

21 SEP 8 AM 9 35



August 23, 1991

State of New Mexico
Energy, Minerals and Natural Resources Dept.
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

RE: Proposed Downhole Commingling Application
State JM #2
Justis Field
Lea County, New Mexico

Citation Oil & Gas Corp. known as operator whose address is 8223 Willow Place South Ste 250, Houston, Texas 77070-5623 request an Exception to Rule 303-A to permit the downhole commingling of the State JM #2 well, completed in the Justis Tubb Drinkard and North Justis Devonian fields, located 330' from the North line and 1650' from the East line of Section 2, T25S, R37E, Unit B, Lea County, New Mexico.

The State JM #2 is dually completed in the North Justis Devonian and the Justis Tubb Drinkard zones. It is becoming increasingly difficult to keep the Devonian side flowing. Commingling is necessary in order to continue producing both zones which would not otherwise be economically producible.

Commingling of these two zones would increase the ultimate recovery and extend the economic life of the subject zones, thereby promoting conservation and prevention of waste of crude, petroleum, and natural gas.

The royalty and working interest will remain the same with respect to both proposed combined zones.

There will be no crossflow between the Devonian and Drinkard zones. The fluids from both zones are compatible and combining these fluids will not result in the formation of precipitates which might damage any of the reservoirs.

Exception to Rule 303A
Citation Oil & Gas Corp.
State JM #2
pg 2

The estimated bottom hole pressure for each artificially lifted zone is Devonian 300 psi, Drinkard 200 psi.

The commingling will not jeopardize the efficiency of present or future secondary recovery operations in either zones to be commingled and the total value of the crude will not be reduced by commingling.

The computation showing the value of the commingled production is as follows:

Est.		
Commingled Value	=	[(8350 bbls + 10793 bbls) \$20/bbl]
	+	[(863400 MCF + 187100 MCF) \$1.25/MCF]
	=	\$1,695,985

Est.		
Non-Commingled Value	=	[(810 bbls + 10793 bbls) \$20/bbl]
	+	[(103000 MCF + 187100 MCF) \$1.25/MCF]
	=	\$594,685

In conjunction with this application, we submit the following attachments.

Attachment A Is a history of the State JM #2 which includes description of treating and testing of each zone.

Attachment B Is a prognostication of future production from each zone in the form of a curve on both zones.

Exception to Rule 303A
Citation Oil & Gas Corp.
State JM #2
pg 3

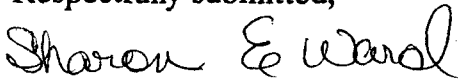
Attachment C is a current productivity test of Form C-116 showing the amount of oil and gas and water produced from each zone.

Attachment D is a plat with the lease outlined and showing all offset operators.

On March 10, 1976, an exception to Rule 303-A was granted to Shell Oil Company permitting the downhole commingling of the State JP #1 well in the Justis Devonian, Justis Drinkard and Blinbry Fields Case No. 5633, Order No. R-5175.

All offset operators have been provided a copy of this request. If you have any questions regarding this matter, please contact me at 713-469-9664. Thank you.

Respectfully submitted,



Sharon E. Ward
Prod. Regulatory Supv

attachments

cc: District I, Hobbs, NM

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

WELL API NO.

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT"
(FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well:

OIL
WELL ☒

GAS
WELL ☒

OTHER

2. Name of Operator

Citation Oil & Gas Corp.

3. Address of Operator

8223 Willow Place South Ste 250 Houston TX 77070

7. Lease Name or Unit Agreement Name

State JM

8. Well No.

2

9. Pool name or Wildcat North Justis Devonian
Justis Tubb Drinkard

4. Well Location

Unit Letter B : 330' Feet From The North Line and 1650' Feet From The East Line

Section 2 Township 25S Range 37E NMPM Lea County

10. Elevation (Show whether DF, RKB, RT, GR, etc.)

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐

PLUG AND ABANDON ☐

TEMPORARILY ABANDON ☐

CHANGE PLANS ☐

PULL OR ALTER CASING ☐

OTHER: Request exception to Rule 303-A ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐

COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐

CASING TEST AND CEMENT JOB ☐

OTHER: ☐

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

Citation Oil & Gas Corp. requests permission to downhole commingle the production from the North Justis Devonian and the Justis Tubb Drinkard zones in the State JM #2 well by application dated August 28, 1991.

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

SIGNATURE

Sharon E. Ward

TITLE

Prod. Regulatory Supv

DATE

8-28-91

TYPE OR PRINT NAME

Sharon E. Ward

TELEPHONE NO. 713-469-9664

(This space for State Use)

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

I HEREBY CERTIFY THAT A TRUE AND CORRECT COPY OF THE APPLICATION TO
DOWNHOLE COMMINGLE THE STATE JM WELL NO. 2, IN THE JUSTIS NORTH
DEVONIAN AND THE JUSTIS TUBB DRINKARD FIELDS, THAT IS OPERATED BY
CITATION OIL & GAS CORP., WERE PLACED IN THE U.S. MAIL, ALL POSTAGE
PRE-PAID AND PROPERLY ADDRESSED AS FOLLOWS TO THE LIST OF AFFECTED
PARTIES ON THIS THE 28th DAY OF AUGUST, 1991.


Sharon E. Ward

SURFACE OWNER

State of New Mexico
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DESCRIPTION

T-25-S, R-37-E
Sec. 2: Lots 1, 2, 3, 4, S $\frac{1}{2}$ N $\frac{1}{2}$

OFFSET OPERATORS

Amerada Hess Corporation
P.O. Drawer D
Monument, New Mexico 88265

DESCRIPTION

T-25-S, R-37-E
Sec. 2: Lot 1 (NE $\frac{1}{4}$ NE $\frac{1}{4}$) 40 Acres

Tahoe Energy, Inc.
3909 West Industrial
Midland, Texas 79703

T-25-S, R-37-E 120 Acres
Sec. 2: Lot 3 (NE $\frac{1}{4}$ NW $\frac{1}{4}$), SE $\frac{1}{4}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$

Chevron U.S.A. Inc.
P.O. Box 670
Hobbs, New Mexico 88240

T-25-S, R-37-E 120 Acres
Sec. 2: Lot 4 (NW $\frac{1}{4}$ NW $\frac{1}{4}$), S $\frac{1}{2}$ NW $\frac{1}{4}$

Texaco Exploration & Production Inc.
P.O. Box 730
Hobbs, New Mexico 88240-2528

T-25-S, R-37-E 120 Acres
Sec. 2: Lot 4 (NW $\frac{1}{4}$ NW $\frac{1}{4}$), S $\frac{1}{2}$ NW $\frac{1}{4}$
T-24-S, R-37-E 120 Acres
Sec. 35: S $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$

Catherine Mae Parker & Robert L.
Parker, Trustees for the Robert
L. Parker Trust
518 N.B.T. Building
Tulsa, Oklahoma 74103

T-24-S, R-37-E 40 Acres
Sec. 35: SW $\frac{1}{4}$ SW $\frac{1}{4}$

COMPLETION, STIMULATION & WORKOVER RECORD
State JM #2
June 19, 1991

<u>DATE</u>	<u>WELL HISTORY</u>
06/62	Rotary drilled to 7300' in 24 days. Lost returns 4110-4326. Set 13 3/8 48# @ 1011. Cmt w/ 600 sx. Circ'd. Set 7" & 7 5/8" 26/23/20 ppf @ 7300'. Cmt w/ 600 sx. Est TOC @ 2525'.
06/62	Perf'd Fusselman f/ 7153-7204 @ 1 JSPF (20 holes). Perf'd Devonian f/ 6996-7058 @ 1 JSPF (20 holes). Isolated Fusselman perms and AT w/ 12.5 Bbl 15% MCA & 13.5 Bbl NEA. Established communication between Fusselman & Devonian during acid job and aborted prematurely. After communication between the two zones was established there were at least four attempts to isolate these zones utilizing squeezes, reperforating and acid stimulations. The Fusselman was finally completed and the Devonian squeezed off.
11/73	Squeeze Fusselman. T/A
11/73	Perf. Devonian w/1 JSPF 6733-7054 (23 holes) Acidize 6998-7054 w/6000 gals. 15% NEA, 6 stages, 25# Benzoic acid & 25# Moth Balls @ min/max 2100/3000# Air=5.5BPM ISIP=1100 15 min.=500 3 swab runs, well flowed. Recover Load Oil. Last Report= 8.5hrs. 10 BO 1 BW 20/64 choke. FTP=840psi. GOR=49600:1
03/75	Dual Completion Drinkard-Devonian Perf. Drinkard thru 20% NEA Acid @5949-6197, Csg. gun (23 holes). Acidize 5949-6197 w/3600 gals. 20% NEA, 16 stages w/2 RCN Ball Sealers between. Min./max.=2200/4900 Air= 6.5 BPM ISIP=2000 15 min.=1600 Frac w/ 5000 gals. gelled lease crude pad, followed by 10000 gals. gelled lease crude frac, containing Mark II Adomite + 2# per gal. 20-40 mesh sd., followed by 400# Benzoic Acid & 400# Mothballs., followed by 5000 gals.gelled lease crude, followed by 10000 gals. gelled lease crude frac, containing Mark II Adomite + 2# per gal. 20-40 mesh sand. min/max= 4500/5500 Air=19.5 BPM ISIP=2300 15 min.=1950
03/75	Inject gas down csg. f/ Devonian
05/75	Gas lift 13BO 23BW 32/64 choke FTP=110 MCF=250

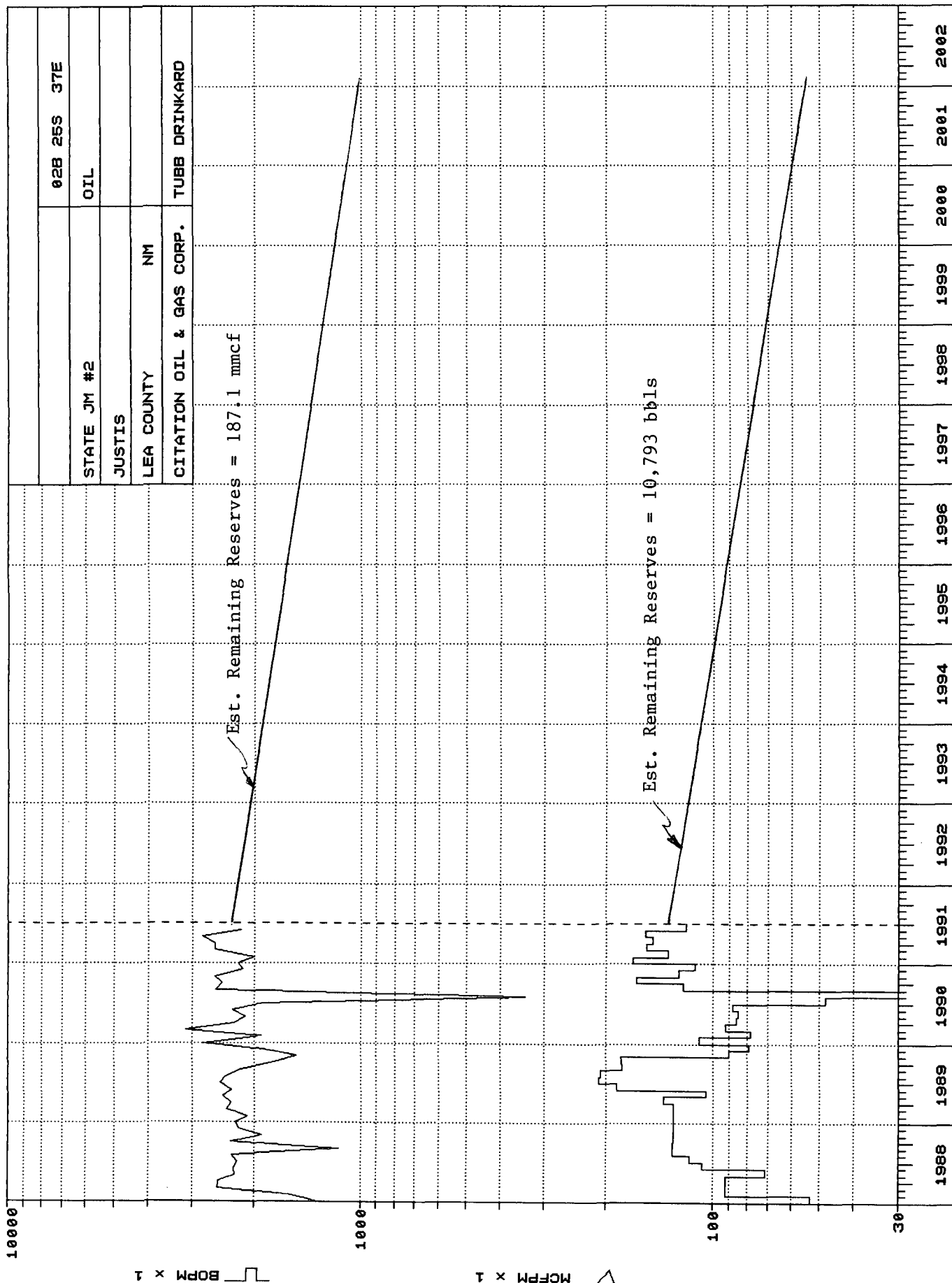
Attachment A

COMPLETION, STIMULATION & WORKOVER RECORD cont.

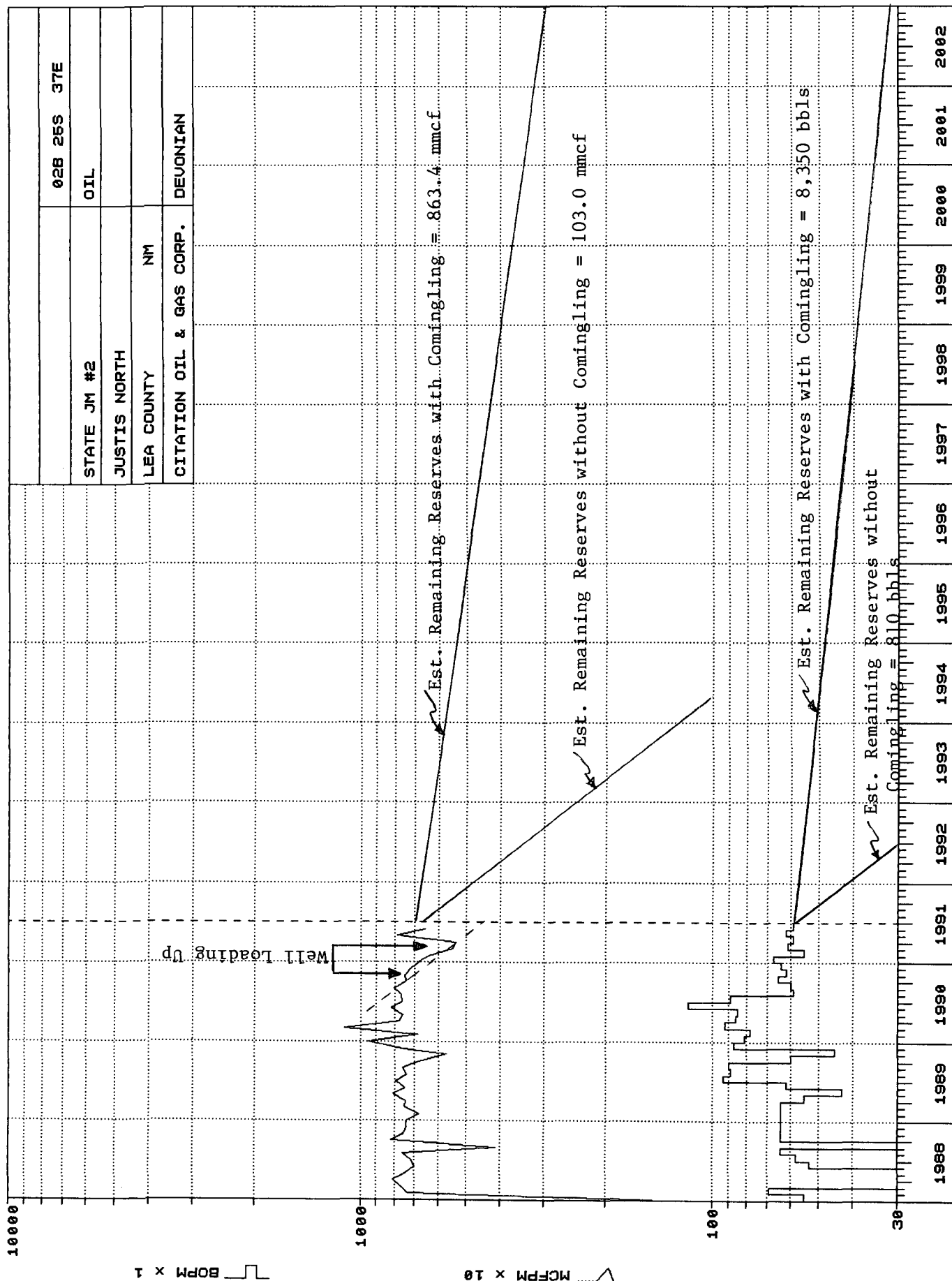
State JM #2
June 19, 1991

08/82	Holes in Devonian long string			
04/86	Holes in Devonian long string			
06/87	Drinkard on Rod Pump			
08/87	Replace 6 jts. tbgs. f/Devonian---7 jts. tbgs. f/Drinkard			
06/91	DRINKARD	5 BO	4 BW	100 MCF
	DEVONIAN	2 BO	2 BW	280 MCF

Attachment B



Attachment B



BOFPM x 1

MCFFPM x 10

Submit 2 copies to Appropriate District Office.

DISTRICT I

P.O. Box 1980, Hobbs, NM 88240

DISTRICT II

P.O. Drawer DD, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

Form C-116
Revised 1/1/89

GAS - OIL RATIO TEST

Operator Citation Oil & Gas Corp.		Pool Justis North Devonian		County Lea										
Address 8223 Willow Place South Ste 250 Houston, TX 77070		TYPE OF TEST - (X)		SCHEDULED										
LEASE NAME State JM	WELL NO. 2	LOCATION			DATE OF TEST 7-30-91	CHOKE SIZE	TBG. PRESS.	DAILY ALLOW-ABLE	LENGTH OF TEST HOURS 24	Completion			Special ☒	GAS - OIL RATIO CU.FT/BBL.
		U	S	T						R	WATER BBL.S.	PROD. GRAV. OIL		
		B	2	25S	37E					2		2		160

Instructions:

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

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

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

(See Rule 301, Rule 1116 & appropriate pool rules.)

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

Sharon E. Ward

Signature

Sharon E. Ward Prod. Regulatory Supv
Printed name and title

8-28-91

Date

713-469-9664

Telephone No.

Submit 2 copies to Appropriate
District Office.

DISTRICT I

P.O. Box 1980, Hobbs, NM 88240

DISTRICT II

P.O. Drawer DD, Artesia, NM 88210

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1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

Form C-116
Revised 1/1/89

GAS - OIL RATIO TEST

Operator Citation Oil & Gas Corp.		Pool Justis Tubb Drinkard		County Lea									
Address 8223 Willow Place South Ste 250 Houston, TX 77070		TYPE OF TEST - (X)		Completion ☐ Special ☒									
LEASE NAME	WELL NO.	LOCATION			DATE OF TEST	CHOKE SIZE	TBG. PRESS.	DAILY ALLOW-ABLE	LENGTH OF TEST HOURS	PROD. DURING TEST			GAS - OIL RATIO CU.FT/BBL.
		U	S	T						R	WATER BBL.S.	GRAV. OIL	
State JM	2	B	2	25S	37E	7-30-91				24	4	5	85

Instructions:

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Sharon E. Ward
Sharon E. Ward Prod. Regulatory Supv

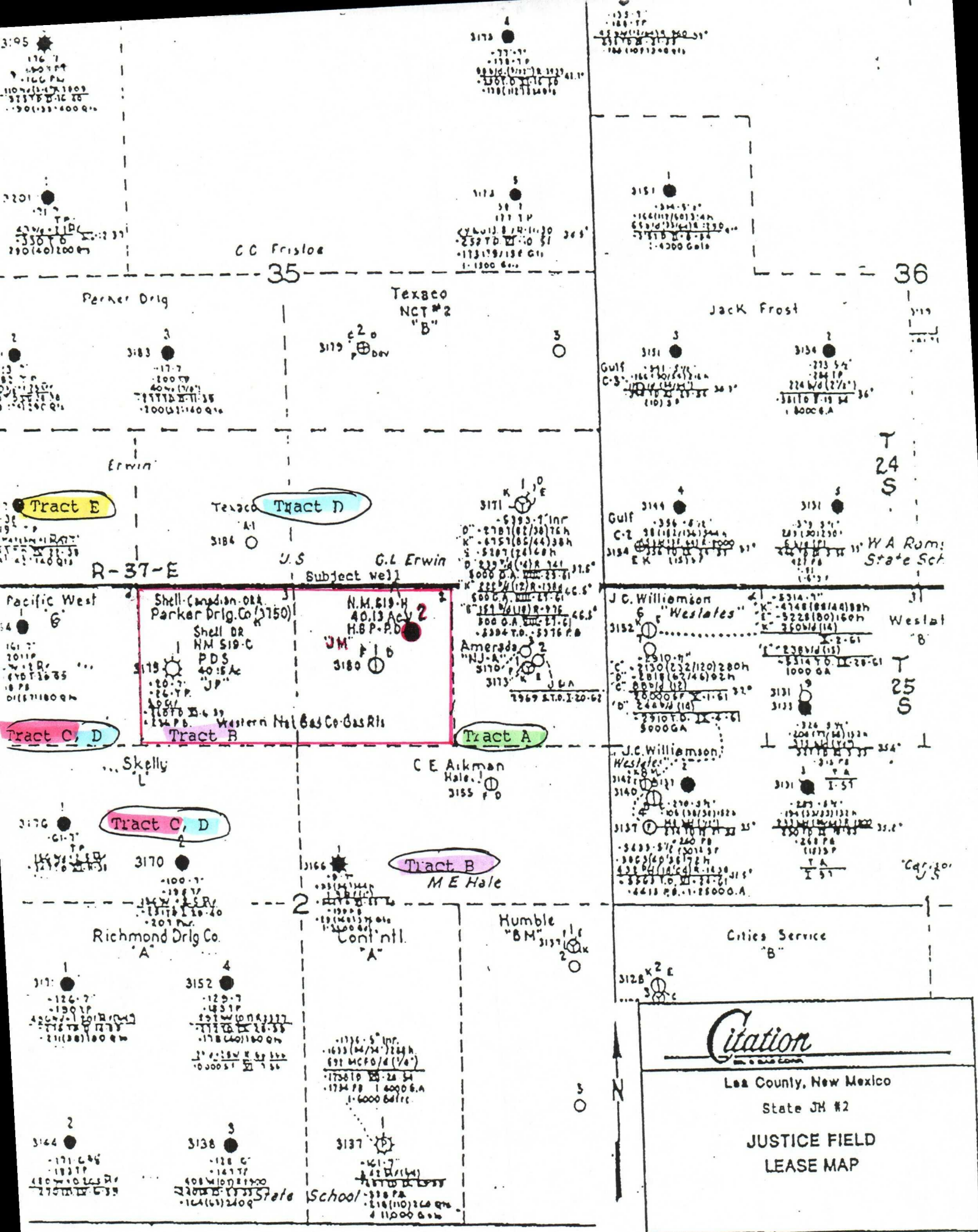
Printed name and title

8-28-91

Date

713-469-9664

Telephone No.



OFFSET OPERATORS

- Tract A - Amerada Hess Corporation
- Tract B - Tahoe Energy, Inc.
- Tract C - Chevron U.S.A. Inc.
- Tract D - Texaco Exploration & Production Inc.
- Tract E - Catherine Mae Parker & Robert L. Parker, Trustees for the Robert L. Parker Trust



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

OIL CONSERVATION DIVISION
RECEIVED

'91 SEP 5 AM 8 43

BRUCE KING
GOVERNOR

9-4-91

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

RE: Proposed:

MC _____
DHC _____
NSL _____
NSP _____
SWD _____
WFX _____
PMX _____

Gentlemen:

I have examined the application for the:

Citation Oil & Gas Corp. State JM #2-B 2-25-37
Operator Lease & Well No. Unit S-T-R

and my recommendations are as follows:

OK

Yours very truly,

Jerry Sexton
Supervisor, District 1

/ed