

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 1331
Order No. R-1088

APPLICATION OF MAGNOLIA PETROLEUM
COMPANY FOR APPROVAL OF A DUAL
COMPLETION IN AN UNDESIGNATED
PICTURED CLIFFS GAS POOL AND AN
UNDESIGNATED MESAVERDE GAS POOL IN
RIO ARriba COUNTY, NEW MEXICO, AND
FOR APPROVAL OF A NON-STANDARD GAS
DRILLING AND PRORATION UNIT IN EACH
OF SAID POOLS.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on October 24, 1957, at Santa Fe, New Mexico, before Daniel S. Nutter, Examiner duly appointed by the New Mexico Conservation Commission, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 3rd day of November, 1957, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Daniel S. Nutter, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Magnolia Petroleum Company, is the owner of oil and gas leases covering all of Section 18 and Lots 1, 2, and 3 of Section 19, Township 26 North, Range 2 West, NMPM, Rio Arriba County, New Mexico, and that Humble Oil and Refining Company is the owner of an oil and gas lease covering Lot 4 of said Section 19.

(3) That the applicant proposes to establish a 177.76-acre non-standard gas drilling and proration unit for the Pictured Cliffs formation consisting of all of said Section 19, and to establish a 351.32-acre non-standard gas drilling and proration unit for the Mesaverde formation consisting of all of said Sections 18 and 19.

(4) That the applicant proposes to dedicate the proposed non-standard gas drilling and proration units to its Featherstone-Federal Unit Well No. 1, to be drilled at a non-standard location 990 feet from the North line and 500 feet from the East line of said Section 19 as authorized by Commission Order NEL-119 dated September 25, 1957, which well the applicant proposes to dually complete in the Pictured Cliffs formation and Mesaverde formation.

(5) That it is impossible to form standard gas drilling and proration units in said Sections 18 and 19 due to the fact that they are irregular sections of the United States Public Land Surveys.

(6) That the proposed non-standard gas drilling and proration units should be approved subject to receipt by the Commission of proof of communitization of said units.

(7) That the mechanics of the proposed dual completion are feasible and consonant with good conservation practices.

(8) That approval of the subject application will not cause waste nor impair correlative rights.

IT IS THEREFORE ORDERED:

(1) That a 177.76-acre non-standard gas drilling and proration unit in an undesignated Pictured Cliffs Gas Pool, consisting of all of Section 19 (being lots 1, 2, and 3 and 4,), Township 26 North, Range 2 West, NMPM, Rio Arriba County, New Mexico, be and the same is hereby established, said unit to be dedicated to the applicant's Featherstone-Federal Unit Well No. 1, located 990 feet from the North line and 500 feet from the East line of said Section 19.

(2) That the said Featherstone-Federal Unit Well No. 1 be granted an acreage factor for allowable purposes for the Pictured Cliffs formation in the proportion that the acreage in the above-described unit bears to a standard gas proration unit in the Pictured Cliffs formation in the area, in the event said area should subsequently be prorated.

(3) That a 351.32-acre non-standard gas drilling and proration unit adjacent to the Mesaverde Gas Pool, consisting of Section 18 (being lots 1, 2, 3 and 4) and Section 19 (being lots 1, 2, 3, and 4), both in Township 26 North, Range 2 West, NMPM, Rio Arriba County, New Mexico, be and the same is hereby established, said unit to be dedicated to the applicant's Featherstone-Federal Unit Well No. 1, located 990 feet from the North line and 500 feet from the East line of said Section 19.

(4) That the said Featherstone-Federal Unit Well No. 1 be granted an acreage factor for allowable purposes for the Mesaverde formation in the proportion that the acreage in the above-described unit bears to a standard gas proration unit in the Blanco Mesaverde Pool.

(5) That the authority granted in paragraphs (1), (2), (3), and (4) above shall be contingent upon receipt by the Commission of proof of communitization of the above-described acreage.

(6) That the applicant be and the same is hereby authorized to dually complete its proposed Featherstone-Federal Unit Well No. 1, located 990 feet from the North line and 500 feet from the East line of Section 19, Township 26 North, Range 2 West, NMPM, Rio Arriba County, New Mexico, in an undesignated Pictured Cliffs Gas Pool and in the Mesaverde formation adjacent to the Mesaverde Gas

Pool in such a manner as to produce gas from the Pictured Cliffs formation and gas from the Mesaverde formation through parallel strings of tubing.

PROVIDED HOWEVER, That subject well shall be completed and thereafter produced in such a manner that there will be no commingling within the well-bore, either within or outside the casing, of gas, oil and gas, or oil produced from either or both of the separate strata,

PROVIDED HOWEVER, That prior to the actual dual completion the operator shall make pressure tests of the casing to prove that no casing leaks exist. In the event a casing leak is apparent the operator shall take appropriate steps to adequately repair the leak. The results of these tests shall be reported to the Commission on Form C-103.

PROVIDED FURTHER, That upon the actual dual completion of such subject well applicant shall submit to the appropriate District Office of the Commission copies of Oil Conservation Commission Form C-103, Form C-104, Form C-110, and Form C-122, outlining the information required on those forms by existing Rules and Regulations, and two copies of the electric log of the well.

PROVIDED FURTHER, That said subject well for dual completion and production shall be equipped in such a way that reservoir pressures may be determined separately for each of the two specified strata, and further, be equipped with all necessary connections required to permit recording meters to be installed and used at any time as may be required by the Commission or its representatives, in order that natural gas, oil, or oil and gas from each separate stratum may be accurately measured and the gas-oil or gas-liquid ratio thereof determined, and

PROVIDED FURTHER, That the operator shall make any and all tests, including segregation and packer-leakage tests upon completion and annually thereafter during the Deliverability Test Period for the Blanco Mesaverde Pool, commencing in the year 1958, and whenever the packer is disturbed, but not excluding any other tests and/or determinations as deemed necessary by the Commission; the original and all subsequent tests shall be witnessed by representatives of offset operators if any there be at their election, and the results of each test, properly attested to by the applicant herein and all witnesses, shall be filed with the Commission within fifteen (15) days after the completion of such tests, and further, that applicant shall file with the Commission in duplicate a packer-setting affidavit, which affidavit shall be due within fifteen (15) days of the dual completion or whenever the packer is disturbed, and

PROVIDED FURTHER, That upon the actual dual completion of such subject well, applicant shall submit to the Commission a diagrammatic sketch of the mechanical installation which was actually used to complete and produce the seal between the strata, and a special report of production, gas-oil ratio or gas-liquid ratio,

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and reservoir pressure determination for each producing zone or stratum immediately following completion.

IT IS FURTHER ORDERED, That jurisdiction of this cause is hereby retained by the Commission for such further order or orders as may seem necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of applicant to comply with any requirement of this order after proper notice and hearing the Commission may terminate the authority hereby granted and require applicant or its successors and assigns to limit its activities to regular single-zone production in the interests of conservation.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



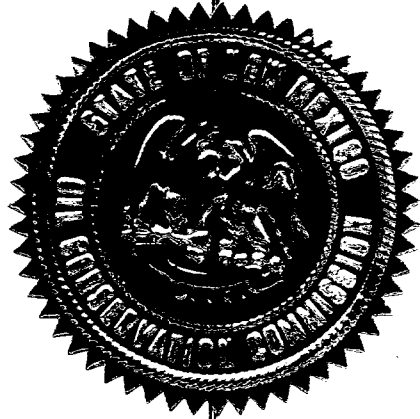
EDWIN L. MECHEM, Chairman



MURRAY E. MORGAN, Member



A. L. PORTER, Jr., Member & Secretary



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