

CASE 6630: EL PASO NATURAL GAS COMPANY  
FOR DOWNHOLE COMMINGLING, RIO ARRIBA  
COUNTY, NEW MEXICO.

*Continue to*

*October 2*

CASE NO.

66-30

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APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,

ETC.

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
Oil Conservation Division  
State Land Office Bldg.  
Santa Fe, New Mexico  
2 October 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of El Paso Natural Gas  
Company for downhole commingling,  
Rio Arriba County, New Mexico.

CASE  
6630

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Ernest L. Padilla, Esq.  
Legal Counsel for the Division  
State Land Office Bldg.  
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For the Applicant:

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El Paso Natural Gas Company  
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## I N D E X

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6

Applicant Exhibit Two, Map

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Applicant Exhibit Three, Map

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Applicant Exhibit Four, Letter

20



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1 MR. STAMETS: Call next Case 6630, being  
2 the application of El Paso Natural Gas Company for downhole  
3 commingling, Rio Arriba County, New Mexico.

4 Call for appearances in this case.

5 MR. BURLESON: David Burleson with El Paso  
6 Natural Gas Company.

7 I might also mention that Mr. Juan Montano,  
8 who is here representing the interests of his uncle, Mr.  
9 Esquibel, is here, although he's not represented by counsel,  
10 I do not believe.

11 MR. STAMETS: Okay. Any other appearances  
12 in this case?

13 How many witnesses are you going to have,  
14 Mr. Burleson?

15 MR. BURLESON: We'll have a minimum of two  
16 witnesses and a maximum of four, so I would suggest you swear  
17 the four possible witnesses.

18 MR. STAMETS: Okay, let's have all the  
19 witnesses stand and be sworn at one time, please.

20  
21 (Witnesses sworn.)

22  
23 PAUL W. BURCHELL  
24 being called as a witness and having been duly sworn upon  
25 his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. BURLESON:

Q Mr. Burchell, will you state your full name for the record, please, and indicate where you reside?

A Yes. My name is Paul W. Burchell and I reside in El Paso, Texas.

Q By whom are you employed and in what capacity?

A I'm employed by the El Paso Natural Gas Company as a Senior Proration Engineer.

Q Have you previously testified before the Division or one of its examiners and had your credentials accepted by the Commission?

A Yes, they were.

Q Are you familiar with the substance of the application in Case 6630?

A Yes, I am.

Q Who is the operator of the well in this case, Mr. Burchell?

A It is the company I'm employed by, the El Paso Natural Gas Company.

Q And what is El Paso seeking in this cause?

A We are seeking permission to downhole commingle gas and condensate of the Basin Dakota Pool with gas and condensate of the BS Mesa-Gallup gas pool, and we

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1 would like to produce this gas through one meter in the San  
2 Juan 27-4 Unit No. 37 Well.

3 This well is located in Unit "N" of Section  
4 33, Township 27 North, Range 4 West, Rio Arriba County, New  
5 Mexico.

6 This well presently produces from the Basin  
7 Dakota Gas Pool and El Paso proposes that the allocation of  
8 gas and fluids to each formation be divided in such a manner  
9 that a certain percentage of the production would be consi-  
10 dered Dakota and the remaining portion would be considered  
11 Gallup.

12 Now the method of allocating this production  
13 will be presented later on in my testimony.

14 Q Why is El Paso asking to -- permission to  
15 commingle production in this well?

16 A Basically, the San Juan 27-4 Unit No. 37  
17 Well is completed in the Dakota formation only, while cer-  
18 tain offset wells are completed in both the Dakota and  
19 Gallup formations.

20 The offsetting Gallup wells involved will  
21 be shown on an exhibit which I will present later on in my  
22 testimony.

23 Because of these offset Gallup wells, the  
24 United States Geological Survey in behalf of the lessor has  
25 requested that El Paso Natural Gas Company protect the Gallup

1 formation in the event of possible drainage. Accordingly,  
2 downhole commingling is considered by El Paso the most econ-  
3 omic and efficient method to undertake, mainly due to the  
4 low productivity of both zones.

5 Q Do you have an exhibit which shows the  
6 present equipment installed in this well?

7 A Yes, I have.

8 Q Would you please -- would that be Exhibit  
9 Number One?

10 A Yes, sir.

11 Q Would you please refer to that exhibit and  
12 indicate what it shows?

13 A Yes. Exhibit Number One, it is a diagram-  
14 matic sketch of the equipment which has been marked as El  
15 Paso's Exhibit Number One. The exhibit shows a string of  
16 2-3/8ths inch tubing installed in the San Juan 27-4 Unit  
17 Well No. 37. The tubing is set at 8316 feet and this well  
18 is perforated from 8138 feet to 8287 feet in the Basin Dakota  
19 Gas Pool.

20 El Paso proposes to remove the tubing,  
21 run a cement bond log, perforate and frac the BS Gallup  
22 formation, or gas pool, from 7665 feet to 7689 feet and then  
23 replace the tubing.

24 Temperature surveys indicated that suffi-  
25 cient cement has been placed behind the 5-1/2 inch and 7-5/8ths

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1 inch casing strings to prevent any gas migration within the  
2 casing hole annuluses.

3 Q Do you have an exhibit or exhibits showing  
4 the production characteristics of wells in this general area?

5 A Yes, I do. I have two exhibits which will  
6 be marked Exhibit Two and Exhibit Three.

7 Q Would you please refer to those exhibits  
8 and indicate what they demonstrate?

9 A Yes, sir.

10 Q El Paso Natural Gas Company's Exhibit  
11 marked Number Two is a well location map, and it shows the  
12 well location of the San Juan 27-4 Unit No. 37 Well in the  
13 southwest quarter of Section 33, Township 27 North, Range 4  
14 West.

15 Now south of the yellow dashed line is a  
16 present delineation of the BS Mesa-Gallup Pool. The figures  
17 shown at each producing well site represents that particular  
18 well's gas and condensate production from the Gallup formation.  
19 The top value is gas in Mcf and is that well's 1978 average  
20 daily gas production, while the lower value is condensate  
21 in barrels and is the well's 1978 average daily production.

22 As can be observed, the wells' production  
23 range from a low value of 3 to a high value of 209 Mcf of  
24 gas per day, and from zero to 4.12 barrels of condensate per  
25 day. The wells, all of the wells shown on this map, average

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1 67 Mcf of gas per day and .86 barrels of condensate per day  
2 from the Gallup formation.

3 Q Now your previous explanation related to  
4 the Gallup formation. Now would you refer, please, to Ex-  
5 hibit Number Three and indicate what that exhibit shows?

6 A Yes, sir. El Paso's Exhibit marked Number  
7 Three is also a well location map, only it shows production  
8 from the deeper Basin Dakota wells.

9 Again, the figures shown at each producing  
10 well site represents the well's gas and condensate production  
11 from the Dakota. The top value is gas in Mcf and the bottom  
12 is condensate in barrels. Both values represent 1978 average  
13 daily production rates. The wells range from a low value of  
14 67 Mcf to a high of 208 Mcf of gas per day and from .77 to  
15 3.22 barrels of condensate per day.

16 All of the wells shown on the map average  
17 109 Mcf of gas and 1.83 barrels of condensate per day from  
18 the Dakota formation.

19 Q What conclusions do you reach upon examin-  
20 ation of the data shown on Exhibits Two and Three?

21 A In my opinion the flow rates for both the  
22 Dakota formation and the Gallup formation are quite small.  
23 The Dakota zone in the San Juan No. 37 Well is prorated  
24 marginal and as of June of 1979 the Basin Dakota production  
25 was averaging 92 Mcf of gas per day in this well.

1 Q Do you have any information with regard to  
2 pressures and water characteristics that might be encountered  
3 in this well?

4 A Yes, sir. At the present time the Gallup  
5 wells shown on Exhibit Two are producing anywhere from zero  
6 to 170 barrels of water per year.

7 Q That's per well?

8 A Per year, per well, anywhere within, that's  
9 a minimum to a maximum in that range. This averages .13  
10 barrels of water per day per well for all the wells producing  
11 as shown on the map. The nearest producing well to the El  
12 Paso Unit No. 37 Well is the Amoco's Jicarilla Apache 102  
13 No. 10 Well in the northwest of Section 4, Township 26 North,  
14 Range 4 West. This well only averages 5/100s, or .05, bar-  
15 rels of water per day.

16 The Dakota wells, now, shown on Exhibit  
17 Three, range from a low of zero to a high of 418 barrels of  
18 water per year per well. The San Juan 27-4 Unit No. 37 Well  
19 produces about 1 barrel of water per day.

20 Now with regard to pressures, based on  
21 extrapolation of State tests, the Dakota formation in this  
22 well has a shut-in wellhead pressure of about 520 pounds per  
23 square inch absolute, and this is as of April the 1st, 1979.

24 The corresponding bottom hole pressure in  
25 the Dakota is estimated to be 636 psia.

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1 Now the Gallup's shut-in pressure is esti-  
2 mated from extrapolation of State tests taken on offset wells  
3 it's approximately 390 psia with a corresponding bottom hole  
4 pressure estimated at 477 psia.

5 Q Do you believe these fluid and pressure  
6 characteristics will be compatible should commingling be  
7 approved?

8 A Yes, sir, because of the small pressure  
9 differential and small volume of liquid, I would not expect  
10 any migration of gas or fluids from one formation to the  
11 other, and this is particularly true if the well is contin-  
12 uously produced.

13 Q What advantages are there in commingling  
14 the two zones, Mr. Burchell?

15 A There are really two main advantages.  
16 First, it is believed that a certain amount of additional  
17 gas and condensate could be obtained from both the Dakota  
18 and the Gallup sides of the well that otherwise would not be  
19 produced. It is estimated that the Gallup will produce ap-  
20 proximately 60 Mcf of gas per day and in addition to the  
21 Dakota formation's 92 Mcf of gas per day this will add a  
22 greater volume of gas to help lift both the Dakota and the  
23 Gallup fluids.

24 It is further estimated that the Dakota  
25 has around 474,000 Mcf of remaining gas reserves and the

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1 Gallup has around 290,000 Mcf of original reserves which can  
2 be recovered through commingling.

3 Now, besides efficiency in production, the  
4 second advantage of commingling is, of course, better econ-  
5 omics.

6 To drill and complete a new Gallup well  
7 would cost approximately \$268,080 and to dually complete  
8 the existing well would cost \$101,205; however, it will only  
9 cost about \$64,970 to complete the Gallup and downhole com-  
10 mingle with the Dakota.

11 Commingling therefore represents a sub-  
12 stantial saving in money.

13 Q If Division approval is granted, do you  
14 propose a percentage of allocation to each of the two zones  
15 of the gas and liquid production?

16 A No, not at this time; however, if approval  
17 is granted by the Commission to commingle, it is recommended  
18 that the production from the well be allocated in the fol-  
19 lowing manner.

20 First, establish a condensate, gas, and  
21 water producing rate for the Dakota formation just prior to  
22 the workover, involving approximately a one-week continuous  
23 producing interval, or for such time that we do get a stabi-  
24 lized production -- producing rate.

25 After the workover and downhole commingling

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1 establish the total condensate gas and water producing rate  
2 involving an equal time that I spoke about in the first  
3 phase, and then third, subtract the Dakota hydrocarbons and  
4 water rates established prior to workover to obtain the Gal-  
5 lup production. The percentages for allocation can then be  
6 calculated from these results.

7 Q Mr. Burchell, the ownership of production  
8 from these two zones, as I understand it, is not common and  
9 we will have a later witness who will deal with that.

10 A Yes, sir.

11 Q So we won't go into that at this point.

12 A Yes, sir.

13 MR. BURLESON: We will offer a later wit-  
14 ness for that, Mr. Examiner.

15 Q In your opinion would the granting of this  
16 application protect correlative rights and prevent waste?

17 A Yes, sir.

18 Q Do you have anything further to present  
19 in this case?

20 A No, I do not.

21 Q Were Exhibits One through Three prepared  
22 by you or under your supervision?

23 A Yes, they were.

24 MR. BURLESON: We ask that Exhibits One  
25 through Three be admitted into evidence.

MR. STAMETS: These exhibits are admitted.

CROSS EXAMINATION

BY MR. STAMETS:

Q. Mr. Burchell, how long has this Dakota well been on production?

A. Oh, I believe it was completed back in around 1965 and it's been producing continuously except for testing periods, et cetera.

Q. Is the production history on this well another tool that could be used to calculate the amount of production which should be assigned to each of the two zones?

A. I think it's -- it's fairly good, that we could do it prior to, you know, do it right at this time now. Not necessitate testing, is that what you're talking about?

Q. Well, it could be utilized in conjunction with testing.

A. Oh, definitely, definitely. Yes.

Q. And as an alternative to that if the testing doesn't seem to prove --

A. Right.

Q. -- what should be proved.

A. Right. This well has a pretty even decline, so there shouldn't be any problem at all.

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1 Q Okay. The reserves you estimated for the  
2 Gallup, what was that based on?

3 A That was based on extrapolation of State  
4 tests that were taken on offsetting Gallup wells nearby. In  
5 particular, I believe, if you'll look at Exhibit Number Two,  
6 one valuable well was the El Paso Natural Gas Well, it's  
7 called the San Juan 27-4 Unit Nonparticipating Gallup. It's  
8 Well No. 30. It's located in the southwest of Section 32  
9 of Township 27 North, Range 4 West.

10 MR. STAMETS: Are there any other questions  
11 of the witness? He may be excused.

12  
13 JEANNE L. MORRISON  
14 being called as a witness and having been duly sworn upon  
15 her oath, testified as follows, to-wit:

16  
17 DIRECT EXAMINATION

18 BY MR. BURLESON:

19 Q Would you please indicate where you reside,  
20 please, Jeanne?

21 A I reside in El Paso, Texas.

22 Q And by whom are you employed? And in what  
23 capacity?

24 A I'm employed by El Paso Natural Gas Company  
25 as an Associate Landman.

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1 Q Have you previously testified before the  
2 Division or one of its examiners?

3 A No, I have not.

4 Q Would you please give a brief description  
5 of your educational and work experience background?

6 A Yes. In 1974 I received a Bachelor of  
7 Science degree from West Virginia University. In May, 1977  
8 I received a Juris Doctor degree from Oklahoma City Univer-  
9 sity School of Law. I am a licensed attorney in the State  
10 of West Virginia.

11 From January through May of 1977 I was  
12 employed as a legal intern and licenses as such by the  
13 Supreme Court of Oklahoma, and I worked in that capacity for  
14 the Oklahoma City law firm of Lampkin, Wolfe, Berger,  
15 McCaffrey, and Norman; from August '77 to July '78 I was a  
16 staff attorney for the Inheritance Tax Division of the West  
17 Virginia State Tax Department.

18 Since July of '78 I have been employed as  
19 an Associate Landman with El Paso.

20 Q Would you briefly describe the scope of  
21 your duties since you've obtained employment -- since you  
22 came to El Paso Natural Gas Company?

23 A Well, I have worked mostly in the San Juan  
24 Basin with various units which include the 27-4 Unit.  
25 Basically what I do is prepare drilling programs, some ex-

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1 pansions, contractions, all of which include communicating  
2 with working interest owners mainly, although it also in-  
3 cludes royalty and overriding royalty interest owners when  
4 necessary.

5 I'm involved in some title matters and  
6 preparation of agreements that are necessary for whatever it  
7 is I'm working on.

8 MR. BURLESON: Mr. Examiner, are the wit-  
9 ness' qualifications accepted?

10 MR. STAMETS: They are.

11 Q (Mr. Burleson continuing.) Principally  
12 she will be dealing with the efforts of El Paso to obtain  
13 approval by various interest owners in the two zones with  
14 respect to the proposed commingling.

15 It's my understanding, Jeanne, that the  
16 San Juan 27-4 Unit is comprised of all 36 sections within  
17 that township and range, is that correct?

18 A It is.

19 Q It's my further understanding that all of  
20 Section 33, the site of this well, is within the Dakota  
21 participating area for the 27-4 Unit, and that therefore,  
22 therefore production from the Dakota formation in this well  
23 is shared with the owners of interest within the Dakota  
24 participating area, is this correct?

25 A Yes, it is. The Dakota participating area

1 comprises all of the sections excepting three, which are  
2 Numbers 1, 26, and 36.

3 Q Now, as to the Gallup formation, no part  
4 of Section 33 is in a participating area for the Gallup  
5 formation, and in fact there is no participating area for the  
6 Gallup formation in the 27-4 Unit, is there, Jeanne?

7 A No, there is not.

8 Q So for this reason the Gallup production  
9 would be shared on the basis of the ownership and the drilling  
10 block or tract which is the southwest quarter of Section 33,  
11 Township 27 North, Range 4 West, Rio Arriba County, is this  
12 correct?

13 A That's correct.

14 Q Have you communicated with all owners of  
15 an interest in production from either of these two zones,  
16 either the Dakota or the Gallup formation, if the well is  
17 successfully completed in the Gallup formation, to attempt  
18 to obtain their approval to this proposed commingling?

19 A Yes, I have.

20 Q What were the dates of your communication  
21 with respect to that subject?

22 A My first letter was dated July 17, 1979.  
23 I sent follow-up letters dated August 3rd, 1979, September  
24 5th, 1979, and September 13, 1979.

25 The September 13th letter was to advise

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1 any owner who had not responded of the date of the hearing  
2 and the time.

3 Subsequently, we discovered that Mr.  
4 Esquibel, Jose Perfecto Esquibel, owned an interest which  
5 could be affected by this, and he was notified by mail and  
6 a hand-delivered copy of the July 17, 1979 letter was given  
7 to him yesterday.

8 Q And Mr. Juan Montano is here to represent  
9 the interest of his uncle?

10 A Yes.

11 Q In this proceeding.

12 With respect to working interest owners,  
13 please indicate the responses which you have received to your  
14 request for approval of the proposed commingling.

15 A Of seven working interest owners six ap-  
16 proved, one did not respond.

17 Q And those working interest owners own an  
18 approximate interest of what percentage within the two zones  
19 affected?

20 A Approximately 97 percent was the approval  
21 percentage that I received.

22 Q It's a slightly larger interest, I believe,  
23 is it not, in the Gallup as compared with the Dakota? Is  
24 this correct?

25 A Somewhat larger, right.



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1 Q Less than a percent, probably, or around  
2 maybe --

3 A That's correct.

4 Q -- one percent?

5 A Right.

6 Q With respect to royalty owners what re-  
7 sponses have you received?

8 A Of three royalty interest owners, two did  
9 not respond, one approved; however, Mr. Esquibel's interest  
10 is represented here today by Mr. Montano.

11 Q And the other owner who has not responded  
12 is the United States Geological Survey, who represents the  
13 interest of the Federal government.

14 A That's correct, and it's customary for  
15 them not to respond.

16 Q But they have been notified of this hearing.

17 A Yes, they have.

18 Q With respect to overriding royalty interest  
19 owners what responses have you received?

20 A Of sixteen overriding royalty interest  
21 owners, 11 approved. The remainder did not respond.

22 Q Now I believe that there was one net profits  
23 interest owner as to one of the formations. What response,  
24 if any, did you receive from that owner?

25 A General American Oil Company approved as

1 far as their net profits interest is involved.

2 Q Would you please refer to what has been  
3 marked as El Paso Natural Gas Company's Exhibit Number Four,  
4 and I ask that you identify and describe the material that's  
5 contained under that exhibit number?

6 A This is my letter which was mailed July  
7 17, 1979 to all of the working interest owners, royalty  
8 interest owners, and overriding royalty interest owners that  
9 we had record of at that date who could be affected by this  
10 procedure, and they were advised and asked for their approval  
11 and/or other response.

12 Q And furthermore, Exhibit Number Four indi-  
13 cates the approval of various owners, is that not correct?

14 A Yes, it does.

15 Q What effort was made to communicate with --  
16 further with those persons who did not respond? Did you  
17 attempt to obtain information with respect to their address  
18 or telephone number and to communicate with them further?

19 A Yes, I did. As previously mentioned, I -- we  
20 sent three follow-up letters. Those who had still not re-  
21 sponded, we attempted to find phone numbers for. We could  
22 not find phone numbers for those who did not respond, other  
23 than Mr. Esquibel. Our attempts to contact him by phone were  
24 not successful; however a letter was hand-carried yesterday  
25 and he's represented here today.

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1 Q So the sum of it is that everyone approved  
2 who you could locate, with the exception of the United  
3 States Geological Survey, and Mr. Esquibel, who only received  
4 notice of this yesterday and who is represented here today  
5 in this hearing.

6 A That is correct.

7 Q Okay.

8 MR. BURLESON: At this time I ask that  
9 Exhibit Number Four be admitted into evidence, and I have  
10 no further questions on direct of this witness.

11 MR. STAMETS: Exhibit Number Four will be  
12 admitted.

13  
14 CROSS EXAMINATION

15 BY MR. STAMETS:

16 Q Did I understand your testimony correctly  
17 now that of all of the owners who were notified, that being  
18 all the owners, none objected?

19 A That is correct.

20 Q Though some did not respond?

21 A That is correct.

22 Q Okay.

23 MR. STAMETS: Are there any other questions  
24 of this witness? She may be excused.

25 MR. BURLESON: That's all we have, Mr.

1 Examiner, unless you have further questions. We have other  
2 witnesses who could be presented but that's all of our direct  
3 presentation.

4 MR. STAMETS: I believe I had something  
5 I wanted to ask Paul.

6  
7 PAUL W. BURCHELL  
8 being recalled as a witness and being previously sworn,  
9 testified as follows, to-wit:

10  
11 RECROSS EXAMINATION

12 BY MR. STAMETS:

13 Q Yeah, Mr. Burchell.

14 A Yes.

15 Q The estimate of 290,000 cubic feet of re-  
16 serves for the Gallup formation, what's the value of that  
17 gas? What price should it bring under the NGPA and what  
18 does that represent as cost for drilling a well or dually  
19 completing a well?

20 A I'd better not answer that. I'm not sure.  
21 I didn't -- I have not considered that particular economics  
22 for that per Mcf of gas and what price it's going to get  
23 under NGPA. I have done everything I possibly can to remove  
24 anything about NGPA from my mind.

25 MR. BURLESON: Even assuming the new gas

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1 price, Paul, would the well be -- would a Gallup well be com-  
2 mercial? You might want to make a few computations to --

3 A Well, let's say \$2.00 an Mcf and -- yes,  
4 it would be. I mean it would be commercial to go out and  
5 probably spend \$265,000 to bring in \$500,000.

6 MR. BURLESON: Assuming you get an average  
7 well.

8 A Yes, right.

9 MR. BURLESON: If you didn't get an average  
10 well, it might not.

11 A Right, assuming we can recover these re-  
12 maining reserves we think is there.

13 MR. BURLESON: And that's assuming an opti-  
14 mum price, too, of course.

15 A I would say so.

16 MR. BURLESON: It also doesn't consider the  
17 other advantages of commingling, being the more efficient  
18 useage of reservoir energy.

19 A This is true. I mean we feel that this is  
20 a definite advantage to help lift the liquids.

21 Q And it would be an expenditure of funds  
22 that would be unnecessary to recover the same amount of  
23 hydrocarbons.

24 A In my opinion.

25 Q (Mr. Stamets continuing.) Then I believe

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1 you indicated that the price for dually completing the  
2 existing well would be on the order of \$140,000.

3 A I thought it was \$101,000. Was it a  
4 \$140,000?

5 Let me check my notes. \$101,000.

6 Q Okay, so under those circumstances it would  
7 be more economical venture at the highest price and still a  
8 pretty good profit maker if you got a dollar.

9 A That's right. There's one other advantage,  
10 too, on rather than dually completing it. There's a problem  
11 of the size of tubing that you can put in the existing  
12 casing, and I'm quite confident that we might have to go to  
13 a pump jack in the future and it would be much more expensive  
14 to dually complete two pumping zones.

15 Q What makes you feel that a pump jack will  
16 be required in the future?

17 A Well, the possibility that the water could  
18 increase and the liquid hydrocarbons, the condensate, parti-  
19 cularly for the Dakota formation.

20 MR. STAMETS: Any other questions for the  
21 witness? He may be excused.

22 Anything further in this subject case?

23 The case will be taken under advisement.

24

25

(Hearing concluded.)

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 from my notes taken at the time of the hearing.

Sally W. Boyd C.S.R.  
 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. 6630  
 heard by me on 10-2 1979.

Richard L. Ham, Examiner  
 Oil Conservation Division

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STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
Oil Conservation Division  
State Land Office Bldg.  
Santa Fe, New Mexico  
2 October 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of El Paso Natural Gas ) CASE  
Company for downhole commingling, ) 6630  
Rio Arriba 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:

Ernest L. Padilla, Esq.  
Legal Counsel for the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87503

For the Applicant:

David D. Burleson, Esq.  
El Paso Natural Gas Company  
El Paso, Texas

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I N D E X

PAUL W. BURCHELL

Direct Examination by Mr. Burleson

4

Cross Examination by Mr. Stamets

13

JEANNE L. MORRISON

Direct Examination by Mr. Burleson

14

Cross Examination by Mr. Stamets

21

PAUL W. BURCHELL RECALLED

Recross Examination by Mr. Stamets

22

E X H I B I T S

Applicant Exhibit One, Diagram

6

Applicant Exhibit Two, Map

7

Applicant Exhibit Three, Map

7

Applicant Exhibit Four, Letter

20

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1 MR. STAMETS: Call next Case 6630, being  
2 the application of El Paso Natural Gas Company for downhole  
3 commingling, Rio Arriba County, New Mexico.

4 Call for appearances in this case.

5 MR. BURLESON: David Burleson with El Paso  
6 Natural Gas Company.

7 I might also mention that Mr. Juan Montano,  
8 who is here representing the interests of his uncle, Mr.  
9 Esquibel, is here, although he's not represented by counsel,  
10 I do not believe.

11 MR. STAMETS: Okay. Any other appearances  
12 in this case?

13 How many witnesses are you going to have,  
14 Mr. Burleson?

15 MR. BURLESON: We'll have a minimum of two  
16 witnesses and a maximum of four, so I would suggest you swear  
17 the four possible witnesses.

18 MR. STAMETS: Okay, let's have all the  
19 witnesses stand and be sworn at one time, please.

20  
21 (Witnesses sworn.)

22  
23 PAUL W. BURCHELL  
24 being called as a witness and having been duly sworn upon  
25 his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. BURLESON:

Q Mr. Burchell, will you state your full name for the record, please, and indicate where you reside?

A Yes. My name is Paul W. Burchell and I reside in El Paso, Texas.

Q By whom are you employed and in what capacity?

A I'm employed by the El Paso Natural Gas Company as a Senior Proration Engineer.

Q Have you previously testified before the Division or one of its examiners and had your credentials accepted by the Commission?

A Yes, they were.

Q Are you familiar with the substance of the application in Case 6630?

A Yes, I am.

Q Who is the operator of the well in this case, Mr. Burchell?

A It is the company I'm employed by, the El Paso Natural Gas Company.

Q And what is El Paso seeking in this cause?

A We are seeking permission to downhole commingle gas and condensate of the Basin Dakota Pool with gas and condensate of the BS Mesa-Gallup gas pool, and we

1 would like to produce this gas through one meter in the San  
2 Juan 27-4 Unit No. 37 Well.

3 This well is located in Unit "N" of Section  
4 33, Township 27 North, Range 4 West, Rio Arriba County, New  
5 Mexico.

6 This well presently produces from the Basin  
7 Dakota Gas Pool and El Paso proposes that the allocation of  
8 gas and fluids to each formation be divided in such a manner  
9 that a certain percentage of the production would be consi-  
10 dered Dakota and the remaining portion would be considered  
11 Gallup.

12 Now the method of allocating this production  
13 will be presented later on in my testimony.

14 Q Why is El Paso asking to -- permission to  
15 commingle production in this well?

16 A Basically, the San Juan 27-4 Unit No. 37  
17 Well is completed in the Dakota formation only, while cer-  
18 tain offset wells are completed in both the Dakota and  
19 Gallup formations.

20 The offsetting Gallup wells involved will  
21 be shown on an exhibit which I will present later on in my  
22 testimony.

23 Because of these offset Gallup wells, the  
24 United States Geological Survey in behalf of the lessor has  
25 requested that El Paso Natural Gas Company protect the Gallup

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1 formation in the event of possible drainage. Accordingly,  
2 downhole commingling is considered by El Paso the most econ-  
3 omic and efficient method to undertake, mainly due to the  
4 low productivity of both zones.

5 Q Do you have an exhibit which shows the  
6 present equipment installed in this well?

7 A Yes, I have.

8 Q Would you please -- would that be Exhibit  
9 Number One?

10 A Yes, sir.

11 Q Would you please refer to that exhibit and  
12 indicate what it shows?

13 A Yes. Exhibit Number One, it is a diagram-  
14 matic sketch of the equipment which has been marked as El  
15 Paso's Exhibit Number One. The exhibit shows a string of  
16 2-3/8ths inch tubing installed in the San Juan 27-4 Unit  
17 Well No. 37. The tubing is set at 8316 feet and this well  
18 is perforated from 8138 feet to 8287 feet in the Basin Dakota  
19 Gas Pool.

20 El Paso proposes to remove the tubing,  
21 run a cement bond log, perforate and frac the BS Gallup  
22 formation, or gas pool, from 7665 feet to 7689 feet and then  
23 replace the tubing.

24 Temperature surveys indicated that suffi-  
25 cient cement has been placed behind the 5-1/2 inch and 7-5/8ths

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1 inch casing strings to prevent any gas migration within the  
2 casing hole annuluses.

3 Q Do you have an exhibit or exhibits showing  
4 the production characteristics of wells in this general area?

5 A Yes, I do. I have two exhibits which will  
6 be marked Exhibit Two and Exhibit Three.

7 Q Would you please refer to those exhibits  
8 and indicate what they demonstrate?

9 A Yes, sir.

10 Q El Paso Natural Gas Company's Exhibit  
11 marked Number Two is a well location map, and it shows the  
12 well location of the San Juan 27-4 Unit No. 37 Well in the  
13 southwest quarter of Section 33, Township 27 North, Range 4  
14 West.

15 Now south of the yellow dashed line is a  
16 present delineation of the BS Mesa-Gallup Pool. The figures  
17 shown at each producing well site represents that particular  
18 well's gas and condensate production from the Gallup formation.  
19 The top value is gas in Mcf and is that well's 1978 average  
20 daily gas production, while the lower value is condensate  
21 in barrels and is the well's 1978 average daily production.

22 As can be observed, the wells' production  
23 range from a low value of 3 to a high value of 209 Mcf of  
24 gas per day, and from zero to 4.12 barrels of condensate per  
25 day. The wells, all of the wells shown on this map, average

1 67 Mcf of gas per day and .86 barrels of condensate per day  
2 from the Gallup formation.

3 Q Now your previous explanation related to  
4 the Gallup formation. Now would you refer, please, to Ex-  
5 hibit Number Three and indicate what that exhibit shows?

6 A Yes, sir. El Paso's Exhibit marked Number  
7 Three is also a well location map, only it shows production  
8 from the deeper Basin Dakota wells.

9 Again, the figures shown at each producing  
10 well site represents the well's gas and condensate production  
11 from the Dakota. The top value is gas in Mcf and the bottom  
12 is condensate in barrels. Both values represent 1978 average  
13 daily production rates. The wells range from a low value of  
14 67 Mcf to a high of 208 Mcf of gas per day and from .77 to  
15 3.22 barrels of condensate per day.

16 All of the wells shown on the map average  
17 109 Mcf of gas and 1.83 barrels of condensate per day from  
18 the Dakota formation.

19 Q What conclusions do you reach upon examin-  
20 ation of the data shown on Exhibits Two and Three?

21 A In my opinion the flow rates for both the  
22 Dakota formation and the Gallup formation are quite small.  
23 The Dakota zone in the San Juan No. 37 Well is prorated  
24 marginal and as of June of 1979 the Basin Dakota production  
25 was averaging 92 Mcf of gas per day in this well.

1 Q Do you have any information with regard to  
2 pressures and water characteristics that might be encountered  
3 in this well?

4 A Yes, sir. At the present time the Gallup  
5 wells shown on Exhibit Two are producing anywhere from zero  
6 to 170 barrels of water per year.

7 Q That's per well?

8 A Per year, per well, anywhere within, that's  
9 a minimum to a maximum in that range. This averages .13  
10 barrels of water per day per well for all the wells producing  
11 as shown on the map. The nearest producing well to the El  
12 Paso Unit No. 37 Well is the Amoco's Jicarilla Apache 102  
13 No. 10 Well in the northwest of Section 4, Township 26 North,  
14 Range 4 West. This well only averages 5/100s, or .05, bar-  
15 rels of water per day.

16 The Dakota wells, now, shown on Exhibit  
17 Three, range from a low of zero to a high of 418 barrels of  
18 water per year per well. The San Juan 27-4 Unit No. 37 Well  
19 produces about 1 barrel of water per day.

20 Now with regard to pressures, based on  
21 extrapolation of State tests, the Dakota formation in this  
22 well has a shut-in wellhead pressure of about 520 pounds per  
23 square inch absolute, and this is as of April the 1st, 1979.

24 The corresponding bottom hole pressure in  
25 the Dakota is estimated to be 636 psia.

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1 Now the Gallup's shut-in pressure is esti-  
2 mated from extrapolation of State tests taken on offset wells,  
3 it's approximately 390 psia with a corresponding bottom hole  
4 pressure estimated at 477 psia.

5 Q Do you believe these fluid and pressure  
6 characteristics will be compatible should commingling be  
7 approved?

8 A Yes, sir, because of the small pressure  
9 differential and small volume of liquid, I would not expect  
10 any migration of gas or fluids from one formation to the  
11 other, and this is particularly true if the well is contin-  
12 uously produced.

13 Q What advantages are there in commingling  
14 the two zones, Mr. Burchell?

15 A There are really two main advantages.  
16 First, it is believed that a certain amount of additional  
17 gas and condensate could be obtained from both the Dakota  
18 and the Gallup sides of the well that otherwise would not be  
19 produced. It is estimated that the Gallup will produce ap-  
20 proximately 60 Mcf of gas per day and in addition to the  
21 Dakota formation's 92 Mcf of gas per day this will add a  
22 greater volume of gas to help lift both the Dakota and the  
23 Gallup fluids.

24 It is further estimated that the Dakota  
25 has around 474,000 Mcf of remaining gas reserves and the

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1 Gallup has around 290,000 Mcf of original reserves which can  
2 be recovered through commingling.

3 Now, besides efficiency in production, the  
4 second advantage of commingling is, of course, better econ-  
5 omics.

6 To drill and complete a new Gallup well  
7 would cost approximately \$268,080 and to dually complete  
8 the existing well would cost \$101,205; however, it will only  
9 cost about \$64,970 to complete the Gallup and downhole com-  
10 mingle with the Dakota.

11 Commingling therefore represents a sub-  
12 stantial saving in money.

13 Q If Division approval is granted, do you  
14 propose a percentage of allocation to each of the two zones  
15 of the gas and liquid production?

16 A No, not at this time; however, if approval  
17 is granted by the Commission to commingle, it is recommended  
18 that the production from the well be allocated in the fol-  
19 lowing manner.

20 First, establish a condensate, gas, and  
21 water producing rate for the Dakota formation just prior to  
22 the workover, involving approximately a one-week continuous  
23 producing interval, or for such time that we do get a stabi-  
24 lized production -- producing rate.

25 After the workover and downhole commingling

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1 establish the total condensate gas and water producing rate  
2 involving an equal time that I spoke about in the first  
3 phase, and then third, subtract the Dakota hydrocarbons and  
4 water rates established prior to workover to obtain the Gal-  
5 lup production. The percentages for allocation can then be  
6 calculated from these results.

7 Q Mr. Burchell, the ownership of production  
8 from these two zones, as I understand it, is not common and  
9 we will have a later witness who will deal with that.

10 A Yes, sir.

11 Q So we won't go into that at this point.

12 A Yes, sir.

13 MR. BURLESON: We will offer a later wit-  
14 ness for that, Mr. Examiner.

15 Q In your opinion would the granting of this  
16 application protect correlative rights and prevent waste?

17 A Yes, sir.

18 Q Do you have anything further to present  
19 in this case?

20 A No, I do not.

21 Q Were Exhibits One through Three prepared  
22 by you or under your supervision?

23 A Yes, they were.

24 MR. BURLESON: We ask that Exhibits One  
25 through Three be admitted into evidence.

1  
2 MR. STAMETS: These exhibits are admitted.

3 CROSS EXAMINATION

4 BY MR. STAMETS:

5 Q Mr. Burchell, how long has this Dakota well  
6 been on production?

7 A Oh, I believe it was completed back in  
8 around 1965 and it's been producing continuously except for  
9 testing periods, et cetera.

10 Q Is the production history on this well an-  
11 other tool that could be used to calculate the amount of pro-  
12 duction which should be assigned to each of the two zones?

13 A I think it's -- it's fairly good, that we  
14 could do it prior to, you know, do it right at this time  
15 now. Not necessitate testing, is that what you're talking  
16 about?

17 Q Well, it could be utilized in conjunction  
18 with testing.

19 A Oh, definitely, definitely. Yes.

20 Q And as an alternative to that if the testing  
21 doesn't seem to prove --

22 A Right.

23 Q -- what should be proved.

24 A Right. This well has a pretty even decline,  
25 so there shouldn't be any problem at all.

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1 Q Okay. The reserves you estimated for the  
2 Gallup, what was that based on?

3 A That was based on extrapolation of State  
4 tests that were taken on offsetting Gallup wells nearby. In  
5 particular, I believe, if you'll look at Exhibit Number Two,  
6 one valuable well was the El Paso Natural Gas Well, it's  
7 called the San Juan 27-4 Unit Nonparticipating Gallup. It's  
8 Well No. 30. It's located in the southwest of Section 32  
9 of Township 27 North, Range 4 West.

10 MR. STAMETS: Are there any other questions  
11 of the witness? He may be excused.

12  
13 JEANNE L. MORRISON  
14 being called as a witness and having been duly sworn upon  
15 her oath, testified as follows, to-wit:

16  
17 DIRECT EXAMINATION

18 BY MR. BURLESON:

19 Q Would you please indicate where you reside,  
20 please, Jeanne?

21 A I reside in El Paso, Texas.

22 Q And by whom are you employed? And in what  
23 capacity?

24 A I'm employed by El Paso Natural Gas Company  
25 as an Associate Landman.

1 Q Have you previously testified before the  
2 Division or one of its examiners?

3 A No, I have not.

4 Q Would you please give a brief description  
5 of your educational and work experience background?

6 A Yes. In 1974 I received a Bachelor of  
7 Science degree from West Virginia University. In May, 1977  
8 I received a Juris Doctor degree from Oklahoma City Univer-  
9 sity School of Law. I am a licensed attorney in the State  
10 of West Virginia.

11 From January through May of 1977 I was  
12 employed as a legal intern and licenses as such by the  
13 Supreme Court of Oklahoma, and I worked in that capacity for  
14 the Oklahoma City law firm of Lampkin, Wolfe, Berger,  
15 McCaffrey, and Norman; from August '77 to July '78 I was a  
16 staff attorney for the Inheritance Tax Division of the West  
17 Virginia State Tax Department.

18 Since July of '78 I have been employed as  
19 an Associate Landman with El Paso.

20 Q Would you briefly describe the scope of  
21 your duties since you've obtained employment -- since you  
22 came to El Paso Natural Gas Company?

23 A Well, I have worked mostly in the San Juan  
24 Basin with various units which include the 27-4 Unit.  
25 Basically what I do is prepare drilling programs, some ex-

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1 pansions, contractions, all of which include communicating  
2 with working interest owners mainly, although it also in-  
3 cludes royalty and overriding royalty interest owners when  
4 necessary.

5 I'm involved in some title matters and  
6 preparation of agreements that are necessary for whatever it  
7 is I'm working on.

8 MR. BURLESON: Mr. Examiner, are the wit-  
9 ness' qualifications accepted?

10 MR. STAMETS: They are.

11 Q (Mr. Burleson continuing.) Principally  
12 she will be dealing with the efforts of El Paso to obtain  
13 approval by various interest owners in the two zones with  
14 respect to the proposed commingling.

15 It's my understanding, Jeanne, that the  
16 San Juan 27-4 Unit is comprised of all 36 sections within  
17 that township and range, is that correct?

18 A It is.

19 Q It's my further understanding that all of  
20 Section 33, the site of this well, is within the Dakota  
21 participating area for the 27-4 Unit, and that therefore,  
22 therefore production from the Dakota formation in this well  
23 is shared with the owners of interest within the Dakota  
24 participating area, is this correct?

25 A Yes, it is. The Dakota participating area

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1 comprises all of the sections excepting three, which are  
2 Numbers 1, 26, and 36.

3 Q Now, as to the Gallup formation, no part  
4 of Section 33 is in a participating area for the Gallup  
5 formation, and in fact there is no participating area for the  
6 Gallup formation in the 27-4 Unit, is there, Jeanne?

7 A No, there is not.

8 Q So for this reason the Gallup production  
9 would be shared on the basis of the ownership and the drilling  
10 block or tract which is the southwest quarter of Section 33,  
11 Township 27 North, Range 4 West, Rio Arriba County, is this  
12 correct?

13 A That's correct.

14 Q Have you communicated with all owners of  
15 an interest in production from either of these two zones,  
16 either the Dakota or the Gallup formation, if the well is  
17 successfully completed in the Gallup formation, to attempt  
18 to obtain their approval to this proposed commingling?

19 A Yes, I have.

20 Q What were the dates of your communication  
21 with respect to that subject?

22 A My first letter was dated July 17, 1979.  
23 I sent follow-up letters dated August 3rd, 1979, September  
24 5th, 1979, and September 13, 1979.

25 The September 13th letter was to advise



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1 any owner who had not responded of the date of the hearing  
2 and the time.

3 Subsequently, we discovered that Mr.  
4 Esquibel, Jose Perfecto Esquibel, owned an interest which  
5 could be affected by this, and he was notified by mail and  
6 a hand-delivered copy of the July 17, 1979 letter was given  
7 to him yesterday.

8 Q And Mr. Juan Montano is here to represent  
9 the interest of his uncle?

10 A Yes.

11 Q In this proceeding.

12 With respect to working interest owners,  
13 please indicate the responses which you have received to your  
14 request for approval of the proposed commingling.

15 A Of seven working interest owners six ap-  
16 proved, one did not respond.

17 Q And those working interest owners own an  
18 approximate interest of what percentage within the two zones  
19 affected?

20 A Approximately 97 percent was the approval  
21 percentage that I received.

22 Q It's a slightly larger interest, I believe,  
23 is it not, in the Gallup as compared with the Dakota? Is  
24 this correct?

25 A Somewhat larger, right.

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1 Q Less than a percent, probably, or around  
2 maybe --

3 A That's correct.

4 Q -- one percent?

5 A Right.

6 Q With respect to royalty owners what re-  
7 sponses have you received?

8 A Of three royalty interest owners, two did  
9 not respond, one approved; however, Mr. Esquibel's interest  
10 is represented here today by Mr Montano.

11 Q And the other owner who has not responded  
12 is the United States Geological Survey, who represents the  
13 interest of the Federal government.

14 A That's correct, and it's customary for  
15 them not to respond.

16 Q But they have been notified of this hearing.

17 A Yes, they have.

18 Q With respect to overriding royalty interest  
19 owners what responses have you received?

20 A Of sixteen overriding royalty interest  
21 owners, 11 approved. The remainder did not respond.

22 Q Now I believe that there was one net profits  
23 interest owner as to one of the formations. What response,  
24 if any, did you receive from that owner?

25 A General American Oil Company approved as

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1 far as their net profits interest is involved.

2 Q Would you please refer to what has been  
3 marked as El Paso Natural Gas Company's Exhibit Number Four,  
4 and I ask that you identify and describe the material that's  
5 contained under that exhibit number?

6 A This is my letter which was mailed July  
7 17, 1979 to all of the working interest owners, royalty  
8 interest owners, and overriding royalty interest owners that  
9 we had record of at that date who could be affected by this  
10 procedure, and they were advised and asked for their approval  
11 and/or other response.

12 Q And furthermore, Exhibit Number Four indi-  
13 cates the approval of various owners, is that not correct?

14 A Yes, it does.

15 Q What effort was made to communicate with --  
16 further with those persons who did not respond? Did you  
17 attempt to obtain information with respect to their address  
18 or telephone number and to communicate with them further?

19 A Yes, I did. As previously mentioned, I -- we  
20 sent three follow-up letters. Those who had still not re-  
21 sponded, we attempted to find phone numbers for. We could  
22 not find phone numbers for those who did not respond, other  
23 than Mr. Esquibel. Our attempts to contact him by phone were  
24 not successful; however a letter was hand-carried yesterday  
25 and he's represented here today.

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1 Q So the sum of it is that everyone approved  
2 who you could locate, with the exception of the United  
3 States Geological Survey, and Mr. Esquibel, who only received  
4 notice of this yesterday and who is represented here today  
5 in this hearing.

6 A That is correct.

7 Q Okay.

8 MR. BURLESON: At this time I ask that  
9 Exhibit Number Four be admitted into evidence, and I have  
10 no further questions on direct of this witness.

11 MR. STAMETS: Exhibit Number Four will be  
12 admitted.

13  
14 CROSS EXAMINATION

15 BY MR. STAMETS:

16 Q Did I understand your testimony correctly  
17 now that of all of the owners who were notified, that being  
18 all the owners, none objected?

19 A That is correct.

20 Q Though some did not respond?

21 A That is correct.

22 Q Okay.

23 MR. STAMETS: Are there any other questions  
24 of this witness? She may be excused.

25 MR. BURLESON: That's all we have, Mr.

1 Examiner, unless you have further questions. We have other  
2 witnesses who could be presented but that's all of our direct  
3 presentation.

4 MR. STAMETS: I believe I had something  
5 I wanted to ask Paul.

6  
7 PAUL W. BURCHELL  
8 being recalled as a witness and being previously sworn,  
9 testified as follows, to-wit:

10  
11 RECROSS EXAMINATION

12 BY MR. STAMETS:

13 Q Yeah, Mr. Burchell.

14 A Yes.

15 Q The estimate of 290,000 cubic feet of re-  
16 serves for the Gallup formation, what's the value of that  
17 gas? What price should it bring under the NGPA and what  
18 does that represent as cost for drilling a well or dually  
19 completing a well?

20 A I'd better not answer that. I'm not sure.  
21 I didn't -- I have not considered that particular economics  
22 for that per Mcf of gas and what price it's going to get  
23 under NGPA. I have done everything I possibly can to remove  
24 anything about NGPA from my mind.

25 MR. BURLISON: Even assuming the new gas

1 price, Paul, would the well be -- would a Gallup well be com-  
2 mercial? You might want to make a few computations to --

3 A Well, let's say \$2.00 an Mcf and -- yes,  
4 it would be. I mean it would be commercial to go out and  
5 probably spend \$265,000 to bring in \$500,000.

6 MR. BURLESON: Assuming you get an average  
7 well.

8 A Yes, right.

9 MR. BURLESON: If you didn't get an average  
10 well, it might not.

11 A Right, assuming we can recover these re-  
12 maining reserves we think is there.

13 MR. BURLESON: And that's assuming an opti-  
14 mum price, too, of course.

15 A I would say so.

16 MR. BURLESON: It also doesn't consider the  
17 other advantages of commingling, being the more efficient  
18 useage of reservoir energy.

19 A This is true. I mean we feel that this is  
20 a definite advantage to help lift the liquids.

21 Q And it would be an expenditure of funds  
22 that would be unnecessary to recover the same amount of  
23 hydrocarbons.

24 A In my opinion.

25 Q (Mr. Stamets continuing.) Then I believe

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3030 Plaza Blanca (S.O.B.) 471-2462  
Santa Fe, New Mexico 87501

1 you indicated that the price for dually completing the  
2 existing well would be on the order of \$140,000.

3 A. I thought it was \$101,000. Was it a  
4 \$140,000?

5 Let me check my notes. \$101,000.

6 Q. Okay, so under those circumstances it would  
7 be more economical venture at the highest price and still a  
8 pretty good profit maker if you got a dollar.

9 A. That's right. There's one other advantage,  
10 too, on rather than dually completing it. There's a problem  
11 of the size of tubing that you can put in the existing  
12 casing, and I'm quite confident that we might have to go to  
13 a pump jack in the future and it would be much more expensive  
14 to dually complete two pumping zones.

15 Q. What makes you feel that a pump jack will  
16 be required in the future?

17 A. Well, the possibility that the water could  
18 increase and the liquid hydrocarbons, the condensate, parti-  
19 cularly for the Dakota formation.

20 MR. STAMETS: Any other questions for the  
21 witness? He may be excused.

22 Anything further in this subject case?  
23 The case will be taken under advisement.

24  
25 (Hearing concluded.)

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 from my notes taken at the time of the hearing.

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. 19  
 heard by me on 19.

Oil Conservation Division, Examiner

SALLY WALTON BOYD  
 CERTIFIED SHORTHAND REPORTER  
 2018 Plaza Blanca (S&S) 471-2492  
 Santa Fe, New Mexico 87501





BRUCE KING  
GOVERNOR  
LARRY KEHOE  
SECRETARY

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

October 18, 1979

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

Mr. David T. Burleson  
General Counsel  
El Paso Natural Gas Company  
P. O. Box 1492  
El Paso, Texas 79978

Re: CASE NO. 6630  
ORDER NO. R-6142

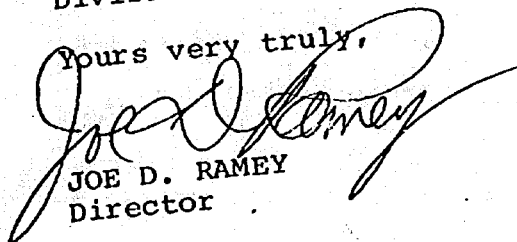
Applicant:

El Paso Natural Gas Company

Dear Sir:

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

Yours very truly,

  
JOE D. RAMEY  
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD X  
Artesia OCD X  
Aztec OCD X

Other \_\_\_\_\_

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

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

CASE NO. 6630  
Order No. R-6142

APPLICATION OF EL PASO NATURAL GAS  
COMPANY FOR DOWNHOLE COMMINGLING,  
RIO ARriba COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 2, 1979,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 18th day of October, 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, El Paso Natural Gas Company, is  
the owner and operator of the San Juan 27-4 Unit Well No. 37,  
located in Unit N of Section 33, Township 27 North, Range 4  
West, NMPM, Rio Arriba County, New Mexico.
- (3) That the applicant seeks authority to commingle Basin-  
Dakota and BS Mesa-Gallup production within the wellbore of the  
above-described well.
- (4) That from the Basin-Dakota zone, the subject well is  
capable of low marginal production only.
- (5) That from the BS Mesa-Gallup zone, the subject well  
is expected to be capable of low marginal production only.
- (6) That the proposed commingling may result in the re-  
covery of additional hydrocarbons from each of the subject pools,  
thereby preventing waste, and will not violate correlative rights.

-2-

Case No. 6630  
Order No. R-6142

(7) That the reservoir characteristics of each of the subject zones are such that underground waste would not be caused by the proposed commingling provided that the well is not shut-in for an extended period.

(8) That to afford the Division the opportunity to assess the potential for waste and to expeditiously order appropriate remedial action, the operator should notify the Aztec district office of the Division any time the subject well is shut-in for 7 consecutive days.

(9) That in order to allocate the commingled production to each of the commingled zones in the well, applicant should consult with the supervisor of the Aztec district office of the Division and determine an allocation formula for each of the production zones.

IT IS THEREFORE ORDERED:

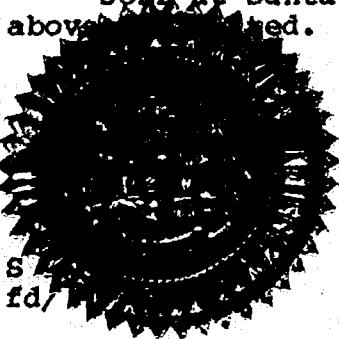
(1) That the applicant, El Paso Natural Gas Company, is hereby authorized to commingle Basin-Dakota and BS Mesa-Gallup production within the wellbore of the San Juan 27-4 Unit Well No. 37, located in Unit N of Section 33, Township 27 North, Range 4 West, NMPM, Rio Arriba County, New Mexico.

(2) That the applicant shall consult with the Supervisor of the Aztec district office of the Division and determine an allocation formula for the allocation of production to each zone in the subject well.

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

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

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



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*Joe D. Ramey*  
JOE D. RAMEY  
Director

S  
fd/

SCHEMATIC DIAGRAM of  
EL PASO NATURAL GAS COMPANY'S  
"SAN JUAN 27-4 UNIT WELL No. 37"  
Rio Arriba County, New Mexico

BEFORE EXAMINERS  
OIL CONSERVATION DIVISION  
EPNG-1

CASE NO. 6630

Submitted by *Cliff W. Burchell*

Hearing Date 10/2/79

SINGLE STRING XHAS TREE

10 3/4" @ 312', 32.75# H-40  
w/250 cu ft cement to surface

Top of cement 3460'  
(Temp. Survey)

Top of cement 3850'  
(Temp. Survey)

7 5/8" @ 4201', 26.40# J-55  
w/250 cu. ft. cement

Proposed Gallup Perforations  
7665' - 7689'

Dakota Perforations  
8130' - 8287'

4" Hanger @ 7983'

5 1/2" @ 8074', 17.0 & 15.5# J-55  
w/450 cu. ft. cement

2 3/8", 4.7# J-55 EUE @ 8316'

4", 11.60# J-55  
from 7983' - 8461'  
w/50 cu. ft. cement

EL PASO NATURAL GAS COMPANY

WELL LOCATION MAP

B S MESA-GALLUP GAS POOL

RIO ARRIBA COUNTY, NEW MEXICO

EXHIBIT NO. 2

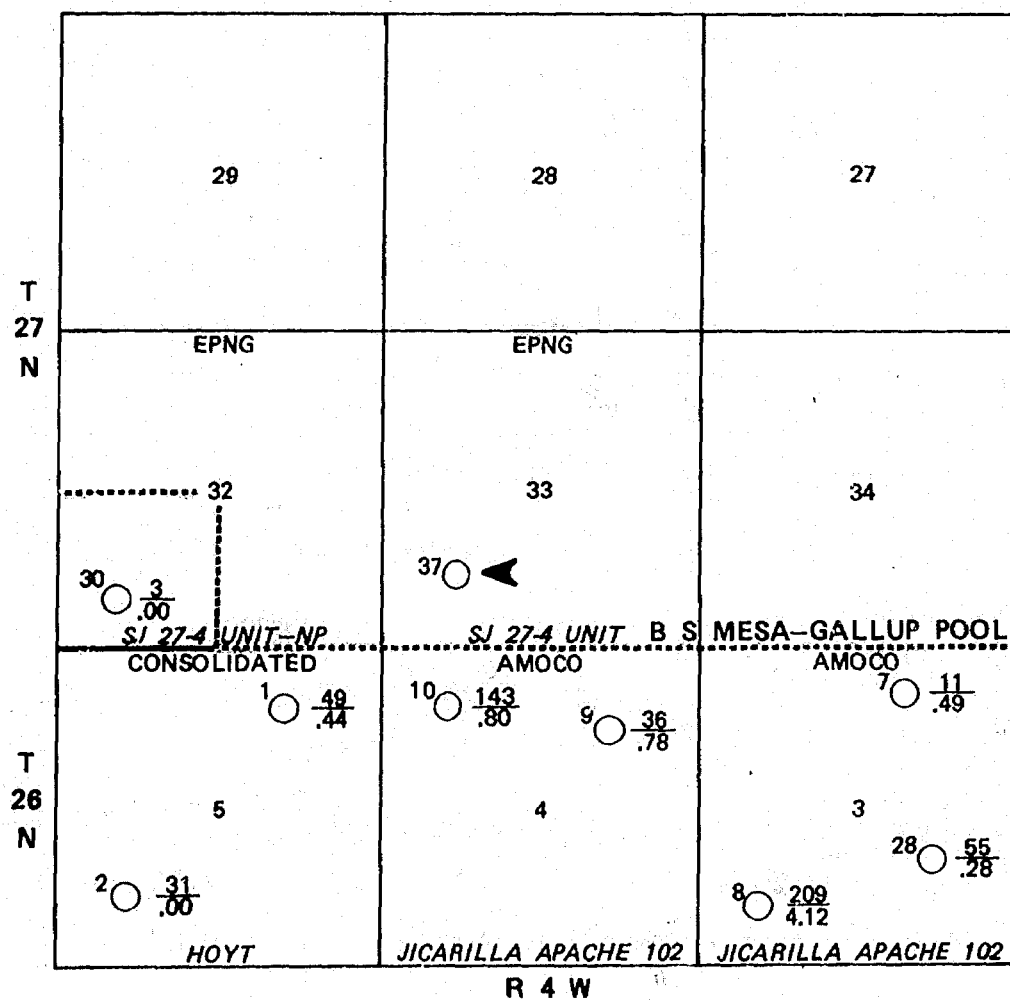
BEFORE EXAMINER STAMETS  
OIL CONSERVATION DIVISION

EPNG EXHIBIT NO. 2

CASE NO. 6630

Submitted by Paul H. Burchell

Hearing Date 10/2/79



○ MCF - 1978 AVERAGE DAILY GAS PRODUCTION  
○ BARRELS - 1978 AVERAGE DAILY CONDENSATE PRODUCTION

SCALE: 1 INCH = 3000 FEET

EL PASO NATURAL GAS COMPANY

WELL LOCATION MAP

BASIN-DAKOTA GAS POOL

RIO ARriba COUNTY, NEW MEXICO

BEFORE EXAMINER STATEMENTS  
OIL CONSERVATION DIVISION

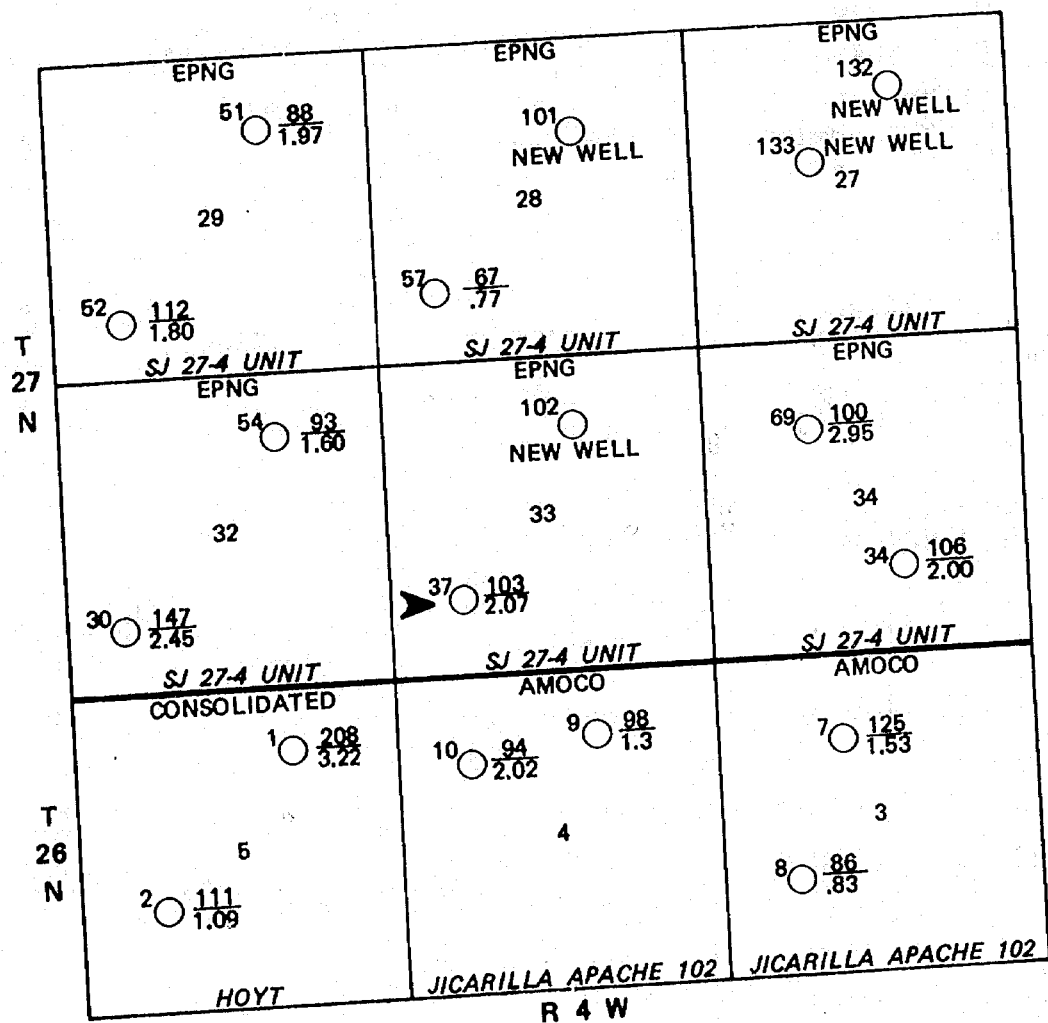
EPNG EXHIBIT NO. 3

CASE NO. 6630

Submitted by Paul H. Burchell

Hearing Date 10/2/79

EXHIBIT NO. 3



○ MCF - 1978 AVERAGE DAILY GAS PRODUCTION  
○ BARRELS - 1978 AVERAGE DAILY CONDENSATE PRODUCTION

SCALE: 1 INCH = 3000 FEET

**El Paso** NATURAL GAS  
COMPANY

BEFORE EXAMINER STAMETS	
OIL CONSERVATION DIVISION	
EPNG	EXHIBIT NO. 4
CASE NO. 6630	
Submitted by J. L. Morrison	
P.O. BOX 1482	
EL PASO, TEXAS 79978	
Hearing Date 10/2/79	
PHONE 915-543-2600	

*Jeann*

July 17, 1979



ALL WORKING INTEREST OWNERS  
ALL ROYALTY INTEREST OWNERS  
ALL OVERRIDING ROYALTY INTEREST OWNERS

Re: San Juan 27-4 Unit #37 Well  
W/2 Section 33, T-27-N, R-4-W  
Rio Arriba County, New Mexico

Dear Interest Owner:

By letter dated May 14, 1979, you were requested to join in several wells to be drilled, in the referenced unit, pursuant to United States Geological Survey demand. One of these wells is that referenced above, a Gallup-Dakota dual well.

As you know, the referenced acreage is within the Dakota participating area but outside the Gallup. Because commingling the production from these two (2) formations will be the most economical procedure, an agreement must be made as to cost and production allocation so that the commingled production can be apportioned between the formations accordingly.

The procedure that will be followed will first involve measuring the Dakota formation production, just before the workover. After the workover and downhole commingling the total commingled production will be established, with the measurement time period being the same as that used for measurement of the Dakota production.

Based on such test data, a production percentage will be used to allocate the commingled production between the Dakota and Gallup formations. The formula for such production allocation will involve subtracting the Dakota measurement from the total commingled production. The difference will be the Gallup formation production.

The procedure hereinabove described will be presented in a hearing, currently scheduled in early August, before the New Mexico Oil Conservation Division. Said hearing will be conducted for the purpose of receiving the Division's

Page Two  
July 17, 1979

approval of the procedure described above. For our presentation at this hearing, El Paso must show that the interest owners to be affected have agreed to this procedure and the allocation to be determined therefrom.

For this reason, El Paso hereby solicits your signature and agreement to follow the production allocation procedure described above, as well as the agreement of all interest owners to be bound by the production allocation which will result from this procedure.

Please sign and return two (2) copies of this letter (copies enclosed herewith) at your earliest convenience. If you have not already done so, please also return one signed Authority for Expenditure for the referenced well, as well as the other AFE's sent to you in the May 14, 1979 letter.

We will appreciate your prompt response.

I HEREBY AGREE TO BE BOUND BY THE ALLOCATION PROCEDURE AND ALLOCATION RESULTING THEREFROM, TO BE APPROVED BY HEARING BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION, AS TO PRODUCTION BETWEEN THE DAKOTA AND GALLUP FORMATIONS, SUCH ALLOCATION BEING NECESSARY DUE TO THE DAKOTA AND GALLUP PRODUCTION BEING COMMINGLED. THIS AGREEMENT SHALL BE BINDING ON MY INTEREST IN THE REFERENCED WELL, AS WELL AS MY UNIT INTEREST.

BY: [Signature]  
TITLE: and AFE's pertaining  
DATE: 7/26/79

Very truly yours,

[Signature: Jeanne L. Morrison]  
Jeanne L. Morrison  
Associate Landman  
Land Department  
Exploration

JLM/sfg  
NM-2113  
cc: John Ahlm  
Carl Matthews  
David Burleson



SAN JUAN 27-4 UNIT  
WORKING INTEREST OWNERS

Mary Jone Chappell

Clifton Resources, Inc.

General American Oil Company of Texas

F. Eugene Harrington

Gerald E. Harrington

James V. Harrington

Thomas H. Harrington

PWG Partnership ✓

Mr. M. A. Romero

ROYALTY INTEREST OWNER

U.S.A.  
c/o United States Geological Survey  
Roswell, New Mexico

Xelpho N. Greene

OVERRIDING ROYALTY INTEREST OWNERS

J. R. Abraham

Edna E. Morrell

Mary F. Abraham

Robert P. Earnest

Mike C. Abraham, Trustee

Foster Morrell

Union Oil Co. of California

John C. Meadows

Helen Kerr Ochsner

T. H. Harrington

Central National Bank and Trust Company  
of Des Moines, Iowa, Trustee under  
the Will of Gerald F. Harrington

Gerald F. Harrington

F. Eugene Harrington

Mary Jone Chappell

James V. Harrington

**El Paso** NATURAL GAS  
COMPANY

P.O. BOX 1492  
EL PASO, TEXAS 79978  
PHONE: 915-543-2600

July 17, 1979

ALL WORKING INTEREST OWNERS  
ALL ROYALTY INTEREST OWNERS  
ALL OVERRIDING ROYALTY INTEREST OWNERS

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BY: Elizabeth Graham

TITLE: \_\_\_\_\_

DATE: 7/23/79

Very truly yours,

Jeanne L. Morrison  
Jeanne L. Morrison  
Associate Landman  
Land Department  
Exploration

JLM/sfg  
NM-2113  
cc: John Ahlm  
Carl Matthews  
David Burleson

SAN JUAN 27-4 UNIT  
WORKING INTEREST OWNERS

Mary Jone Chappell

Clifton Resources, Inc.

General American Oil Company of Texas

F. Eugene Harrington

Gerald E. Harrington

James V. Harrington

Thomas H. Harrington

PWG Partnership

Mr. M. A. Romero

ROYALTY INTEREST OWNER

U.S.A.  
c/o United States Geological Survey  
Roswell, New Mexico

Xelpho N. Greene

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Robert P. Earnest

Mike C. Abraham, Trustee

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Union Oil Co. of California

John C. Meadows

Helen Kerr Ochsner

T. H. Harrington

Central National Bank and Trust Company  
of Des Moines, Iowa, Trustee under  
the Will of Gerald F. Harrington

Gerald F. Harrington

F. Eugene Harrington

Mary Jone Chappell

James V. Harrington

Elizabeth Graham

**El Paso** NATURAL GAS  
COMPANY

P.O. BOX 1492  
EL PASO, TEXAS 79978  
PHONE: 915-543-2800

July 17, 1979

ALL WORKING INTEREST OWNERS  
ALL ROYALTY INTEREST OWNERS  
ALL OVERRIDING ROYALTY INTEREST OWNERS

Re: San Juan 27-4 Unit #37 Well  
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BY: *Stephen E. Lillie*

TITLE: Vice Pres. and Trust Officer

DATE: July 19, 1979

Very truly yours,

*Jeanne L. Morrison*

Jeanne L. Morrison  
Associate Landman  
Land Department  
Exploration

JLM/sfg  
NM-2113  
cc: John Ahlm  
Carl Matthews  
David Burleson

SAN JUAN 27-4 UNIT  
WORKING INTEREST OWNERS

Mary Jone Chappell

Clifton Resources, Inc.

General American Oil Company of Texas

F. Eugene Harrington

Gerald E. Harrington

James V. Harrington

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Xelpho N. Greene

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Mary Jone Chappell

James V. Harrington

**El Paso** NATURAL GAS  
COMPANY

P. O. BOX 1492  
EL PASO, TEXAS 79978  
PHONE: 915-543-2600

July 17, 1979

ALL WORKING INTEREST OWNERS  
ALL ROYALTY INTEREST OWNERS  
ALL OVERRIDING ROYALTY INTEREST OWNERS

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BY: *Stephen E. Gillespie*  
TITLE: *Vice President & Trust Officer*  
DATE: July 19, 1979

Very truly yours,

*Jeanne L. Morrison*  
Jeanne L. Morrison  
Associate Landman  
Land Department  
Exploration

JLM/sfg  
NM-2113  
cc: John Ahlm  
Carl Matthews  
David Burleson

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Robert P. Earnest

Foster Morrell ✓

**El Paso** NATURAL GAS  
COMPANY

P. O. BOX 1492  
EL PASO, TEXAS 79978  
PHONE: 915-543-2600

July 17, 1979



ALL WORKING INTEREST OWNERS  
ALL ROYALTY INTEREST OWNERS  
ALL OVERRIDING ROYALTY INTEREST OWNERS

Re: San Juan 27-4 Unit #37 Well  
W/2 Section 33, T-27-N, R-4-W  
Rio Arriba County, New Mexico

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July 17, 1979

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BY: John Ahl  
TITLE: Landman  
DATE: July 19, 1979

Very truly yours,

*Jeanne L. Morrison*  
Jeanne L. Morrison  
Associate Landman  
Land Department  
Exploration

JLM/sfg  
NM-2113  
cc: John Ahl  
Carl Matthews  
David Burleson

SAN JUAN 27-4 UNIT  
WORKING INTEREST OWNERS

Mary Jone Chappell

Clifton Resources, Inc.

General American Oil Company of Texas

F. Eugene Harrington

Gerald E. Harrington ✓

James V. Harrington

Thomas H. Harrington

PWG Partnership

Mr. M. A. Romero

ROYALTY INTEREST OWNER

U.S.A.

c/o United States Geological Survey  
Roswell, New Mexico

OVERRIDING ROYALTY INTEREST OWNERS

J. R. Abraham

Mary F. Abraham

Mike C. Abraham, Trustee

Union Oil Co. of California

John C. Meadows

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Foster Morrell

**El Paso** NATURAL GAS  
COMPANY

P. O. BOX 1492  
EL PASO, TEXAS 79978  
PHONE: 915-543-2600

July 17, 1979

General American Oil Co. of Texas  
Meadows Building  
Dallas, Texas 75206

Re: San Juan 27-4 Unit #37 Well  
W/2 Section 33, T-27-N, R-4-W  
Rio Arriba County, New Mexico

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BY: W. R. Patterson

TITLE: Western Div. Supt.

DATE: 7/26/79

GENERAL AMERICAN OIL CO. OF TEXAS  
NET PROFITS INTEREST

Very truly yours,

Jeanne L. Morrison  
Jeanne L. Morrison  
Associate Landman  
Land Department  
Exploration

JLM/sfg  
NM-2113

cc: John Ahlm  
Carl Matthews  
David Burleson

**El Paso** NATURAL GAS  
COMPANY

P. O. BOX 1492  
EL PASO, TEXAS 79978  
PHONE 915-543-2600

July 17, 1979



ALL WORKING INTEREST OWNERS  
ALL ROYALTY INTEREST OWNERS  
ALL OVERRIDING ROYALTY INTEREST OWNERS

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W/2 Section 33, T-27-N, R-4-W  
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BY: Jeanne L. Morrison

TITLE: CRN-10

DATE: July 2, 1979

Very truly yours,

Jeanne L. Morrison  
Jeanne L. Morrison  
Associate Landman  
Land Department  
Exploration

JLM/sfg  
NM-2113

cc: John Ahlm  
Carl Matthews  
David Burleson

SAN JUAN 27-4 UNIT  
WORKING INTEREST OWNERS

Mary Jone Chappell

Clifton Resources, Inc.

General American Oil Company of Texas

F. Eugene Harrington

Gerald E. Harrington

James V. Harrington

Thomas H. Harrington

PWG Partnership

Mr. M. A. Romero

ROYALTY INTEREST OWNER

U.S.A.  
c/o United States Geological Survey  
Roswell, New Mexico

Xelpho N. Greene

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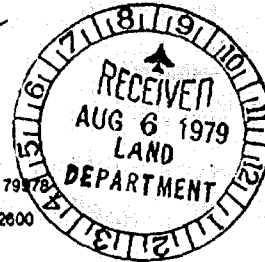
Mary Jone Chappell

James V. Harrington

27 1979

**El Paso** NATURAL GAS  
COMPANY

*Same*  
P. O. BOX 1492  
EL PASO, TEXAS 79978  
PHONE: 915-543-2600



July 17, 1979

ALL WORKING INTEREST OWNERS  
ALL ROYALTY INTEREST OWNERS  
ALL OVERRIDING ROYALTY INTEREST OWNERS

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W/2 Section 33, T-27-N, R-4-W  
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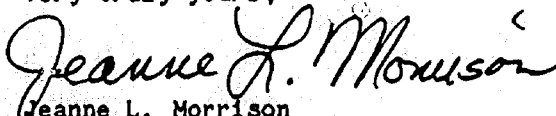
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BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

Very truly yours,



Jeanne L. Morrison  
Associate Landman  
Land Department  
Exploration

JLM/sfg  
NM-2113  
cc: John Ahlm  
Carl Matthews  
David Burleson

SAN JUAN 27-4 UNIT  
WORKING INTEREST OWNERS

Mary Jone Chappell

Clifton Resources, Inc.

General American Oil Company of Texas

F. Eugene Harrington

Gerald E. Harrington

James V. Harrington

Thomas H. Harrington

PWG Partnership

Mr. M. A. Romero

ROYALTY INTEREST OWNER

U.S.A.  
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Roswell, New Mexico

Xelpho N. Greene

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**El Paso** NATURAL GAS  
COMPANY

P. O. BOX 1492  
EL PASO, TEXAS 79978  
PHONE: 915-543-2600

July 17, 1979



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ALL ROYALTY INTEREST OWNERS  
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BY: Larry M. Peterson  
*Central National Bank & Trust Co. Des Moines, IA  
Trustee Under Will of Gerald F. Harrington*

TITLE: Trust Officer

DATE: 8/2/79

Very truly yours,

*Jeanne L. Morrison*  
Jeanne L. Morrison  
Associate Landman  
Land Department  
Exploration

JLM/sfg  
NM-2113  
cc: John Ahlm  
Carl Matthews  
David Burleson

SAN JUAN 27-4 UNIT  
WORKING INTEREST OWNERS

Mary Jone Chappell

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General American Oil Company of Texas

F. Eugene Harrington

Gerald E. Harrington

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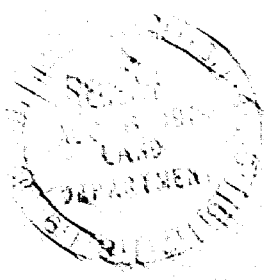
Edna E. Morrell

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**ALL WORKING INTEREST OWNERS  
ALL ROYALTY INTEREST OWNERS  
ALL OVERRIDING ROYALTY INTEREST OWNERS**



**ALL WORKING INTEREST OWNERS  
ALL ROYALTY INTEREST OWNERS  
ALL OVERRIDING ROYALTY INTEREST OWNERS**

Re: San Juan 21-1 and 22-1  
1/2 Section 13, T-2-N, R-1-E  
1/4 Section 14, T-2-N, R-1-E

Dear Interest Owner:

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**El Paso** NATURAL GAS  
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P. O. BOX 1492  
EL PASO, TEXAS 79978  
PHONE: 915-543-2600

July 17, 1979



ALL WORKING INTEREST OWNERS  
ALL ROYALTY INTEREST OWNERS  
ALL OVERRIDING ROYALTY INTEREST OWNERS

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W/2 Section 33, T-27-N, R-4-W  
Rio Arriba County, New Mexico

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BY: T. L. Hammit  
TITLE: UNIT OWNER  
DATE: August 1, 1979

Very truly yours,

Jeanne L. Morrison  
Jeanne L. Morrison  
Associate Landman  
Land Department  
Exploration

JLM/sfg  
NM-2113  
cc: John Ahlm  
Carl Matthews  
David Burleson

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BY: *[Signature]*

TITLE: W.I. owner

DATE: 8-11-79

Very truly yours,

*Jeanne L. Morrison*  
Jeanne L. Morrison  
Associate Landman  
Land Department  
Exploration

JLM/sfg

NM-2113

cc: John Ahlm  
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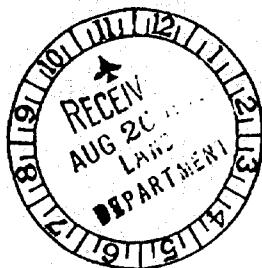
Gerald F. Harrington

F. Eugene Harrington

Mary Jone Chappell

James V. Harrington

**El Paso** NATURAL GAS  
COMPANY



P. O. BOX 1432  
EL PASO, TEXAS 79978  
PHONE: 915-543-2600

July 17, 1979

ALL WORKING INTEREST OWNERS  
ALL ROYALTY INTEREST OWNERS  
ALL OVERRIDING ROYALTY INTEREST OWNERS

Re: San Juan 27-4 Unit #37 Well  
W/2 Section 33, T-27-N, R-4-W  
Rio Arriba County, New Mexico

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July 17, 1979

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BY: Robert P. Earnest  
TITLE: O&E owner  
DATE: 7-19-79

Very truly yours,

Jeanne L. Morrison  
Jeanne L. Morrison  
Associate Landman  
Land Department  
Exploration

JLM/sfg  
NM-2113  
cc: John Ahlm  
Carl Matthews  
David Burleson

SAN JUAN 27-4 UNIT  
WORKING INTEREST OWNERS

Mary Jone Chappell

Clifton Resources, Inc.

General American Oil Company of Texas

F. Eugene Harrington

Gerald E. Harrington

James V. Harrington

Thomas H. Harrington

PWG Partnership

Mr. M. A. Romero

ROYALTY INTEREST OWNER

U.S.A.  
c/o United States Geological Survey  
Roswell, New Mexico

Xelpho N. Greene

OVERRIDING ROYALTY INTEREST OWNERS

J. R. Abraham

Edna E. Morrell

Mary F. Abraham

Robert P. Earnest

Mike C. Abraham, Trustee

Poster Morrell

Union Oil Co. of California

John C. Meadows

Helen Kerr Ochsner

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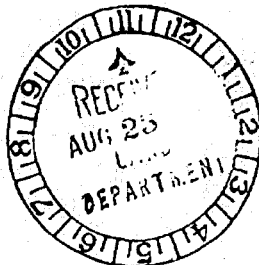
Gerald F. Harrington

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Mary Jone Chappell

James V. Harrington

**El Paso** NATURAL GAS  
COMPANY



*Jeannette*

P. O. BOX 1492  
EL PASO, TEXAS 79978  
PHONE: 915-543-2600

July 17, 1979

ALL WORKING INTEREST OWNERS  
ALL ROYALTY INTEREST OWNERS  
ALL OVERRIDING ROYALTY INTEREST OWNERS

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BY: Valerio H. Priore

TITLE: Landman

DATE: August 23-79

Very truly yours,

*Jeanne L. Morrison*

Jeanne L. Morrison  
Associate Landman  
Land Department  
Exploration

JLM/sfg  
NM-2113  
cc: John Ahlm  
Carl Matthews  
David Burleson

SAN JUAN 27-4 UNIT  
WORKING INTEREST OWNERS

Mary Jone Chappell

Clifton Resources, Inc.

General American Oil Company of Texas

F. Eugene Harrington

Gerald E. Harrington

James V. Harrington

Thomas H. Harrington

PWG Partnership

Mr. M. A. Romero

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Roswell, New Mexico

Xelpho N. Greene

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Edna E. Morrell

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Robert P. Earnest

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Foster Morrell

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John C. Meadows

Helen Kerr Ochsner

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Gerald F. Harrington

F. Eugene Harrington

Mary Jone Chappell

James V. Harrington

*→ Jeanne*

**El Paso** NATURAL GAS  
COMPANY

P. O. BOX 1492  
EL PASO, TEXAS 79978  
PHONE: 915-543-2900

July 17, 1979



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ALL ROYALTY INTEREST OWNERS  
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BY: Mary Jane Chappell

TITLE: Interest owner

DATE: 9-7-79

Very truly yours,

Jeanne L. Morrison

Jeanne L. Morrison  
Associate Landman  
Land Department  
Exploration

JLM/sfg  
NM-2113

cc: John Ahlm  
Carl Matthews  
David Burleson

SAN JUAN 27-4 UNIT  
WORKING INTEREST OWNERS

Mary Jone Chappell

Clifton Resources, Inc.

General American Oil Company of Texas

F. Eugene Harrington

Gerald E. Harrington

James V. Harrington

Thomas H. Harrington

PWG Partnership

Mr. M. A. Romero

ROYALTY INTEREST OWNER

U.S.A.  
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Roswell, New Mexico

Xelpho N. Greene

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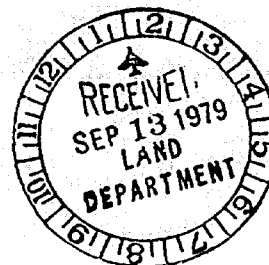
Foster Morrell



**El Paso** NATURAL GAS  
COMPANY

P. O. BOX 1492  
EL PASO, TEXAS 79978  
PHONE: 915-543-2800

July 17, 1979



ALL WORKING INTEREST OWNERS  
ALL ROYALTY INTEREST OWNERS  
ALL OVERRIDING ROYALTY INTEREST OWNERS

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BY: John C. Meadows

TITLE: \_\_\_\_\_

DATE: 9/7/79

Very truly yours,

Jeanne L. Morrison  
Jeanne L. Morrison  
Associate Landman  
Land Department  
Exploration

JLM/sfg  
NM-2113  
cc: John Ahlm  
Carl Matthews  
David Burleson

SAN JUAN 27-4 UNIT  
WORKING INTEREST OWNERS

Mary Jone Chappell

Clifton Resources, Inc.

General American Oil Company of Texas

F. Eugene Harrington

Gerald E. Harrington

James V. Harrington

Thomas H. Harrington

PWG Partnership

Mr. M. A. Romero

ROYALTY INTEREST OWNER

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c/o United States Geological Survey  
Roswell, New Mexico

Xelpho N. Greene

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Edna E. Morrell

Mary F. Abraham

Robert P. Earnest

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James V. Harrington

Elizabeth Graham

SCHEMATIC DIAGRAM of  
EL PASO NATURAL GAS COMPANY S  
"SAN JUAN 27-4 UNIT WELL No. 37"  
Rio Arriba County, New Mexico

BEFORE EXAMINER STARTS  
OIL CONSERVATION DIVISION

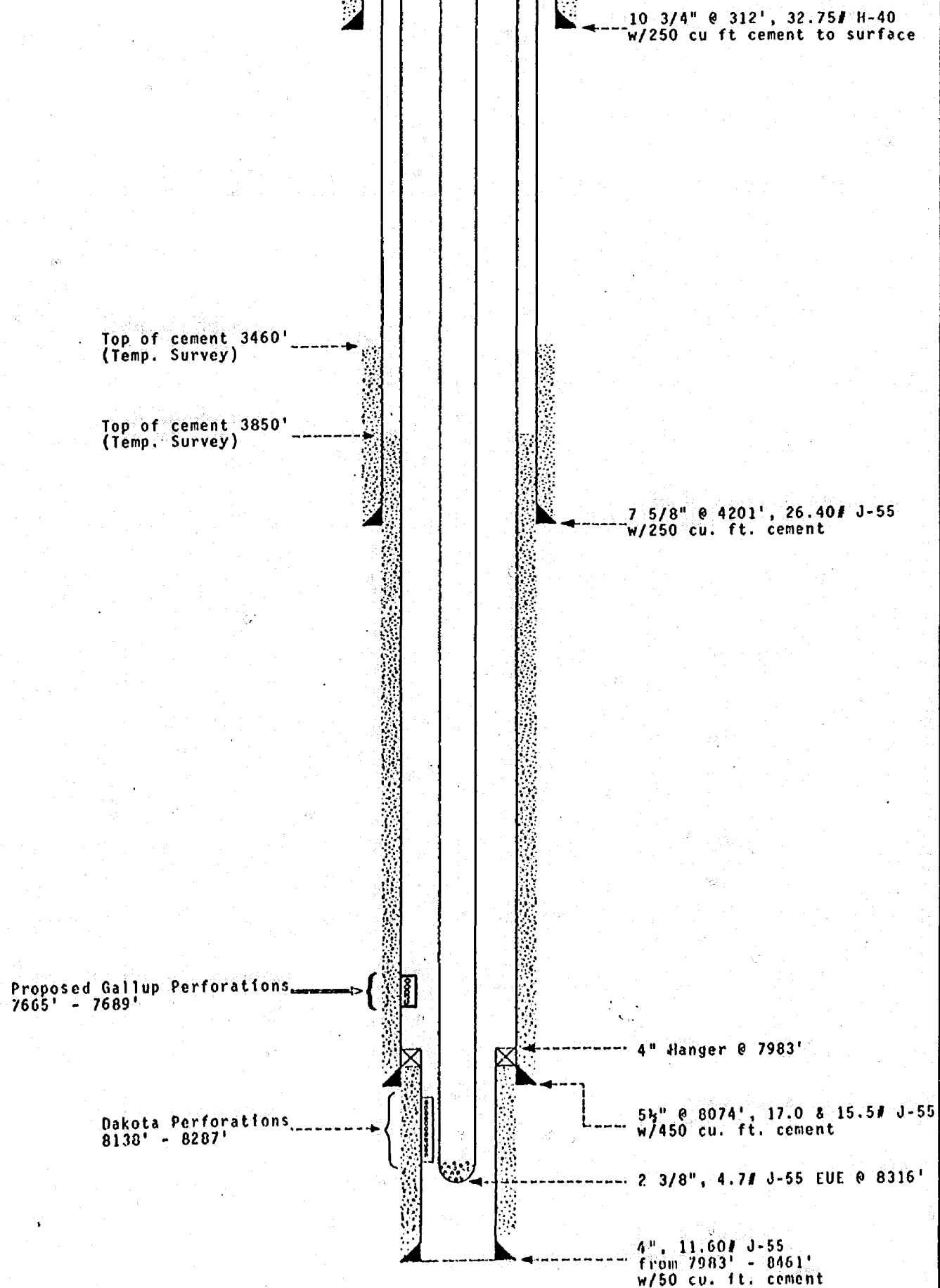
EPN-DATE NO. 1

CASE NO. 6630

Submitted by *Paul W. Burchell*

Hearing Date 10/2/79

SINGLE STRING XHAS TREE



**EXHIBIT NO. 2**

Hearing Date 10/2/79



SCALE: 1 INCH = 3000 FEET

EL PASO NATURAL GAS COMPANY

WELL LOCATION MAP

BASIN-DAKOTA GAS POOL

RIO ARriba COUNTY, NEW MEXICO

EXHIBIT NO. 3

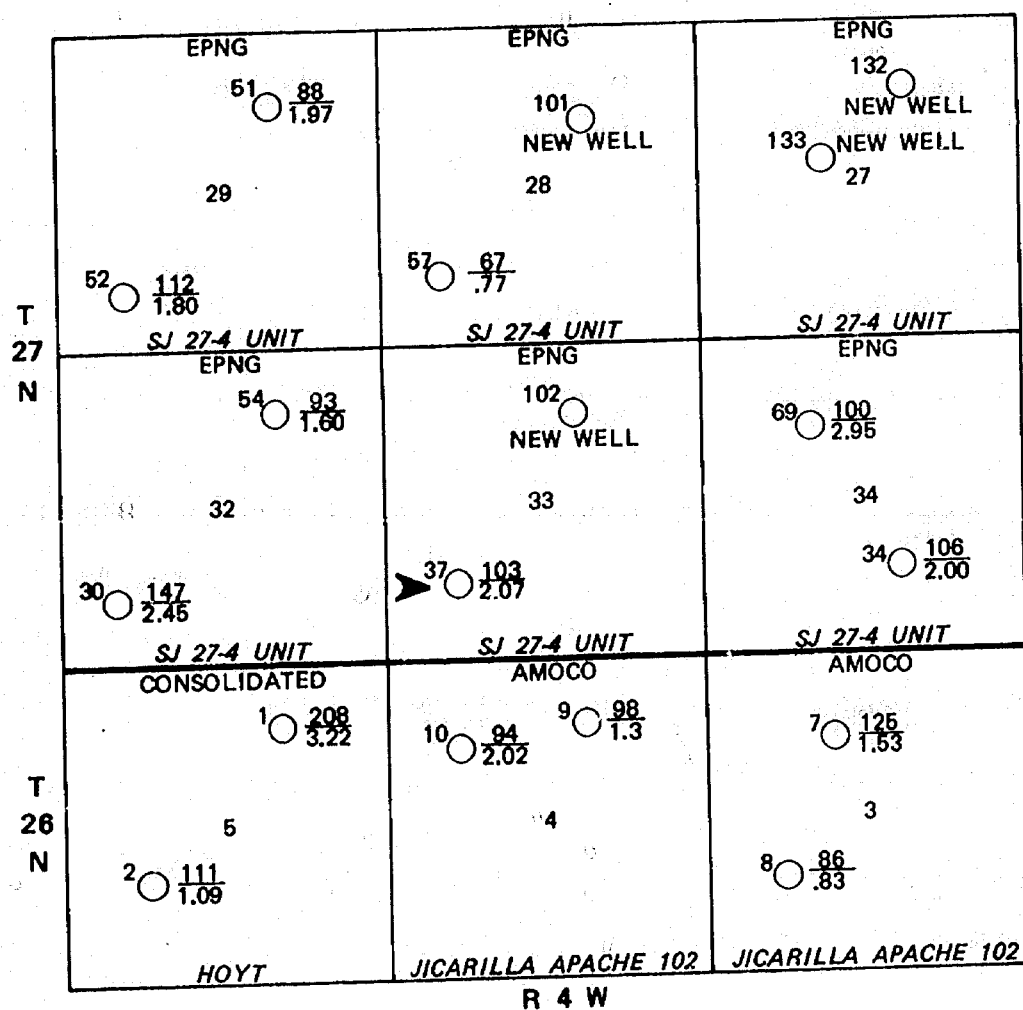
BEFORE EXAMINER STAMETS  
OIL CONSERVATION DIVISION

EPNG EXHIBIT NO. 3

CASE NO. 6630

Submitted by Paul W. Burchell

Hearing Date 10/2/79



○ MCF - 1978 AVERAGE DAILY GAS PRODUCTION  
○ BARRELS - 1978 AVERAGE DAILY CONDENSATE PRODUCTION

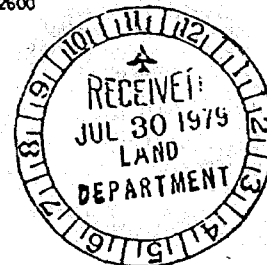
SCALE: 1 INCH = 3000 FEET

**El Paso** NATURAL GAS  
COMPANY

BEFORE EXAMINER STATES  
OIL CONSERVATION DIVISION  
*EPNG* *4*  
CASE NO. *6630*  
Subject *J. L. Morrison*  
Hearing *10/2/79*

P. O. BOX 1492  
EL PASO, TEXAS 79978  
PHONE: 915-543-2600

July 17, 1979



ALL WORKING INTEREST OWNERS  
ALL ROYALTY INTEREST OWNERS  
ALL OVERRIDING ROYALTY INTEREST OWNERS

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BY: [Signature]  
TITLE: 100% PUG partnership  
DATE: 7/26/79

Very truly yours,

[Signature: Jeanne L. Morrison]  
Jeanne L. Morrison  
Associate Landman  
Land Department  
Exploration

JLM/sfg  
NM-2113  
cc: John Ahlm  
Carl Matthews  
David Burleson



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F. Eugene Harrington

Gerald E. Harrington

James V. Harrington

Thomas H. Harrington

PWG Partnership ✓

Mr. M. A. Romero

ROYALTY INTEREST OWNER

U.S.A.  
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Roswell, New Mexico

Xelpho N. Greene

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COMPANY

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July 17, 1979

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BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: 7/17/79

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Associate Landman  
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Exploration

JLM/sfg  
NM-2113

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Carl Matthews  
David Burleson

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F. Eugene Harrington

Gerald E. Harrington

James V. Harrington

Thomas H. Harrington

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Roswell, New Mexico

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P.O. BOX 1492  
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BY: John E. Ahlm

TITLE: Vice Pres. and Trust Officer

DATE: July 19, 1979

Very truly yours,

*Jeanne L. Morrison*

Jeanne L. Morrison  
Associate Landman  
Land Department  
Exploration

JLM/sfg  
NM-2113  
cc: John Ahlm  
Carl Matthews  
David Burleson

SAN JUAN 27-4 UNIT  
WORKING INTEREST OWNERS

Mary Jone Chappell

Clifton Resources, Inc.

General American Oil Company of Texas

F. Eugene Harrington

Gerald E. Harrington

James V. Harrington

Thomas H. Harrington

PWG Partnership

Mr. M. A. Romero

ROYALTY INTEREST OWNER

U.S.A.  
c/o United States Geological Survey  
Roswell, New Mexico

Xelpho N. Greene

OVERRIDING ROYALTY INTEREST OWNERS

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James V. Harrington

**El Paso** NATURAL GAS  
COMPANY

P. O. BOX 1492  
EL PASO, TEXAS 79978  
PHONE: 915-543-2600

July 17, 1979

ALL WORKING INTEREST OWNERS  
ALL ROYALTY INTEREST OWNERS  
ALL OVERRIDING ROYALTY INTEREST OWNERS

Re: San Juan 27-4 Unit #37 Well  
W/2 Section 33, T-27-N, R-4-W  
Rio Arriba County, New Mexico

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BY: *Jefferson E. Gillespie*  
TITLE: *President of Trust Office*  
DATE: July 19, 1979

Very truly yours,

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Associate Landman  
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Foster Morrell

**El Paso** NATURAL GAS  
COMPANY

P. O. BOX 1492  
EL PASO, TEXAS 79978  
PHONE: 915-543-2600

July 17, 1979

General American Oil Co. of Texas  
Meadows Building  
Dallas, Texas 75206

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BY: *W. R. Gallison*

TITLE: *Western Div. Supt.*

DATE: *7/26/79*

GENERAL AMERICAN OIL CO. OF TEXAS  
NET PROFITS INTEREST

Very truly yours,

*Jeanne L. Morrison*  
Jeanne L. Morrison  
Associate Landman  
Land Department  
Exploration

JLM/sfg  
NM-2113  
cc: John Ahlm  
Carl Matthews  
David Burleson

**El Paso** NATURAL GAS  
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P. O. BOX 1492  
EL PASO, TEXAS 79978  
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BY: [Signature]

TITLE: TO

DATE: July 2 1979

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Land Department  
Exploration

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cc: John Ahlm  
Carl Matthews  
David Burleson

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Mary Jone Chappell  
Clifton Resources, Inc.  
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F. Eugene Harrington  
Gerald E. Harrington  
James V. Harrington  
Thomas H. Harrington  
PWG Partnership  
Mr. M. A. Romero

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Mary Jone Chappell  
James V. Harrington

Edna E. Morrell  
Robert P. Earnest  
Foster Morrell

1979

**El Paso** NATURAL GAS  
COMPANY

*James*

P. O. BOX 1492  
EL PASO, TEXAS 79978  
PHONE: 915-543-2600



July 17, 1979

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ALL ROYALTY INTEREST OWNERS  
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TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

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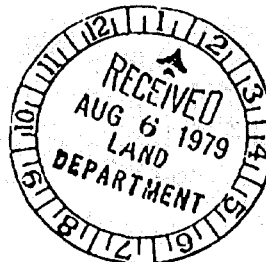
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BY: Larry M. Peterson  
*Central National Bank & Trust Co. Dallas, Texas TX  
Trustee Under Will of Gerald F. Harrington*

TITLE: Trust Officer

DATE: 8/2/79

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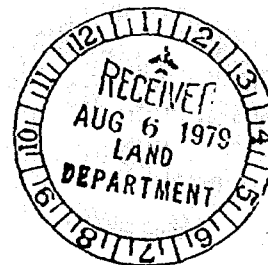
James V. Harrington



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P. O. BOX 1492  
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BY: T. H. Hammon

TITLE: W.I. & O.R.I. owner

DATE: August 1, 1979

Very truly yours,

Jeanne L. Morrison  
Jeanne L. Morrison  
Associate Landman  
Land Department  
Exploration

JLM/sfg  
NM-2113  
cc: John Ahlm  
Carl Matthews  
David Burleson

SAN JUAN 27-4 UNIT  
WORKING INTEREST OWNERS

Mary Jone Chappell

Clifton Resources, Inc.

General American Oil Company of Texas

F. Eugene Harrington

Gerald E. Harrington

James V. Harrington

Thomas H. Harrington

PIWG Partnership

Mr. M. A. Romero

ROYALTY INTEREST OWNER

U.S.A.  
c/o United States Geological Survey  
Roswell, New Mexico

Xelpho N. Greene

OVERRIDING ROYALTY INTEREST OWNERS

J. R. Abraham

Edna E. Morrell

Mary F. Abraham

Robert P. Earnest

Mike C. Abraham, Trustee

Foster Morrell

Union Oil Co. of California

John C. Meadows

Helen Kerr Ochsner

T. H. Harrington

Central National Bank and Trust Company  
of Des Moines, Iowa, Trustee under  
the Will of Gerald F. Harrington

Gerald F. Harrington

F. Eugene Harrington

Mary Jone Chappell

James V. Harrington

**El Paso** NATURAL GAS  
COMPANY

P.O. BOX 1492  
EL PASO, TEXAS 79978  
PHONE: 915-543-2600

July 17, 1979

ALL WORKING INTEREST OWNERS  
ALL ROYALTY INTEREST OWNERS  
ALL OVERRIDING ROYALTY INTEREST OWNERS

Re: San Juan 27-4 Unit #37 Well  
W/2 Section 33, T-27-N, R-4-W  
Rio Arriba County, New Mexico

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BY: *M. J. owner*

TITLE: *V.I. owner*

DATE: *8-11-79*

Very truly yours,

*Jeanne L. Morrison*

Jeanne L. Morrison  
Associate Landman  
Land Department  
Exploration

JLM/sfg  
NM-2113

cc: John Ahlm  
Carl Matthews  
David Burleson

SAN JUAN 27-4 UNIT  
WORKING INTEREST OWNERS

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General American Oil Company of Texas

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Gerald E. Harrington

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Thomas H. Harrington

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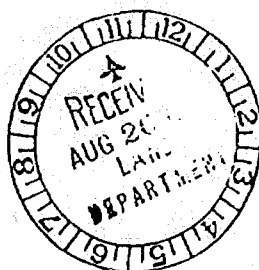
Gerald F. Harrington

F. Eugene Harrington

Mary Jone Chappell

James V. Harrington

**El Paso** NATURAL GAS  
COMPANY



P. O. BOX 1432  
EL PASO, TEXAS 79978  
PHONE: 915-543-2600

July 17, 1979

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ALL ROYALTY INTEREST OWNERS  
ALL OVERRIDING ROYALTY INTEREST OWNERS

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BY: Robert E. Earnest

TITLE: CIT owner

DATE: 7-19-79

Very truly yours,

*Jeanne L. Morrison*

Jeanne L. Morrison  
Associate Landman  
Land Department  
Exploration

JLM/sfg  
NM-2113

cc: John Ahlm  
Carl Matthews  
David Burleson



SAN JUAN 27-4 UNIT  
WORKING INTEREST OWNERS

Mary Jone Chappell

Clifton Resources, Inc.

General American Oil Company of Texas

F. Eugene Harrington

Gerald E. Harrington

James V. Harrington

Thomas H. Harrington

PWG Partnership

Mr. M. A. Romero

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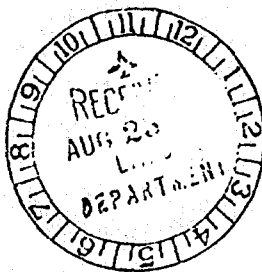
James V. Harrington

Edna E. Morrell

Robert P. Earnest

Foster Morrell

**El Paso** NATURAL GAS  
COMPANY



*James*

P. O. BOX 1492  
EL PASO, TEXAS 79978  
PHONE: 915-543-2600

July 17, 1979

ALL WORKING INTEREST OWNERS  
ALL ROYALTY INTEREST OWNERS  
ALL OVERRIDING ROYALTY INTEREST OWNERS

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BY: *Jeane L. Morrison*

TITLE: *Landman*

DATE: *August 22, 1979*

Very truly yours,

*Jeane L. Morrison*

Jeane L. Morrison  
Associate Landman  
Land Department  
Exploration

JLM/sfg

NM-2113

cc: John Ahlm

Carl Matthews

David Burleson

SAN JUAN 27-4 UNIT  
WORKING INTEREST OWNERS

Mary Jone Chappell

Clifton Resources, Inc.

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F. Eugene Harrington

Gerald E. Harrington

James V. Harrington

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Gerald F. Harrington

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James V. Harrington

*→ Jesse*

**El Paso** NATURAL GAS  
COMPANY

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EL PASO, TEXAS 79978  
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July 17, 1979



ALL WORKING INTEREST OWNERS  
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BY: John Ahlm  
TITLE: Interest owner  
DATE: 9-7-79

Very truly yours,

Jeanne L. Morrison  
Jeanne L. Morrison  
Associate Landman  
Land Department  
Exploration

JLM/sfg  
NM-2113  
cc: John Ahlm  
Carl Matthews  
David Burleson

SAN JUAN 27-4 UNIT  
WORKING INTEREST OWNERS

Mary Jone Chappell

Clifton Resources, Inc.

General American Oil Company of Texas

F. Eugene Harrington

Gerald E. Harrington

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Elizabeth Graham

**El Paso** NATURAL GAS  
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P. O. BOX 1492  
EL PASO, TEXAS 79978  
PHONE: 915-543-2600

July 17, 1979



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BY: John C. Meadows

TITLE: \_\_\_\_\_

DATE: 9/7/79

Very truly yours,

Jeanne L. Morrison

Jeanne L. Morrison  
Associate Landman  
Land Department  
Exploration

JLM/sfg  
NM-2113

cc: John Ahlm  
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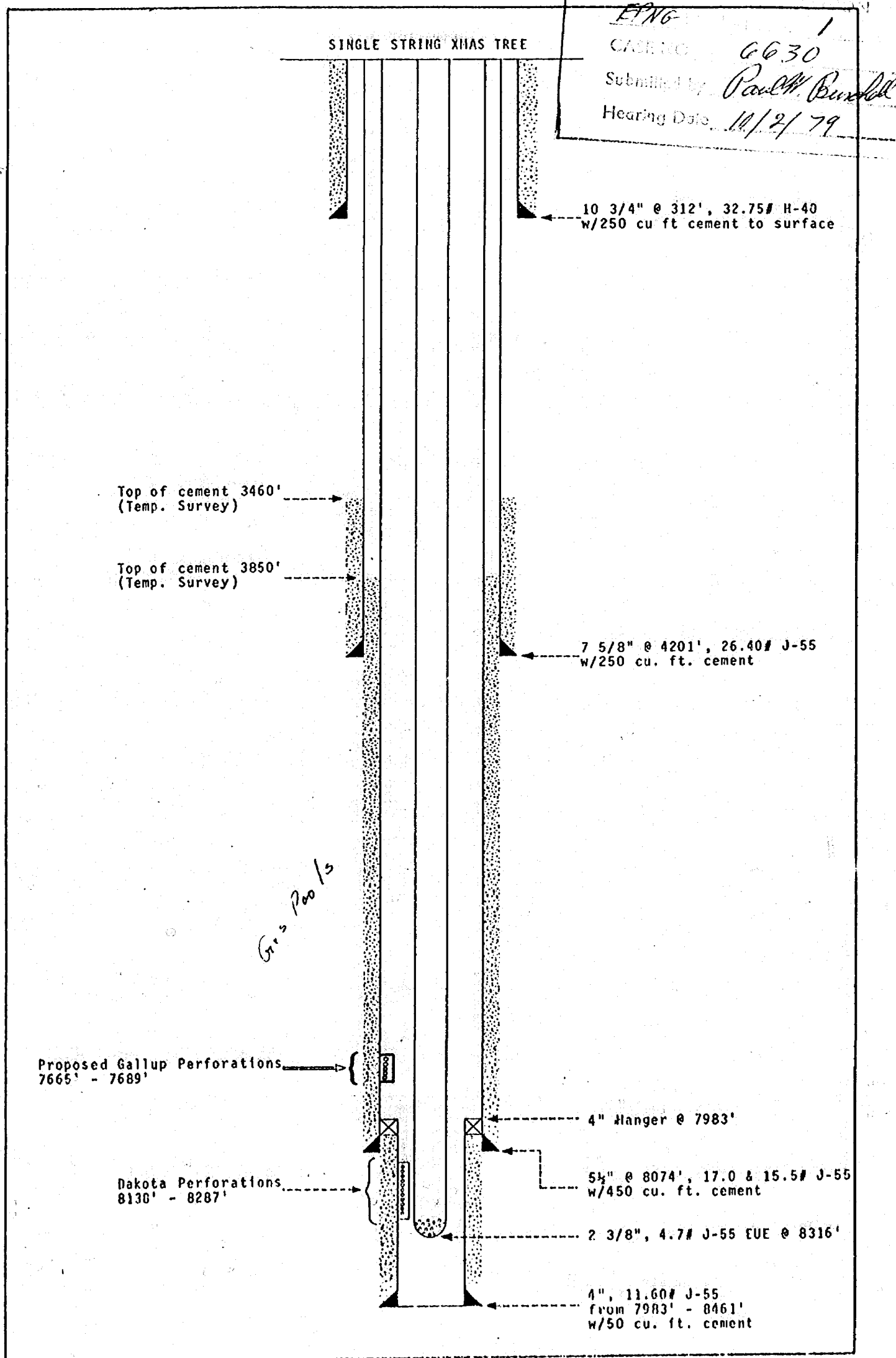
F. Eugene Harrington

Mary Jone Chappell

James V. Harrington

Elizabeth Graham

SCHEMATIC DIAGRAM of  
EL PASO NATURAL GAS COMPANY'S  
"SAN JUAN 27-4 UNIT WELL No. 37"  
Rio Arriba County, New Mexico



EL PASO NATURAL GAS COMPANY

WELL LOCATION MAP

B S MESA-GALLUP GAS POOL

RIO ARriba COUNTY, NEW MEXICO

BEFORE EXAMINER  
OIL CONSERVATION DIVISION

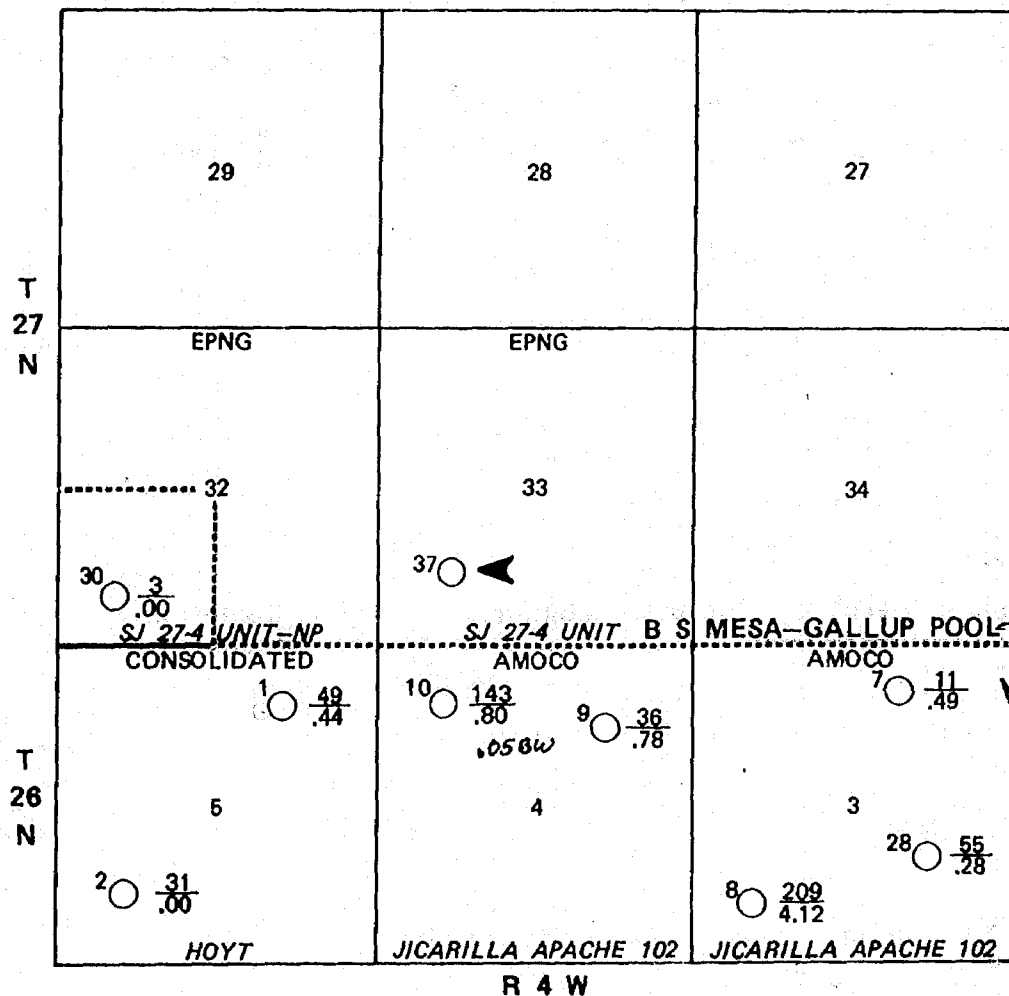
EPNG EXHIBIT NO. 2

CASE NO. 6630

Submitted by Reed M. Benchell

Hearing Date 10/2/79

EXHIBIT NO. 2



○ MCF - 1978 AVERAGE DAILY GAS PRODUCTION  
BARRELS - 1978 AVERAGE DAILY CONDENSATE PRODUCTION

SCALE: 1 INCH = 3000 FEET

*70 x 67 = 4690  
0.86 mls*

EL PASO NATURAL GAS COMPANY

WELL LOCATION MAP

BASIN-DAKOTA GAS POOL

RIO ARriba COUNTY, NEW MEXICO

EXHIBIT NO. 3

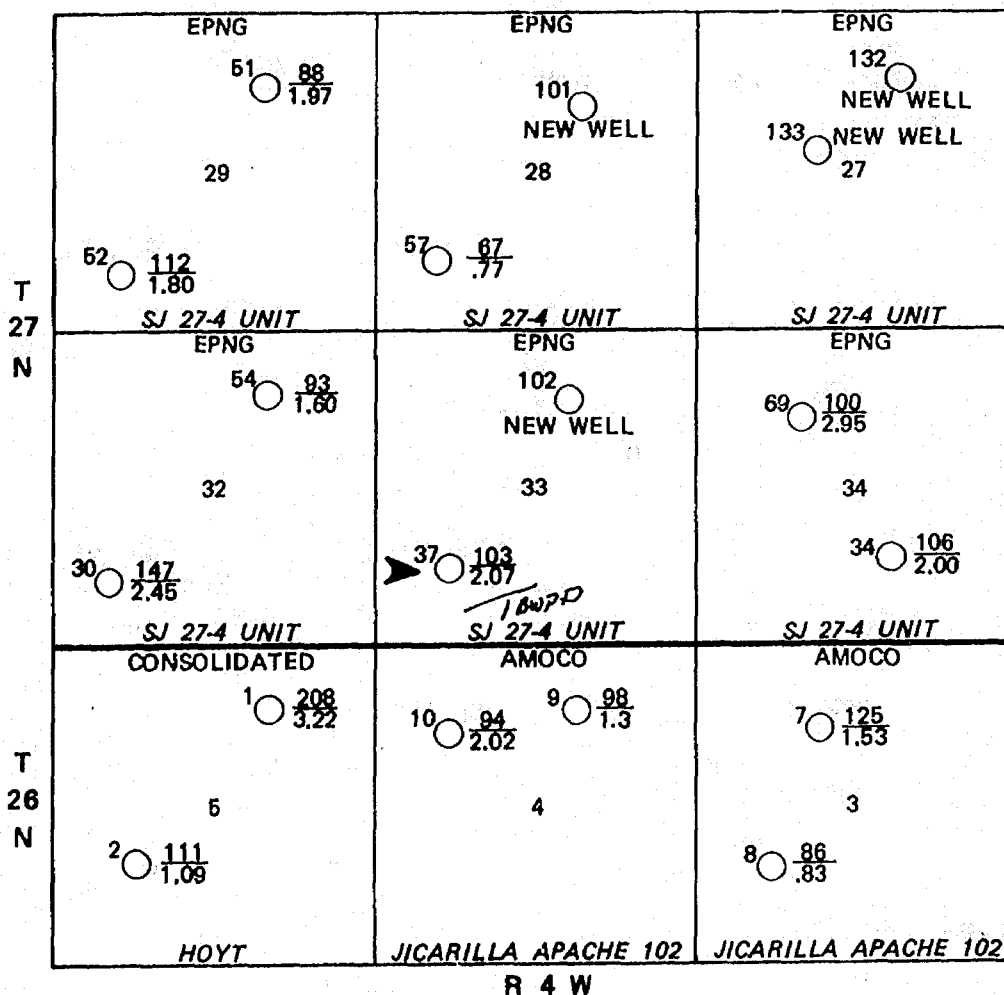
BEFORE EXAMINER STATES  
OIL CONSERVATION DIVISION

EPNG-EXHIBIT NO. 3

CASE NO. 6630

Submitted by *Paul H. Burchell*

Hearing Date *10/2/79*



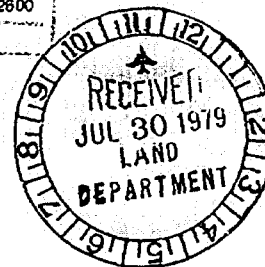
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**El Paso** NATURAL GAS  
COMPANY

BEFORE EXAMINER STAFFETS  
OIL CONSERVATION DIVISION  
*EPN6* EXHIBIT NO. *4*  
CASE NO. *6630*  
Submitted by *J.L. Morris* P.O. BOX 1492  
EL PASO, TEXAS 79978  
Hearing Date *10/2/79* PHONE: 915-543-2600

July 17, 1979



ALL WORKING INTEREST OWNERS  
ALL ROYALTY INTEREST OWNERS  
ALL OVERRIDING ROYALTY INTEREST OWNERS

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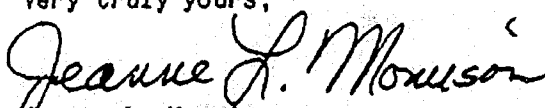
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BY: 

TITLE: Asst. Pres. Petroleum

DATE: 7/26/79

Very truly yours,



Jeanne L. Morrison  
Associate Landman  
Land Department  
Exploration

JLM/sfg  
NM-2113  
cc: John Ahlm  
Carl Matthews  
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SAN JUAN 27-4 UNIT  
WORKING INTEREST OWNERS

Mary Jone Chappell  
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Thomas H. Harrington  
PWG Partnership ✓  
Mr. M. A. Romero

ROYALTY INTEREST OWNER

U.S.A.  
c/o United States Geological Survey  
Roswell, New Mexico

Xelpho N. Greene

OVERRIDING ROYALTY INTEREST OWNERS

J. R. Abraham  
Mary F. Abraham  
Mike C. Abraham, Trustee  
Union Oil Co. of California  
John C. Meadows  
Helen Kerr Ochsner  
T. H. Harrington  
Central National Bank and Trust Company  
of Des Moines, Iowa, Trustee under  
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Gerald F. Harrington  
F. Eugene Harrington  
Mary Jone Chappell  
James V. Harrington

Edna E. Morrell  
Robert P. Earnest  
Foster Morrell



**El Paso** NATURAL GAS  
COMPANY

P. O. BOX 1492  
EL PASO, TEXAS 79978  
PHONE: 915-543-2600

July 17, 1979

ALL WORKING INTEREST OWNERS  
ALL ROYALTY INTEREST OWNERS  
ALL OVERRIDING ROYALTY INTEREST OWNERS

Re: San Juan 27-4 Unit #37 Well  
W/2 Section 33, T-27-N, R-4-W  
Rio Arriba County, New Mexico

Dear Interest Owner:

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BY: Elizabeth Graham

TITLE: \_\_\_\_\_

DATE: 7/23/79

Very truly yours,

*Jeanne L. Morrison*  
Jeanne L. Morrison  
Associate Landman  
Land Department  
Exploration

JLM/sfg  
NM-2113  
cc: John Ahlm  
Carl Matthews  
David Burleson

SAN JUAN 27-4 UNIT  
WORKING INTEREST OWNERS

Mary Jone Chappell

Clifton Resources, Inc.

General American Oil Company of Texas

F. Eugene Harrington

Gerald E. Harrington

James V. Harrington

Thomas H. Harrington

PWG Partnership

Mr. M. A. Romero

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P. O. BOX 1492  
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PHONE: 915-543-2800

July 17, 1979

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BY: *Jeane L. Morrison*

TITLE: Vice Pres. and Trust Officer

DATE: July 19, 1979

Very truly yours,

*Jeane L. Morrison*  
Jeane L. Morrison  
Associate Landman  
Land Department  
Exploration

JLM/sfg  
NM-2113  
cc: John Ahlm  
Carl Matthews  
David Burleson

SAN JUAN 27-4 UNIT  
WORKING INTEREST OWNERS

Mary Jone Chappell

Clifton Resources, Inc.

General American Oil Company of Texas

F. Eugene Harrington

Gerald E. Harrington

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Thomas H. Harrington

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July 17, 1979

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BY: *John E. Gillispie*  
TITLE: *Vice President & Trust Officer*  
DATE: July 19, 1979

Very truly yours,

*Jeanne L. Morrison*  
Jeanne L. Morrison  
Associate Landman  
Land Department  
Exploration

JLM/sfg  
NM-2113  
cc: John Ahlm  
Carl Matthews  
David Burleson



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WORKING INTEREST OWNERS

Mary Jone Chappell

Clifton Resources, Inc.

General American Oil Company of Texas

F. Eugene Harrington

Gerald E. Harrington

James V. Harrington

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Xelpho N. Greene

Edna E. Morrell

Robert P. Earnest

Foster Morrell ✓

**El Paso** NATURAL GAS  
COMPANY

P. O. BOX 1482  
EL PASO, TEXAS 79978  
PHONE: 915-543-2600

July 17, 1979

ALL WORKING INTEREST OWNERS  
ALL ROYALTY INTEREST OWNERS  
ALL OVERRIDING ROYALTY INTEREST OWNERS



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BY: Jeane L. Morrison

TITLE: Associate Landman

DATE: July 17, 1979

Very truly yours,

*Jeane L. Morrison*  
Jeane L. Morrison  
Associate Landman  
Land Department  
Exploration

JLM/sfg  
NM-2113  
cc: John Ahlm  
Carl Matthews  
David Burleson

SAN JUAN 27-4 UNIT  
WORKING INTEREST OWNERS

Mary Jone Chappell

Clifton Resources, Inc.

General American Oil Company of Texas

F. Eugene Harrington

Gerald E. Harrington ✓

James V. Harrington

Thomas H. Harrington

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Roswell, New Mexico

Xelpho N. Greene

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**El Paso** NATURAL GAS  
COMPANY

P. O. BOX 1492  
EL PASO, TEXAS 79978  
PHONE: 915-543-2600

July 17, 1979

General American Oil Co. of Texas  
Meadows Building  
Dallas, Texas 75206

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BY: *W. K. Gallen*

TITLE: *Western Div. Supt.*

DATE: *7/26/79*

GENERAL AMERICAN OIL CO. OF TEXAS  
NET PROFITS INTEREST

Very truly yours,

*Jeanne L. Morrison*  
Jeanne L. Morrison  
Associate Landman  
Land Department  
Exploration

JLM/sfg  
NM-2113  
cc: John Ahlm  
Carl Matthews  
David Burleson

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COMPANY

P. O. BOX 1492  
EL PASO, TEXAS 79978  
PHONE: 915-543-2600

July 17, 1979



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ALL ROYALTY INTEREST OWNERS  
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BY: Jeanne L. Morrison

TITLE: CRNE TO 0760

DATE: May 2, 1979

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Jeanne L. Morrison  
Jeanne L. Morrison  
Associate Landman  
Land Department  
Exploration

JLM/sfg  
NM-2113  
cc: John Ahlm  
Carl Matthews  
David Burleson



SAN JUAN 27-4 UNIT  
WORKING INTEREST OWNERS

Mary Jone Chappell

Clifton Resources, Inc.

General American Oil Company of Texas

F. Eugene Harrington

Gerald E. Harrington

James V. Harrington

Thomas H. Harrington

PWG Partnership

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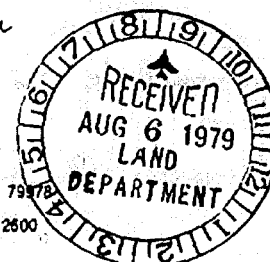
Mary Jone Chappell

James V. Harrington

JUL 27 1979

**El Paso** NATURAL GAS  
COMPANY

*Jame*  
P. O. BOX 1492  
EL PASO, TEXAS 79978  
PHONE: 915-543-2600



July 17, 1979

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TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

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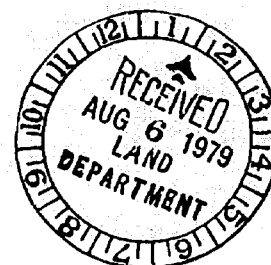
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ALL OVERRIDING ROYALTY INTEREST OWNERS



Re: San Juan 27-4 Unit #37 Well  
W/2 Section 33, T-27-N, R-4-W  
Rio Arriba County, New Mexico

Dear Interest Owner:

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BY: Larry M. Peterson  
*Central National Bank & Trust Co. Des Moines, IA  
Trustee Under Will of Gerald F. Harrington*

TITLE: Trust Officer

DATE: 8/2/79

Very truly yours,

*Jeanne L. Morrison*

Jeanne L. Morrison  
Associate Landman  
Land Department  
Exploration

JLM/sfg  
NM-2113  
cc: John Ahlm  
Carl Matthews  
David Burleson

SAN JUAN 27-4 UNIT  
WORKING INTEREST OWNERS

Mary Jone Chappell

Clifton Resources, Inc.

General American Oil Company of Texas

F. Eugene Harrington

Gerald E. Harrington

James V. Harrington

Thomas H. Harrington

PWG Partnership

Mr. M. A. Romero

ROYALTY INTEREST OWNER

U.S.A.  
c/o United States Geological Survey  
Roswell, New Mexico

Xelpho N. Greene

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Mary F. Abraham

Robert P. Earnest

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James V. Harrington

**El Paso** NATURAL GAS  
COMPANY

P. O. BOX 1492  
EL PASO, TEXAS 79978  
PHONE: 915-543-2600

July 17, 1979



ALL WORKING INTEREST OWNERS  
ALL ROYALTY INTEREST OWNERS  
ALL OVERRIDING ROYALTY INTEREST OWNERS

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BY: T. H. Hammett

TITLE: WELL-LEADERS OWNER

DATE: August 1, 1979

Very truly yours,

Jeanne L. Morrison  
Jeanne L. Morrison  
Associate Landman  
Land Department  
Exploration

JLM/sfg  
NM-2113  
cc: John Ahlm  
Carl Matthews  
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BY: *[Signature]*

TITLE: U.I. owner

DATE: 8-11-79

Very truly yours,

*Jeanne L. Morrison*  
Jeanne L. Morrison  
Associate Landman  
Land Department  
Exploration

JLM/sfg  
NM-2113  
cc: John Ahlm  
Carl Matthews  
David Burleson

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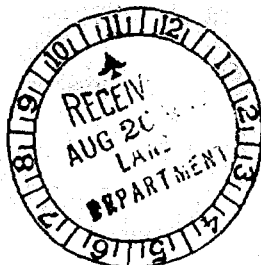
F. Eugene Harrington

Mary Jone Chappell

James V. Harrington

Edna E. Morrell  
Robert P. Earnest  
Foster Morrell

**El Paso** NATURAL GAS  
COMPANY



*Jann*

P.O. BOX 1492  
EL PASO, TEXAS 79978  
PHONE: 915-543-2800

July 17, 1979

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ALL ROYALTY INTEREST OWNERS  
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BY: Robert P. Earnest

TITLE: ORL owner

DATE: 7-19-79

Very truly yours,

Jeanne L. Morrison

Jeanne L. Morrison  
Associate Landman  
Land Department  
Exploration

JLM/sfg  
NM-2113  
cc: John Ahlm  
Carl Matthews  
David Burleson

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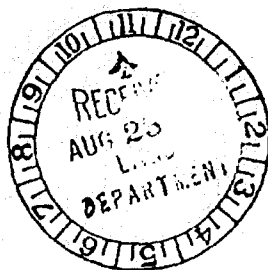
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Mary Jone Chappell

James V. Harrington



**El Paso** NATURAL GAS  
COMPANY



*James*

P. O. BOX 1492  
EL PASO, TEXAS 79978  
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BY: Velvin H. Greene

TITLE: Landman

DATE: August 20-79

Very truly yours,

Jeanne L. Morrison  
Jeanne L. Morrison  
Associate Landman  
Land Department  
Exploration

JLM/sfg  
NM-2113

cc: John Ahlm  
Carl Matthews  
David Burleson

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*→ Jesse*

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COMPANY

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EL PASO, TEXAS 79978  
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BY: Mary Jane Chappell

TITLE: Interest owner

DATE: 9-7-79

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Associate Landman  
Land Department  
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JLM/sfg

NM-2113

cc: John Ahlm

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BY: John C. Meadows

TITLE: \_\_\_\_\_

DATE: 9/7/79

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Elizabeth Graham

J. O. SETH (1883-1963)

A. K. MONTGOMERY  
FRANK ANDREWS  
FRED C. HANNAHS  
SETH D. MONTGOMERY  
FRANK ANDREWS III  
OWEN M. LOPEZ  
VICTOR R. ORTEGA  
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WALTER J. MELENDRES  
BRUCE L. HERR  
MICHAEL W. BRENNAN  
ROBERT R. WORCESTER  
JOHN B. DRAPER  
NANCY M. ANDERSON  
JOHN K. SILVER  
RUDOLPH B. SACKS, JR.

**MONTGOMERY, ANDREWS & HANNAHS**

PROFESSIONAL ASSOCIATION  
ATTORNEYS AND COUNSELORS AT LAW  
325 PASEO DE PERALTA  
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TELEPHONE 505-962-3873

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September 27, 1979

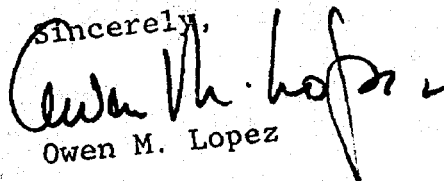
New Mexico Energy and  
Minerals Department  
Oil Conservation Division  
Land Office Building  
Santa Fe, New Mexico 87503

Re: NMOCC Case No. 6630 - Application of El Paso  
Natural Gas Company for downhole commingling,  
San Juan 27-4 Unit Well No. 37 located in  
Unit N of Section 33, T27N, R4W, Rio Arriba  
County, New Mexico.

Gentlemen:

Please be advised that David T. Burleson of the office  
of General Counsel of El Paso Natural Gas Company, El Paso,  
Texas, is associated with our firm for the presentation of  
evidence and argument in the above-referenced case.

Sincerely,

  
Owen M. Lopez

OML:to

Docket No. 38-79

Dockets Nos. 40-79 and 41-79 are tentatively set for October 17 and 31, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - TUESDAY - OCTOBER 2, 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 6656: (Continued from September 19, 1979, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Energy Oil & Gas Corp., The Travelers Indemnity Co., and all other interested parties to appear and show cause why the Sadler Well No. 1 located in Unit I of Section 3, Township 24 North, Range 29 East, Union County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6640: (Continued from September 5, 1979, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Miles Production Company, National Surety Corporation, and all other interested parties to appear and show cause why the Thomas Drought Well No. 1 located in Unit A of Section 4, Township 15 North, Range 6 West, McKinley County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6687: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit McCoy and Phillips and all other interested parties to appear and show cause why the Martin Well No. 1 located in Unit N of Section 34, Township 30 North, Range 11 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6688: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Phillips and Spence and all other interested parties to appear and show cause why the Martin Well No. 2 located in Unit N of Section 34, Township 30 North, Range 11 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6689: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit one "Goodrum" and all other interested parties to appear and show cause why the E. C. Brawley Well No. 1 located in Unit O of Section 34, Township 30 North, Range 11 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6690: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Elvis L. Roberts, The Travelers Indemnity Co., and all other interested parties to appear and show cause why the Bergin Well No. 1 located in Unit F of Section 21, Township 29 North, Range 11 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6691: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the addition of a Rule 10(D) to Order No. R-1670-T, Blanco Mesaverde Infill Drilling Order, San Juan and Rio Arriba Counties, New Mexico, to require that both wells on a proration unit be tested when an infill well has been completed. Said Rule 10(D) would be identical to Rule 10(D) of Order No. R-1670-V for the Basin-Dakota Pool.

CASE 6692: In the matter of the hearing called by the Oil Conservation Division on its own motion to consider the amendment of Order No. R-333-F-2 to require that gas wells in the Pictured Cliffs or shallower formations be classified "exempt marginal" if at least three months of production history is available and their average production for the months produced within the preceding 12-month period is less than 1000 MCF per month. The same amendment is sought for wells completed below the Pictured Cliffs formation except that minimum production would have to average less than 2000 MCF per month. Also to be considered would be the requirement in Order No. R-333-F-2 and in Rule 10(C) of Order Nos. R-1670-T and R-1670-V that no well on a multiple well proration unit could be classified exempt marginal unless all wells on the unit are eligible for such reclassification.

CASE 6674: Application of Tenneco Oil Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Fruitland and Blanco-Pictured Cliffs production in the wellbore of its Florence Well No. 115 located in Unit M of Section 10, Township 30 North, Range 9 West.

CASE 6644: (Continued from September 19, 1979, Examiner Hearing)

Application of Tenneco Oil Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Fruitland and Pictured Cliffs production in the wellbores of its State K Com Well No. 12 located in Unit E of Section 16, Township 30 North, Range 9 West, and its Florence Well No. 60R in Unit L of Section 1, Township 29 North, Range 9 West.

CASE 6675: Application of Gifford, Mitchell & Wisenbaker for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Pawnee Unit Area, comprising 3,840 acres, more or less, of State and federal lands in Township 26 South, Range 36 East.

CASE 6671: (Continued from September 19, 1979, Examiner Hearing)

Application of Chapman and Schneider for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in the Seven Rivers Reef formation in the open-hole interval from 3422 feet to 3504 feet in its I. B. Ogg "A" Well No. 3 located in Unit E of Section 35, Township 24 South, Range 36 East, Jalmat Pool.

CASE 6676: Application of Doyle Hartman for an unorthodox well location and a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre non-standard gas proration unit comprising the SW/4 NE/4 and SE/4 NW/4 of Section 26, Township 24 South, Range 36 East, Jalmat Gas Pool, to be dedicated to a well to be drilled at an unorthodox location 2310 feet from the North line and 1650 feet from the East line of said Section 36.

CASE 6677: Application of Texas Pacific Oil Company, Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Arrowhead-Grayburg and Eumont production in the wellbore of its Elliott B-6 Well No. 1 located in Unit M of Section 6, Township 22 South, Range 37 East.

CASE 6678: Application of Texas Pacific Oil Company, Inc. for downhole commingling and a special casinghead gas allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinberry and Tubb production in the wellbore of its Eva Owens Well No. 1 located in Unit M of Section 25, Township 21 South, Range 37 East. Applicant further seeks an increase in the casinghead gas allowable for said well.

CASE 6660: (Continued from September 19, 1979, Examiner Hearing)

Application of B. & W. Oil Reclaiming for an oil treating plant permit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the NE/4 NE/4 NE/4 of Section 34, Township 18 South, Range 26 East.

CASE 6679: Application of El Paso Natural Gas Company for a gas storage unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Washington Ranch Morrow Unit Area comprising the Morrow formation and the first 100 feet immediately above and below said formation underlying all or parts of Sections 21 thru 23, 26 thru 29, and 32 thru 36, Township 25 South, Range 24 East; Sections 1 thru 5 and 9 thru 14, Township 26 South, Range 24 East; and Sections 6, 7, and 18, Township 26 South, Range 25 East, Washington Ranch-Morrow Gas Pool, Eddy County, New Mexico. Said unit area would be for the purpose of conducting a gas storage project and would comprise 12,158 acres, more or less, of State, federal and fee lands.

CASE 6630: (Continued from August 22, 1979, Examiner Hearing)

Application of El Paso Natural Gas Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Basin-Dakota and BS Mesa-Gallup production in the wellbore of its San Juan 27-4 Unit Well No. 37 located in Unit N of Section 33, Township 27 North, Range 4 West.

CASE 6680: Application of Robert C. Anderson for surface commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the surface commingling of all production from his Ute Mountain Ute Lease, Wells Nos. 1, 3 and 4, located in Section 14, Township 31 North, Range 16 West.

CASE 6681: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Wolfcamp-Mississippian test well to be located 660 feet from the South line and 1100 feet from the West line of Section 31, Township 18 South, Range 26 East, the S/2 of said Section 31 to be dedicated to the well.

CASE 6682: (This case will be dismissed.)

Application of Yates Petroleum Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Mississippian formations underlying the N/2 of Section 28, Township 18 South, Range 29 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6683: Application of Read & Stevens, Inc. for an unorthodox well location and non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Devonian test well to be located 330 feet from the North line and 100 feet from the West line of Section 6, Township 11 South, Range 37 East, Lots 5 and 6 of said Section 6 to be dedicated to the well as a non-standard 49.33-acre proration unit.

CASE 6684: Application of CO<sub>2</sub>-In-Action, Inc. for creation of a new carbon dioxide gas pool and special pool rules, Harding County, New Mexico. Applicant, in the above-styled cause, seeks the creation of the North Bueyeros-Santa Rosa CO<sub>2</sub> Gas Pool and the promulgation of special pool rules therefor, including a provision for 40-acre spacing and proration units. Said pool would comprise all or parts of Sections 1 thru 4, Township 20 North, Range 30 East, and Sections 8, 9, 10, 15, 16, 17, 20, 21, 22, 27, 28, 32, 33 and 34, Township 21 North, Range 30 East.

CASE 6685: Application of ARCO Oil and Gas Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinebry and Drinkard production in the wellbore of its J. R. Cone A Well No. 2 located in Unit L of Section 26, Township 21 South, Range 37 East.

CASE 6686: Application of Mesa Petroleum Company for an exception to Order No. R-111-A, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to the casing-cementing rules of Order No. R-111-A to permit a well to be drilled in Unit F of Section 6, Township 20 South, Range 31 East, without a salt protection string and to circulate cement on the production string. Applicant also seeks the same exception for a possible future well in Unit E of said Section 6.

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Docket No. 39-79

DOCKET: COMMISSION HEARING - WEDNESDAY - OCTOBER 3, 1979

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

CASE 6652: (Continued from September 19, 1979, Examiner Hearing)

Application of Shell Oil Company for statutory unitization, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of a pressure maintenance project, all mineral interests in the North Hobbs Grayburg-San Andres Unit encompassing 10,650 acres, more or less, underlying all or portions of the following lands in Lea County, New Mexico: Sections 13, 14, 23, 24, 25, 26, and 36, Township 18 South, Range 37 East; Sections 17 through 21 and 27 through 34, Township 18 South, Range 38 East.

The unitized interval would be the Grayburg-San Andres Formation between the depths of 3,698 feet and 4,500 feet in Shell's State A Well No. 7, located in Unit H of Section 32, Township 18 South, Range 38 East.

Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of the horizontal and vertical limits of the unit area; the determination of a fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including, but not necessarily limited to, unit voting procedures, selection, removal, or substitution of unit operator, and time of commencement and termination of unit operations.

Page 4 of 4  
Commission Hearing - Wednesday - October 3, 1979

Docket No. 39-79

CASE 6653: (Continued from September 19, 1979, Examiner Hearing)

Application of Shell Oil Company for a pressure maintenance project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project on its North Hobbs Grayburg-San Andres Unit, by the injection of water through 70 wells into the Grayburg-San Andres formation, and the adoption of special rules governing said project.

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
Oil Conservation Division  
State Land Office Building  
Santa Fe, New Mexico  
22 August 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of El Paso Natural Gas  
Company for downhole commingling,  
Rio Arriba County, New Mexico.

CASE  
6630

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Ernest L. Padilla, Esq.  
Legal Counsel for the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87503

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
2020 Plaza Blanca (S98) 471-2462  
Santa Fe, New Mexico 87501

MR. NUTTER: We'll call now Case Number

6630.

MR. PADILLA: Application of El Paso  
Natural Gas Company for downhole commingling, Rio Arriba  
County, New Mexico.

MR. NUTTER: Applicant in this case has  
requested that the case be continued to October 3rd, so it  
will be continued to the Examiner Hearing scheduled to be  
held at this same place at 9:00 a. m. October 3rd, 1979.

(Hearing concluded.)

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3030 Plaza Blanca (606) 471-2462  
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, from my notes taken at the time of the hearing.

Sally W. Boyd C.S.R.  
 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. 6630  
 heard by me on 8/22 1979.

[Signature] Examiner  
 Oil Conservation Division

SALLY WALTON BOYD  
 CERTIFIED SHORTHAND REPORTER  
 2020 Plaza Blanca (505) 471-2462  
 Santa Fe, New Mexico 87501

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
Oil Conservation Division  
State Land Office Building  
Santa Fe, New Mexico  
22 August 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of El Paso Natural Gas  
Company for downhole commingling,  
Rio Arriba County, New Mexico.

CASE  
6630

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

Ernest L. Padilla, Esq.  
Legal Counsel for the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87503

SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3038 Plaza Blanca (SOS) 473-2462  
Santa Fe, New Mexico 87501

1 MR. NUTTER: We'll call now Case Number  
2 6630.

3 MR. PADILLA: Application of El Paso  
4 Natural Gas Company for downhole commingling, Rio Arriba  
5 County, New Mexico.

6 MR. NUTTER: Applicant in this case has  
7 requested that the case be continued to October 3rd, so it  
8 will be continued to the Examiner Hearing scheduled to be  
9 held at this same place at 9:00 a. m. October 3rd, 1979.

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11 (Hearing concluded.)  
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SALLY WALTON BOYD  
CERTIFIED SHORTHAND REPORTER  
3020 Plaza Blanca (606) 471-3462  
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, from my notes taken at the time of the hearing.

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. 6630  
 heard by me on 8/22 1979.

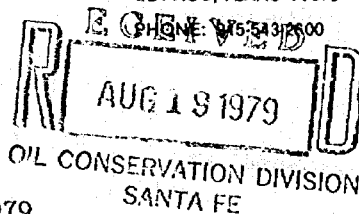
[Signature], Examiner  
 Oil Conservation Division

SALLY WALTON BOYD  
 CERTIFIED SHORTHAND REPORTER  
 2020 Plaza Blanca (SOS) 471-2462  
 Santa Fe, New Mexico 87501

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**El Paso** NATURAL GAS  
COMPANY

P. O. BOX 1492  
EL PASO, TEXAS 79978



August 17, 1979

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

Re: Commingling Request  
EPNG - San Juan 27-4 Unit Well #37  
Rio Arriba County, New Mexico  
C.D. No. 6630

Gentlemen:

*Continue Case 6630*

El Paso Natural Gas Company respectfully requests that the above referenced hearing be postponed from August 22, 1979, to October 3, 1979.

Thank you for your consideration in this matter, and I hope this change does not cause you any inconvenience.

Very truly yours,

*E. R. Manning*  
E. R. Manning

ERM:lp

cc: D. E. Adams  
David T. Burleson  
D. N. Canfield  
W. D. Dawson  
John F. Eichelmann, Jr.  
Carl E. Matthews  
NMOCD-District 3  
L. G. Truby  
U. S. G. S.  
George Lippman

Dockets Nos. 35-79 and 36-79 are tentatively set for September 5 and 19, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 22, 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:

CASE 6545: (Continued from July 25, 1979, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Corinne Grace, Travelers Indemnity Company, and all other interested parties to appear and show cause why the Kuklah Baby Well No. 1 located in Unit G of Section 24, Township 22 South, Range 26 East, Eddy County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6626: Application of T. H. McElvain Oil & Gas Properties for pool commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the commingling of Gallup and Dakota production in its Miller B Well No. 6 located in Unit G of Section 12, Township 24 North, Range 7 West.

CASE 6627: Application of Caribou Four Corners, Inc. for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gallup formation underlying a previously approved 64.32-acre non-standard unit comprising the NW/4 NW/4 and that portion of Lot 5 lying north of the San Juan River, all in Section 18, Township 29 North, Range 14 West, Cha Cha-Gallup Oil Pool, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6628: Application of Texaco Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Skaggs-Glorieta, Skaggs-Drinkard and East Weir-Blinbry production in the wellbore of its M. B. Weir "B" Well No. 9 located in Unit O of Section 12, Township 20 South, Range 37 East.

CASE 6629: Application of Hilliard Oil & Gas, Inc. for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its Hanson Bonds Well No. 1 located 1650 feet from the North line and 330 feet from the East line of Section 20, Township 9 South, Range 35 East, to a Devonian bottom hole location within 100 feet of a point 1325 feet from the North line and 430 feet from the East line of said Section 20.

CASE 6630: Application of El Paso Natural Gas Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Basin-Dakota and BS Mesa-Gallup production in the wellbore of its San Juan 27-4 Unit Well No. 37 located in Unit N of Section 33, Township 27 North, Range 4 West.

CASE 6631: Application of Reserve Oil, Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Jalmat gas and Langlie Mattix oil production in the wellbore of its Cooper Jal Unit Well No. 149-306 located in Unit J of Section 18, Township 24 South, Range 37 East.

CASE 6632: Application of Mesa Petroleum Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Frank State Well No. 1 located in Unit I of Section 7, Township 19 South, Range 23 East, to produce gas from the Abo and Morrow formations, Runyan Ranch Field, through the casing-tubing annulus and through tubing.

CASE 6633: Application of Mesa Petroleum Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Yates Federal Com Well No. 1-Y located in Unit J of Section 20, Township 17 South, Range 27 East, to produce gas from the Logan Draw-Cisco Canyon Gas Pool and an undesignated Morrow pool through the casing-tubing annulus and through tubing.

CASE 6634: Application of Durham Inc. for special pool rules or a spacing exception, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Lake Arthur-Pennsylvanian Gas Pool to provide for 320-acre spacing rather than 160 acres. In the absence of objection, this pool will be placed on the standard 320-acre spacing for Pennsylvanian gas pools rather than the present 160-acre spacing. In the alternative applicant seeks to limit the application of the pool's rules to the horizontal limits of the pool, being the SW/4 of Section 31, Township 15 South, Range 27 East.

TOWNSHIP 25 NORTH, RANGE 12 WEST, NMPM

Section 4: N/2 and SE/4  
Section 5: N/2  
Section 6: N/2  
Section 9: NE/4  
Section 10: NW/4

TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM

Section 19: SW/4  
Section 20: W/2  
Section 31: W/2

(c) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Fruitland production and designated as the Farmer-Fruitland Pool. The discovery well is Manana Gas, Incorporated Bobbie Herrera Well No. 1 located in Unit K of Section 4, Township 30 North, Range 11 West, NMPM. Said pool would comprise:

TOWNSHIP 30 NORTH, RANGE 11 WEST, NMPM

Section 4: SW/4

(d) CREATE a new pool in San Juan County, New Mexico, classified as an oil pool for Pennsylvanian production and designated as the Big Gap-Pennsylvanian Oil Pool. The discovery well is Bass Enterprises Production Company Navajo 20 Well No. 1 located in Unit O of Section 20, Township 27 North, Range 19 West, NMPM. Said pool would comprise:

TOWNSHIP 27 NORTH, RANGE 19 WEST, NMPM

Section 20: SE/4

(e) EXTEND the Aztec-Fruitland Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 10 WEST, NMPM

Section 29: NE/4

TOWNSHIP 29 NORTH, RANGE 11 WEST, NMPM

Section 25: SE/4

(f) EXTEND the Aztec-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 31 NORTH, RANGE 11 WEST, NMPM

Section 35: E/2

(g) EXTEND the Bisti-Lower Gallup Oil Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 14 WEST, NMPM

Section 9: E/2 SE/4  
Section 10: SW/4  
Section 15: N/2 NE/4

(h) EXTEND the Blanco Mesaverde Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 3 WEST, NMPM

Section 4: N/2

TOWNSHIP 26 NORTH, RANGE 2 WEST, NMPM

Section 30: All (Partial Section)  
Section 31: All (Partial Section)

TOWNSHIP 27 NORTH, RANGE 2 WEST, NMPM

Section 16: W/2  
Section 20: E/2  
Section 21: NW/4

(i) EXTEND the Blanco-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

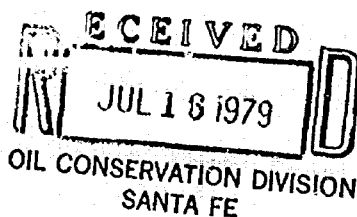
TOWNSHIP 29 NORTH, RANGE 8 WEST, NMPM

Section 4: NW/4  
Section 5: NE/4

- (q) EXTEND the Harris Mesa-Chacra Pool in San Juan County, New Mexico, to include therein:  
TOWNSHIP 30 NORTH, RANGE 14 WEST, NMPM  
Section 35: N/2 and SE/4
- (r) EXTEND the Kutz-Fruitland Pool in San Juan County, New Mexico, to include therein:  
TOWNSHIP 27 NORTH, RANGE 9 WEST, NMPM  
Section 5: NE/4
- (r) EXTEND the Kutz-Fruitland Pool in San Juan County, New Mexico, to include therein:  
TOWNSHIP 28 NORTH, RANGE 9 WEST, NMPM  
Section 32: E/2
- (s) EXTEND the West Kutz-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:  
TOWNSHIP 28 NORTH, RANGE 11 WEST, NMPM  
Section 32: NE/4
- (t) EXTEND the La Plata-Gallup Oil Pool in San Juan County, New Mexico, to include therein:  
TOWNSHIP 28 NORTH, RANGE 11 WEST, NMPM  
Section 26: SW/4
- (t) EXTEND the La Plata-Gallup Oil Pool in San Juan County, New Mexico, to include therein:  
TOWNSHIP 32 NORTH, RANGE 13 WEST, NMPM  
Section 32: N/2 and SW/4
- (u) EXTEND the West Lindrith Gallup-Dakota Oil Pool in Rio Arriba County, New Mexico, to include therein:  
TOWNSHIP 24 NORTH, RANGE 3 WEST, NMPM  
Section 6: S/2 (Partial Section)  
Section 18: All (Partial Section)
- (u) EXTEND the West Lindrith Gallup-Dakota Oil Pool in Rio Arriba County, New Mexico, to include therein:  
TOWNSHIP 24 NORTH, RANGE 4 WEST, NMPM  
Section 5: N/2  
Section 6: N/2  
Section 24: SE/4  
Section 25: NE/4
- (v) EXTEND the Otero-Chacra Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:  
TOWNSHIP 26 NORTH, RANGE 7 WEST, NMPM  
Section 3: All  
Section 4: All  
Section 10: N/2 and SE/4
- (w) EXTEND the Rusty-Chacra Pool in Sandoval County, New Mexico, to include therein:  
TOWNSHIP 22 NORTH, RANGE 7 WEST, NMPM  
Section 20: SE/4  
Section 21: E/2 and SW/4
- (x) EXTEND the Straight Canyon-Dakota Pool in San Juan County, New Mexico, to include therein:  
TOWNSHIP 31 NORTH, RANGE 16 WEST, NMPM  
Section 14: SE/4
- (y) EXTEND the WAW Fruitland-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:  
TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM  
Section 29: S/2  
Section 30: E/2  
Section 32: N/2
- (y) EXTEND the WAW Fruitland-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:  
TOWNSHIP 26 NORTH, RANGE 13 WEST, NMPM  
Section 13: E/2 and SW/4  
Section 14: SE/4
- (y) EXTEND the WAW Fruitland-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:  
TOWNSHIP 27 NORTH, RANGE 13 WEST, NMPM  
Section 18: E/2



**El Paso** NATURAL GAS  
COMPANY



P. O. BOX 1492  
EL PASO, TEXAS 79978  
PHONE: 915-543-2600

July 13, 1979

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

*Case 6630*

Re: Commingling Request  
EPNG - San Juan 27-4 Unit  
No. 37 Well

Gentlemen:

El Paso Natural Gas Company respectfully requests a hearing be set before the Commission or its designated examiner at your convenience.

El Paso seeks approval to downhole commingle gas and condensate from the Basin-Dakota Gas Pool with gas and condensate from the BS Mesa-Gallup Gas Pool in its San Juan 27-4 Unit No. 37 Well. This well is located in Unit N of Section 33, T27N-R4W, Rio Arriba County, New Mexico.

Very truly yours,

*E. R. Manning*  
E. R. Manning

ERM:blb

cc: Messrs: D. E. Adams  
David T. Burleson  
D. N. Canfield  
John F. Eichelmann, Jr.  
Carl E. Matthews  
NMOCD - District 3  
L. G. Truby  
U.S.G.S.

dr/

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

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

*JAR*

CASE NO. 6630

Order No. R-6142

APPLICATION OF EL PASO NATURAL GAS COMPANY  
FOR DOWNHOLE COMMINGLING, RIO ARRIBA  
COUNTY, NEW MEXICO.

*Jan*

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 2,  
19 79, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this \_\_\_\_\_ day of October, 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, El Paso Natural Gas Company, is  
the owner and operator of the San Juan 27-4 Unit Well No. 37,  
located in Unit N of Section 33, Township 27 North,  
Range 4 West, NMPM, Rio Arriba County, New Mexico.

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

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

(5) That from the BS Mesa-Gallup zone, the subject well is <sup>expected</sup> capable of low marginal production only.

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

(7) That the reservoir characteristics of each of the subject zones are such that underground waste would not be caused by the proposed commingling provided that the well is not shut-in for an extended period.

(8) That to afford the Division the opportunity to assess the potential for waste and to expeditiously order appropriate remedial action, the operator should notify the Aztec district office of the Division any time the subject well is shut-in for 7 consecutive days.

(9) That in order to allocate the commingled production to each of the commingled zones in the subject well, \_\_\_\_\_ percent of the commingled \_\_\_\_\_ production should be allocated to the Basin-Dakota zone, and \_\_\_\_\_ percent of the commingled \_\_\_\_\_ production to the BS Mesa-Gallup zone.

(ALTERNATE)

(9) That in order to allocate the commingled production to each of the commingled zones in the well, applicant should consult with the supervisor of the Aztec district office of the Division and determine an allocation formula for each of the production zones.

IT IS THEREFORE ORDERED:

(1) That the applicant, El Paso Natural Gas Company, is hereby authorized to commingle Basin-Dakota and BS Mesa-Gallup production within the wellbore of the San Juan 27-4 Unit Well No. 37, located in Unit N of Section 33, Township 27 North, Range 4 West, NMPM, Rio Arriba County, New Mexico.

(2) That the applicant shall consult with the Supervisor of the Aztec district office of the Division and determine an allocation formula for the allocation of production to each zone in ~~each~~ of the subject wells.

(ALTERNATE)

(2) That \_\_\_\_\_ percent of the commingled production shall be allocated to the Basin-Dakota zone and \_\_\_\_\_ percent of the commingled production shall be allocated to the BS Mesa-Gallup zone.

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

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

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