

Downhole Commingling

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OIL CON. DIV.
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STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 9733
Order No. R-9032

APPLICATION OF MARATHON OIL
COMPANY FOR DOWNHOLE COMMINGLING,
RIO ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 23, 1989, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 1st day of November, 1989, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) The applicant, Marathon Oil Company, seeks approval to downhole commingle gas production from the Blanco-Mesaverde and Basin-Dakota Gas Pools within the wellbores of the following 11 wells, all located on its Jicarilla Apache Lease in Township 26 North, Range 5 West, NMPM, Rio Arriba County, New Mexico:

<u>WELL NO.</u>	<u>WELL LOCATION</u>	
8	990' FSL & 990' FEL (Unit P)	Section 27
8E	1685' FSL & 1685' FWL (Unit K)	Section 27
9	990' FNL & 1100' FEL (Unit A)	Section 28

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9E	1040' FSL & 1685' FEL (Unit O)	Section 28
10E	1040' FNL & 1685' FWL (Unit C)	Section 27
11E	955' FNL & 1685' FWL (Unit C)	Section 28
12	800' FNL & 800' FEL (Unit A)	Section 33
13E	1850' FNL & 930' FWL (Unit E)	Section 33
14E	1850' FNL & 1685' FWL (Unit F)	Section 34
16	1600' FSL & 990' FEL (Unit I)	Section 34
16E	825' FNL & 955' FEL (Unit A)	Section 34

(3) The evidence presented indicates that five of the subject wells are currently dually completed in the Blanco Mesaverde and Basin-Dakota Gas Pools, these being the Well Nos. 8E, 9E, 13E, 14E and 16E, and that the remaining wells are currently completed only in the Basin-Dakota Gas Pool.

(4) The five dually completed wells as described above are currently completed such that the Basin-Dakota Gas Pool is being produced via tubing, and the Blanco-Mesaverde Gas Pool is being produced via the casing-tubing annulus.

(5) Testimony by the applicant indicates that the pressure in the Blanco-Mesaverde Gas Pool within the five subject dually completed wells has declined to the point that the wells are incapable at the present time of lifting the associated fluids from the Mesaverde formation.

(6) Further testimony indicates that by utilizing the reservoir energy in the Dakota formation to help lift the associated fluids from the Mesaverde formation, a substantial amount of additional gas reserves may be recovered from the Blanco-Mesaverde Gas Pool, thereby preventing waste.

(7) Ownership of the two zones within all of the subject wells is common.

(8) No offset operator and/or interest owner appeared at the hearing in opposition to the application.

(9) Approval of the proposed commingling as to the five subject dually completed wells will result in the recovery of additional reserves from the Blanco-Mesaverde Gas Pool, thereby preventing waste, and will not violate correlative rights.