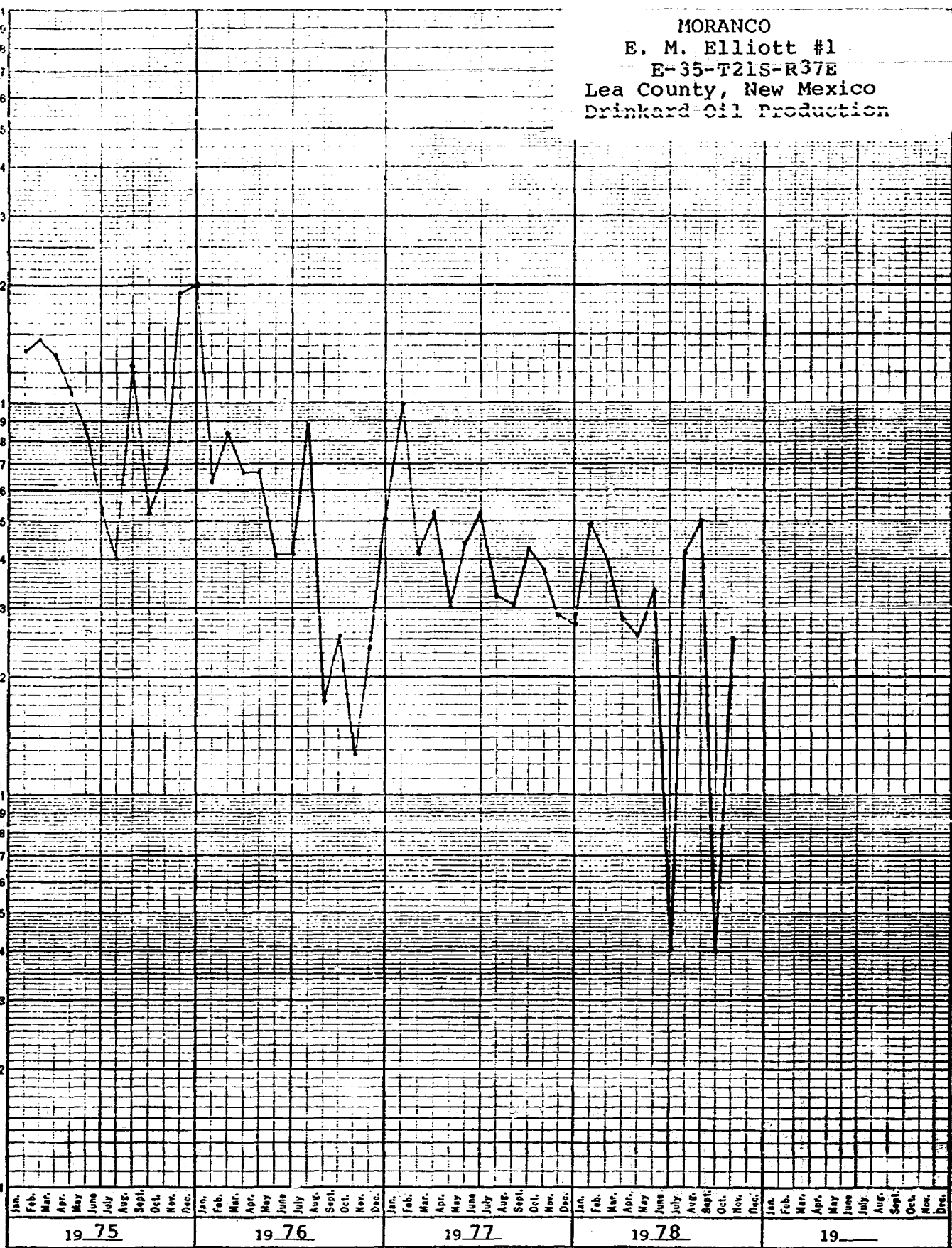
OIL PRODUCTION - BBLs/Mo.

KE 5 YEARS BY MONTHS 46 6693
MADE IN U.S.A.
KEUFFEL & ESSER CO.

MORANCO
E. M. Elliott #1
E-35-T21S-R37E
Lea County, New Mexico
Drinkard Oil Production

100

10

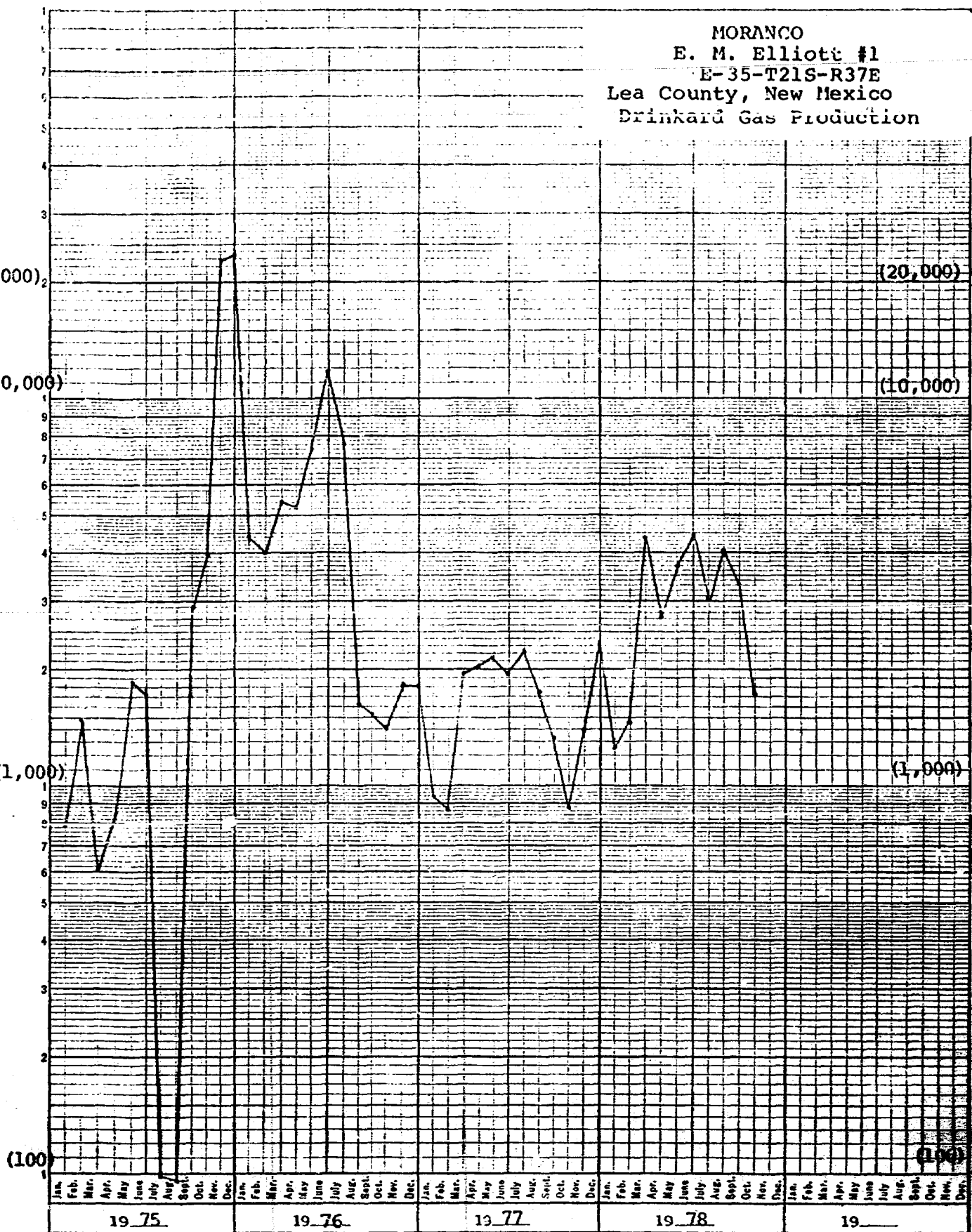


OIL PRODUCTION

MORANCO
E. M. Elliott #1
E-35-T21S-R37E
Lea County, New Mexico
Drinkard Gas Production

GAS PRODUCTION-MCF/MO.

K&E 5 YEARS BY MONTHS 46 6693
X 3 LOG CYCLES
KEUFFEL & ESSER CO.



GAS PRODUCTION

TYPE OF REPORT - (X)
 Initial Completion
 Special ☒
 General Survey

NEW MEXICO OIL CONSERVATION COMMISSION
 RESERVOIR PRESSURE REPORT

Form O-124
 Revised 1-1-65

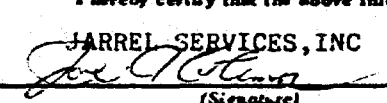
Operator Moranco		Pool Blinebry Gas		County Lea		Date 2-3-79	
Address Box 1860 Hobbs, New Mexico		Producing Formation Blinebry		Oil Gradient - psi/ft.		Water Gradient - psi/ft.	
				Gas Gravity -		Datum Plane (-2325) Midpoint of Csg Perfs	

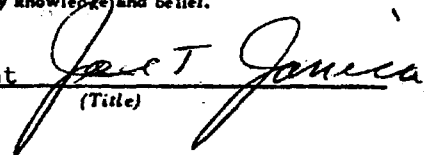
LEASE	WELL NO.	LOCATION				ELEV.	OIL (O) OR GAS (G)	DATE TESTED	SHUT-IN GROUPS	SHUT-IN TAG. PRESS.	BOMB TEST DATA			SONIC INSTRUMENT TEST DATA*							PRESS. AT DATUM	
											TEST DEPTH	B.H. TEMP. °F	OB-SERVED PRESS.	PROD. TEST (BBLS./DAY)		LIQUID LEVEL	LIQUID SHAD-IENT PSI/FT.	WT. OF LIQUID COL. PCL	WT. OF GAS COL. PSI	CSG. PRESS.		
		OIL	WATER																			
E.M. Elliott	1	E	35	21	37	3378 G KB		2-1-79	24	429	5703	100	539							.019		539

All depths plus or minus sea level; all pressures psi; Bomb shall be calibrated frequently enough against a dead weight tester to ensure an accuracy of one per cent; gas gravity shall be determined by analysis; liquid level shall be feet above datum plane. SEE RULE 302.

* Well shall be produced at least 24 hours prior to shutting in for sonic test.

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

JARREL SERVICES, INC

 (Signature)

Agent 
 (Title)

February 3, 1979
 (Date)

Initial Completion	
Special	X
General Survey	

RESERVOIR PRESSURE REPORT

Operator Moranco		Pool Drinkard		County Lea		Date 2-3-79	
Address Box 1860 Hobbs, New Mexico 88240		Producing Formation Drinkard		Oil Gradient - psi/ft.		Water Gradient - psi/ft.	
				Gas Gravity -		Datum Plane (-3063) Midpoint of Csg Perfs	

LEASE	WELL NO.	LOCATION				ELEV.	ALL (O) OR GAS (G)	DATE TESTED	SHUT IN HOURS	IN. TSG. PRESS.	BOMB TEST DATA			SONIC INSTRUMENT TEST DATA						PRESS. AT DATUM
		U	S	T	R						TEST DEPTH	B.M. TEMP. °F	OB. SERVED PRESS.	PROD. TEST (BBLs./DAY)		LIQUID LEVEL	LIQUID GRADIENT PSI/FT.	WT. OF LIQUID COL. PSI	WT. OF GAS COL. PSI	

E.M. Elliott

1

E

35

21

37

3378 0

2-1-79

24

393

6350

106

582

.031

585

All depths plus or minus sea level; all pressures psi; Bomb shall be calibrated frequently enough against a dead weight tester to ensure an accuracy of one per cent; gas gravity shall be determined by analysis; liquid level shall be feet above datum plane. SEE RULE 302.

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JABRED SERVICES, INC.

[Signature]
(Signature)

Agent

(Title)

[Signature]

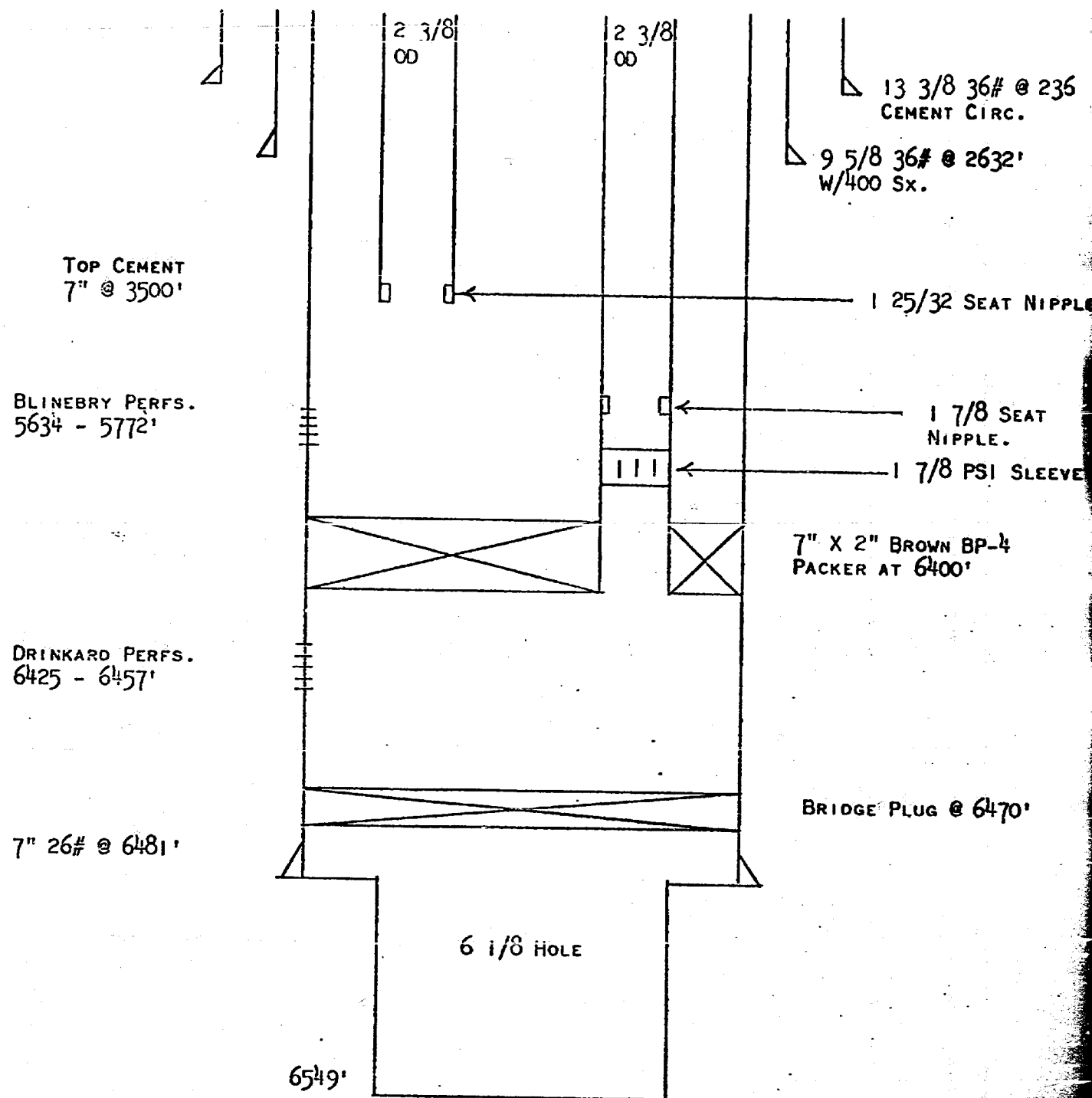
February 3, 1979

(Date)

MORANCO
E. M. Elliott #1

Current Sketch of Downhole Equipment
Dual Completion

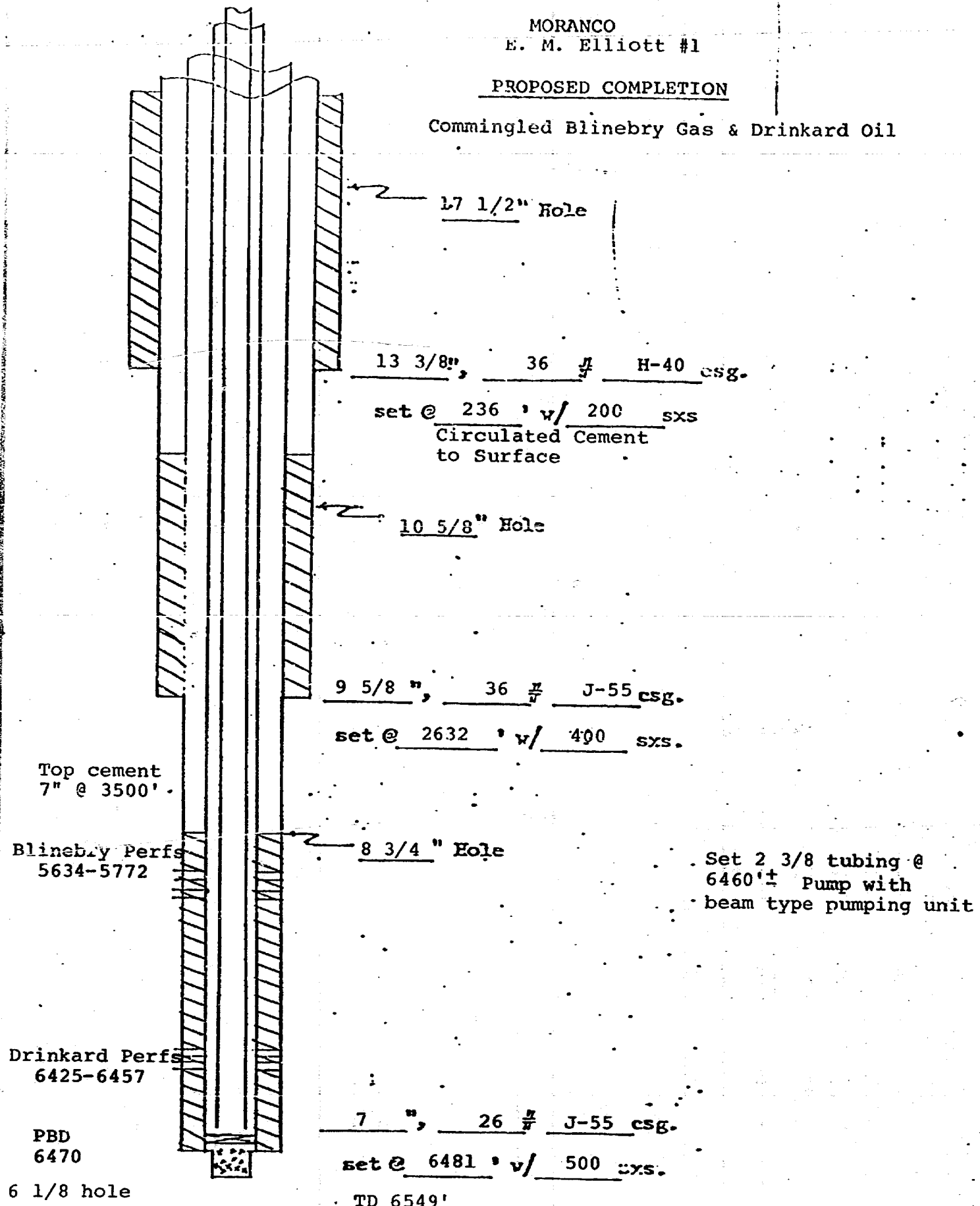
Blinebry Gas - Drinkard Oil

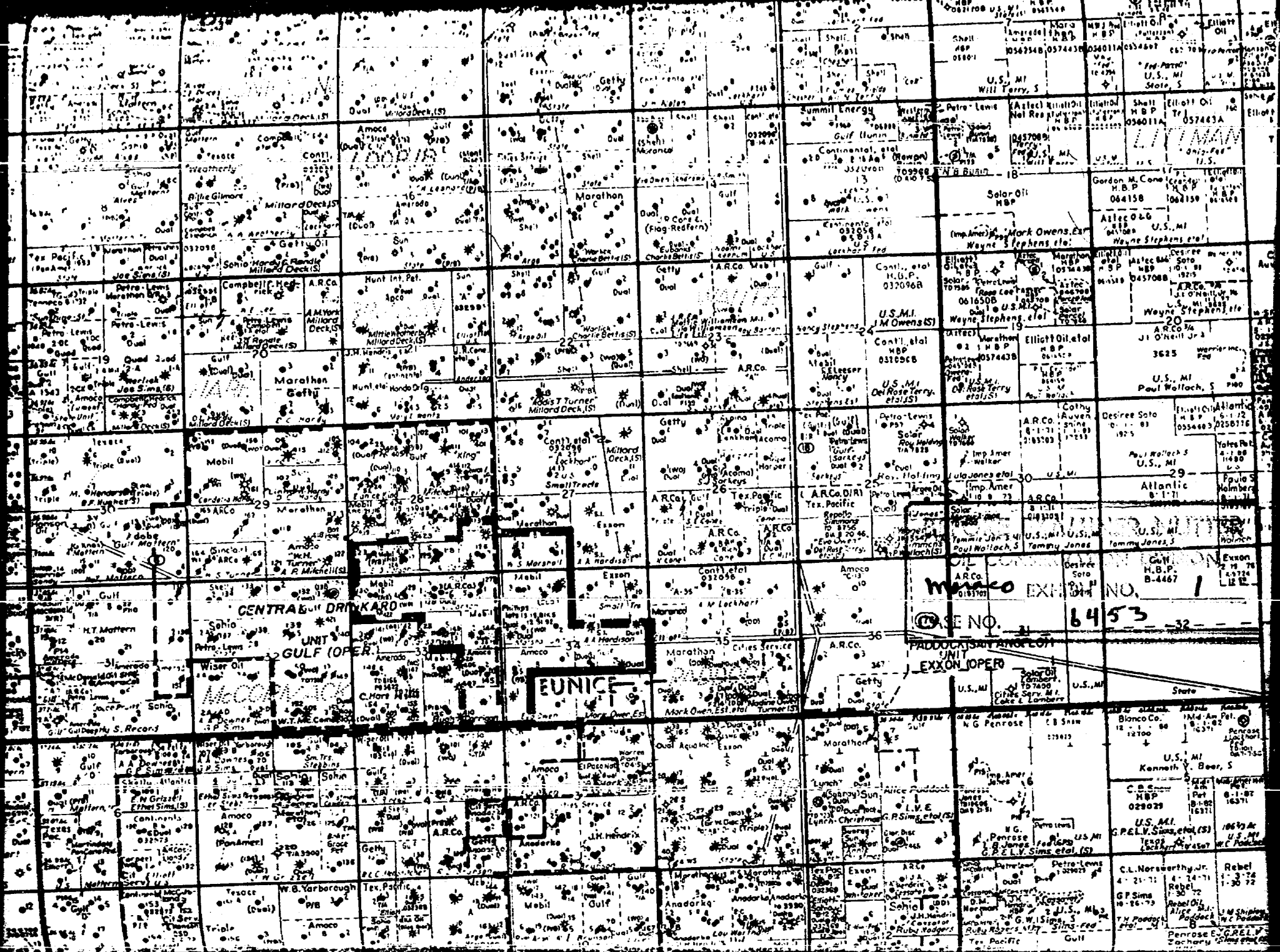


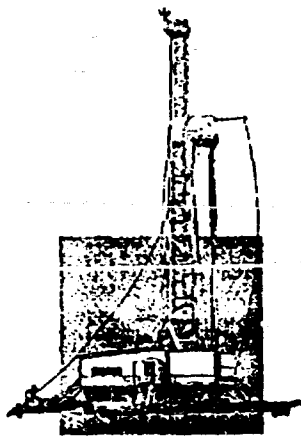
MORANCO
E. M. Elliott #1

PROPOSED COMPLETION

Commingled Blinebry Gas & Drinkard Oil







MORANCO

P. O. BOX 1860 HOBBS, NEW MEXICO 88240 (505) 397-3511 (915) 563-0562

February 1, 1979

N. M. Energy & Mineral Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

WALTER KUTTER	
OIL CONSERVATION DIVISION	
MORANCO	UNIT NO. 2
CASE NO.	6453

Re: Application to Downhole Commingle
Production from the Blinebry and
Drinkard formations in the MORANCO,
E. M. Elliott #1, Unit E, Section 35,
T21S, R37E, Lea County, New Mexico

Gentlemen:

MORANCO respectfully requests a hearing in order to obtain approval for the Downhole Commingling of the Blinebry Gas Zone and the Drinkard Oil Zone in their E. M. Elliott #1.

Both zones are currently flowing with marginal production from each. Total daily production is less than thirty (30) EOPD and water production is less than thirty (30) BWPD.

Production from the Blinebry and Drinkard formations have been surface commingled for a number of years with no indication of fluid incompatibility. Since the crudes are currently commingled at the surface before being sold, no difference in value will result by downhole commingling in this wellbore. Ownership is the same in each zone.

Commingled production from this well will be artificially lifted with a beam type pumping unit through 2 3/8" tubing. We recommend that 50% of the oil and 80% of the gas be allocated to the Blinebry formation and 50% of the oil and 20% of the gas be allocated to the Drinkard formation (production curves attached).

Commingling of these two formations will not jeopardize any secondary recovery efforts.



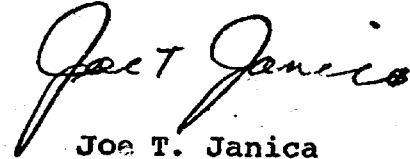
The More Hole Per Dollar People!

Page 2
February 1, 1979

N. M. Energy & Mineral Department
Oil Conservation Division

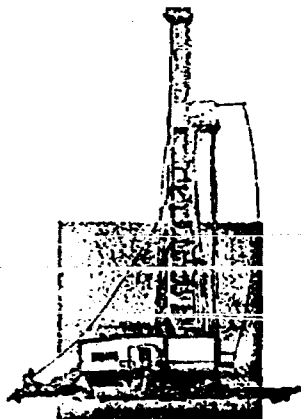
A copy of this letter and attachments is being sent to the
USGS for their notification and information.

Sincerely,

A handwritten signature in cursive script, appearing to read "Joe T. Janica".

Joe T. Janica
Agent

JTJ/eh
Attach.



MORANCO

P. O. BOX 1860 HOBBS, NEW MEXICO 88240 (505) 397-3511 (915) 563-0562

February 1, 1979

Information required for down-hole commingling:
Rule 303-C-2

- A. Operator: MORANCO
P. O. Box 1860
Hobbs, New Mexico 88240
- B. Lease and Location: Elliott #1
Unit E, Section 35, T21S, R37E
Lea County, New Mexico
- C. Completion Pools: Drinkard
Blinebry
Dual completion order #MC-1343
- D. C-116 (attached)
- E. Production graphs (attached)
- F. Bottom hole pressure (attached)



The More Hole Per Dollar People!

MORANCO

E. M. Elliott #1

Unit E, Section 35, T21S, R37E

Lea County, New Mexico

Enclosed you will find the required information on the above well for commingling.

C-1-a Drinkard zone currently is classified an oil zone.

Blinebry classified a gas zone.

C-1-b Both zones combined currently produce less oil than the allowable in paragraph "b".

less than 30

C-1-c Both zones are currently flowing.

C-1-d Combined water production is less than combined oil limit in paragraph "b".

less than 30

C-1-e Fluids from each zone are compatible and are currently commingled at the surface. We see no reason why they would be incompatible down hole.

C-1-f Total value of crude will not be reduced by commingling.

C-1-g Ownership of both zones are the same.

C-1-h Commingling will not jeopardize the efficiency of secondary recovery.

Recommended Allocation: 70% of oil and 80% of gas to the Blinebry, 50% of oil and 20% of gas to the Drinkard.

C116
Reviewed 10/10/63

No well will be assigned an allowable greater than the amount of oil produced on the official test.

Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60° F. Specific gravity base will be 0.60.

Report casing pressure in lieu of tubing pressure for any well producing through casing.

Mail original and one copy of this report to the district office of the New Mexico Oil Conservation Commission in accordance with Rule 10) and appropriate pool rules.

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

Joe T. Janica
(Signature)
Joe T. Janica, Agent

(Title)
February 2, 1979

C-118
Revised 1-1-65

Lea

Special 82

February 2, 1979

BLINEBRY

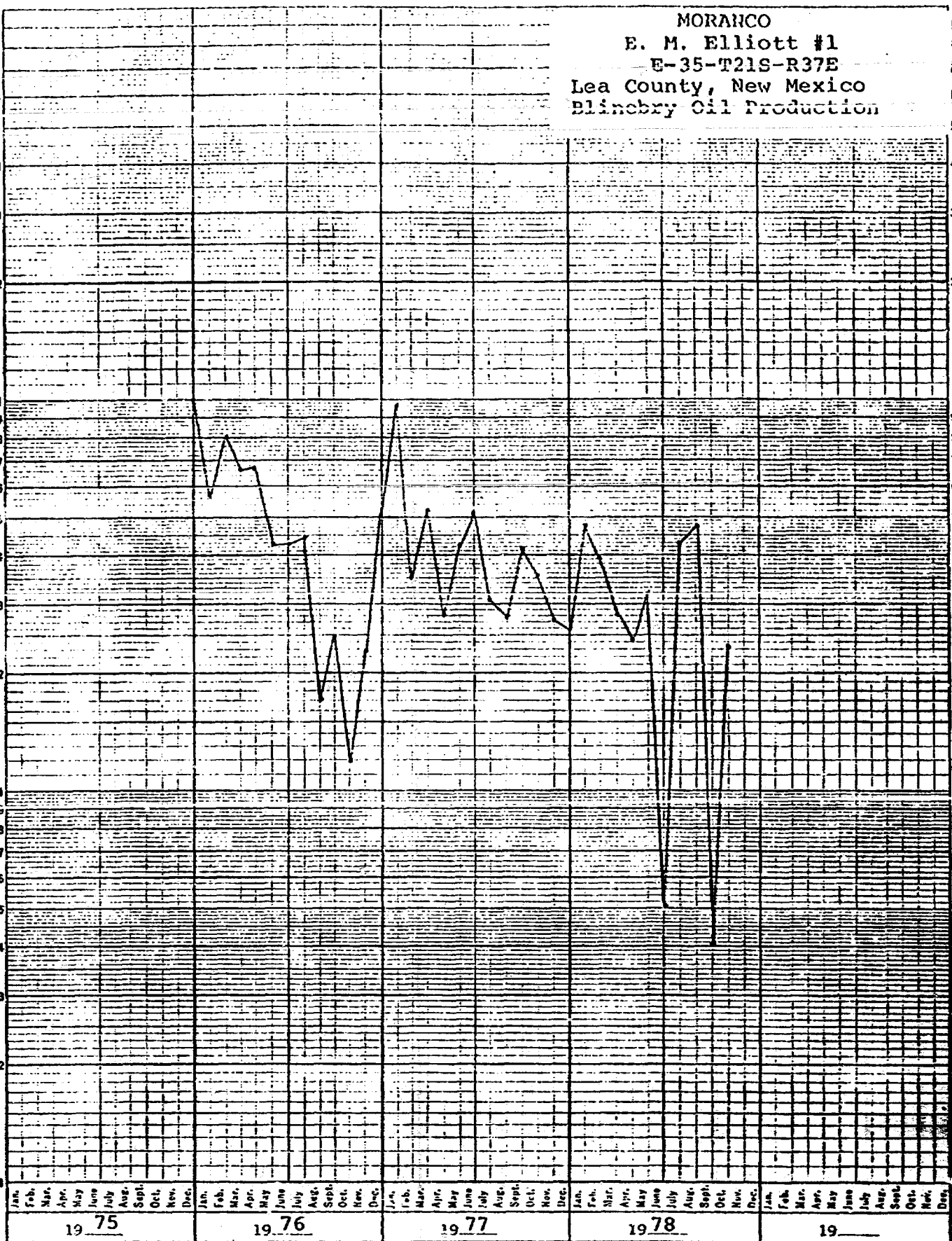
OIL PRODUCTION - BBLs/Mo.

K&E 3 YEARS BY MONTHS 46 6693
MADE IN U.S.A.
KEUFFEL & ESSER CO.

MORANCO
E. M. Elliott #1
E-35-T21S-R37E
Lea County, New Mexico
Blinebry Oil Production

100

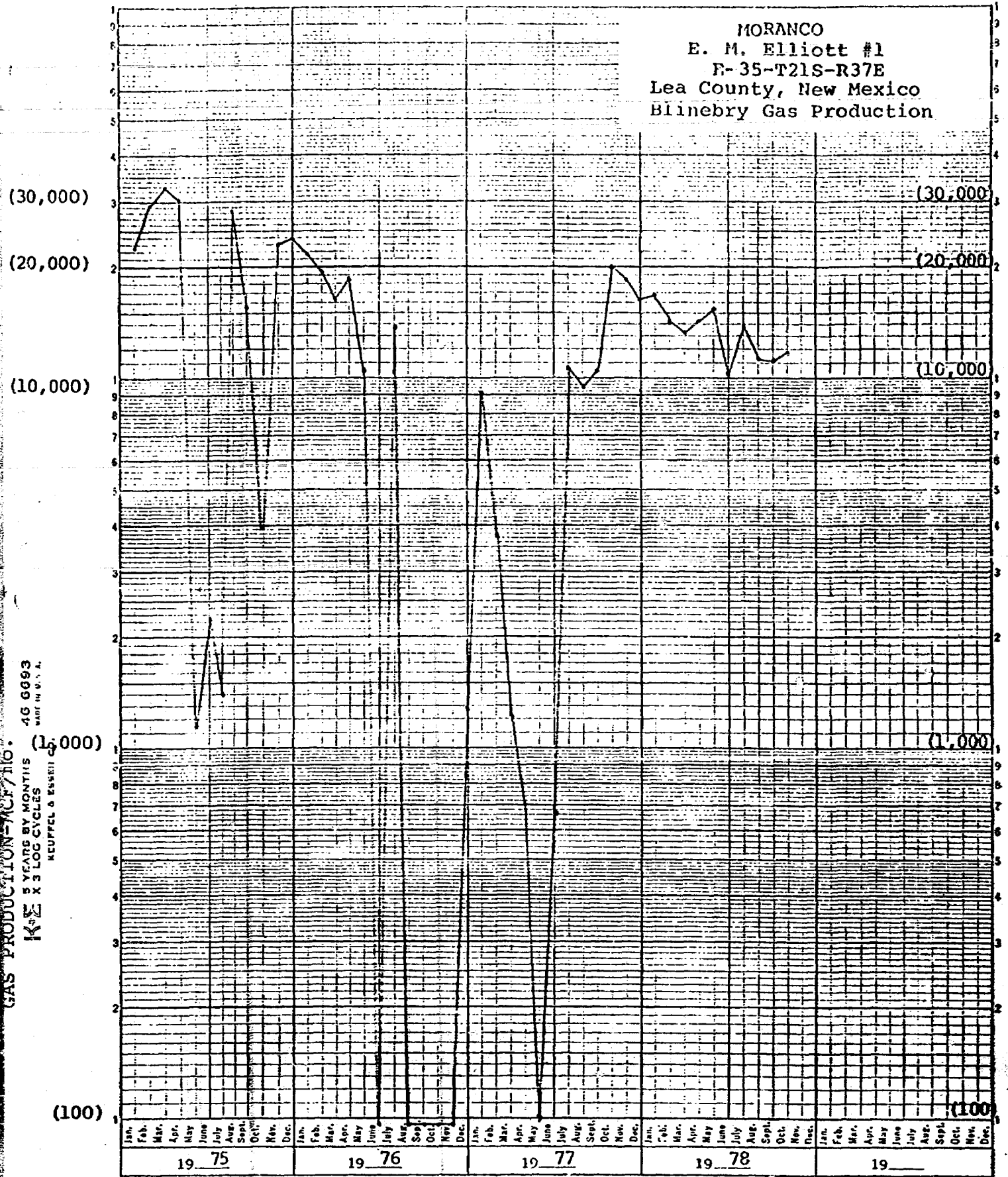
10



OIL PRODUCTION

GAS PRODUCTION-MCF/MO.
 K₂Σ 5 YEARS BY MONTHS
 KEUFFEL & ESSER

46 6693
MADE IN U.S.A.



GAS PRODUCTION

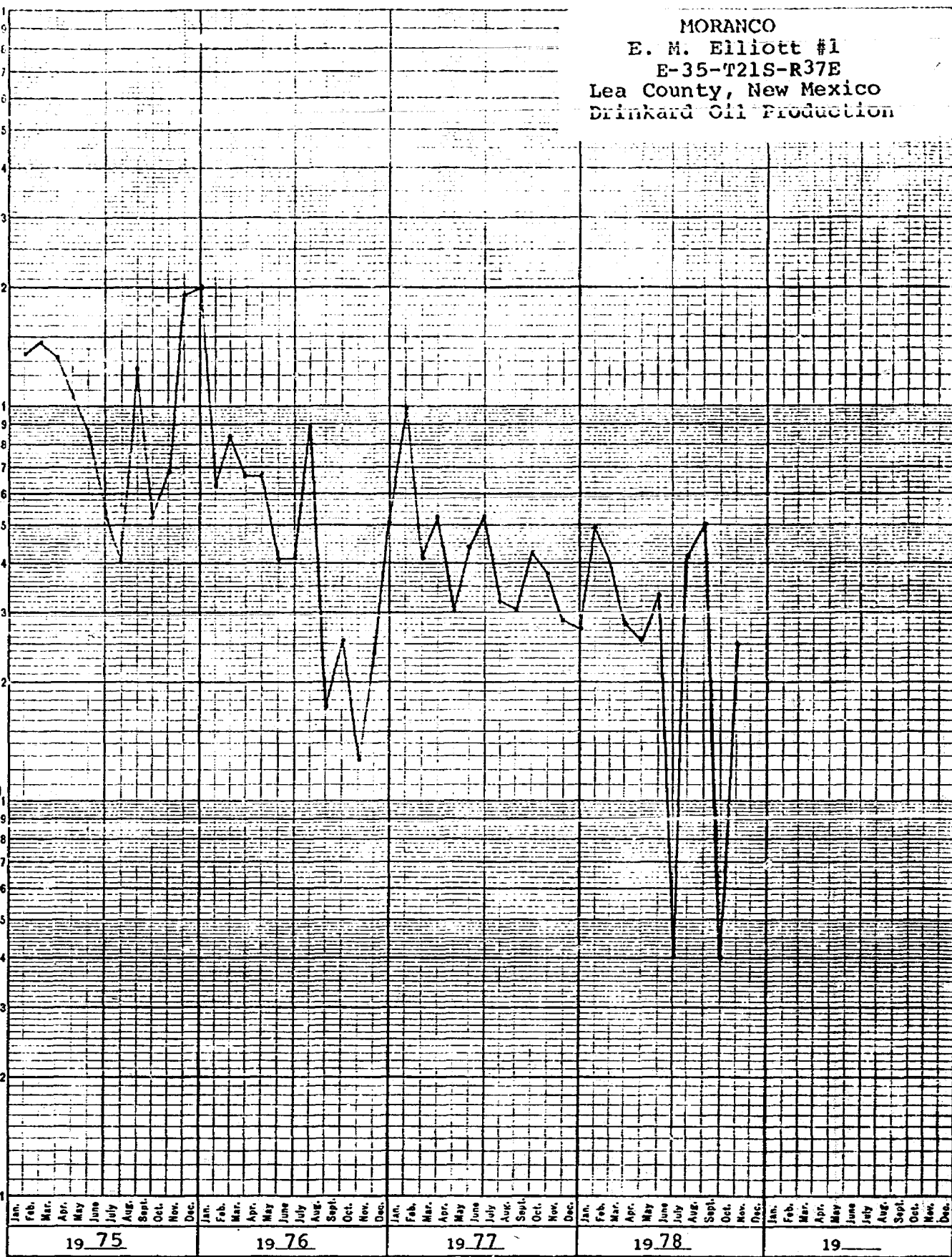
DRINKARD

OIL PRODUCTION - BBLs/Mo.

KE 5 YEARS BY MONTHS
40 6693
MADE IN U.S.A.
KEUFFEL & ESSER CO.

100

10

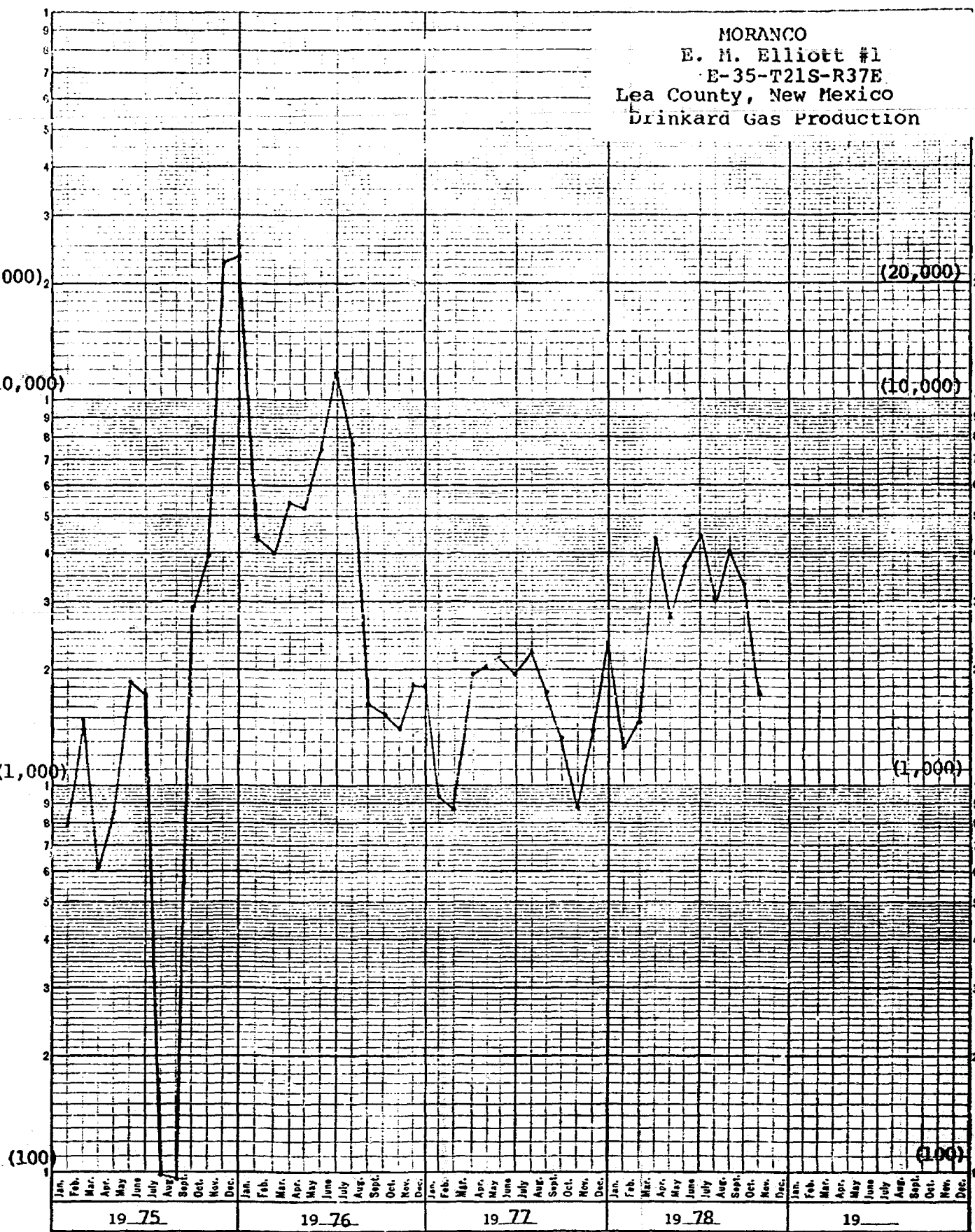


OIL PRODUCTION

GAS PRODUCTION-MCF/MO.

KE 5 YEARS BY MONTHS 4G 6693
X 3 LOG CYCLES
MADE IN U.S.A.
KEUFFEL & ESSER CO.

MORANCO
E. M. Elliott #1
E-35-T21S-R37E
Lea County, New Mexico
Drinkard Gas Production



GAS PRODUCTION

Initial Completion	
Special	X
General Survey	

RESERVOIR PRESSURE REPORT

Operator Moranco	Pool Blinebry Gas	County Lea	Date 2-3-79
Address Box 1860 Hobbs, New Mexico	Producing Formation Blinebry	Oil Gradient - psi/ft.	Water Gradient - psi/ft.
		Gas Gravity -	Datum Plane (-2325) Midpoint of Csg Perfs

LEASE	WELL NO.	LOCATION				ELEV.	OIL (O) OR GAS (G)	DATE TESTED	SHUT-IN T80. PRESS.	BOMB TEST DATA			SONIC INSTRUMENT TEST DATA							PRESS. AT DATUM
		U	S	T	R					TEST DEPTH	B.H. TEMP. °F	OB. SERVED PRESS.	PROD. TEST (BBLs./DAY)		LIQUID LEVEL	LIQUID GRAD.IENT PSI/FT.	WT. OF LIQUID COL. PSI	WT. OF GAS COL. PSI	CSG. PRESS.	
E.M. Elliott	1	E	35	21	37	3378 KB	G	2-1-79	24	429	5703	100	539						.019	539

All depths plus or minus sea level; all pressures psi; Bomb shall be calibrated frequently enough against a dead weight tester to ensure an accuracy of one per cent; gas gravity shall be determined by analysis; liquid level shall be feet above datum plane. SEE RULE 302.

* Well shall be produced at least 24 hours prior to shutting in for sonic test.

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

JARREL SERVICES, INC

[Signature]
(Signature)

Agent

[Signature]
(Title)

February 3, 1979

(Date)

Initial Completion	
Special	X
General Survey	

RESERVOIR PRESSURE REPORT

Form 1-1-65
Revised 1-1-65

Operator	Moranco	Pool	Drinkard	County	Lea	Date	2-3-79
Address	Box 1860 Hobbs, New Mexico 88240	Producing Formation	Drinkard	Oil Gradient	-	Water Gradient	-
				Gas Gravity	-	Datum Plane	(-3063)
							Midpoint of Csg Perfs

LEASE	WELL NO.	LOCATION				ELEV.	ALT. (F) OR GAS (G)	DATE TESTED	SHUT-IN HOURS	IN. TSG. PRESS.	BOHR TEST DATA			SONIC INSTRUMENT TEST DATA							PRESS. AT DATUM	
		U	S	T	R						TEST DEPTH	B.H. TEMP. °F	OB. SERVED PRESS.	PROD. TEST (OBLS./DAY)		LIQUID LEVEL	LIQUID GRADIENT PSI/FT.	WT. OF LIQUID COL. PSI	WT. OF GAS COL. PSI	CSG. PRESS.		
														OIL	WATER							
E.M. Elliott	1	E	35	21	37	3378	0	2-1-79	24	393	6350	106	582							.031		585

All depths plus or minus sea level; all pressures psi; Bomb shall be calibrated frequently enough against a dead weight tester to ensure an accuracy of one per cent; gas gravity shall be determined by analysis; liquid level shall be feet above datum plane. SEE RULE 302.

• Well shall be produced at least 24 hours prior to shutting in for sonic test.

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

JARRED SERVICES, INC.

Joe L. Jarred
(Signature)

Agent

(Title)

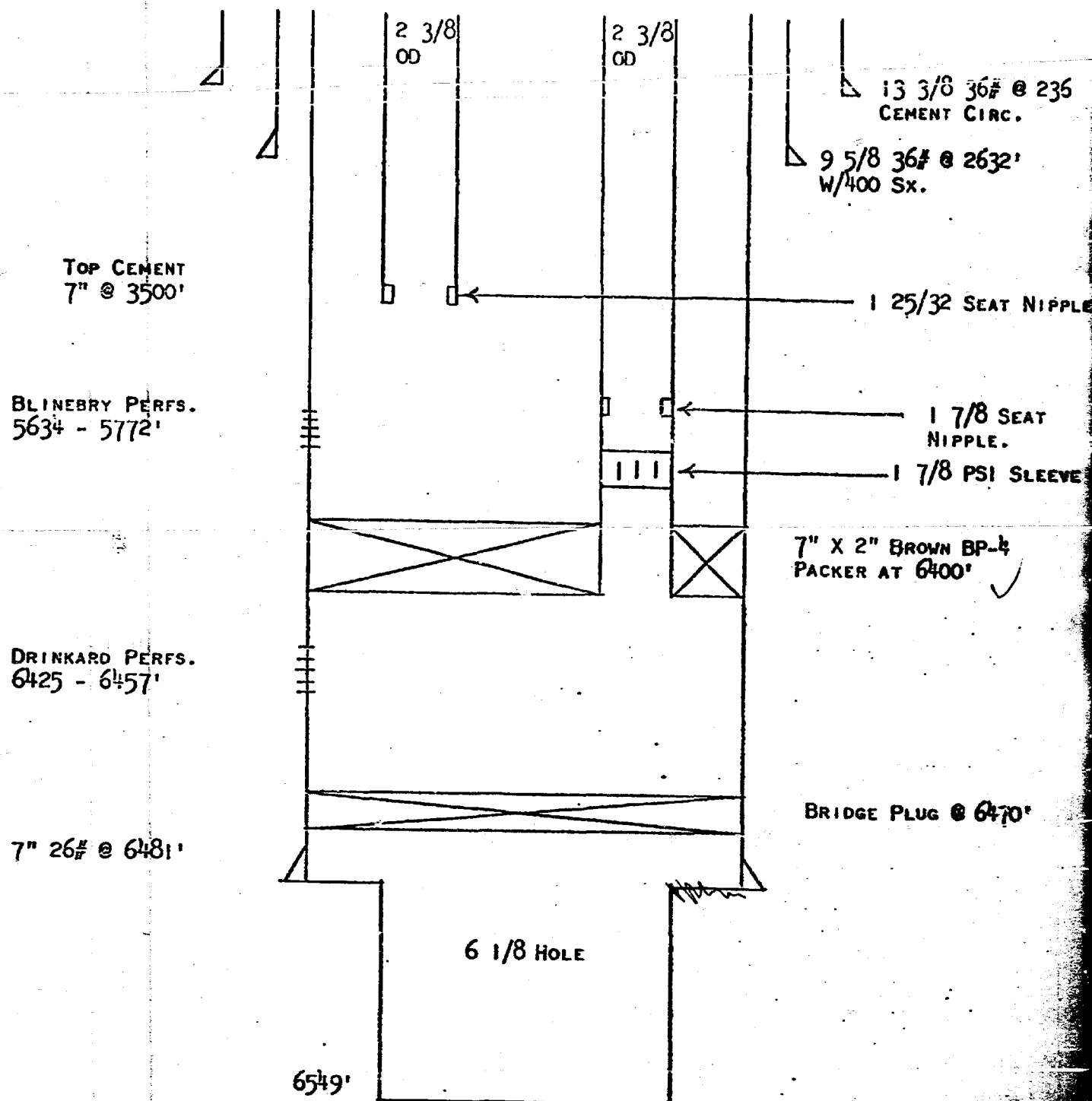
Joe L. Jarred

February 3, 1979

(Date)

Current Sketch of Downhole Equipment
Dual Completion

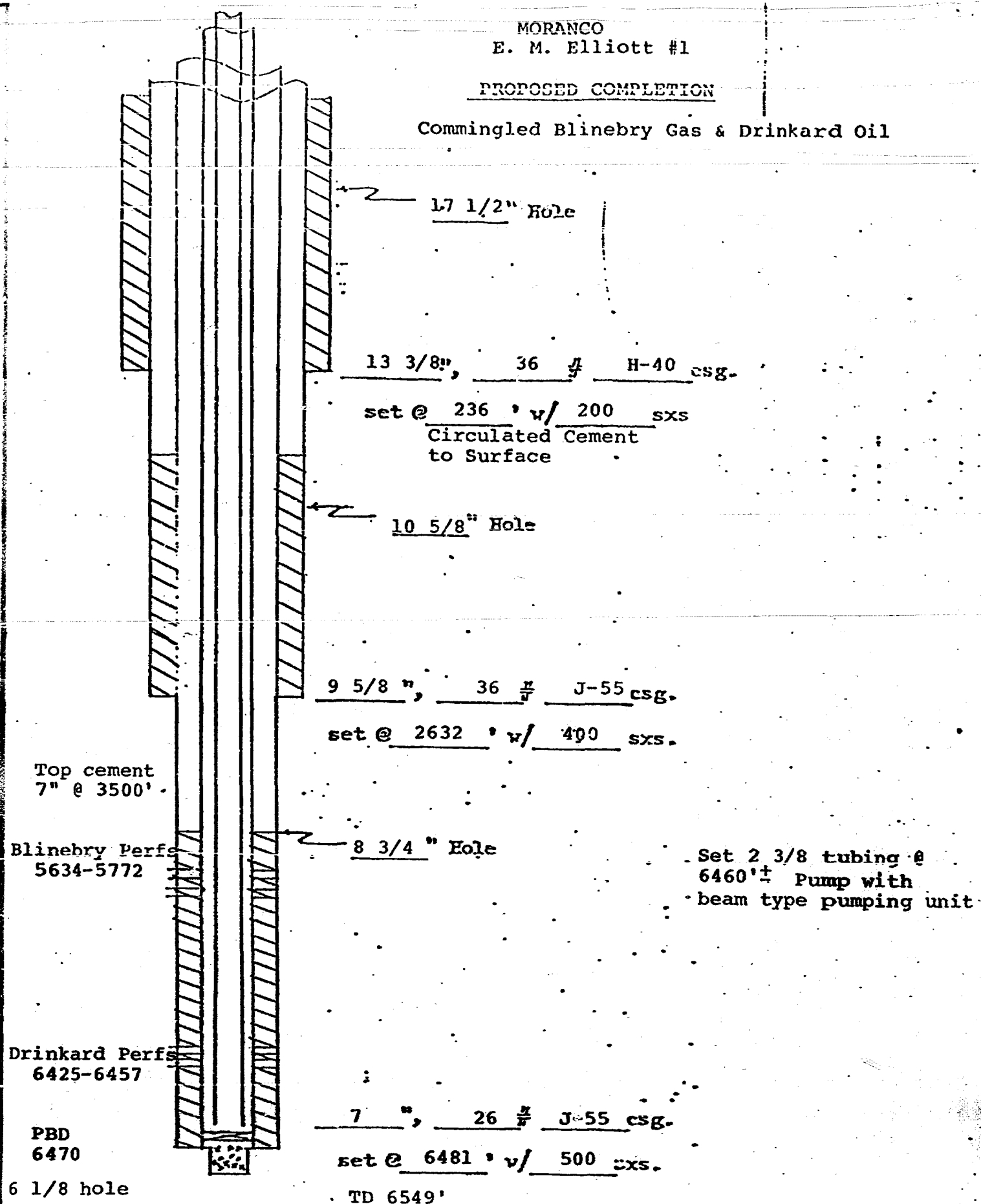
Blinebry Gas - Drinkard Oil



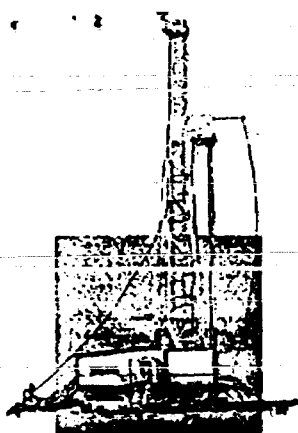
MORANCO
E. M. Elliott #1

PROPOSED COMPLETION

Commingle Blinebry Gas & Drinkard Oil



This image shows a blank, aged, cream-colored page, likely an endpaper or flyleaf of a book. The paper has a slightly textured appearance with some minor discoloration and dark smudges, particularly along the left edge and bottom. The right edge is slightly irregular, suggesting it might be part of a bound volume. There is no text or other markings on the page.



MORANCO

P. O. BOX 1860

HOBBS, NEW MEXICO 88240

(505) 397-3511

(915) 563-0562

February 1, 1979

N. M. Energy & Mineral Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

FEB 15 1979

Re: Application to Downhole Commingle
Production from the Blinbry and
Drinkard formations in the MORANCO,
E. M. Elliott #1, Unit E, Section 35,
T21S, R37E, Lea County, New Mexico

Gentlemen:

MORANCO respectfully requests a hearing in order to obtain approval for the Downhole Commingling of the Blinbry Gas Zone and the Drinkard Oil Zone in their E. M. Elliott #1.

Both zones are currently flowing with marginal production from each. Total daily production is less than thirty (30) BOPD and water production is less than thirty (30) BWPD.

Production from the Blinbry and Drinkard formations have been surface commingled for a number of years with no indication of fluid incompatibility. Since the crudes are currently commingled at the surface before being sold, no difference in value will result by downhole commingling in this wellbore. Ownership is the same in each zone.

Commingled production from this well will be artificially lifted with a beam type pumping unit through 2 3/8" tubing. We recommend that 50% of the oil and 80% of the gas be allocated to the Blinbry formation and 50% of the oil and 20% of the gas be allocated to the Drinkard formation (production curves attached).

Commingling of these two formations will not jeopardize any secondary recovery efforts.



The More Hole Per Dollar People!

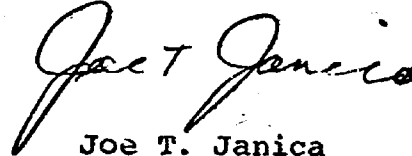
EXH. bit #2.
Case 6453

Page 2
February 1, 1979.

N. M. Energy & Mineral Department
Oil Conservation Division

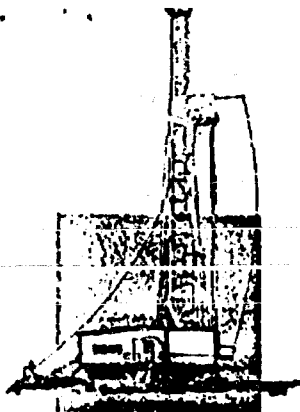
A copy of this letter and attachments is being sent to the
USGS for their notification and information.

Sincerely,

A handwritten signature in cursive script, appearing to read "Joe T. Janica".

Joe T. Janica
Agent

JTJ/eh
Attach.



MORANCO

P. O. BOX 1860 HOBBS, NEW MEXICO 88240 (505) 397-3511 (915) 563-0562

February 1, 1979

Information required for down-hole commingling:
Rule 303-C-2

- A. Operator: MORANCO
P. O. Box 1860
Hobbs, New Mexico 88240
- B. Lease and Location: Elliott #1
Unit E, Section 35, T21S, R37E
Lea County, New Mexico
- C. Completion Pools: Drinkard
Blinebry
Dual completion order #MC-1343
- D. C-116 (attached)
- E. Production graphs (attached)
- F. Bottom hole pressure (attached)



The More Hole Per Dollar People!

MORANCO

E. M. Elliott #1

Unit E, Section 35, T21S, R37E

Lea County, New Mexico

Enclosed you will find the required information on the above well for commingling.

C-1-a Drinkard zone currently is classified an oil zone.

Blinebry classified a gas zone.

C-1-b Both zones combined currently produce less oil than the allowable in paragraph "b".

C-1-c Both zones are currently flowing.

C-1-d Combined water production is less than combined oil limit in paragraph "b".

C-1-e Fluids from each zone are compatible and are currently commingled at the surface. We see no reason why they would be incompatible down hole.

C-1-f Total value of crude will not be reduced by commingling.

C-1-g Ownership of both zones are the same.

C-1-h Commingling will not jeopardize the efficiency of secondary recovery.

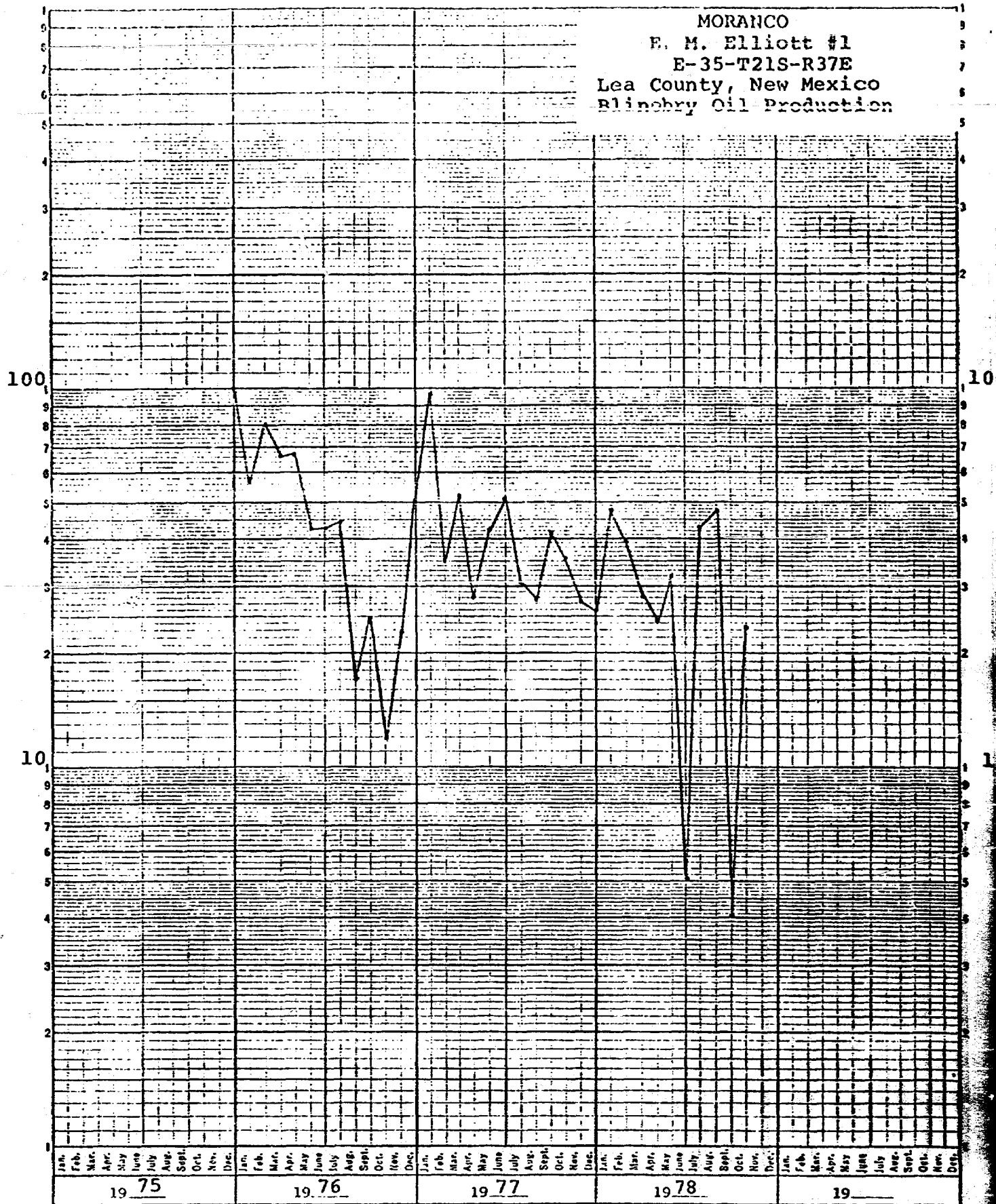
Recommended Allocation: 50% of oil and 80% of gas to the Blinebry, 50% of oil and 20% of gas to the Drinkard.

C-116
Revised 1-1-65

(Title)
February 2, 1979

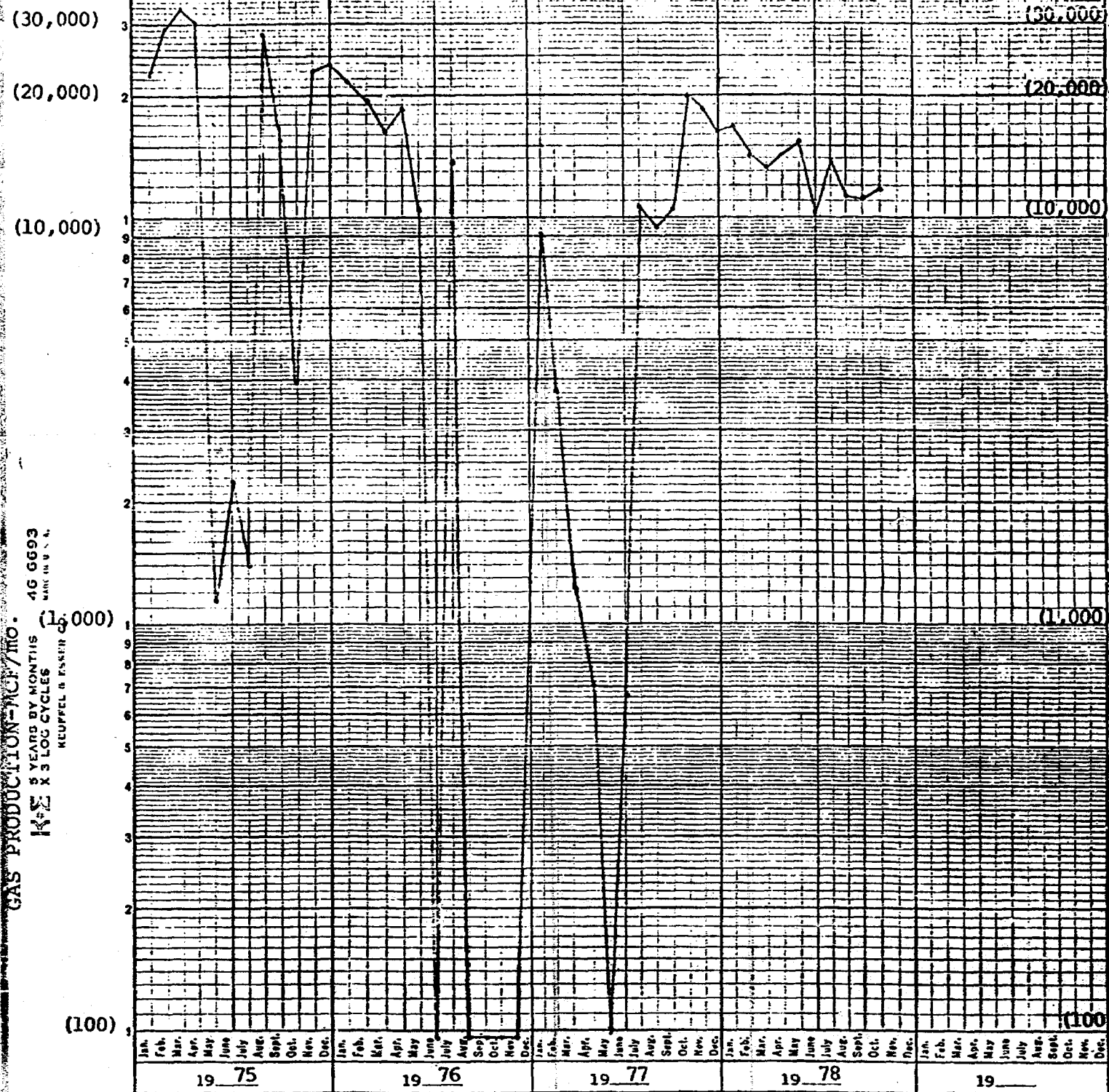
OIL PRODUCTION - BBLs/Mo.

1 1/2" x 3" LOG CYCLES
46 6603
MADE IN U.S.A.
KEUFFEL & ESSER CO.



OIL PRODUCTION

MORANCO
E. M. Elliott #1
F-35-T21S-R37E
Lea County, New Mexico
Blinebry Gas Production



GAS PRODUCTION

OIL PRODUCTION - BBLs/Mo.

K&E 5 YEARS BY MONTHS 46 6693
MADE IN U.S.A.
KEUFFEL & ESSER CO.

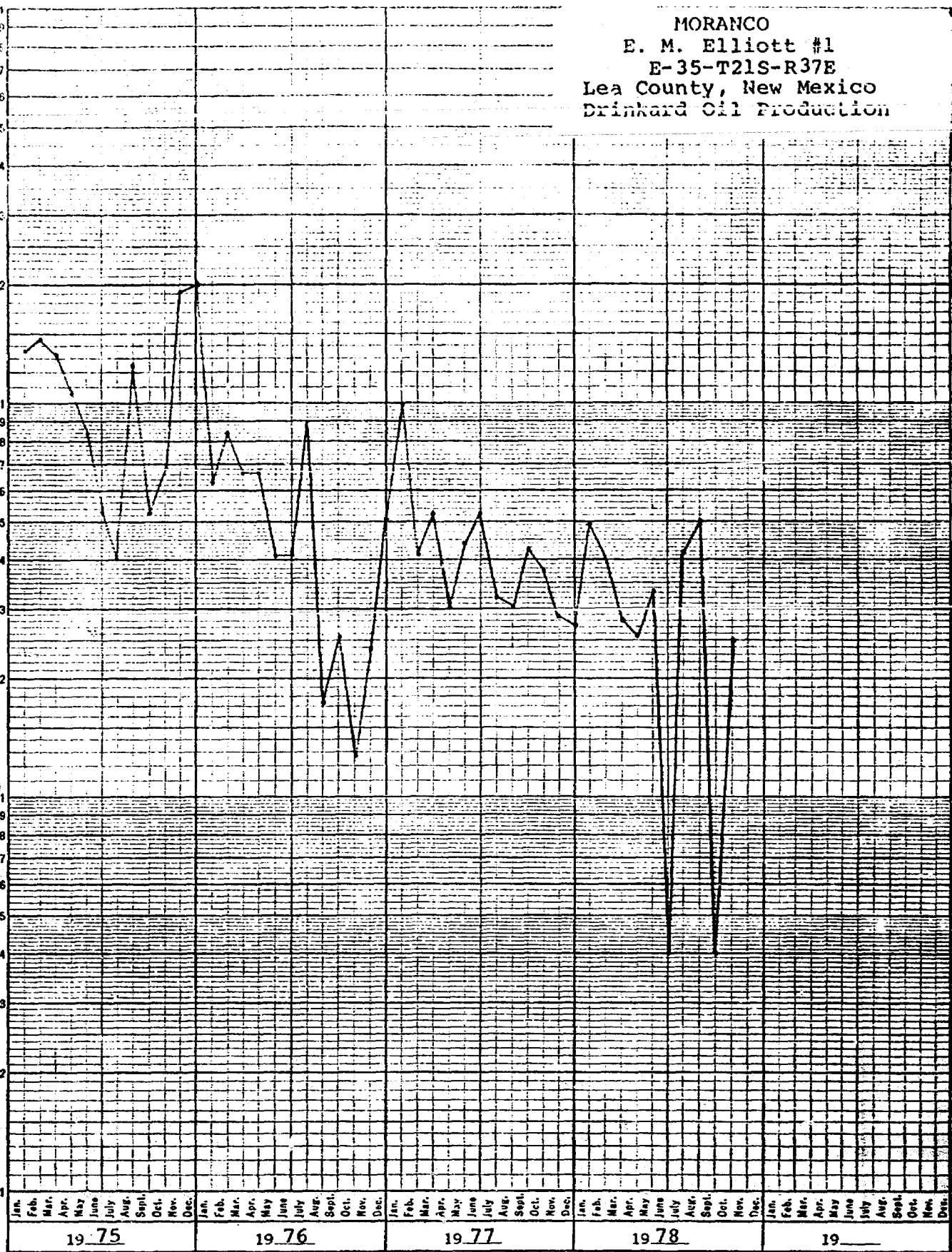
MORANCO
E. M. Elliott #1
E-35-T21S-R37E
Lea County, New Mexico
Drinkard Oil Production

100

10

100

10

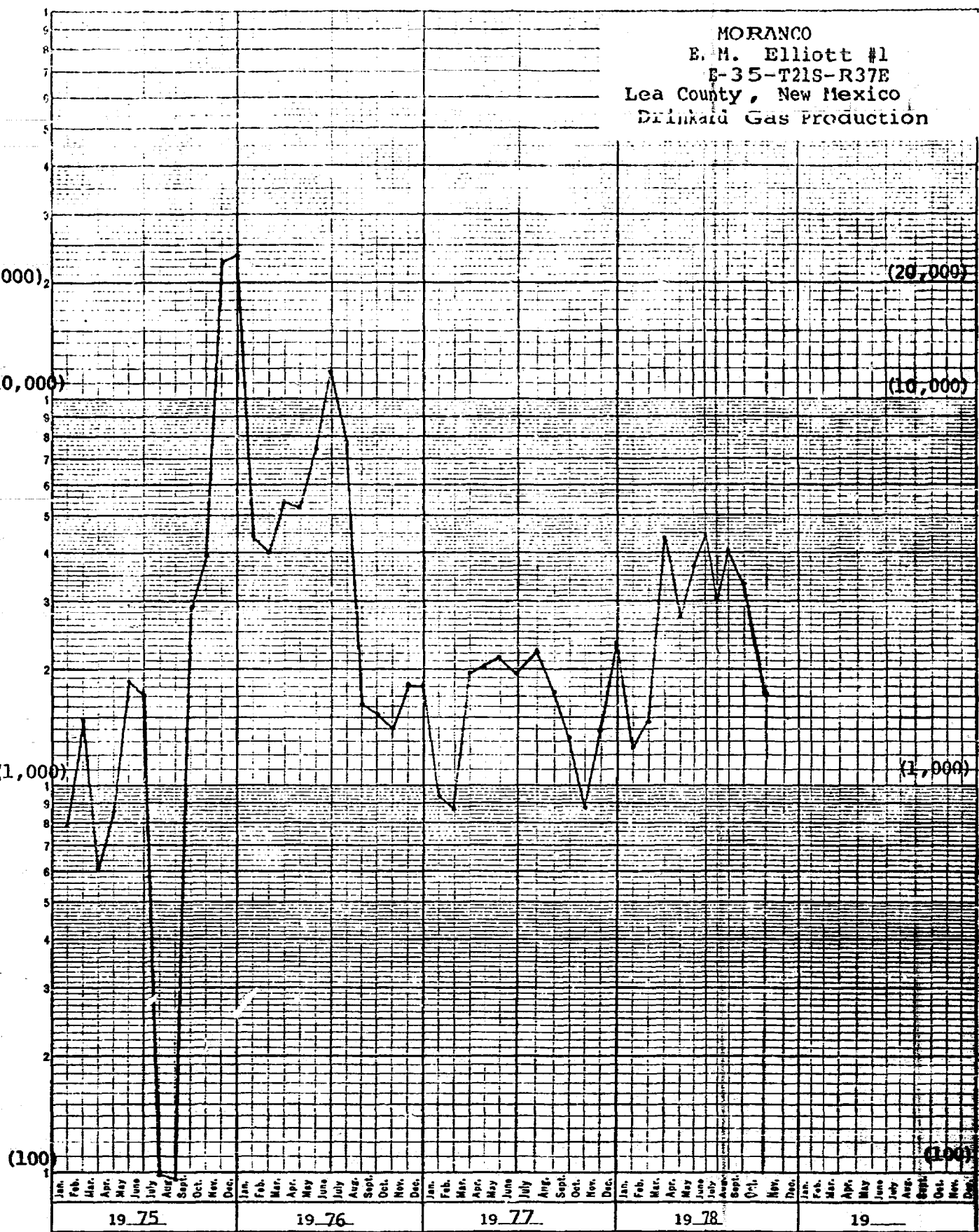


OIL PRODUCTION

MORANCO
E. M. Elliott #1
E-35-T21S-R37E
Lea County, New Mexico
Drinkard Gas Production

GAS PRODUCTION-MCF/MO.

5 YEARS BY MONTHS 46 6683
X 3 LOG CYCLES
KEUFFEL & ESSER CO.



GAS PRODUCTION

TYPE OF REPORT - (X)	
Initial Completion	
Special	X
General Survey	

NEW MEXICO OIL CONSERVATION COMMISSION

Form O-124
Revised 1-1-65

RESERVOIR PRESSURE REPORT

Operator Moranco		Pool Blinebry Gas		County Lea		Date 2-3-79	
Address Box 1860 Hobbs, New Mexico		Producing Formation Blinebry		Oil Gradient gal./ft.		Water Gradient gal./ft.	
				Gas Gravity		Datum Plane (-2325) Midpoint of Gas Tests	

LEASE	WELL NO.	LOCATION				ELEV.	OIL (O) OR GAS (G)	DATE TESTED	SHUT-IN 24 HOURS	SHUT-IN TBG. PRESS.	BOMB TEST DATA			SONIC INSTRUMENT TEST DATA*							PRESS. AT DATUM
		U	S	T	R						TEST DEPTH	S.M. TEMP. °F	OB. SERVED PRESS.	PROD. TEST (BBLG./DAY)		LIQUID LEVEL	LIQUID GRADIENT PSI/FT.	WT. OF LIQUID COL. PSI	WT. OF GAS COL. PSI	CSG. PRESS.	
E.M. Elliott	1	E	35	21	37	3378 KB	G	2-1-79	24	429	5703	100	539							019	539

All depths plus or minus sea level; all pressures psi; Bomb shall be calibrated frequently enough against a dead weight tester to ensure an accuracy of one per cent; gas gravity shall be determined by analysis; liquid level shall be feet above datum plane. SEE RULE 302.

* Well shall be produced at least 24 hours prior to shutting in for sonic test.

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

JARREI SERVICES, INC

[Signature]
(Signature)

Agent

[Signature]
(Title)

February 3, 1979

(Date)

Initial Completion	
Special	X
General Survey	

RESERVOIR PRESSURE REPORT

Revised 10-65

Operator	Moranco	Pool	Drinkard	County	Lea	Date	2-3-79
Address	Box 1860 Hobbs, New Mexico 88240	Producing Formation	Drinkard	Oil Gradient	-	Water Gradient	-
				Gas Gf. H ₂	-	Bottom Pressure (-3063)	Midpoint of Csg Perfs

LEASE	WELL NO.	LOCATION				ELEV.	OIL (O) OR GAS (G)	DATE TESTED	SHUT-IN HOURS	SHUT-IN PRESS.	BOMB TEST DATA			SONIC INSTRUMENT TEST DATA							PRESS. AT DATUM
		U	S	T	R						TEST DEPTH	B.M. TEMP. °F	OB-SERVED PRESS.	PROD. TEST (DLS./DAY)		LIQUID LEVEL	LIQUID GRAD-IENT PSI/F	WT. OF LIQUID COL. PSI	WT. OF GAS COL. PSI	CSG. PRESS.	
E.M. Elliott	1	E	35	21	37	3378	0	2-1-79	24	393	6350	106	582						.031		585

All depths plus or minus sea level; all pressures psi; Bomb shall be calibrated frequently enough against a dead weight tester to ensure an accuracy of one per cent; gas gravity shall be determined by analysis; liquid level shall be feet above datum plane. SEE RULE 302.

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JARREL SERVICES, INC.

[Signature]
(Signature)

Agent

[Signature]
(Title)

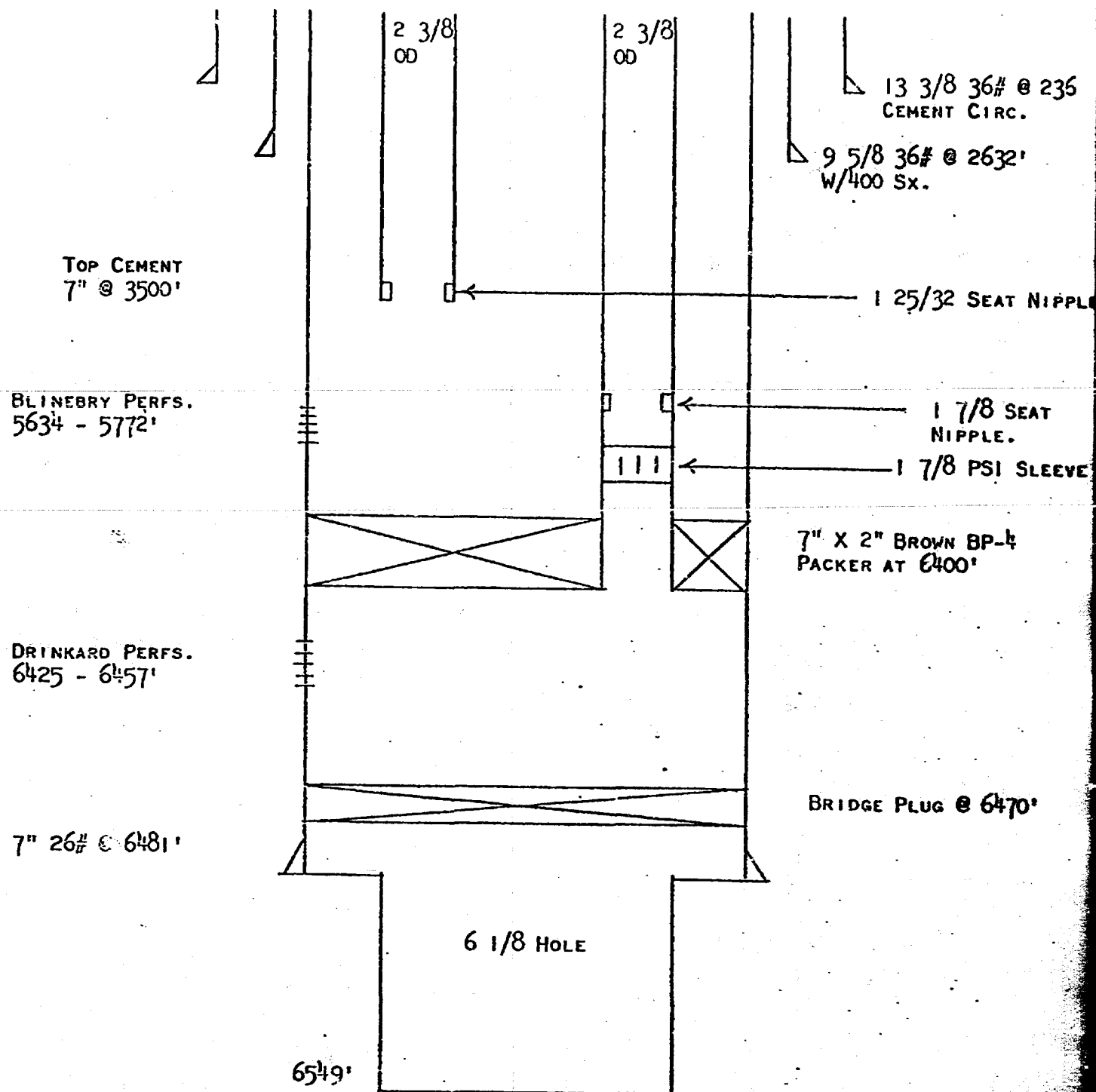
February 3, 1979

(Date)

MORANCO
E. M. Elliott #1

Current Sketch of Downhole Equipment
Dual Completion

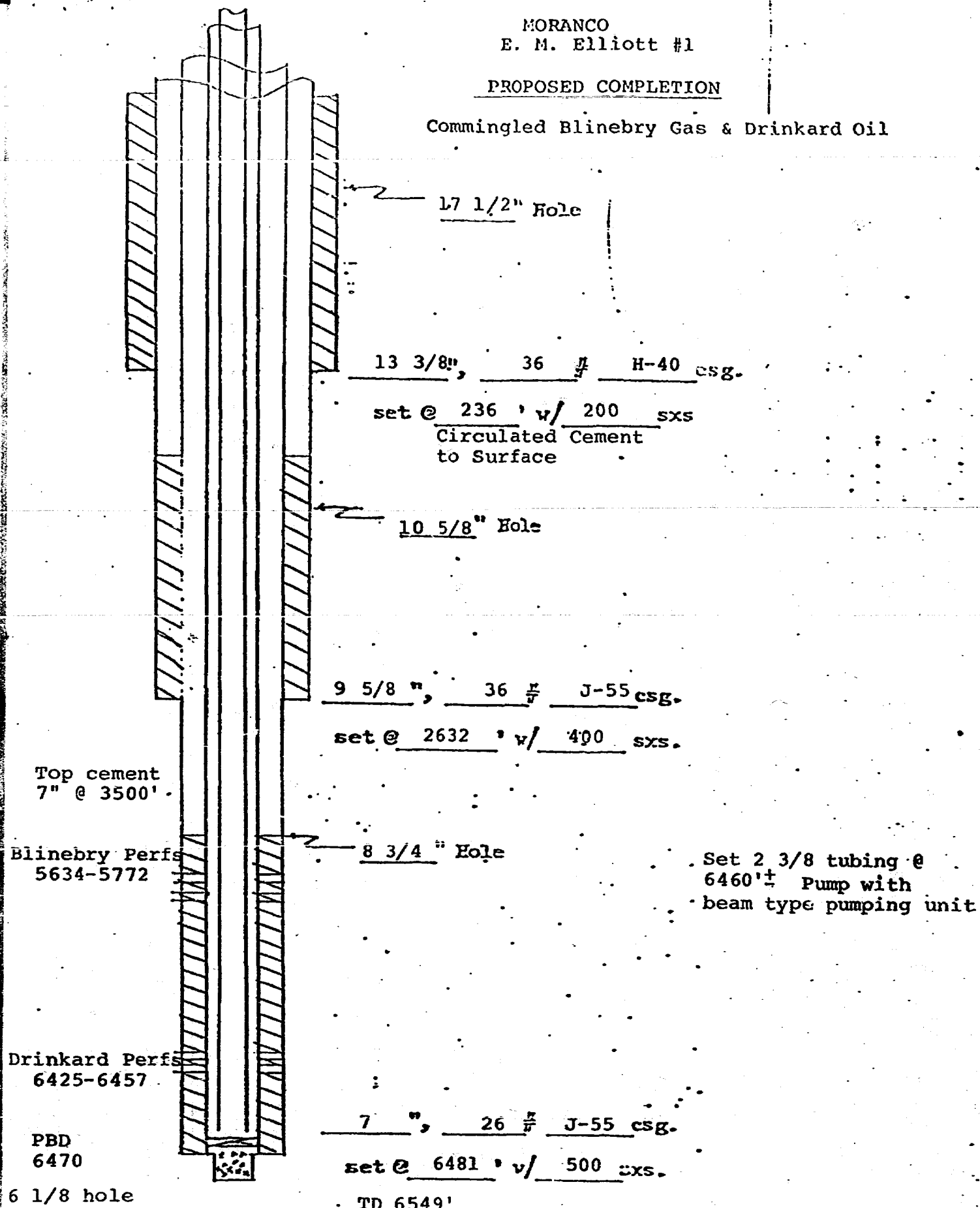
Blinebry Gas - Drinkard Oil

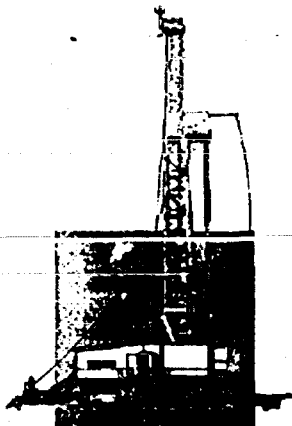


MORANCO
E. M. Elliott #1

PROPOSED COMPLETION

Commingled Blinebry Gas & Drinkard Oil





MORANCO

P. O. BOX 1860 HOBBS, NEW MEXICO 88240 (505) 397-3511 (915) 563-0562

February 1, 1979

N. M. Energy & Mineral Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Application to Downhole Commingle
Production from the Blinebry and
Drinkard formations in the MORANCO,
E. M. Elliott #1, Unit E, Section 35,
T21S, R37E, Lea County, New Mexico

Gentlemen:

MORANCO respectfully requests a hearing in order to obtain approval for the Downhole Commingling of the Blinebry Gas Zone and the Drinkard Oil Zone in their E. M. Elliott #1.

Both zones are currently flowing with marginal production from each. Total daily production is less than thirty (30) BOPD and water production is less than thirty (30) BWPD.

Production from the Blinebry and Drinkard formations have been surface commingled for a number of years with no indication of fluid incompatibility. Since the crudes are currently commingled at the surface before being sold, no difference in value will result by downhole commingling in this wellbore. Ownership is the same in each zone.

Commingled production from this well will be artificially lifted with a beam type pumping unit through 2 3/8" tubing. We recommend that 50% of the oil and 80% of the gas be allocated to the Blinebry formation and 50% of the oil and 20% of the gas be allocated to the Drinkard formation (production curves attached).

Commingling of these two formations will not jeopardize any secondary recovery efforts.



The More Hole Per Dollar People!

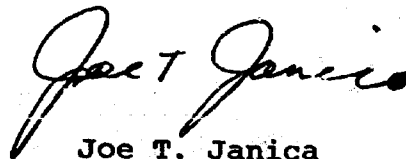
EXhibit 2
Case 64531

Page 2
February 1, 1979

N. M. Energy & Mineral Department
Oil Conservation Division

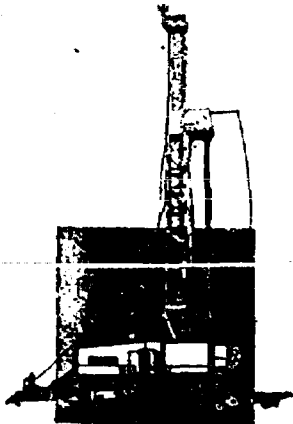
A copy of this letter and attachments is being sent to the
USGS for their notification and information.

Sincerely,

A handwritten signature in cursive script, appearing to read "Joe T. Janica".

Joe T. Janica
Agent

JTJ/eh
Attach.



MORANCO

P. O. BOX 1860 HOBBS, NEW MEXICO 88240 (505) 397-3511 (915) 563-0562

February 1, 1979

Information required for down-hole commingling:
Rule 303-C-2

- A. Operator: MORANCO
P. O. Box 1860
Hobbs, New Mexico 88240
- B. Lease and Location: Elliott #1
Unit E, Section 35, T21S, R37E
Lea County, New Mexico
- C. Completion Pools: Drinkard
Blinebry
Dual completion order #MC-1343
- D. C-116 (attached)
- E. Production graphs (attached)
- F. Bottom hole pressure (attached)



The More Hole Per Dollar People!

MORANCO
E. M. Elliott #1
Unit E, Section 35, T21S, R37E
Lea County, New Mexico

Enclosed you will find the required information on the above well for commingling.

- C-1-a Drinkard zone currently is classified an oil zone.
Blinebry classified a gas zone.
- C-1-b Both zones combined currently produce less oil than the allowable in paragraph "b".
- C-1-c Both zones are currently flowing.
- C-1-d Combined water production is less than combined oil limit in paragraph "b".
- C-1-e Fluids from each zone are compatible and are currently commingled at the surface. We see no reason why they would be incompatible down hole.
- C-1-f Total value of crude will not be reduced by commingling.
- C-1-g Ownership of both zones are the same.
- C-1-h Commingling will not jeopardize the efficiency of secondary recovery.

Recommended Allocation: 50% of oil and 80% of gas to the Blinebry, 50% of oil and 20% of gas to the Drinkard.

Operator MORANCO		Pool Blinebry				County Lea										
Address P. O. Box 1860, Hobbs, New Mexico						TYPE OF TEST - (X) ☒ Scheduled ☐ Completion ☐ Special ☒										
LEASE NAME	WELL NO.	LOCATION				DATE OF TEST	CHOKE SIZE	TGB. PRESS.	DAILY ALLOWABLE	LENGTH OF TEST HOURS	PROD. DURING TEST				GAS - OIL RATIO CU. FT. / BBL.	
		U	S	T	R						WATER BBL.	GRAV. OIL	OIL BBL.	GAS M.C.F.		
E. M. Elliott	1	E	35	21	37	2/2/79	F	1"	75	1	24	0	36	1	435	435,000

No well will be assigned an allowable greater than the amount of oil produced on the official test.

During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Commission.

Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60° F. Specific gravity base will be 0.60.

Report casing pressure in lieu of tubing pressure for any well producing through casing.

Mail original and one copy of this report to the district office of the New Mexico Oil Conservation Commission in accordance with Rule 391 and appropriate pool rules.

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

Joe T. Janica
(Signature)
Joe T. Janica, Agent

(Title)
February 2, 1979

GAS-OIL RATIO TESTS

C-116
Revised 1-1-65

Operator		MORANCO		Pool		Drinkard		County		Lea					
Address		P. O. Box 1860, Hobbs, New Mexico		TYPE OF TEST - (X)		Scheduled ☐		Completion ☐		Special ☒					
LEASE NAME	WELL NO.	LOCATION				DATE OF TEST	CHOKE SIZE	TUB. PRESS.	DAILY ALLOWABLE	LENGTH OF TEST HOURS	PROD. DURING TEST				GAS - RAT. CU. FT.
		U	S	T	R						WATER DOLS.	GRAV. OIL	OIL DOLS.	GAS M.C.F.	
E.M. Elliott	1	E	35	21	37	2/2/79	F 1"	50	2	24	0	34.5	1	100	100,00

No well will be assigned an allowable greater than the amount of oil produced on the official test.

During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Commission.

Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60° F. Specific gravity base will be 0.60.

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Joe T. Janica
(Signature)

Joe T. Janica, Agent

(Title)

February 2, 1979

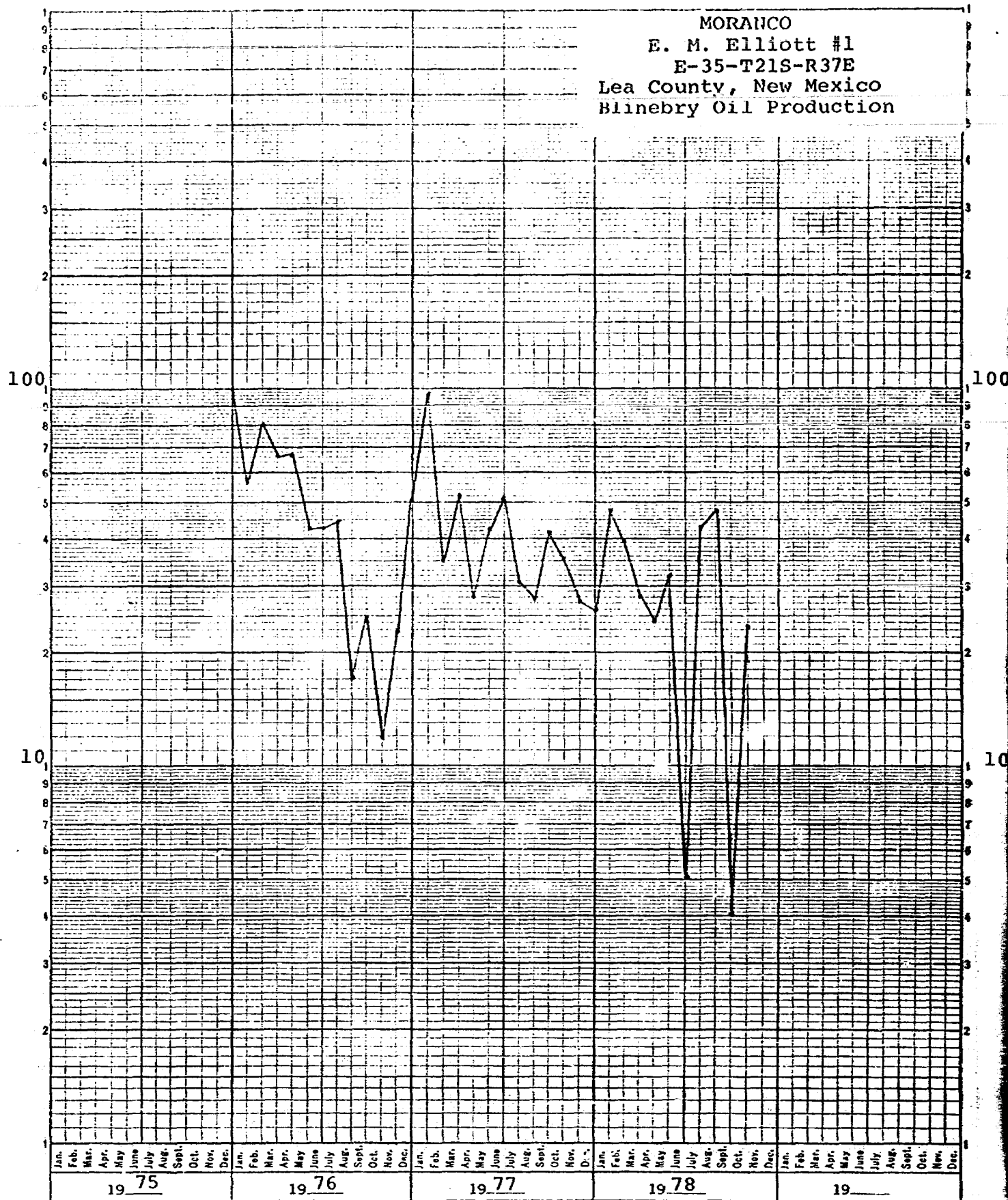
(Date)

BLINEBRY

OIL PRODUCTION - BBLS/MO.

KE 5 YEARS BY MONTHS 46 6693
K&E X 3 LOG CYCLES
MADE IN U.S.A.
KEUFFEL & ESSER CO.

MORANCO
E. M. Elliott #1
E-35-T21S-R37E
Lea County, New Mexico
Blinebry Oil Production



OIL PRODUCTION

BLINEBRY

MORANCO
E. M. Elliott #1
R-35-T21S-R37E
Lea County, New Mexico
Blinebry Gas Production

(30,000)

(20,000)

(10,000)

(30,000)

(20,000)

(10,000)

46 6693
MADE IN U.S.A.

GAS PRODUCTION-MCF/mo.

5 YEARS BY MONTHS
K&E X 3 LOG CYCLES
KEUFFEL & ESSER CO.

(1,000)

(1,000)

(100)

(100)

Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
19 75												19 76												19 77												19 78												19											

GAS PRODUCTION

8

DRINKARD

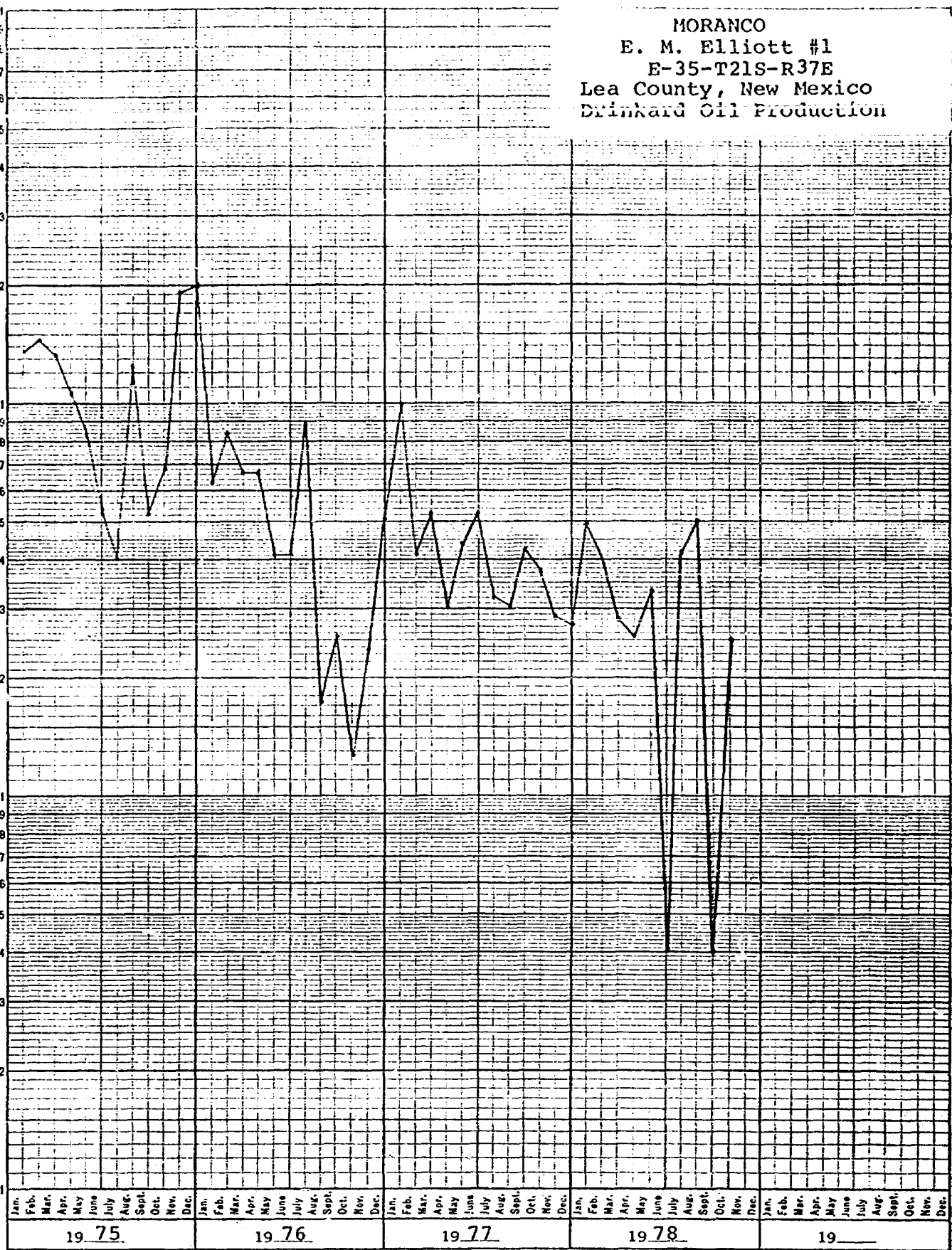
MORANCO
E. M. Elliott #1
E-35-T21S-R37E
Lea County, New Mexico
Drinkard Oil Production

OIL PRODUCTION - BBLS/MO.

KEUFFEL & ESSER CO.
5 YEARS BY MONTHS
46 6693
MADE IN U. S. A.

100

10

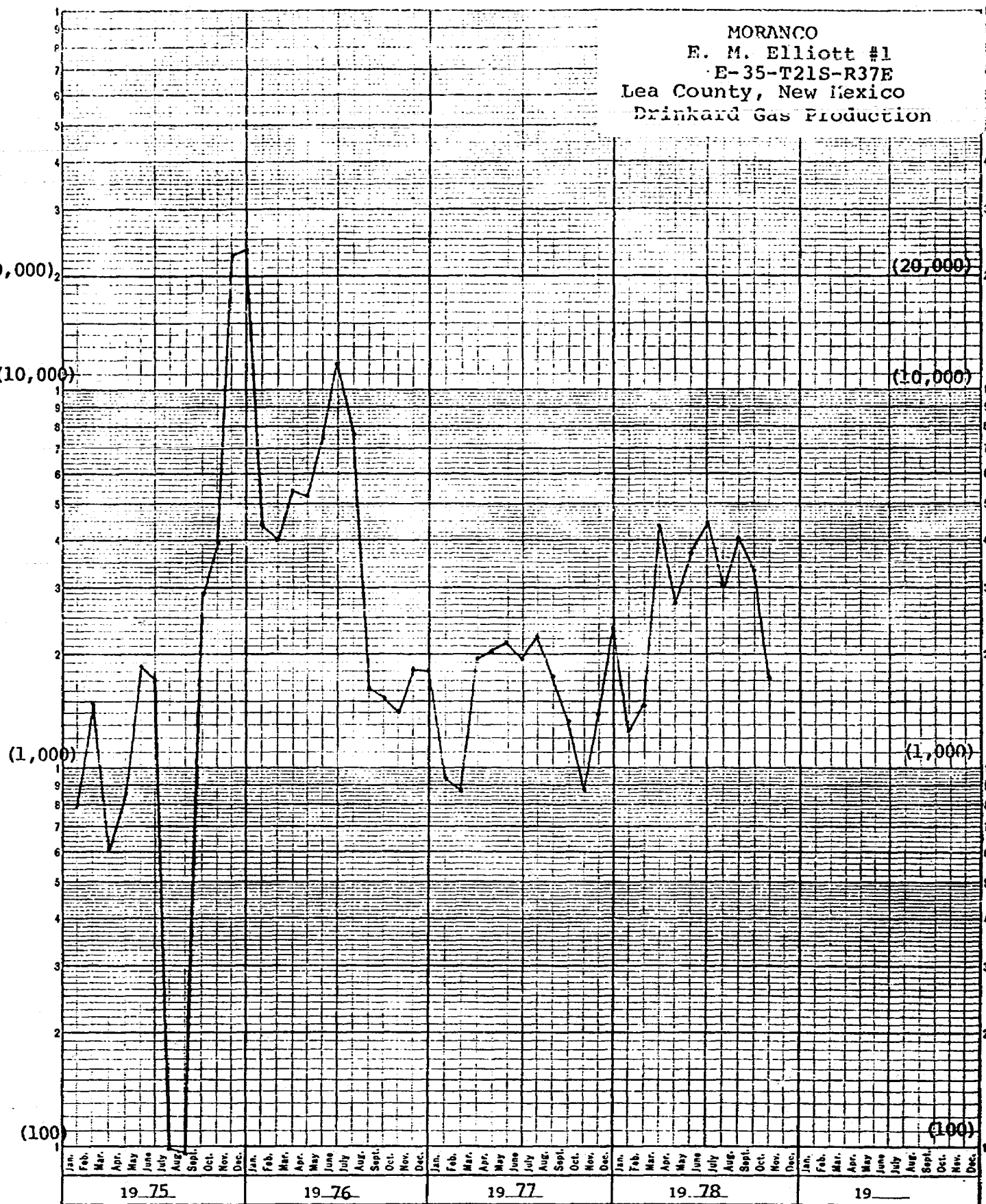


OIL PRODUCTION

MORANCO
E. M. Elliott #1
E-35-T21S-R37E
Lea County, New Mexico
Drinkard Gas Production

GAS PRODUCTION-MCF/MO.

KEUFFEL & ESSER CO.
MADE IN U.S.A.
46 6693
5 YEARS BY MONTHS
X 3 LOG CYCLES



GAS PRODUCTION

TYPE OF REPORT - (X)	
Initial Completion	
Special	X
General Survey	

NEW MEXICO OIL CONSERVATION COMMISSION

Form O-124
Revised 1-1-65

RESERVOIR PRESSURE REPORT

Operator Moranco	Pool Blinebry Gas	County Lea	Date 2-3-79
Address Box 1860 Hobbs, New Mexico	Producing Formation Blinebry	Oil Gradient psi/ft.	Water Gradient psi/ft.
		Gas Gravity	Datum Plane (-2325) Midpoint of Gas Legs

LEASE	WELL NO.	LOCATION					ELEV. (O) OR GAS (G)	DATE TESTED	SHUT-IN 24 HOURS TSG. PRESS.	BOMB TEST DATA			SONIC INSTRUMENT TEST DATA*							PRESS. AT DATUM
		U	S	T	R					TEST DEPTH	S.M. TEMP. °F	OB. SERVED PRESS.	PROD. TEST (BBLs./DAY)		LIQUID LEVEL	LIQUID GRADIENT PSI/FT.	WT. OF LIQUID COL. PSI	WT. OF GAS COL. PSI	CSG. PRESS.	
E.M. Elliott	1	E	35	21	37		3378 KB	2-1-79	24	429	5703	100	539						.019	539

All depths plus or minus sea level; all pressures psi; Bomb shall be calibrated frequently enough against a dead weight tester to ensure an accuracy of one per cent; gas gravity shall be determined by analysis; liquid level shall be feet above datum plane. SEE RULE 302.

* Well shall be produced at least 24 hours prior to shutting in for sonic test.

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

JARREL SERVICES, INC

(Signature)

Agent

(Title)

February 3, 1979

(Date)

Initial Completion	
Special	X
General Survey	

RESERVOIR PRESSURE REPORT

Operator Moranco		Pool Drinkard		County Lea		Date 2-3-79	
Address Box 1860 Hobbs, New Mexico 88240		Producing Formation Drinkard		Oil Gradient - psi/ft.		Water Gradient - psi/ft.	
				Gas Gravity -		Datum Plane (-3063) Midpoint of Csg Perfs	

LEASE	WELL NO.	LOCATION				ELEV.	OIL (O) OR GAS (G)	DATE TESTED	SHUT-IN HOURS	SHUT-IN TBC. PRESS.	BOMB TEST DATA			SONIC INSTRUMENT TEST DATA*								PRESS. AT DATUM
		TEST DEPTH	D.H. TEMP. °F	OB-SERVED PRESS.	PROD. TEST (BBL./DAY)						LIQUID LEVEL	LIQUID GRAD-IENT PSI/FT.	WT. OF LIQUID COL. PSI	WT. OF GAS COL. PSI	CSG. PRESS.							
					OIL											WATER						
E.M. Elliott	1	E	35	21	37	3378 0	2-1-79	24	393	6350	106	582							.031		585	

All depths plus or minus sea level; all pressures psi; Bomb shall be calibrated frequently enough against a dead weight tester to ensure an accuracy of one per cent; gas gravity shall be determined by analysis; liquid level shall be feet above datum plane. SEE RULE 302.

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JARREL SERVICES, INC.

(Signature)

Agent

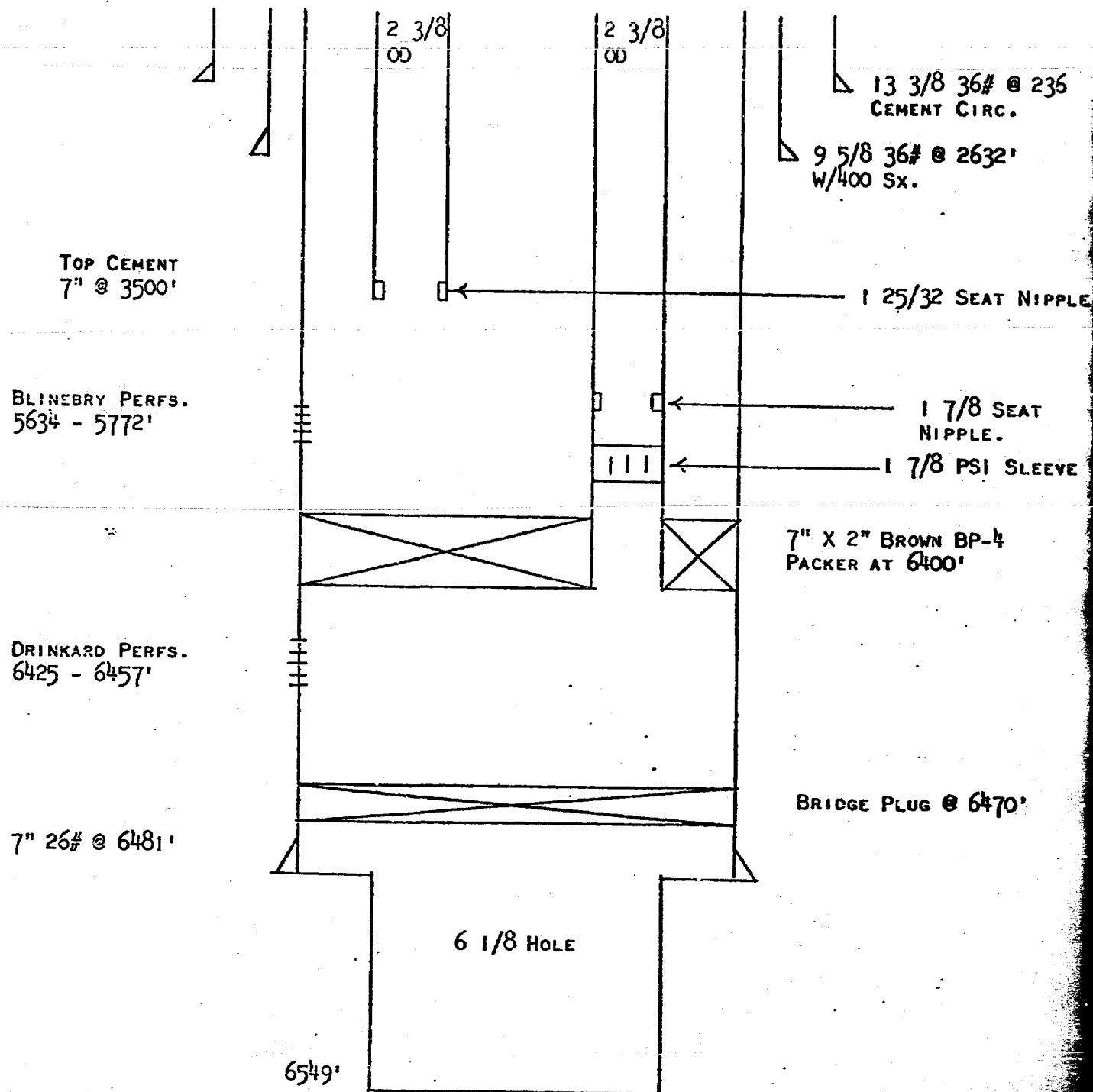
(Title)

February 3, 1979

(Date)

Current Sketch of Downhole Equipment
Dual Completion

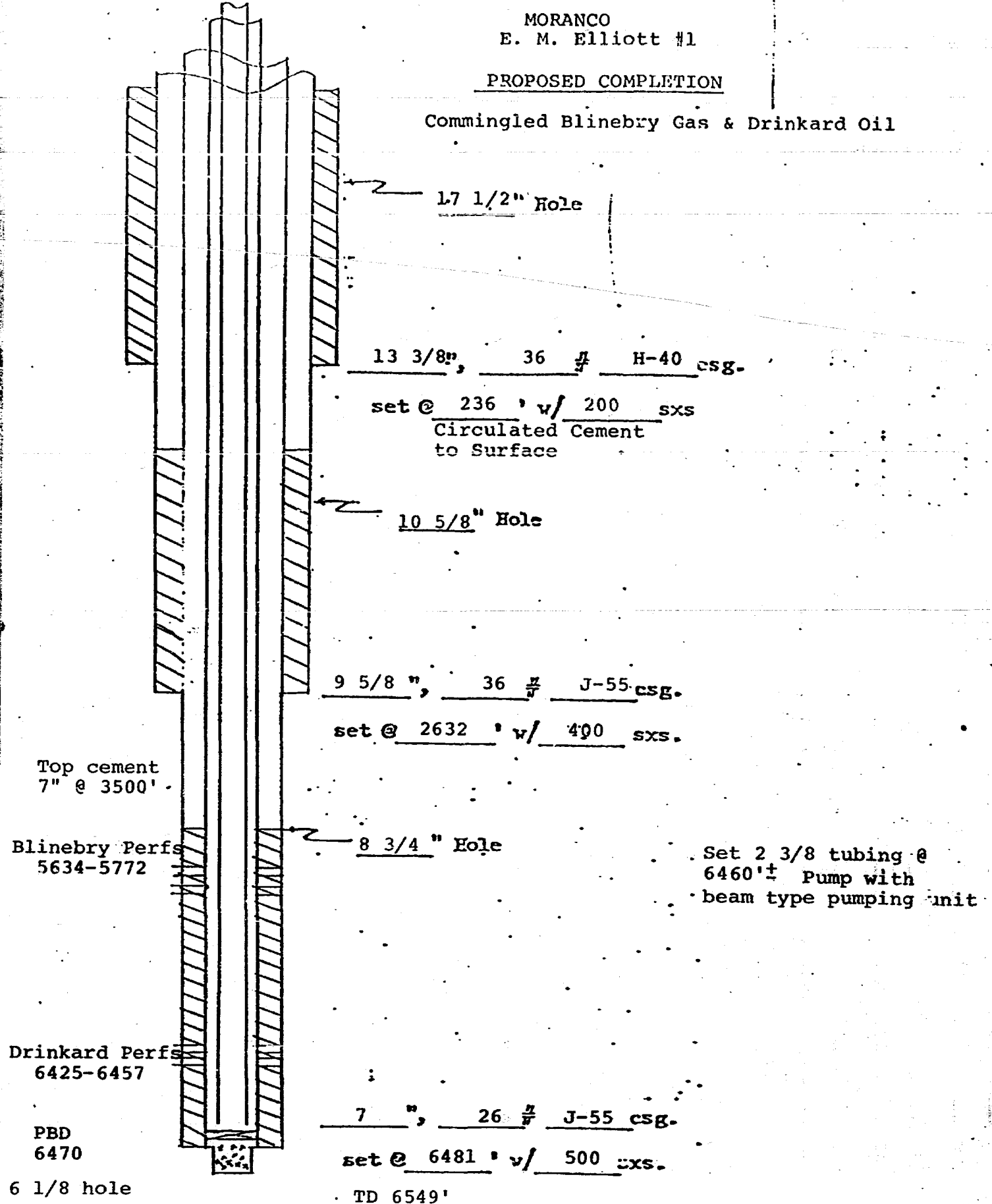
Blinebry Gas - Drinkard Oil



MORANCO
E. M. Elliott #1

PROPOSED COMPLETION

Commingle Blinebry Gas & Drinkard Oil



Dockets Nos. 7-79 and 8-79 are tentatively set for hearing on February 28 and March 14, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 14, 1979

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 March, 1979, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
- (2) Consideration of the allowable production of gas for March, 1979, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
- (3) Consideration of purchaser's nominations for the one year period beginning April 1, 1979, for both of the above areas.

CASE 6445: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Consolidated Minerals Development Corporation, American Surety Company, and all other interested parties to appear and show cause why the Sarah "S" Well No. 1 located in Unit J of Section 26, Township 31 North, Range 23 East, Colfax County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6446: Application of Flag-Redfern Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation through the perforated interval from 4,969 feet to 4,984 feet in its Santa Fe Well No. 2 located in Unit D of Section 35, Township 10 South, Range 36 East, Dickinson-San Andres Pool, Lea County, New Mexico.

CASE 6447: Application of Atlantic Richfield Company for approval of infill drilling and an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of its J. R. Phillips "B" Well No. 6 to be located at an unorthodox location 990 feet from the North line and 1650 feet from the West line of Section 31, Township 19 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, is necessary to effectively and efficiently drain that portion of the previously approved 160-acre non-standard proration unit which cannot be so drained by the existing unit well.

CASE 6448: Application of Sam H. Snoddy for amendment of Order No. R-5521, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5521 to change the 160-acre non-standard proration unit to a 320-acre non-standard proration unit comprising the SW/4 of Section 25 and the NW/4 of Section 36, both in Township 20 South, Range 32 East, South Salt Lake Field, Lea County, New Mexico.

CASE 6449: Application of The Superior Oil Company for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Strawn and Morrow production in the wellbore of its Ryan Com. Well No. 1 located in Unit D of Section 5, Township 23 South, Range 27 East, South Carlsbad Field, Eddy County, New Mexico.

CASE 6450: Application of Sun Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for its East Millman Pool Unit Area comprising 920 acres, more or less, of Federal and state lands in Township 19 South, Range 28 East, Eddy County, New Mexico.

CASE 6451: Application of Burleson & Huff for approval of infill drilling and an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of its Coll A Well No. 2 to be located at an unorthodox location 1980 feet from the North line and 330 feet from the East line of Section 29, Township 25 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico, is necessary to effectively and efficiently drain that portion of the previously approved 160-acre non-standard proration unit which cannot be so drained by the existing unit well.

CASE 6452: Application of Burleson & Huff for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the recompletion of its Harrison Well No. 2 located in Unit N or, in the alternative, the drilling of its Harrison Well No. 4 to be located in Unit L, both in Section 25, Township 24 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, is necessary to effectively and efficiently drain that portion of the previously approved 160-acre non-standard proration unit which cannot be so drained by the existing unit well.

CASE 6453: Application of Moranco for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinberry and Drinkard production in the wellbore of its EM Elliott Well No. 1 located in Unit E of Section 35, Township 21 South, Range 37 East, Lea County, New Mexico.

OIL CONSERVATION COMMISSION

HOBBS, NEW MEXICO 88240

November 23, 1971

FEB 10 1972

E. F. Moran, Inc.
Box 1919
Hobbs, New Mexico

Gentlemen:

Effective January 1, 1972, your E. M. Elliott No. 1 located in Unit E of Section 35, T-21-S, R-37-E, is reclassified as a gas well in the Blinebry Pool. This reclassification is necessitated by the fact that the well is producing at a ratio in excess of that allowed for a Blinebry oil well.

The well is to be shut in on January 1, and will remain shut in until you have complied with the provisions of Commission Order No. R-1670 pertaining to the Blinebry Gas Pool.

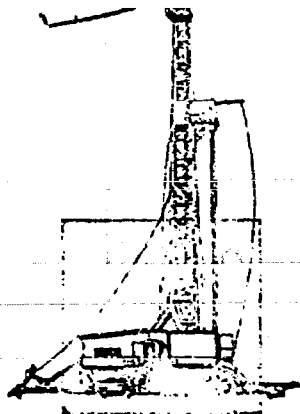
Yours very truly,

OIL CONSERVATION COMMISSION

Joe D. Ramey
Supervisor, District 1

JDR/mc

C
O
P
Y



MORAN OIL PRODUCING & DRILLING CORPORATION
P. O. BOX 1919 HOBBS, NEW MEXICO 88240 (505) 393-7176 (915) 563-0562

February 14, 1972

Mr. A. L. Porter, Jr.
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Subject:
Application for Administration
Approval of 40 Acre Non-Standard
Gas Proration Unit, Blinebry Gas
Pool, E. F. Moran, Inc. - Elliott
No. 1, Unit E, Section 35, T21S,
R37E, Lea County, New Mexico

Dear Sir:

Application is made herewith for Administration Approval of a 40 acre non-standard gas proration unit in the Blinebry Gas Pool for the E. F. Moran, Inc. - Elliott #1, located Unit E, 35-21-37, Lea County, New Mexico. This application is being made as a result of the recent reclassification by the New Mexico Oil Conservation Commission of the subject well from a Blinebry oil well to a Blinebry gas well.

Inasmuch as the Elliott #1 has been reclassified as a Blinebry gas well by the Commission, the Blinebry zone has been shut in. We request cancellation of the Blinebry Oil Pool acreage and 40 acres Unit E 35-21-37 acreage dedication to the E. F. Moran, Inc. - Elliott #1 in the Blinebry Gas Pool as indicated on the attached Form C-102.

As required in Order #R-1670, copies of this application with attachments are being furnished all operators owning interests within 1500 feet of the Elliott #1. Waivers to this application are being requested of these offset operators.

Mr. A. L. Porter, Jr.

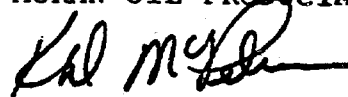
February 14, 1972

Page 2

Please advise if you desire additional information regarding this application.

Yours very truly,

MORAN OIL PRODUCING & DRILLING CORP.



K. D. McPeters

KDMC/d
Attach.

cc: Elliott, Inc.
Gulf Oil Company-U.S.
Continental Oil Company
Marathon Oil Company
Humble Oil & Refining Company
N.M.O.C.C. - Hobbs

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-101
Supersedes C-128
Effective 1-1-72

All distances must be from the outer boundaries of the Section.

Owner E. F. Moran, Inc.			Lease E. M. Elliott		Well No. 1
Unit Letter E	Section 35	Township 21	Range 37	County Lea	

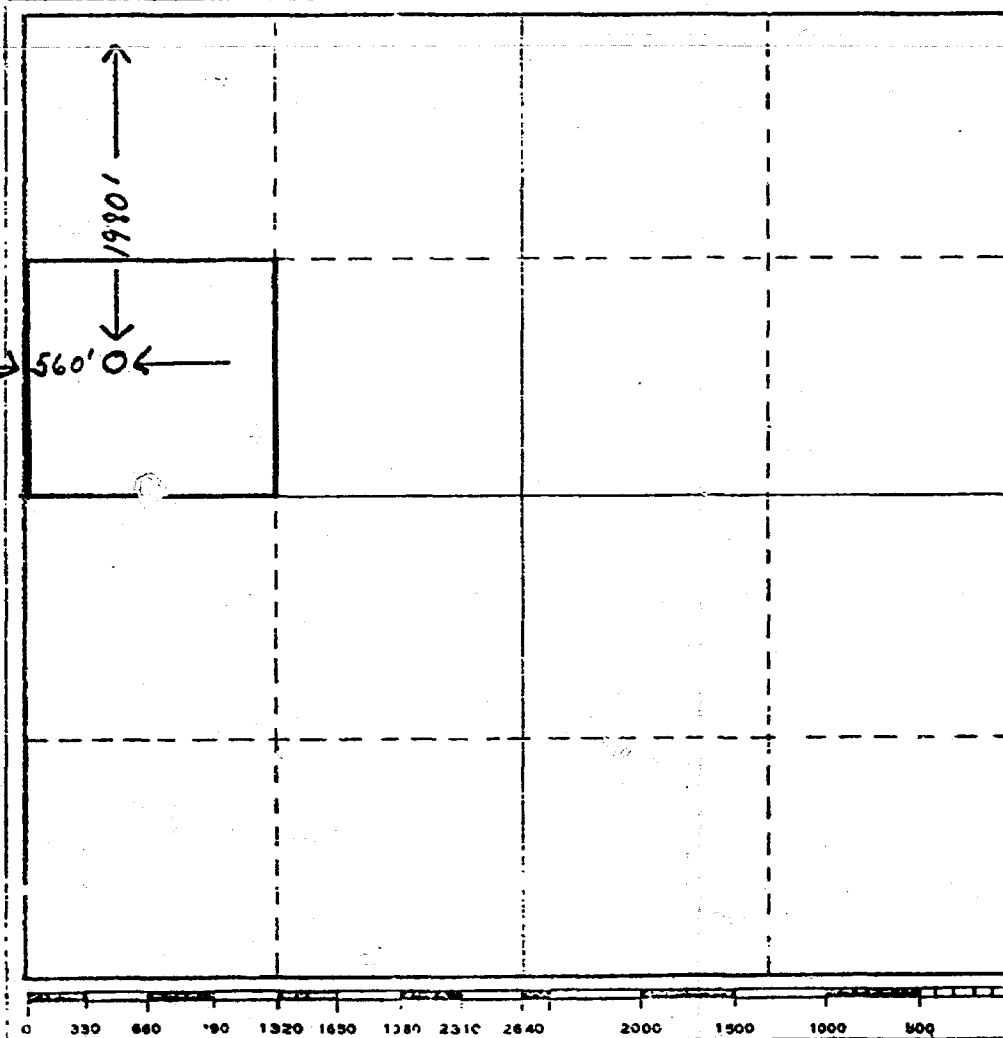
Actual Footage Location of Well: 1970 feet from the North line and 560 feet from the West line					
Ground Level Elev. 3368	Producing Formation Blinebry	Pool Blinebry Gas Pool	Dedicated Acreage: 40 Acres		

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

K. D. McPeters

Name
K. D. McPeters

Position
Engineer

Company
E. F. Moran, Inc.

Date
2-14-72

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

Registered Professional Engineer and/or Land Surveyor

Certificate No.

BOX 1980

HOBBS, NEW MEXICO

NOTICE OF GAS CONNECTION

DATE April 3, 1972

This is to notify the Oil Conservation Commission that connection for

the purchase of gas from the Moran Oil Prod. & Drlg. Corp., E. M. Elliott

Operator

Lease

#1 E

35-21-37

Blinebry

Well Unit

S. T. R.

Pool

El Paso Natural Gas Co.

Name of Purchaser

was made on April 3, 1972El Paso Natural Gas Company

Purchaser

Travis R. Elliott

Representative

Travis R. Elliott

Gas Production Status Analyst

Title

TRE:gb

cc: To operator

Oil Conservation Commission - Santa Fe

Oil Conservation Commission - Artesia (2)

Proration Department

H. P. Logan

T. J. Crutchfield

File

NO. COPIES RECEIVED	
DISTRIBUTION	
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FILE	
U.S.G.S.	
LAND OFFICE	
TRANSPORTER	OIL
	GAS
OPERATOR	
PRODUCTION OFFICE	

NEW MEXICO OIL CONSERVATION COMMISSION
REQUEST FOR ALLOWABLE
AND
AUTHORIZATION TO TRANSPORT OIL AND NATURAL GAS

Form C-104
Supersedes Old C-104 and C-110
Effective 1-1-65

Operator E. F. Moran, Inc.	
Address P. O. Box 1919, Hobbs, New Mexico 88240	
Reason(s) for filing (Check proper box)	Other (Please explain)
New Well ☐	Change in Transporter of:
Recompletion ☐	Oil ☐ Dry Gas ☒
Change in Ownership ☐	Casinghead Gas ☐ Condensate ☐

If change of ownership give name and address of previous owner

II. DESCRIPTION OF WELL AND LEASE

Lease Name E. M. Elliott	Lease No.	Well No. 1	Pool Name, including Formation Blinebry	Kind of Lease State, Federal or Free Federal
Location				
Unit Letter E	560	Feet From The West	Line and 1980	Feet From The North
Line of Section 35	Township 21S	Range 37E	, NMPL, Lea County	

III. DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS

Name of Authorized Transporter of Oil ☒ or Condensate ☐	Address (Give address to which approved copy of this form is to be sent)
Texas New Mexico	Midland, Texas
Name of Authorized Transporter of Casinghead Gas ☐ or Dry Gas ☒	Address (Give address to which approved copy of this form is to be sent)
El Paso Natural Gas Co.	El Paso, Texas
If well produces oil or liquids, give location of tanks.	Unit Sec. Twp. Rge. Is gas actually connected? When Should connect by
	E 35 21 37 No March 1, 1972

If this production is commingled with that from any other lease or pool, give commingling order number:

IV. COMPLETION DATA

Designate Type of Completion - (X)	Oil Well	Gas Well	New Well	Workover	Deepen	Plug Back	Same Res'v.	Diff. Res'v.
Date Spudded	Date Compl. Ready to Prod.		Total Depth		P.B.T.D.			
Elevations (DF, RKB, RT, GR, etc.)	Name of Producing Formation		Top Oil/Gas Pay		Tubing Depth			
Perforations					Depth Casing Shoe			

TUBING, CASING, AND CEMENTING RECORD

HOLE SIZE	CASING & TUBING SIZE	DEPTH SET	SACKS CEMENT

V. TEST DATA AND REQUEST FOR ALLOWABLE OIL WELL

(Test must be after recovery of total volume of load oil and must be equal to or exceed top allowable for this depth or be for full 24 hours)

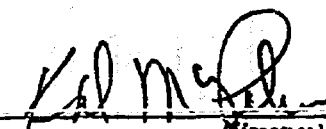
Date First New Oil Run To Tanks	Date of Test	Producing Method (Flow, pump, gas lift, etc.)	
Length of Test	Tubing Pressure	Casing Pressure	Choke Size
Actual Prod. During Test	Oil-Bbls.	Water-Bbls.	Gas-MCF

GAS WELL

Actual Prod. Test-MCF/D	Length of Test	Bbls. Condensate/MMCF	Gravity of Condensate
Testing Method (pitot, back pr.)	Tubing Pressure	Casing Pressure	Choke Size

VI. CERTIFICATE OF COMPLIANCE

I hereby certify that the rules and regulations of the Oil Conservation Commission have been complied with and that the information given above is true and complete to the best of my knowledge and belief.


 Agent _____
 February 14, 1972
 (Date)

OIL CONSERVATION COMMISSION

APR 24 1972
 APPROVED _____, 19____
 BY **Orig. Signed by**
Joe D. Ramey
 TITLE **Dist. I. Supr.**

This form is to be filed in compliance with RULE 1104.

If this is a request for allowable for a newly drilled or deepened well, this form must be accompanied by a tabulation of the deviation tests taken on the well in accordance with RULE 111.

All sections of this form must be filled out completely for allowable on new and recompleted wells.

Fill out only Sections I, II, III, and VI for changes of owner, well name or number, or transporter or other such change of condition.

Separate Forms C-104 must be filed for each pool in multiply completed wells.

DISTRIBUTION	
SANTA FE	
FILE	
U.S.G.S.	
LAND OFFICE	
TRANSPORTER	OIL
	GAS
OPERATOR	
PRORATION OFFICE	

NEW MEXICO OIL CONSERVATION COMMISSION
REQUEST FOR ALLOWABLE
AND
AUTHORIZATION TO TRANSPORT OIL AND NATURAL GAS

Form C-104
Supersedes Old C-104 and C-111
Effective 1-1-65

I. OPERATOR

Operator **MORANCO**

Address **P. O. Box 1860, Hobbs, New Mexico 88240**

Reason(s) for filing (check proper box) ☐ New Well ☐ Change in Transporter of: Oil ☐ Dry Gas ☐ Recompletion ☐ name ☐ Change in Ownership ☐ Casinghead Gas ☐ Condensate ☐ Other (Please explain) **Change of name of operator**

If change of ownership give name and address of previous owner **Previous operator name E. F. Moran, Inc., Box 1919, Hobbs, N**

II. DESCRIPTION OF WELL AND LEASE

Lessee Name E. M. Elliott	Well No. 1	Pool Name, including Formation Drinkard	Kind of Lease State, Federal or Fee Fed	Lease No.
Location Unit Letter E : 560 Feet From The W Line and 1980 Feet From The N				
Line of Section 35 Township 21 Range 37 , NMPM, Lea County				

III. DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS

Name of Authorized Transporter of Oil ☒ or Condensate ☐ Texas New Mexico	Address (Give address to which approved copy of this form is to be sent) 3415 S. 1st St. Hobbs, N.M. 88240			
Name of Authorized Transporter of Casinghead Gas ☒ or Dry Gas ☐ Skelly	Address (Give address to which approved copy of this form is to be sent) SKELLY OIL COMPANY MERGED INTO GELLY OIL COMPANY			
If well produces oil or liquids, give location of tanks.	Unit E	Sec. 35	Tw. 21	Rge. 37
	Yes			

If this production is commingled with that from any other lease or pool, give commingling order number:

IV. COMPLETION DATA

Designate Type of Completion - (X)	Oil Well	Gas Well	New Well	Workover	Deepen	Plug Back	Same Res'v.	Diff. Res'v.
Date Spudded	Date Compl. Ready to Prod.		Total Depth		P.B.T.D.			
Elevations (DF, RKB, RT, GR, etc.)	Name of Producing Formation		Top Oil/Gas Pay		Tubing Depth			
Perforations					Depth Casing Shoe			
TUBING, CASING, AND CEMENTING RECORD								
HOLE SIZE	CASING & TUBING SIZE		DEPTH SET		SACKS CEMENT			

V. TEST DATA AND REQUEST FOR ALLOWABLE OIL WELL

(Test must be after recovery of total volume of load oil and must be equal to or exceed top allowable for this depth or be for full 24 hours)

Date First New Oil Run To Tanks	Date of Test	Producing Method (Flow, pump, gas lift, etc.)	
Length of Test	Tubing Pressure	Casing Pressure	Choke Size
Actual Prod. During Test	Oil - Bbls.	Water - Bbls.	Gas - MCF

GAS WELL

Actual Prod. Test - MCF/D	Length of Test	Bbls. Condensate/MMCF	Gravity of Condensate
Testing Method (pilot, back pr.)	Tubing Pressure (Shut-In)	Casing Pressure (Shut-In)	Choke Size

VI. CERTIFICATE OF COMPLIANCE

I hereby certify that the rules and regulations of the Oil Conservation Commission have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

K. McPherson
(Signature)

Agent

(Title)

March 13, 1973

(Date)

OIL CONSERVATION COMMISSION

APPROVED **MAR 23 1973**, 19

BY **Joe D. Ramsey**
TITLE **Director**

This form is to be filed in compliance with RULE 1104.

If this is a request for allowable for a newly drilled or deepened well, this form must be accompanied by a tabulation of the deviation tests taken on the well in accordance with RULE 111.

All sections of this form must be filled out completely for allowable on new and recompleted wells.

Fill out only Sections I, II, III, and VI for changes of owner, well name or number, or transporter, or other such change of condition.

Separate Forms C-104 must be filed for each pool in multiply completed wells.

KELLAHIN and KELLAHIN

ATTORNEYS AT LAW

800 DON GASPAR AVENUE

P. O. BOX 1769

SANTA FE, NEW MEXICO 87501

TELEPHONE 982-4288

AREA CODE 505

JASON W. KELLAHIN
W. THOMAS KELLAHIN
KAREN AUBREY

January 22, 1979

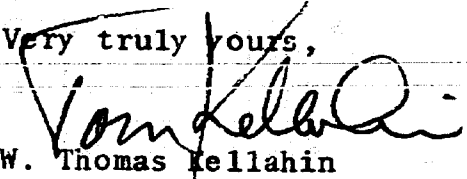
Mr. Joe Ramey
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Elliott #1 Downhole Commingling

Dear Joe:

Please set the enclosed application for hearing on
February 14, 1979.

Very truly yours,


W. Thomas Kellahin

cc: Mr. Ken McPeters

WTK:kfm

Enclosure

BEFORE THE
NEW MEXICO OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF MORANCO FOR DOWNHOLE COMMINGLING,
LEA COUNTY, NEW MEXICO

NOV 22 1979

Case 6453

A P P L I C A T I O N

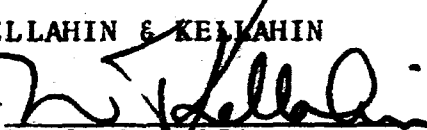
Comes now MORANCO by and through its attorneys and applies to the Oil Conservation Division of New Mexico for approval to downhole commingle production and states:

1. Applicant is the operator of its EM Elliott #1 well located in Unit E, Section 35, T21S, R37E, NMPM, Lea County, New Mexico.
2. Applicant seeks permission to downhole commingle production from the Drinkard and Blinbry formations in the wellbore of this well.
3. That production from both zones is economically marginal.
4. That approval of this application will conform to the requirements of New Mexico Oil Conservation Division Rules 303(c), will result in the production of hydrocarbons that would not otherwise be produced, will prevent waste, and will not cause any damage to either formation. The correlative rights including those of offset operators will not be impaired.

WHEREFORE Applicant prays that this application be set for hearing before the Commission's duly appointed examiner, and that after notice and hearing as provided by law, the Commission enter its order approving commingling as prayed for.

Respectfully submitted,

KELLAHIN & KELLAHIN

By 

P. O. Box 1769

Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

BEFORE THE

NEW MEXICO OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF MORANCO FOR DOWNHOLE COMMINGLING,
LEA COUNTY, NEW MEXICO

JAN 22 1979

CONSERVATION
Santa Fe

A P P L I C A T I O N

Case 6453

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1. Applicant is the operator of its EM Elliott #1 well located in Unit E, Section 35, T21S, R37E, NMPM, Lea County, New Mexico.

2. Applicant seeks permission to downhole commingle production from the Drinkard and Blinbry formations in the wellbore of this well.

3. That production from both zones is economically marginal.

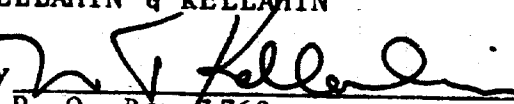
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Respectfully submitted,

KELLAHIN & KELLAHIN

By


P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

BEFORE THE
NEW MEXICO OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF MORANCO FOR DOWNHOLE COMMINGLING,
LEA COUNTY, NEW MEXICO

JAN 22 1979

CONSERVATION DIVISION
SANTA FE

A P P L I C A T I O N

Case 6453

Comes now MORANCO by and through its attorneys and applies to the Oil Conservation Division of New Mexico for approval to downhole commingle production and states:

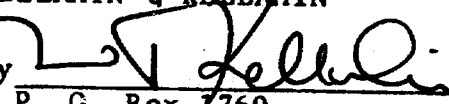
1. Applicant is the operator of its EM Elliott #1 well located in Unit E, Section 35, T21S, R37E, NMPM, Lea County, New Mexico.
2. Applicant seeks permission to downhole commingle production from the Drinkard and Blinbry formations in the wellbore of this well.
3. That production from both zones is economically marginal.
4. That approval of this application will conform to the requirements of New Mexico Oil Conservation Division Rules 303(c), will result in the production of hydrocarbons that would not otherwise be produced, will prevent waste, and will not cause any damage to either formation. The correlative rights including those of offset operators will not be impaired.

WHEREFORE Applicant prays that this application be set for hearing before the Commission's duly appointed examiner, and that after notice and hearing as provided by law, the Commission enter its order approving commingling as prayed for.

Respectfully submitted,

KELLAHIN & KELLAHIN

By


P. G. Box 1769

Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 6453

Order No. R-5936

APPLICATION OF MORANCO

FOR DOWNHOLE COMMINGLING, LEA

COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 14
1979, at Santa Fe, New Mexico, before Examiner Daniel S.
Nutter.

NOW, on this _____ day of February, 19 79, 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, Moranco, is
the owner and operator of the EM Elliott Well No. 1,
located in Unit E of Section 35, Township 21 South,
Range 37 East, NMPM, Lea County, New Mexico.

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

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

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

(6) That the proposed commingling ^{will make possible the artificial lifting of production from both pools, and} 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 Hobbs 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, 50 percent of the commingled oil production, should be allocated to the Blinebry zone, and 50 percent of the commingled oil production to the Drinkard zone. ^{and 80 percent of the gas production} ^{and 20 percent of the gas 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 Hobbs district office of the Division and determine an allocation formula for each of the production zones.~~

(10) That Division Order MC-1343, which authorized the dual completion of the subject well, should be rescinded.

IT IS THEREFORE ORDERED:

(1) That the applicant, Moranco, is hereby authorized to commingle Blinebry and Drinkard production within the wellbore of the EM Elliott Well No. 1, located in Unit E of Section 35, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

(2) That the applicant shall consult with the Supervisor of the Hobbs 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 50 percent of the commingled oil and 80 percent of the gas production production shall be allocated to the Blinebry zone and 50 percent of the commingled oil and 20 percent of the gas production production shall be allocated to the ~~Maxxon~~ Drinkard zone.

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

(4) That Division Order MC-1343 is hereby rescinded.