

CASE 6463: ORVILLE SLAUGHTER FOR POOL
AND LEASE COMMINGLING. SAN JUAN COUNTY.
NEW MEXICO

CASE NO.

6463

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

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

EXAMINER HEARING

IN THE MATTER OF:)
)

Application of Orville Slaughter) CASE
for pool and lease commingling,) 6463
San Juan County, New Mexico.)
)

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Lynn Teschendorf, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87503

For the Applicant: Orville Slaughter, pro se

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3090 Plaza Blanca (S.E.) 471-2462
Santa Fe, New Mexico 87501

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1 MR. STAMETS: We'll call next Case 6463.

2 MS. TESCHENDORF: Case 6463. Application of
3 Orville Slaughter for pool and lease commingling, San Juan
4 County, New Mexico.

5 MR. STAMETS: Call for appearances in this
6 case.

7 Would you identify yourself, sir, for the
8 record?

9 MR. SLAUGHTER: Yes. I'm Orville Slaughter,
10 operator of the two leases in question, the Sangre de Cristo
11 No. 1 and the Sangre de Cristo No. 2, located in Aztec,
12 New Mexico.

13 MR. STAMETS: Okay, Mr. Slaughter, would
14 you please stand and be sworn, sir?

15 (Witness sworn.)

16 MR. STAMETS: You may proceed, Mr. Slaughter.

17 MR. SLAUGHTER: Well, as you know, I'm
18 Orville Slaughter. I'm the operator of these two leases
19 in question, and I'm applying for commingling of two gas
20 zones. One is the Farmington sands at approximately 800
21 feet and the other is the Fruitland sand.

22 The Farmington sand is located in what we
23 call Well No. 1 and the Fruitland sand is located in what
24 we call Well NO. 2, which are in my exhibits Number One and
25 Number Two. Would you like to see those?

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (905) 471-9483
Santa Fe, New Mexico 87501

1 MR. STAMETS: Yes, sir, if you would hand
2 those to us. Have those been stamped?

3 MR. SLAUGHTER: No, I did not.

4 MR. STAMETS: Okay, you have just the two
5 exhibits?

6 MR. SLAUGHTER: Well, actually there's three.
7 You have the entire pack there.

8 MR. STAMETS: Okay.

9 MR. SLAUGHTER: I'll speak from three ex-
10 hibits. That's the locations of the wells.

11 MR. STAMETS: Okay.

12 MR. SLAUGHTER: Now, as you know, the main
13 reason that I'm applying for commingling of the two leases,
14 of the two wells, is because they are marginal gas production.

15 As the Exhibit Number One shows, El Paso has
16 a royalty of 7-1/2 percent of the gas of the main well,
17 which produces less than 500,000 cubic feet a month, and
18 the Well No. 1 is actually casing gas, and that was on stream
19 or went through the meter house, that was the first unit on.

20 Then I drilled the Well No. 2, Sangre de
21 Cristo No. 2, that does the 500,000 cubic feet a month, and
22 of course, the reason for this is the price increase, the
23 deregulation of the gas, and by commingling these two zones,
24 it will represent some 22,000 cubic feet of additional gas,
25 which will come from the casing gas in Well No. 1.

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SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3000 Plaza Blanca (505) 471-4492
Santa Fe, New Mexico 87501

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Also in my exhibit I have a letter from El Paso, dated February 16th, 1979, and in that letter El Paso indicates that they would have no objection to me commingling those two gas zones, provided that they did not have to set an additional meter house. That -- I pursued that, a second meter house, which would have negated this hearing, but they informed me that the price of the meter house, even though it's a package deal to them, runs them about \$5000 to clear the ground and set the house and set the meter runs and get everything going, so they didn't feel that the additional 22,000 cubic feet of gas, you know, even though for a second meter house that it would justify it for them to do it.

And of course I agreed it wouldn't justify it for me to put out the \$5000 for the second meter house, so it looks like the best solution would be to get permission to commingle the two zones.

And just for the record, I have as Exhibit Number Three the royalty owners on that lease. I do not have letters from each of them stating that they'd have no objection to it, but knowing the people myself, I'm sure that they depend on me as the operator to do whatever is the, is in the best economics on the lease.

Are there any questions?

MR. STAMETS: Yes, sir, Mr. Slaughter.

Let's go back to Exhibit Number One now.

1 You have outlined the Farmington proration
2 unit in blue, is that correct?

3 MR. SLAUGHTER: Yes, that's right.

4 MR. STAMETS: And that's the 80 acres being
5 the west half of the northwest quarter?

6 MR. SLAUGHTER: That's right.

7 MR. STAMETS: And this is an oil well?

8 MR. SLAUGHTER: That's right. That production
9 is classified as an oil producer, right.

10 MR. STAMETS: Okay, and what's currently
11 being done with the casinghead gas?

12 MR. SLAUGHTER: It's just being vented.
13 It's got a little pressure regulator on it and when it gets
14 up to about 35 pounds, why, it just pops off and it's being
15 vented to the air.

16 MR. STAMETS: Okay.

17 MR. SLAUGHTER: Now, you realize that at one
18 time that was sold to El Paso, that gas. I had a contract
19 on that casinghead gas and that went down through the
20 existing meter house and it was sold, so it has been in pro-
21 duction, that casinghead gas, and then when the second well
22 was drilled, having greater production, that's the one with
23 the 500,000 cubic feet, and only one meter house, naturally
24 the casinghead gas was cut off and the No. 2 Well is now
25 the producer.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (955) 471-2463
Santa Fe, New Mexico 87501

1 MR. STAMETS: Okay. And the proration unit
2 for the No. 2 Well is the entire northwest quarter?

3 MR. SLAUGHTER: That's right.

4 MR. STAMETS: Now, are there differences in
5 the ownership of the 80 acres and the 160 acres?

6 MR. SLAUGHTER: No. El Paso dedicated that
7 additional 80 acres in red. In other words, I held the
8 original 80 acres and when we put in the gas line and we
9 had the dedication of the additional 80 acres, making a
10 total of 160 acres.

11 MR. STAMETS: Okay, I want to make sure that
12 you understood my question.

13 When you divide the proceeds from production
14 from the Farmington well is that the same division that
15 you use for the proceeds from production from the Fruitland
16 well?

17 MR. SLAUGHTER: Yes, it is.

18 MR. STAMETS: Okay.

19 MR. SLAUGHTER: And that's why I have Exhibit
20 Number Three there.

21 MR. STAMETS: Okay.

22 MR. SLAUGHTER: Those are the same folks in
23 both cases.

24 MR. STAMETS: Now how do you propose to
25 allocate the commingled production?

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
100 Plaza Blanca (505) 471-4401
Santa Fe, New Mexico 87501

1 MR. SLAUGHTER: That's a good question. From
2 what I can understand from the deregulation regulations that
3 the two gases will simply go together and apparently if the
4 Commission approves the escalation of the gas prices, they'll
5 just become as one price, if I understand your question.

6 MR. STAMETS: Okay, let me see if I can
7 clarify this for you.

8 When we have a hearing such as this, we
9 usually -- we do one of two things. We set forth a formula
10 for the allocation of production, and usually this is based
11 on an exhibit which shows the historical production from
12 the two zones.

13 Failing that we put in the order that it will
14 be determined by conference with the District Supervisor.

15 Which of those two would you propose to do
16 in this case?

17 MR. SLAUGHTER: Well, probably with the
18 District Supervisor because you did notice a paragraph in
19 El Paso's letter where they did refer to the allocation of
20 gas produced from each well in order that El Paso might
21 properly account for the different price vintage. So I
22 think if we send it back to the Area Supervisor it would
23 be --

24 MR. STAMETS: How long has the No. 2 Well
25 been produced?

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (806) 471-2493
Santa Fe, New Mexico 87501

1 A About eighteen months.

2 Q So I think it would be safe to assume that
3 when you commingle the wells you'd allocate all of the
4 difference to the -- to the new well?

5 A Yes, that's correct.

6 Q Or the old well, whichever way you look at
7 it.

8 A Yes, sir.

9 MR. STAMETS: Okay, are there any questions
10 of the witness? He may be excused.

11 Anything further in this case?

12 The case will be taken under advisement.

13 (Hearing concluded.)
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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.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
1928 Plaza Blanca (808) 471-2403
Santa Fe, New Mexico 87501

Sally W. Boyd
Sally W. Boyd C.S.R.

I do hereby certify that the foregoing is a complete and true transcript of the proceedings in the hearing held on the hearing of Case No. 6463 heard by me on 2-28 1979.
Richard L. Thomas, Examiner
Oil Conservation Division

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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
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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: Orville Slaughter, pro se

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2928 Plaza Blanca (SOS) 471-2482
Santa Fe, New Mexico 87501

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SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza, Bismarck (205) 471-4482
Bismarck 70, New Mexico 87601

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3 MR. SLAUGHTER: No, I did not.

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SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza, El Paso (915) 471-2452
South Pa., New Mexico 87501

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25 Let's go back to Exhibit Number One now.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (595) 471-2462
Santa Fe, New Mexico 87501

1 You have outlined the Farmington proration
2 unit in blue, is that correct?

3 MR. SLAUGHTER: Yes, that's right.

4 MR. STAMETS: And that's the 80 acres being
5 the west half of the northwest quarter?

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SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3028 Plaza Alhambra (205) 471-4482
Santa Fe, New Mexico 87501

1 MR. STAMETS: Okay. And the proration unit
2 for the No. 2 Well is the entire northwest quarter?

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23 both cases.

24 MR. STAMETS: Now how do you propose to
25 allocate the commingled production?

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3088 Plaza Elmore (008) 471-3482
Santa Fe, New Mexico 87501

1 MR. SLAUGHTER: That's a good question. From
2 what I can understand from the deregulation regulations that
3 the two gases will simply go together and apparently if the
4 Commission approves the escalation of the gas prices, they'll
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19 El Paso's letter where they did refer to the allocation of
20 gas produced from each well in order that El Paso might
21 properly account for the different price vintage. So I
22 think if we send it back to the Area Supervisor it would
23 be --

24 MR. STAMETS: How long has the No. 2 Well
25 been produced?

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

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A About eighteen months.

Q So I think it would be safe to assume that when you commingle the wells you'd allocate all of the difference to the -- to the new well?

A Yes, that's correct.

Q Or the old well, whichever way you look at it.

A Yes, sir.

MR. STAMETS: Okay, are there any questions of the witness? He may be excused.

Anything further in this case?

The case will be taken under advisement.

(Hearing concluded.)

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CERTIFIED SHORTHAND REPORTER
3080 Plaza Blanca (905) 411-5482
Santa Fe, New Mexico 87501

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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.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3000 Plaza Blanca (666) 471-2462
Santa Fe, New Mexico 87501

Sally W. Boyd C.S.R.

I do hereby certify that the foregoing is a complete and correct transcript of the proceedings in the above captioned case of case no. 6463 heard by me on 2-28 1977
Richard L. Lamm Examiner
Oil Conservation Division

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. 6463
Order No. R-5947

APPLICATION OF ORVILLE SLAUGHTER
FOR POOL AND LEASE COMMINGLING,
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 28, 1979, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 16th day of March, 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, Orville Slaughter, seeks authority to commingle Oswell-Farmington Pool production from his Sangre de Cristo Well No. 1 with undesignated Fruitland production from his Sangre de Cristo Well No. 2, both located in Unit D of Section 34, Township 30 North, Range 11 West, San Juan County, New Mexico.

(3) That from the Oswell-Farmington zone, said Well No. 1 is capable of very low marginal production only.

(4) That from the Fruitland zone, said Well No. 2 is capable of low marginal production only.

(5) That the proposed commingling should result in the recovery of additional hydrocarbons from the subject pools, thereby preventing waste, and will not violate correlative rights.

-2-

Case No. 6463
Order No. R-5947

(6) That the ownership under both wells is common.

(7) That in order to allocate the commingled production to each of the commingled pools, applicant should consult with the supervisor of the Aztec district office of the Division and determine an allocation formula or periodic productivity test procedure for each of said wells.

IT IS THEREFORE ORDERED:

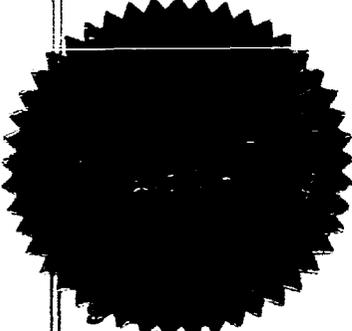
(1) That the applicant, Orville Slaughter, is hereby authorized to commingle Oswell-Farmington Pool Production from his Sangre de Cristo Well No. 1 and Undesignated Fruitland production from his Sangre de Cristo Well No. 2, both located in Unit D of Section 34, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico.

(2) That the applicant shall consult with the Supervisor of the Aztec district office of the Division and determine an allocation formula or periodic productivity test procedure to be used in allocating production to each of the subject wells.

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

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



Joe D. Ramey
JOE D. RAMEY,
Director

dr/

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-3-65

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

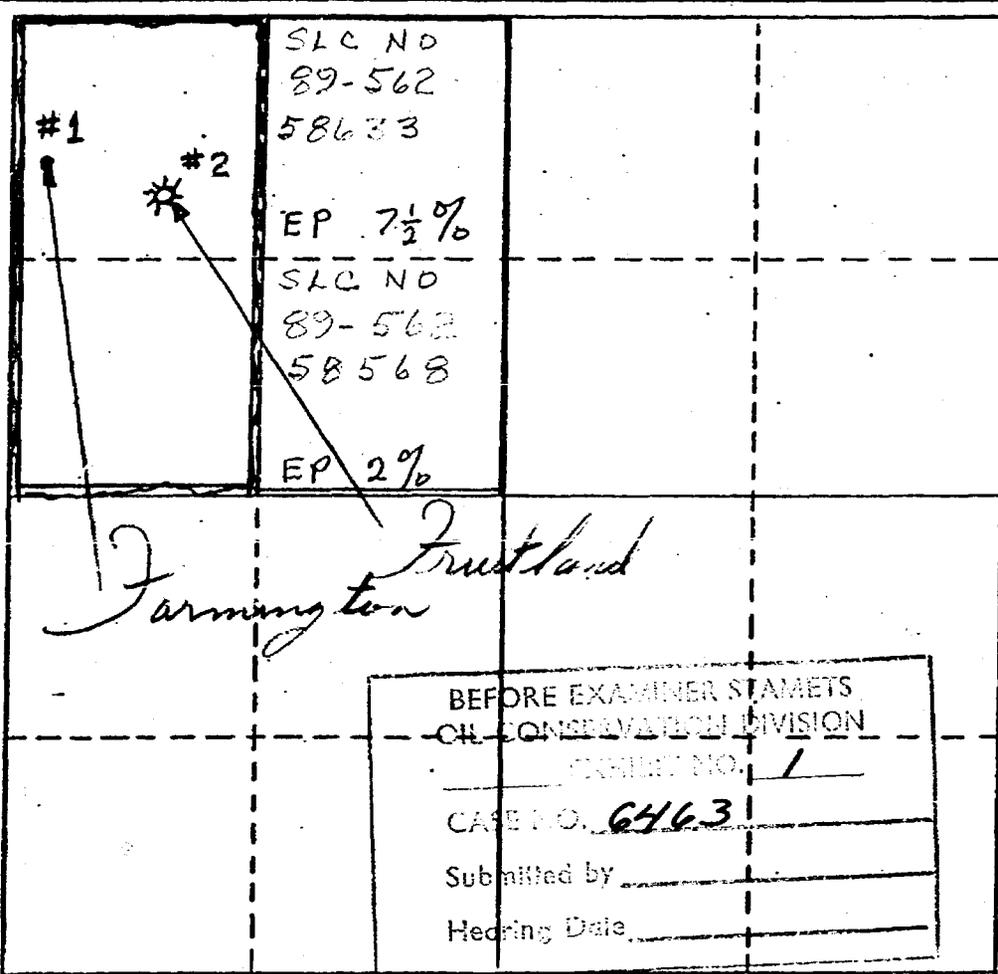
Operator ORVILLE SLAUGHTER		Lease SANGRE DE CRISTO		Well No. 1 & 2
Unit Letter E	Section 34	Township 30N	Range 11W	County SAN JUAN
Actual Footage Location of Well: #1 1055 feet from the NORTH line and 165 feet from the WEST line #2 165 feet from the NORTH line and 800 feet from the WEST line				
Ground Level Elev.	Producing Formations #1 FARMINGTON #2 FRUITLAND		Pool	Dedicated Acreage 160A 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.



BEFORE EXAMINER STATES
OIL CONSERVATION DIVISION
FILE NO. 1
CASE NO. 64631
Submitted by _____
Hearing Date _____

CERTIFICATION

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

Orville Slaughter
Name

Operator
Position

Company

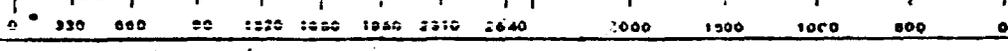
Date
27 FEB 1979

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.



February 16, 1979

Mr. Orville Slaughter
2626 Adams Street
Denver, Colorado 80205

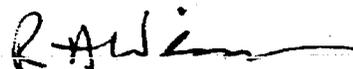
Re: Sangre De Cristo
No. 1 & 2 Wells
NW/4 Section 34-30N-11W
San Juan County, New Mexico

Dear Sir:

Pursuant to your letter of February 8, 1979, this is to advise that El Paso has no objection to the commingling of Farmington and Fruitland formation gas produced from the captioned wells with the understanding that El Paso will not be required to install any additional facilities to accept delivery of such commingled gas.

As previously stated, you will be required to advise El Paso of the allocation of the gas produced from each well in order that El Paso may properly account for the different price vintage gas under each Gas Purchase Agreement.

Very truly yours,



R. A. Wilson
Administrator, Gas Purchases

RAW:dl

BEFORE EXAMINER STAMETS OIL CONSERVATION DIVISION EXHIBIT NO. <u>2</u> CASE NO. <u>6463</u> Submitted by _____ Hearing Date _____
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DOCKET: COMMISSION HEARING - FRIDAY - FEBRUARY 23, 1979

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

CASE 6461: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Mayor Eddie Armenta, the Village of Jemez Springs, and all other interested parties to appear and show cause why the Jemez Well No. 1 located in Unit A of Section 26, Township 18 North, Range 2 East, Sandoval County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 28, 1979

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

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

CASE 6422: (Continued from January 31, 1979, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Helton Engineering & Geological Services, Inc., Travelers Indemnity Company, and all other interested parties to appear and show cause why the Brent Well No. 1 located in Unit M of Section 29 and the Brent Well No. 3 located in Unit G of Section 19, both in Township 13 North, Range 6 East, Sandoval County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6434: (Continued from January 31, 1979, Examiner Hearing)

Application of Amerada Hess Corporation for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of its State "O" Well No. 5 to be located in Unit H of Section 30, Township 19 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well, and further seeks approval of a waiver of existing well-spacing requirements.

CASE 6435: (Continued from February 14, 1979, Examiner Hearing)

Application of Amerada Hess Corporation for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of its W. A. Weir "B" Well No. 3 located in Unit B of Section 26, Township 19 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well, and further seeks approval of a waiver of existing well-spacing requirements.

CASE 6436: (Continued from January 31, 1979, Examiner Hearing)

Application of Amerada Hess Corporation for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of its State "U" Gas Com Well No. 2 to be located in Unit C of Section 32, Township 19 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well, and further seeks approval of a waiver of existing well-spacing requirements.

CASE 6462: Application of McClellan Oil Corporation for an unorthodox well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Marlise State Well No. 3 to be located 1155 feet from the North line and 1485 feet from the West line of Section 24, Township 14 South, Range 29 East, Double "L" Queen Associated Pool, Chaves County, New Mexico, the NE/4 NW/4 of said Section 24 to be dedicated to the well.

CASE 6463: Application of Orville Slaughter for pool and lease commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Oswell-Farmington Pool production from his Sangre de Cristo Well No. 1 with undesignated Fruitland production from his Sangre de Cristo Well No. 2, both located in Unit D of Section 34, Township 30 North, Range 11 West, San Juan County, New Mexico.

1-29-79

Application of Orville Slaughter
for pool ^{and lease} commingling. Applicant
in the above styled cause seeks
authority to commingle gas production and
liquid production, at the surface, - from the
Oswell - Farmington Oil Pool
from applicant's Sangre de Cristo
Well No 1 in Unit D of Section 34-T30N
-R11W and from ~~the~~ an undesignated
Fruitland Gas Pool from applicant's
Sangre de Cristo Well No. 2 in Unit D
of said Section 34, San Juan
County, New Mexico.

Orville Slaughter
Operator

2626 Adams St
Denver, Co. 80205

303-320-6694

ROUGH

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. 6463

Order No. R-5947

APPLICATION OF ORVILLE SLAUGHTER
FOR POOL AND LEASE COMMINGLING,
SAN JUAN COUNTY, NEW MEXICO.



ORDER OF THE DIVISION

BY THE DIVISION:

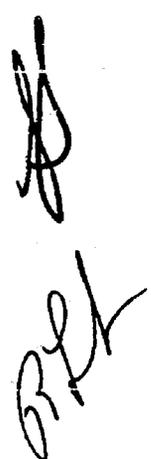
This cause came on for hearing at 9 a.m. on February 28
19 79, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this _____ day of March, 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, Orville Slaughter, seeks authority
to commingle Oswell-Farmington Pool production from his Sangre de
Cristo Well No. 1 with undesignated Fruitland production from his
Sangre de Cristo Well No. 2, both located in Unit D of Section 34,
Township 30 North, Range 11 West, San Juan County, New Mexico.



³ (4) That from the ^{Oswello} Farmington zone, ^{said} the ^{Well No. 1} ~~subject well~~ is capable of ^{very} low marginal production only.

⁴ (5) That from the Fruitland zone, ^{said} the ^{Well No. 2} ~~subject well~~ is capable of low marginal production only.

⁵ (6) That the proposed commingling ^{shall} ~~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 _____ district office of the Division any time the subject well is shut-in for 7 consecutive days.

(9) That in order to allocate the commingled production to each of the commingled zones in the subject well, _____ percent of the commingled _____ production should be allocated to the _____ zone, and _____ percent of the commingled _____ production to the _____ zone.

(ALTERNATE)

⁶ (10) That in order to allocate the commingled production to each of the commingled ^{pools} ~~zones in the wells~~, applicant should consult with the supervisor of the Artec district office of the Division and determine an allocation formula for each of ^{said wells} ~~the production zones~~.

*Constant production
or periodic
Productivity
test procedure*

⁷ (11) That the ~~the~~ ownership under both wells is common.

⁸ (12) That ~~the~~ applicant ~~proposes to~~ ^{commingle proda}

IT IS THEREFORE ORDERED:

(1) That the applicant, Orville Slaughter, is hereby authorized to commingle Oswell-Farmington Pool Production and Undesignated Fruitland production ^{from his} within the wellbore of the Sangre de Cristo Well No. 1 and ^{Undesignated Fruitland production from his} the Sangre de Cristo Well No. 2, both located in Unit D of Section 34, Township 30 North, Range 11 West, NMPM, San Juan County, New Mexico.

(2) That the applicant shall consult with the Supervisor of the Aztec district office of the Division and determine an allocation formula ^{or periodic productivity test procedure to be used in} for the allocating production to each ^{of the subject wells} ~~well~~ in each of the subject wells.

(ALTERNATE)

(2) That _____ percent of the commingled production shall be allocated to the Oswell-Farmington zone and _____ percent of the commingled production shall be allocated to the Undesignated Fruitland zone.

(3) That the operator of the subject well shall immediately notify the Division's Aztec district office any time the well has been shut-in for 7 consecutive days and shall concurrently present, to the Division, a plan for remedial action.

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

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