

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

October 25, 1954

Mr. J. W. Peery
P. O. Box 655
ODESSA, TEXAS

Dear Sir:

We enclose Order R-537 issued by the Commission under date of October 14, 1954, in support of your petition as set forth in Case 758 heard on September 16, 1954.

Very truly yours,

W. B. Macey
Secretary - Director

WBM:nr

Encl.

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MAIN OFFICE CCC
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JOHN W. PEERYP. O. BOX 655
ODESSA, TEXAS

August 17, 1954

Mr. W. M. Macey
Oil Conservation Commission
P.O. Box 871
Santa Fe, New Mexico

Request for Hearing

Dear Mr. Macey:

Application is herewith submitted for a hearing covering the J. W. Peery Hardy Lease, USGS, File 032591 (c) Las Cruces, located in S/2 of SE/4, Sect. 19, T21S, R37E, NMPM, Lea County, New Mexico. An exception is requested to Rule 303 which prohibits the commingling of oil, so that operator may commingle oil produced from the Penrose-Skelly pool by his No. 1 well with oil produced from the Drinkard pool from his No. 2 well.

The No. 1 Hardy was completed in November 1937, at a total depth of 3778 feet, producing from the Grayburg. The well was acidized with 2000 gallons and reacidized with 3000 gallons. It was then deepened to 3821 and the interval 3725-3821 shot with 300 quarts. The well flowed 57 BOPD, but steadily decreased to below the limits of economic operation and in 1947 was temporarily abandoned. We recently tested the well for 3 BOPD and an estimated 40 Mcf gas per day.

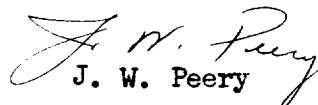
We acquired this lease in July 1953, and shortly thereafter drilled our No. 2 well to the Drinkard. Production from this well decreased to about 14 BOPD and 80 Mcf gas per day. We then drilled this well into water and plugged it off. We don't anticipate being able to increase production in any manner.

There is no horizontal division of the lease and both wells are located on the same 40 acre tract, so that inaccuracies of measurement would not result in unfair royalty or override payments.

We cannot justify installing a separate tank battery, separator and flow line for the shallow well; however, if we can comeingle oil from these and recover additional quantities of oil and gas that otherwise would never be recovered.

In event this permission is granted, we will make periodic tests to ascertain production from each well and divide said production for proration purposes.

Very truly yours,


J. W. Peery

OFH/h
cc- Mr. H. A. Dupont, District Engineer
U.S. Department of the Interior
P.O. Box 1838, Hobbs, New Mexico



Case 758
IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
P. O. Box 1838
Hobbs, New Mexico

September 7, 1954

Mr. J. W. Peery
P. O. Box 655
Odessa, Texas

Re: Lease Las Cruces 032591(c)

Dear Mr. Peery:

Reference is made to your application of August 17, 1954, to the Oil Conservation Commission of the State of New Mexico, copy of which was furnished this office, requesting permission to comingle oil produced from the Penrose-Skelly Pool by your well No. 1 Hardy with oil produced from the Drinkard Pool by your well No. 2 Hardy. Both wells are on the subject Federal leasehold in the SE $\frac{1}{4}$ SE $\frac{1}{4}$ section 19, T. 21 S., R. 37 E., N.M.P.M., Lea County, New Mexico. It is noted that your application has been designated as Case 758 on the Oil Conservation Commission docket scheduled to be heard at the September 16, 1954 regular hearing.

The proposed comingling of oil described above was discussed with your representatives a few months ago. This letter will confirm our oral statement to the effect that we offer no objection to such comingling of oil, provided, however, that approval of such operations for proration purposes is obtained from the Oil Conservation Commission of the State of New Mexico.

In view of the marginal status of the two wells, your proposed procedure may economically afford opportunity at the present time for additional recovery of oil and gas from the Penrose-Skelly Pool and in the future for possible additional recovery from the Drinkard Pool.

Very truly yours,

H. A. DuPont

H. A. DuPont
District Engineer

Copy to: Mr. J. W. Peery

Legal Notice OCC Hearing

Publication:

Date: Sept 16 1954

CASE 758 :

In the matter of the application of J. W. Peery for permission to commingle oil produced from two separate pools.

Applicant in the above-styled cause seeks an order ^{authorizing} ~~issuing~~ the ~~commingling~~ ^{into a common pool} of oil from two wells on the J. W. Peery Hardy ~~Lease~~ ^(Federal), located in S/2 SE/4 Section 19, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico, in exception to Rule 303 of the Commission's Rules and Regulations; these being applicant's Hardy No. 1 Well, producing oil from the Grayburg formation of the Penrose-Skelly Oil Pool, and his Hardy No. 2 Well, producing oil from the Drinkard zone of the Drinkard Oil Pool, both on the same 40-acre tract.