

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. 7322
Order No. R-6761

APPLICATION OF COLEMAN OIL & GAS,
INC. FOR DOWNHOLE COMMINGLING AND
A ~~NON-STANDARD GAS PRORATION~~ UNIT, 2
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 12, 1981,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 26th day of August, 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, Coleman Oil & Gas, Inc., is the
owner and operator of the Navajo-Smith Well No. 1, located in
Unit G of Section 24, Township 26 North, Range 12 West, NMPM,
San Juan County, New Mexico.

(3) That the applicant further seeks approval of a 160-
acre non-standard Basin Dakota proration unit comprising the
NE/4 of said Section 24.

(4) That the applicant seeks authority to commingle
Gallegos-Gallup, undesignated Greenhorn, and Basin-Dakota pro-
duction within the wellbore of the above-described well.

(5) That from the Gallegos-Gallup zone, the subject well
is expected to be capable of low marginal production only.



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

(7) That from the Dakota zone, the subject well is expected to be capable of low marginal production only.

(8) 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.

(9) 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.

(10) 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.

(11) 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.

(12) That the proposed 160-acre non-standard gas proration unit in the Basin-Dakota Gas Pool will afford the operator the opportunity to produce its just and equitable share of the gas in the pool, will not cause waste nor impair correlative rights, and should be approved.

IT IS THEREFORE ORDERED:

(1) That the applicant, Coleman Oil & Gas, Inc., is hereby authorized to commingle Gallegos-Gallup, undesignated Greenhorn and Basin-Dakota production within the wellbore of the Navajo-Smith Well No. 1, located in Unit G of Section 24, Township 26 North, Range 12 West, NMPM, San Juan County, New Mexico.

(2) That a 160-acre non-standard Basin Dakota proration unit comprising the NE/4 of said Section 24 is hereby approved, to be dedicated to the aforesaid well.

(3) 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 the subject well.

-3-

Case No. 7322

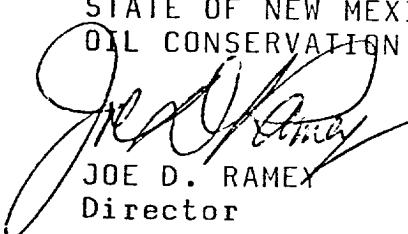
Order No. R-6761

(4) 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.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

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