

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. 6402  
Order No. R-5901

APPLICATION OF SOUTHLAND ROYALTY  
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 December 20, 1978, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 16th day of January, 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, Southland Royalty Company, is the owner and operator of the Jicarilla 101 Well No. 2, located in Unit M of Section 12, Township 26 North, Range 4 West, NMPM, Rio Arriba County, New Mexico.

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

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

(5) That from the Dakota zone, the subject well is capable of 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, 30 percent of the commingled gas production and 10 percent of the commingled oil production should be allocated to the Gallup zone, and 70 percent of the commingled gas production and 90 percent of the commingled oil production to the Dakota zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, Southland Royalty Company, is hereby authorized to commingle Gallup and Dakota production within the wellbore of the Jicarilla 101 Well No. 2, located in Unit M of Section 12, Township 26 North, Range 4 West, NMPM, Rio Arriba County, New Mexico.

(2) That 30 percent of the commingled gas production and 10 percent of the commingled oil production shall be allocated to the Gallup zone and 70 percent of the commingled gas production and 90 percent of the commingled oil production shall be allocated to the Dakota 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.

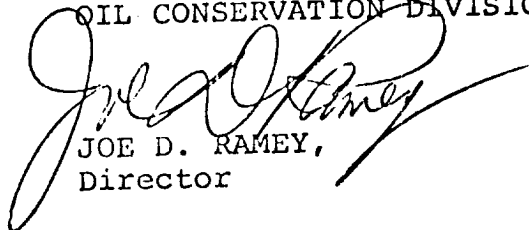
(4) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

-3-

Case No. 6402  
Order No. R-5901

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

S E A L

dr/