

CASE 5526: AUSTRAL OIL COMPANY FOR  
DOWNHOLE COMINGLING, SAN JUAN COUNTY .

CASE NO.

5526

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APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,  
ETC.

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 5526  
Order No. R-5075

APPLICATION OF AUSTRAL OIL COMPANY  
FOR DOWNHOLE COMMINGLING, SAN JUAN  
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 16, 1975, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 12th day of August, 1975, the Commission, a quorum being present, 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 Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Austral Oil Company, is the owner and operator of the Bunny Well No. 1, located in Unit P of Section 10, Township 27 North, Range 9 West, NMPM, San Juan County, New Mexico.

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

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

(5) That from the Basin-Dakota zone, the subject well is capable of low 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.

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Case No. 5526  
Order No. R-5075

(8) That to afford the Commission 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 Commission 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, 66 percent of the commingled gas production should be allocated to the Blanco-Mesaverde zone, and 34 percent of the commingled gas production to the Basin-Dakota zone, and 68 percent of the commingled liquid hydrocarbon production should be allocated to the Blanco-Mesaverde zone, and 32 percent of the commingled liquid hydrocarbon production should be allocated to the Basin-Dakota zone.

IT IS THEREFORE ORDERED:

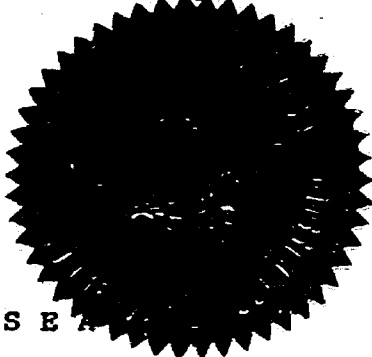
(1) That the applicant, Austral Oil Company, is hereby authorized to commingle Blanco-Mesaverde and Basin-Dakota production within the wellbore of its Bunny Well No. 1, located in Unit P of Section 10, Township 27 North, Range 9 West, NMPM, San Juan County, New Mexico.

(2) That 66 percent of the commingled gas production and 68 percent of the commingled liquid hydrocarbon production shall be allocated to the Blanco-Mesaverde zone and 34 percent of the commingled gas production and 32 percent of the commingled liquid hydrocarbon production shall be allocated to the Basin-Dakota zone.

(3) That the operator of the subject well shall immediately notify the Commission's Aztec district office any time the well has been shut-in for 7 consecutive days and shall concurrently present, to the Commission, a plan for remedial action.

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

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



STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*Phil R. Lucero*  
PHIL R. LUCERO, Member

*Joe D. Ramey*  
JOE D. RAMEY, Member & Secretary

S E A

jr/

**OIL CONSERVATION COMMISSION**

STATE OF NEW MEXICO

P. O. BOX 2088 - SANTA FE

87501

August 13, 1975

Mr. Tom Kellahin  
Kellahin & Fox  
Attorneys at Law  
Post Office Box 1769  
Santa Fe, New Mexico

Re: CASE NO. 5526  
ORDER NO. R-5075

Applicant:

Austral Oil Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Yours very truly,

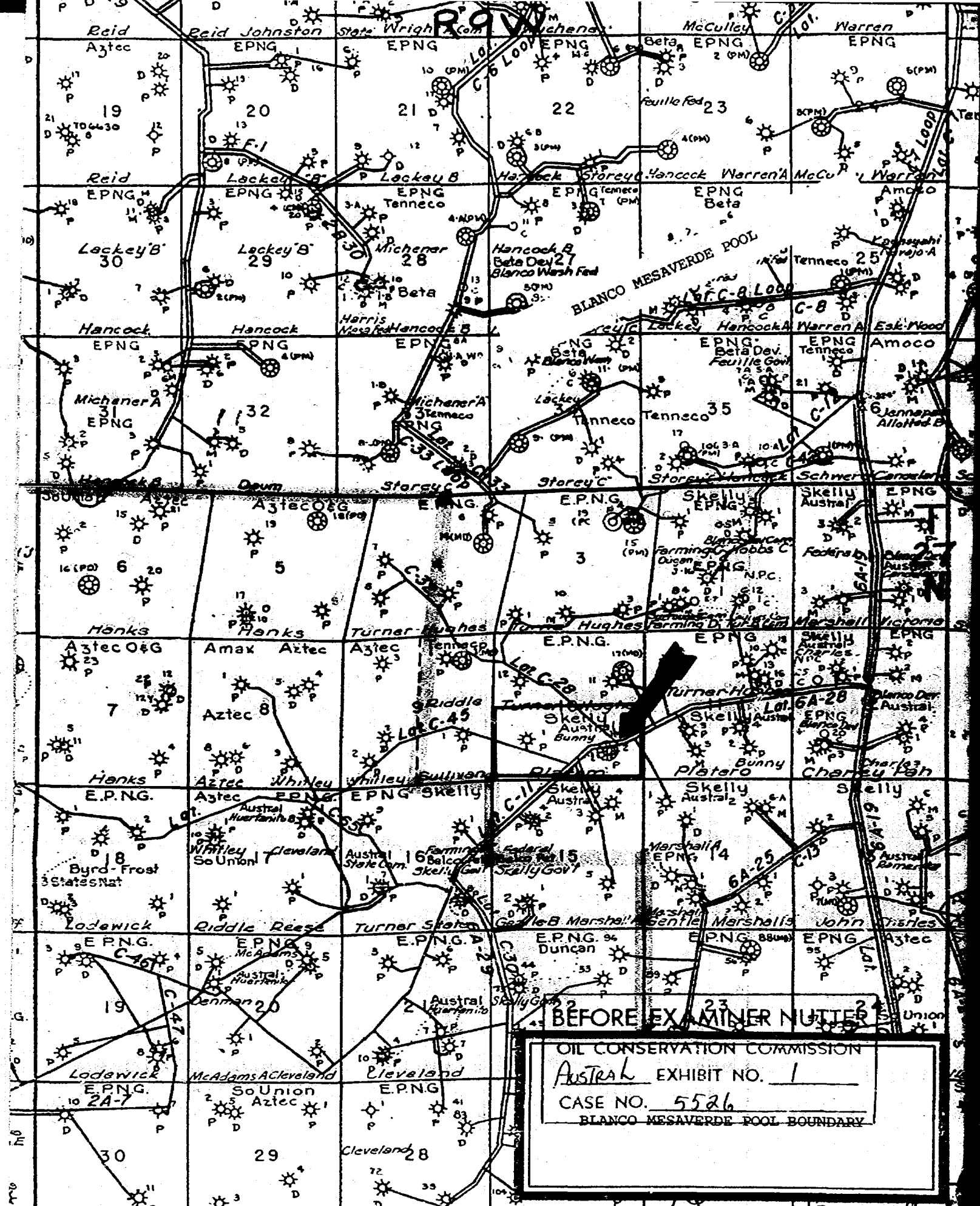
  
JOE D. RAMEY  
Secretary-Director

JDR/fd

Copy of order also sent to:

Hobbs OCC   x    
Artesia OCC             
Aztec OCC   x  

Other



**AUSTRAL OIL COMPANY  
INCORPORATED**

(713) 228-9461  
cable-AUSTROIL

2700 Exxon Building      Houston, Texas 77002  
P. O. Box 259  
Lamesa, Texas  
June 19, 1975

New Mexico Oil Conservation Commission  
Box 2088  
Santa Fe, New Mexico 87501

Re: Request for authority to commingle gas production downhole in Bunny #1-10, Basin Dakota and Blanco Mesa Verde Reservoirs, San Juan County, New Mexico

Gentlemen:

Austral Oil Company Incorporated requests authority to commingle, downhole, the gas production from separate gas reservoirs in its Bunny # 1-10, in the Basin Dakota and the Blanco Mesa Verde Reservoirs in San Juan County, New Mexico.

The subject well is located 1190 feet from the East Line and 1040 feet from the South Line of Section 10, T-27-N, R-9-W, San Juan County, New Mexico.

Bunny #1-10 was drilled and completed in 1964. The lower producing interval, the Basin-Dakota zone, is perforated 6432-50', 6502-27', 6534-40', 6564-72', 6578-84', 6590-6600', 6608-14', 6618-40', and 6662-72 with 2 jets per foot. The Blanco Mesa Verde interval is perforated 4357-65', 4367-74', 4378-84', 4389-99', 4405-17', and 4475-43' with 2 jets per foot.

The well is presently dually completed with a Baker Model D-1 wireline packer set at 6400 feet.

Production is now through dual tubing strings. The Basin Dakota is produced through a string of 1 1/4" 2.1 #J-55, 10 round thread non-upset electric weld tubing which is set in the Baker Packer. This string is equipped with 6 blast joints to protect it from erosion effects from gas entering the 4 1/2" casing through the Mesa Verde perforations. The Mesa Verde produces through a string of 1 1/4" 2.1 #J-55 10 round thread non-upset tubing which is bottomed at 4325 feet. The attached sheet shows the dual completion.

Communication now exists between the two zones.

During 1974 the well was worked over to eliminate a similar problem. Six days of pulling unit time were required to pull and rerun the parallel tubing strings. The well was vented to the atmosphere while the work was performed and some risk of fire was accepted. The cost of this work was approximately \$4100. Due to inflation we estimate that a similar repair at this time could cost as high as \$6000.

Production from Bunny #1 is marginal. During May, 1975, the following volumes were sold from this well:

	<u>Gas, MCF</u>	<u>Oil, Barrels</u>
Basin Dakota	3411	76
Blanco Mesa Verde	6599	161
	10010 MCF	237 RO

Because of the Marginal producing status of the well, the high estimated cost for repair, the waste of gas which would occur during a workover, and the possible fire hazard, Austral feels that another workover is unwarranted, hence our application to commingle.

If this application is approved, we propose to allocate production to each reservoir based upon current production, i.e:

	<u>Gas</u>	<u>Oil</u>
Basin Dakota	34.1%	32.1%
Blanco Mesa Verde	65.9%	67.9%

Yours very truly,

AUSTRAL OIL COMPANY INCORPORATED

*W. J. Sandidge*  
W. J. Sandidge  
District Engineer

WJS/th  
Attachments

DOCKET MAILED

Date 7/7/75



SCHEMATIC DRAWING  
BUNNY #1-10

Blanco Mesa Verde  
perforations

4357-65  
4367-74  
4378-84  
4389-99  
4405-17  
4425-43

1 1/4" 2.1 #J-55 10 rt.  
tubing at 4325'

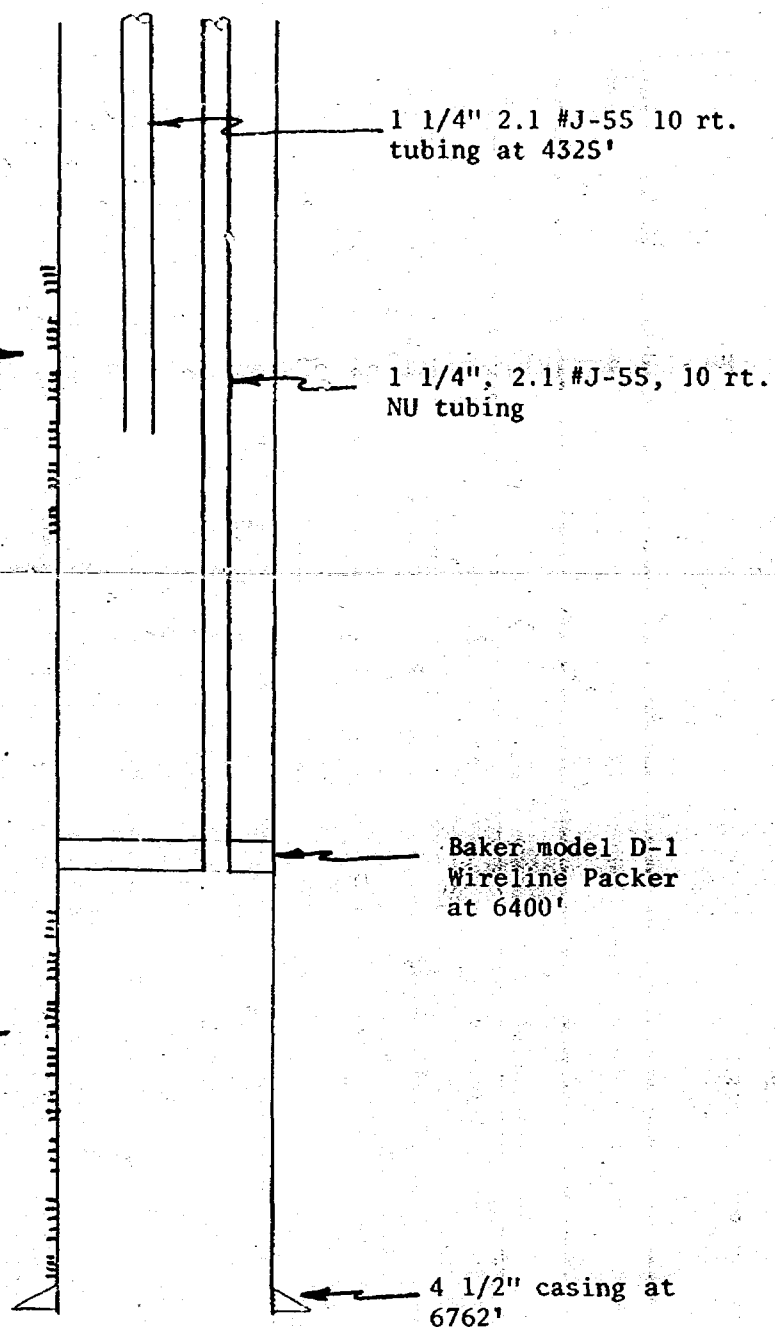
1 1/4" 2.1 #J-55, 10 rt.  
NU tubing

Baker model D-1  
Wireline Packer  
at 6400'

Basin Dakota  
perforations

6432-50, 6502-27,  
6534-40, 6564-72,  
6578-84, 6590-6600,  
6608-14, 6618-40

4 1/2" casing at  
6762'



JASON W. KELLAHIN  
ROBERT E. FOX  
W. THOMAS KELLAHIN

KELLAHIN AND FOX  
ATTORNEYS AT LAW  
500 DON GASPAR AVENUE  
POST OFFICE BOX 1788  
SANTA FE, NEW MEXICO 87501

TELEPHONE 982-4315  
AREA CODE 505

June 30, 1975

New Mexico Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Re: Austral Oil Company  
Application for Downhole Commingling  
Bunny #1-10 Well

Gentlemen:

Our firm represents Austral Oil Company with regards to their pending application for downhole commingling of the Bunny #1-10 Well.

On behalf of the applicant we would request that this case be continued and heard on July 30, 1975.

Very truly yours,

*W. Thomas Kellahin*  
W. Thomas Kellahin

CC: Mr. Tom Dugan

WTK:kjf

5626  
Case 9/16/75

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
July 16, 1975

EXAMINER HEARING

IN THE MATTER OF:

Application of Austral Oil Company  
for downhole commingling, San Juan  
County, New Mexico.

Case No.  
5526

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil  
Conservation Commission:

William Carr, Esq.  
Legal Counsel for the  
Commission  
State Land Office Bldg.  
Santa Fe, New Mexico

For the Applicant:

W. Thomas Kellahin, Esq.  
KELLAHIN & FOX  
500 Don Gaspar  
Santa Fe, New Mexico

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225 JOHNSON STREET  
SANTA FE, NEW MEXICO 87501  
TEL. (505) 982-0386

I N D E X

PAGE

THOMAS A. DUGAN

Direct Examination by Mr. Kellahin 3

Cross Examination by Mr. Nutter 9

E X H I B I T S

Marked

Admitted

Applicant's Exhibits Nos.  
1 through 6

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9

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MR. NUTTER: Call Case 5526.

MR. CARR: Case 5526. Application of Austral Oil Company for downhole commingling, San Juan County, New Mexico.

(Whereupon, a discussion was held off the record.)

(Witness sworn.)

MR. KELLAHIN: Tom Kellahin of Kellahin & Fox appearing on behalf of the Applicant. I have one witness who has just been sworn.

THOMAS A. DUGAN

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you please state your name, by whom you are employed and in what capacity?

A I am Thomas A. Dugan, Consulting Petroleum Engineer for Austral Oil Company, Incorporated.

Q Mr. Dugan have you had your qualifications accepted and made a matter of record for this Commission?

A Yes.

Q And have you made a study of the facts surrounding

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this particular Application?

A Yes.

MR. KELLAHIN: If the Examiner please, are the Witness' qualifications acceptable?

MR. NUTTER: Yes, they are.

BY MR. KELLAHIN:

Q Mr. Dugan, will you refer to the plat marked as Exhibit 1 and identify it and state briefly what the Applicant is seeking?

A Exhibit 1 is simply to locate the well, the Austral Bunny 1-10 Well in the SE/4 of Section 10, Township 27 North, Range 9 West. The well is a dual-completed well between the Blanco-Mesaverde formation and the Basin-Dakota formation. We presently have a packer leak or tubing leak of some type where we have communications between these two zones and we're seeking approval to commingle in the wellbore.

Q What does the pink line designate on your Exhibit No. 1.

A Exhibit No. 1 is just showing the location of the well and how it is located between the two pools. The pink line is the boundary of the Blanco-Mesaverde pool and so you can tell the well is an edge well in the

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Blanco-Mesaverde pool.

Q Please refer to Exhibit 2 and identify it.

A This is an ownership map showing again the location of the well and the offset operators in the well.

El Paso Natural Gas is the operator of the leases to the north and Skelly was an Austral farm out operator of the leases to the south and east and Tenneco operates a lease to the west.

Q Is the ownership identical between the Basin-Dakota and the Blanco-Mesaverde formations with regard to the South Half of Section 10?

A Yes, it is, and the lease is Navajo lotted, the entire South Half of Section 10.

Q Please refer to Exhibit 3 and identify it.

A This is a schematic drawing of the Austral Oil Company Bunny 1-10 Well showing how the well was completed with the Mesaverde perforations and the Dakota perforations enumerated on the left-hand side of the page and the way that the tubing was set in the well with inch-and-a-quarter tubing on the Blanco-Mesaverde set at 4325 and inch-and-a-quarter tubing on the Basin-Dakota set at 6400 in a Baker Model E Packer.

Q When was this Bunny 1-10 Well drilled?

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A It was started in December of 1954 and completed in January of 1965.

Q Has this well experienced similar problems as this in the past?

A Yes. The well produced very well up until the early part of 1974 when the leak was detected and the leak was repaired in the latter part of March and the first part of April of '74. At that time the problem was a sand-blasted hole in the Dakota string just below the blast joints; we didn't have the blast joints spaced exactly right, apparently, because we had a sand-blasted hole below the blast joints about six inches. That was repaired and the blast joints lowered to compensate for that hole at that time. Following that, a packer leakage test in the early part of '74 indicated that we had successfully corrected the leak and then a second leak was found the early part of this year.

Q Please refer to Exhibit No. 4, the production on the Blanco-Mesaverde.

A Okay. This is a decline curve of the Mesaverde side of the well showing how the well has produced during its life. Also attached to the back of that I have tabulated the last year-and-a-half of production so it

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can be more easily read. The well has been fairly stable for the last several years.

Q Please refer to Exhibit No. 5 and identify it.

A It is a decline curve of the Basin-Dakota zone of the Bunny Well and also indicates that the well has declined at a rather normal rate for this type of well. Also, I have attached the tabulation of the last year-and-a-half production on the back so it can be more easily read.

Q In your opinion, Mr. Dugan, can both producing horizons now be classified as marginal?

A Yes, they are relatively marginal for this area. The Mesaverde is still making about 200 mcf a day, but it's -- both zones are pulled down and marginal.

Q Would you please refer to Exhibit No. 6 and identify it?

A Yes. This is the shut-in pressure information that I put together on the Bunny 1-10 Well and it shows that on initial completion the surface shut-in pressures of the Dakota was approximately twice what the Mesaverde pressures were, but during the life of the well the Dakota pressures have pulled down where they are very similar to the Mesaverde pressures and really both sides

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have been floating on the line for some time and approximate line pressures are a little greater.

Q Are the reservoir characteristics of the two formations such that underground waste would not occur by granting of the proposed downhole commingling?

A I do not believe that waste will occur.

Q Does the Applicant have a proposed allocation formula for allocating the production between the two --

A (Interrupting) Yes. Considering the production for the past several years we believe that 34.1 percent of the gas should be allocated to the Dakota formation and <sup>65.9</sup>~~55.9~~ percent of the gas to the Blanco-Mesaverde formation. We believe that 32.1 percent of the oil should be allocated to the Dakota formation and 67.9 percent to the Blanco-Mesaverde formation.

Q Were Exhibits 1 through 6 either prepared by you directly or under your direction and supervision?

A Yes, they were.

Q Mr. Dugan, in your opinion will the approval of this Application be in the best interests of conservation, the prevention of waste and protection of correlative rights?

A Yes, I believe it will.

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MR. KELLAHIN: If the Examiner please, I move the introduction of Exhibits 1 through 6.

MR. NUTTER: Applicant's Exhibits 1 through 6 will be admitted into evidence.

(Whereupon, Austral's Exhibits Nos. 1 through 6 were admitted into evidence.)

MR. KELLAHIN: That concludes our examination.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Dugan, has any thought been given to repairing this Well, and why hasn't that been done?

A Yes. We have thought about it considerably and it is very expensive to repair it and there are several hazards involved in repair, and we believe the best interests can be served by commingling in the well-bore.

Q What is the estimated cost of repairing the well and what hazards are involved there that wouldn't be involved in normal operations?

A The hazard involved is that if you kill the well it is possible you might not get it back and so the best approach to do it is to do it with the well blowing or

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to do it hot and so in this type of operation you waste gas and you also have the normal hazards involved in working with a hot well.

Q Is this packer that is in the well a retrievable packer or permanent packer?

A It is a permanent Baker Model E Packer.

Q So if the leak were in the packer, you would have to drill that out or set another packer up above it or something?

A Yes, that's right. Depending on what the problem is. The cost on the last repair job, where it was just a simple matter of pulling the tubing and repairing the tubing leak, was about \$10,000, which isn't excessive, but if the leak is in the packer or if you have a hard time finding where the leak is and you have to drill the packer out you could be talking about \$20,000 or \$30,000 or more.

Q There is no way of determining where this leak is, whether it is tubing, casing, cement --

A (Interrupting) Well, it would be very difficult and chances are you might not be able to do it because we have a small string of tubing in the well and it is difficult to run temperature surveys and they are not always

a sure answer.

Q Was this leak discovered on a packer-leakage test that was taken on the well or how was it discovered?

A The first leak was; the second leak we noted it before and reported it early this year before the packer --

Q (Interrupting) Has there been any change in producing rates of either zone since this leak was incurred?

A Well, let's see. I don't believe so but we can look; it might be easiest to look at the tabulated --

Q (Interrupting) It appears that production went up in March of 1975 for the Dakota zone.

A Yes. That's probably when the leak occurred so there was a little bit of change there, wasn't there.

Q But on the other hand it doesn't appear that Mesaverde has gone down substantially in that period of time.

A Not substantially. March is about when we figured out that there was a leak.

Q So does this allocation of yours, the 34-percent Dakota and 66-percent Blanco Mesaverde, is that based on the decline curve as a whole or would that be recent months?

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A Recent years; the last two or three years.

Q I see.

MR. NUTTER: Are there any further questions of Mr. Dugan. He may be excused. Do you have anything further, Mr. Kellahin?

MR. KELLAHIN: No, sir.

MR. NUTTER: Does anyone have anything they wish to offer in Case No. 5526? We will take the case under advisement and take a 15-minute recess.

STATE OF NEW MEXICO     )  
                                  )  
COUNTY OF SANTA FE    )

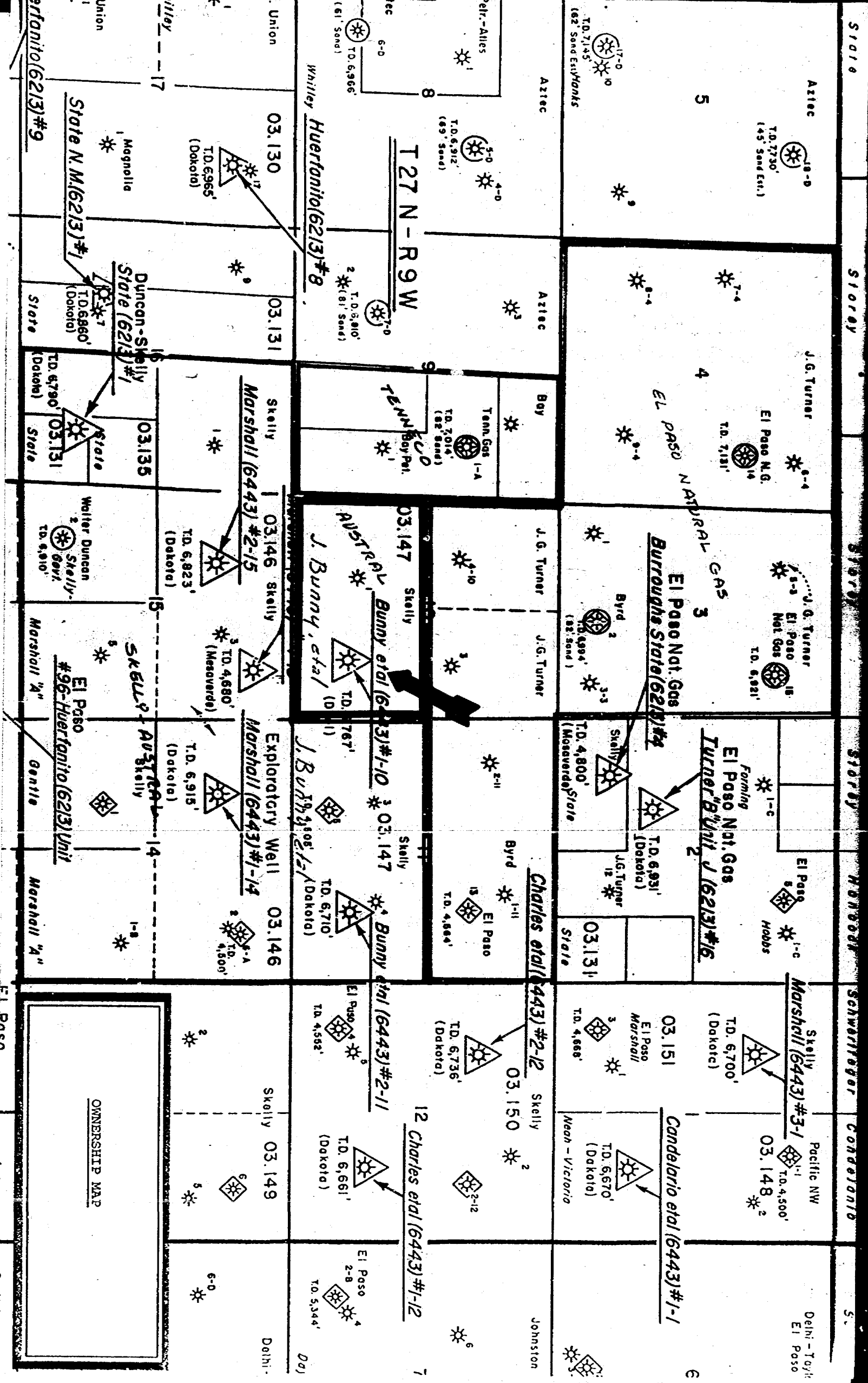
SS.

I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

Richard L. Nye  
RICHARD L. NYE, Court Reporter

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 526,  
heard by me on July 16, 19 75.  
[Signature], Examiner  
New Mexico Oil Conservation Commission

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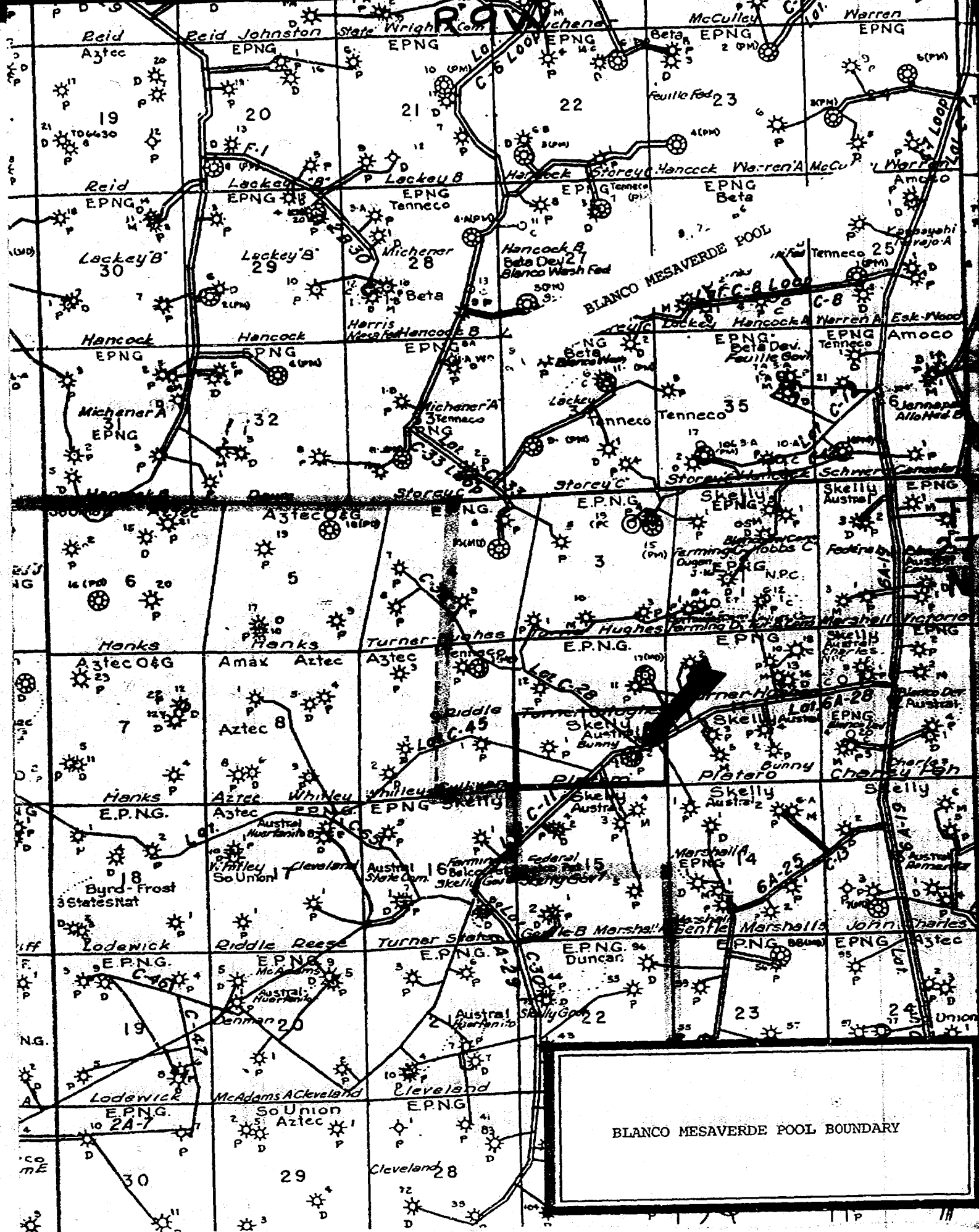
OWNERSHIP MAP



SHUT-IN PRESSURE INFORMATION  
Austral Oil Company Incorporated  
Bunny #1-10 Well  
1190' FEL - 1040' FSL  
Section 10, T27N, R9W  
San Juan County, New Mexico

DATE	LENGTH OF SHUT-IN (Days)	MESAVERDE TUBING (psig)	MESAVERDE CASING (psig)	DAKOTA TUBING (psig)
1-27-65	7	1092	1092	2058
2-3-65	14	1094	1094	----
11-26-65	7	889	889	1202
3-2-66	7	849	849	1077
3-22-67	7	721	721	----
7-11-67	7	657	657	795
9-22-67	7	----	----	814
3-26-68	7	637	637	762
4-1-69	7	573	573	698
4-15-69	7	634	634	729
6-30-70	7	535	535	670
7-22-70	7	522	522	630
8-17-71	7	492	492	574
6-7-72	7	454	454	480
5-17-73	7	402	402	----
8-23-73	3	366	366	372
12-17-73	7	382	382	385
3-28-74 thru 4-2-74: REPAIR DAKOTA TUBING LEAK				
4-6-74	3	302	302	431
10-3-74	7	369	369	----
5-17-75	3	325	325	346

PACKER LEAKAGE TEST INDICATES COMMUNICATION BETWEEN ZONES



**SCHEMATIC DRAWING**  
 Austral Oil Company Incorporated  
 Bunny #1-10 Well  
 1190' FEL - 1040' FSL  
 Section 10, T27N, R9W  
 San Juan County, New Mexico

*sp'd 12-64  
 compl 1-65*

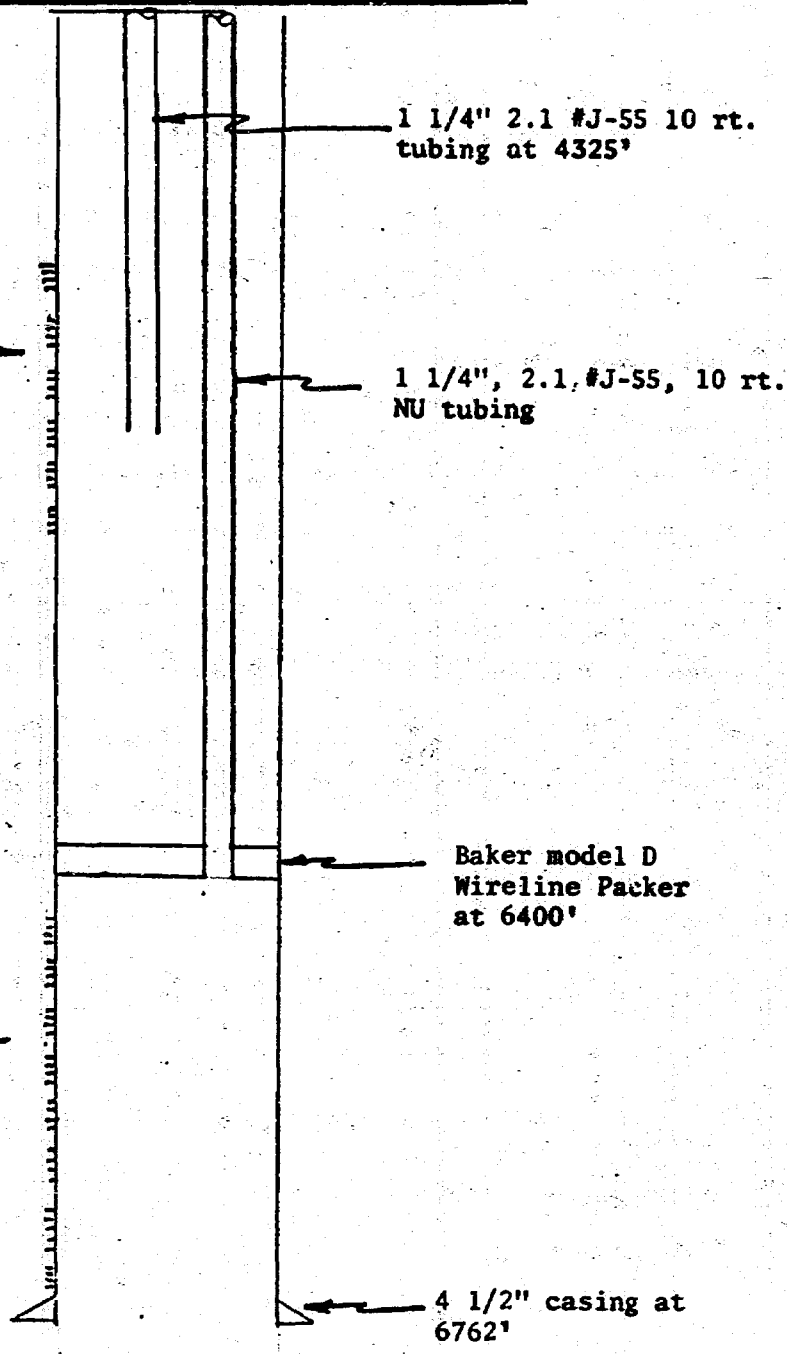
*had similar problem  
 in early 74 leak was  
 repaired in Mar-Apr 74*

*Sand blast  
 hole in  
 Hvy*

*Pls leakage  
 test showed  
 successful  
 repair. Now leak  
 found in early 75*

Blanco Mesa Verde  
 perforations  
 4357-65  
 4367-74  
 4378-84  
 4389-99  
 4405-17  
 4425-43

Basin Dakota  
 perforations  
 6432-50, 6502-27,  
 6534-40, 6564-72,  
 6578-84, 6590-6600,  
 6608-14, 6618-40



**BEFORE EXAMINER NUTTER**  
 OIL CONSERVATION COMMISSION  
 AUSTRAL EXHIBIT NO. 3  
 CASE NO. 5526

*vertical ownership common*

- CASE 5526: Application of Austral Oil Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Blanco-Mesaverde and Basin-Dakota production in the wellbore of its Bunny Well No. 1, located in Unit P of Section 10, Township 27 North, Range 9 West, San Juan County, New Mexico.
- CASE 5527: Application of Plains Radio Broadcasting Company for an exception to the provisions of Order No. R-3221, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to dispose into earthen pits produced salt water from its L. E. Ranch 9 Wells Nos. 1, 2, and 3, located, respectively, in Units O, N, and I of Section 9, and its L. E. Ranch 16 Wells Nos. 2 and 3, located, respectively, in Units B and A of Section 16, all in Township 11 South, Range 28 East, East Chisum-San Andres Pool, Chaves County, New Mexico.
- CASE 5528: Application of Reserve Oil and Gas Company for waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its South Langlie-Jal Langlie Mattix Waterflood Project in the Langlie Mattix pool by the conversion to water injection of its Unit Wells Nos. 24 and 26 located, respectively, in Unit O of Section 18 and Unit M of Section 17, both in Township 25 South, Range 37 East, Lea County, New Mexico.
- CASE 5529: In the matter of the hearing called by the Oil Conservation Commission upon its own motion to consider the creation of a new gas pool for Morrow production, said to be designated Sheep Draw-Morrow Gas Pool to comprise the E/2 of Section 11 and the W/2 of Section 12, Township 23 South, Range 25 East, Eddy County, New Mexico.
- CASE 5530: Application of Cities Service Oil Company for the amendment of Order No. R-5052, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5052, which order pooled all mineral interests in the Wolfcamp formation underlying the SE/4 of Section 30, Township 21 South, Range 27 East, and in the Pennsylvanian formation underlying the E/2 of said Section 30, to be dedicated to a well drilled at an orthodox location for both formations. Applicant proposes the amendment of said order to provide for an unorthodox location for said well at a point 1980 feet from the South line and 2190 feet from the East line of said Section 30.
- CASE 5531: Application of Oil Development Company of Texas for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the open-hole interval from 5,000 to 5,150 feet in its SPRR Well No. 6, located in Unit D of Section 33, Township 9 South, Range 37 East, West Sawyer-San Andres Pool, Lea County, New Mexico.

DRAFT

dr/

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE No. 5526

Order No. R- 5075

APPLICATION OF AUSTRAL OIL COMPANY  
FOR DOWNHOLE COMMINGLING, SAN JUAN  
COUNTY, NEW MEXICO.

*J. R. [Signature]*

*[Signature]*

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 16, 1975,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 16th day of AUGUST, 1975, the Commission, a  
quorum being present, 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 Commission has jurisdiction of this cause and the subject  
matter thereof.

(2) That the applicant, Austral Oil Company, is the owner  
and operator of the Bunny Well No. 1, located in Unit P of Section 10,  
Township 27 North, Range 9 West, NMPM, San Juan County, New Mexico.

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

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

(5) That from the Basin-Dakota zone, the subject well is capable of low 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 Commission 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 Commission 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, 68.766 percent of the commingled gas production should be allocated to the Blanco-Mesaverde zone, and 34 percent of the commingled gas production to the Basin-Dakota zone, *and*

IT IS THEREFORE ORDERED:

(1) That the applicant, Austral Oil Company, is hereby authorized to commingle Blanco-Mesaverde and Basin-Dakota production within the wellbore of <sup>its</sup> ~~the~~ Bunny Well No. 1, located in Unit P of Section 10, Township 27 North, Range 9 West, NMPM, San Juan County, New Mexico.

*68 percent of the commingled liquid hydrocarbon production should be allocated to the Blanco-Mesaverde zone, and 32 percent of the commingled liquid hydrocarbon production should be allocated to the Basin-Dakota zone.*

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Case No. 5526  
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(2) That ~~66~~ <sup>66</sup> percent of the commingled ~~gas~~ production and ~~22.68~~ <sup>22.68</sup> percent of the commingled liquid hydrocarbon production shall be allocated to the Blanco-Mesaverde zone and ~~34~~ <sup>34</sup> percent of the commingled ~~gas~~ production shall be allocated to the Basin-Dakota zone.

(3) That the operator of the subject well shall immediately notify the Commission's Aztec district office any time the well has been shut-in for 7 consecutive days and shall concurrently present, to the Commission, a plan for remedial action.

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

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

CASE 5527: PLAINS RADIO BROADCASTING  
COMPANY FOR AN EXCEPTION TO THE PROVI-  
SIONS OF ORDER NO. R-3321, CHAVES COUNTY

Co.