

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. 7279  
Order No. R-6719

APPLICATION OF BCO, INC. 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 June 17, 1981,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 1st day of July, 1981, the Division  
Director, having considered the testimony, the record, and the  
recommendations of the Examiner, and being fully advised in the  
premises,

FINDS:

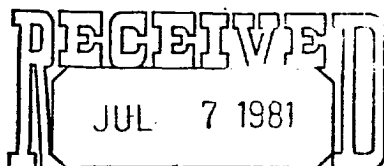
(1) That due public notice having been given as required  
by law, the Division has jurisdiction of this cause and the  
subject matter thereof.

(2) That the applicant, BCO, Inc., is the owner and operator  
of the Dunn Well No. 3 located in Unit I of Section 3 and State  
H Wells Nos. 3 and 4, located in Units M and D, respectively,  
of Section 2, Township 23 North, Range 7 West, NMPM, Rio Arriba  
County, New Mexico.

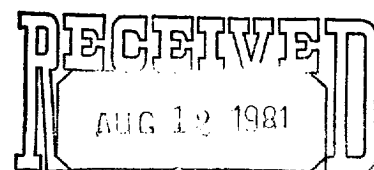
(3) That the applicant seeks authority to commingle  
Lybrook-Gallup and Basin-Dakota production within the wellbores  
of the above-described wells.

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

(5) That from the Lybrook-Gallup zone, the subject wells  
are expected to be capable of low marginal production only.



BCO, INC.



BCO, INC.

(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 wells are 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 wells are shut-in for 7 consecutive days.

(9) That in order to allocate the commingled production to each of the commingled zones in the wells, 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.

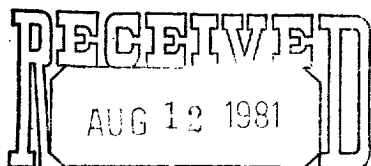
IT IS THEREFORE ORDERED:

(1) That the applicant, BCO, Inc., is hereby authorized to commingle Lybrook-Gallup and Basin-Dakota production within the wellbores of the Dunn Well No. 3 located in Unit I of Section 3 and State Wells Nos. 3 and 4, located in Units M and D, respectively, of Section 2, Township 23 North, Range 7 West, NMPM, Rio Arriba County, New Mexico.

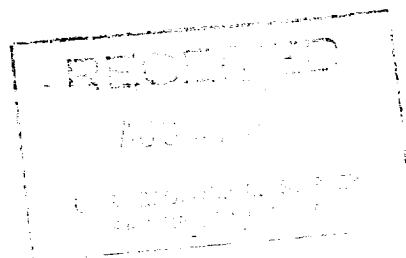
(2) That the applicant shall consult with the Supervisor of the Aztec district office of the Division and determine an allocation formula for the allocation of production to each zone in each of the subject wells.

(3) That the operator of the subject wells shall immediately notify the Division's Aztec district office any time the wells have 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.



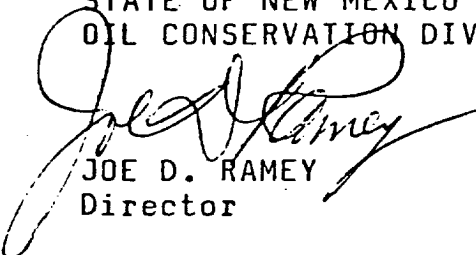
BCO, INC.



Case No. 7279  
Order No. R-6711

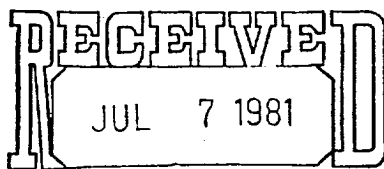
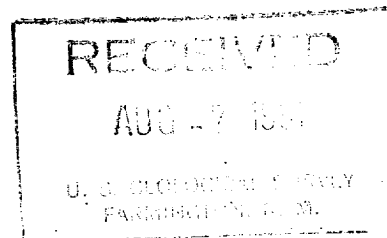
DONE at Santa Fe, New Mexico, on the day and year herein-  
above designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

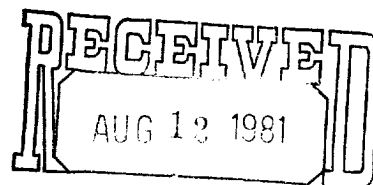
  
JOE D. RAMEY  
Director

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B C O, INC.



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