

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:

APPLICATION OF AMOCO PRODUCTION  
COMPANY FOR DOWNHOLE COMMINGLING,  
SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 11093  
Order No. R-10216

RECEIVED  
OCT 17 1994

ORDER OF THE DIVISION

OIL CON. DIV.  
DIST. 3

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 29, 1994, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 14th day of October, 1994, 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, Amoco Production Company, seeks approval to downhole commingle Basin-Dakota Gas Pool and Armenta-Gallup Pool production within the wellbore of its Sullivan Gas Com "C" Well No. 1 located 940 feet from the South line and 1450 feet from the West line (Unit N) of Section 28, Township 29 North, Range 10 West, NMPM, San Juan County, New Mexico.

(3) The S/2 of Section 28 is currently dedicated to the subject well in the Basin-Dakota Gas Pool, and the SE/4 SW/4 of Section 28 is currently dedicated to the subject well in the Armenta-Gallup Pool forming standard 320-acre gas and 40-acre oil spacing and proration units, respectively, for said pools.

(4) According to applicant's testimony, the working interest ownership between the two pools is common, however, due to the different proration units, the royalty interest is not common.

(5) The subject well was drilled in 1964 and completed in the Basin-Dakota Gas Pool at an initial producing rate of approximately 500 MCF gas per day. The Basin-Dakota Gas Pool was temporarily abandoned in 1981, and the subject well was recompleted to the Armenta-Gallup Pool which produced at an initial rate of

approximately 50 BOPD and 92 MCF gas per day. The well has produced from the Armenta-Gallup Pool from 1981 to the present time.

(6) The subject well is currently producing from the Armenta-Gallup Pool at a rate of approximately 15 MCF gas per day.

(7) During its last year of production in the Basin-Dakota Gas Pool (1981), the subject well produced at an average rate of approximately 145 MCF gas per day.

(8) The evidence indicates that the construction of the Sullivan Gas Com "C" Well No. 1 precludes a dual Dakota/Gallup completion within the wellbore.

(9) The proposed downhole commingling is necessary in order to economically recover the remaining oil and gas reserves in the Dakota and Gallup formations.

(10) The applicant further demonstrated through its evidence and testimony that:

- a) there will be no crossflow between the two commingled pools;
- b) neither commingled zone exposes the other to damage by produced liquids;
- c) the fluids from each zone are compatible with the other;
- d) the bottomhole pressure of the lower pressure zone should not be less than 50 percent of the bottomhole pressure of the higher pressure zone adjusted to a common datum; and,
- e) the value of the commingled production is not less than the sum of the values of the individual production.

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

(12) In the interest of prevention of waste and protection of correlative rights, the subject application should be approved.

(13) According to applicant's evidence and testimony, it will conduct a 30-60 day production test on the Dakota formation after completion in order to gather sufficient data to determine an accurate allocation of production.

(14) Subsequent to conducting said production test, the applicant should consult with the supervisor of the Division's Aztec District Office in order to determine a proper allocation of production from the subject well.

(15) To afford the Division an opportunity to assess the potential of waste and to expeditiously order the appropriate remedial action, the operator should notify the Aztec District Office of the Division any time the subject well is shut-in for seven consecutive days.

**IT IS THEREFORE ORDERED THAT:**

(1) The applicant, Amoco Production Company, is hereby authorized to downhole commingle Basin-Dakota and Armenta-Gallup Pool production within the wellbore of its Sullivan Gas Com "C" Well No. 1 located 940 feet from the South line and 1450 feet from the West line (Unit N) of Section 28, Township 29 North, Range 10 West, NMPM, San Juan County, New Mexico.

(2) The S/2 of Section 28 shall be dedicated to the subject well in the Basin-Dakota Gas Pool, and the SE/4 SW/4 of Section 28 shall be dedicated to the subject well in the Armenta-Gallup Pool forming standard 320-acre gas and 40-acre oil spacing and proration units, respectively, for said pools.

(3) The applicant shall conduct a 30-60 day production test on the Dakota formation after completion in order to gather sufficient data to determine an accurate allocation of production.

(4) Subsequent to conducting said production test, the applicant shall consult with the supervisor of the Division's Aztec District Office in order to determine a proper allocation of production from the subject well.

(5) The operator shall immediately notify the supervisor of the Aztec District Office of the Division any time the subject well has been shut-in for seven consecutive days and shall concurrently present, to the Division, a plan for remedial action.

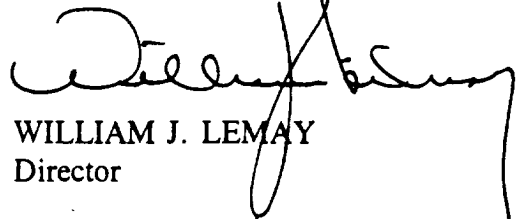
(6) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY  
Director

S E A L

Submit 3 Copies  
to Appropriate  
District Office

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-103  
Revised 1-1-89

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88240

OIL CONSERVATION DIVISION  
P.O. Box 2088

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88210

Santa Fe, New Mexico 87504-2088

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

WELL API NO. 3004507781
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Sullivan Gas Com C
8. Well No. 1
9. Pool name or Wildcat Gallup & Dakota

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)	
1. Type of Well: OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER	
2. Name of Operator Amoco Production Company	Attention: Gail M. Jefferson, Rm 1295C
3. Address of Operator P.O. Box 800 Denver Colorado 80201 (303) 830-6157	
4. Well Location Unit Letter <u>N</u> : <u>940</u> Feet From The <u>South</u> Line and <u>1450</u> Feet From The <u>West</u> Line Section <u>28</u> Township <u>29N</u> Range <u>10W</u> NMPM San Juan County	
10. Elevation (Show whether DF, RKB, RT, GR, etc.)	

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐  
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐  
PULL OR ALTER CASING ☐  
OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐  
COMMENCE DRILLING OPNS. ☐ PLUG AND ABANDONMENT ☐  
CASING TEST AND CEMENT JOB ☐  
OTHER: Repair & Commingle ☒

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

Amoco Production Company has repaired and commingled the above referenced well per the attached.

If you have any questions please contact Gail Jefferson at (303) 830-6157

RECEIVED  
JUN 30 1995  
OIL IV.  
DUBB

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Gail M. Jefferson TITLE Sr. Admin. Staff Asst. DATE 06-29-1995  
TYPE OR PRINT NAME Gail M. Jefferson, Rm 1295C TELEPHONE NO. (303) 830-6157

(This space for State Use)

APPROVED BY Original Signed by FRANK T. CHAVEZ TITLE SUPERVISOR DISTRICT # 3 DATE JUN 30 1995  
CONDITIONS OF APPROVAL, IF ANY:

Sullivan Gas Com C # 1 - Subsequent - Repair and Commingle

MIRUSU 12/28/94. TOH w/tbg, rods and pumps. TIH set RBP @ 5258'. Tested csg to 1000#. Held ok.

Ran CBL from 100'-4492'. TOC @ 3900'. Perforated from 1,199-1200' w/2jspf, .500 inch diameter, 189-190' w/2 jsf, .500 inch diameter, total 4 shots fired.

Set pkr at 824' squeeze perfs at 1200' with 170 sxs Class B cmt. Cmt squeeze at 700#. Squeeze upper perf @ 190' w/13 sxs Class B cmt. Squeeze perf to 2000# displacing .5 bbls cmt into leak.

Drill out squeeze cmt 94-208', test squeeze to 500#. Held ok. Tag next squeeze @ 1052', drill to 1352', drilling hard cement. Drill out cmt squeeze to 1721'.

Drill cmt, SD, cmt too soft. Drill to 1229', test squeeze at 1200'. Drill out to 1917', drill out cmt to 2200'. Drill out cmt to 2511'. Drill out cmt to 2886'. Drill from 2886-3341'. Circ hole clean, test csg to 600PSI, leaked off 250 PSI in 3 min. Test failed.

Squeeze from 3316-3527' w/25 sxs Class B cmt. Squeeze to 1000#, displ 1/2 bbl cmt into leak.

Drill out cmt to 3580' and press test. Test failed. Squeeze w/20 sxs Class B cmt from 3338-3590' to 750#, bled off 130# in 3 min. Test failed. TIH w/pkr test csg could not find a leak. TIH w/bit, tag cmt @3393'. Drill cmt to 3427'. Circ hole clean.

Drill CIBP set at 6100' to isolate Dakota zone, TIH to tag fill @ 6359'. Clean out fill to 6364'. TOH lay down drill equip. TIH land tbg @ 6350'.

RDMOSU 2/1/95.