

CASE 5830: NORTHWEST PRODUCTION CORPORATION FOR DOWNHOLE COMMING-
LING, RIO ARRIBA COUNTY, NEW MEX. *oration*

CASE NO.

5830

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 5, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of Northwest Production) CASE
Corporation for downhole commingling,) 5830
Rio Arriba County, New Mexico.)

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Lynn Teschendorf, Esq.
Conservation Commission: Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant: Rand C. Schmidt, Esq.
Legal Counsel
El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas

MONTGOMERY, FEDERICI, ANDREWS &
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I N D E X

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PAUL W. BURCHELL

Direct Examination by Mr. Schmidt

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Cross Examination by Mr. Nutter

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EXHIBIT INDEX

Offered

Admitted

Northwest Exhibit One, Diagrammatic Sketch

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11

Northwest Exhibit Two, Production History

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1 MR. NUTTER: We will call Case Number 5830.

2 MS. TESCHENDORF: Case 5830, application of Northwest
3 Production Corporation for downhole commingling, Rio Arriba
4 County, New Mexico.

5 MR. SCHMIDT: My name is Rand Schmidt. I'm with the
6 office of General Counsel of El Paso Natural Gas Company and
7 I'll be appearing on behalf of Northwest Production in this
8 hearing. I have a letter of association with a local firm,
9 Montgomery, Federici, et al.

10 MR. NUTTER: Thank you.

11 MR. SCHMIDT: I have provided you with our exhibits
12 in this case and I would also like to provide you for your
13 convenience a map showing the location of the wells in this
14 hearing and the next two as well, and I'll offer it as an
15 exhibit.

16 MR. NUTTER: Is there sufficient similarity between
17 this case and the others that you could consolidate them for
18 the purpose of hearing?

19 MR. BURCHELL: There are some details in each one
20 that should be brought out that it is going to be hard to
21 consolidate them.

22 MR. NUTTER: You don't think we would save any time?

23 MR. BURCHELL: Not that much time.

24 MR. SCHMIDT: I don't think it would.

25 We have one witness we would like to present today.

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(THEREUPON, the witness was duly sworn.)

PAUL W. BURCHELL

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

DIRECT EXAMINATION

BY MR. SCHMIDT:

Q. Would you please state your name and where you reside?

A. My name is Paul W. Burchell and I reside in El Paso, Texas.

Q. By whom are you employed and in what capacity?

A. I'm employed by the El Paso Natural Gas Company as Senior Proration Engineer.

Q. As a Proration Engineer have you previously testified before this Commission or one of its examiners?

A. Yes, several times.

Q. And your qualifications have been accepted by the Commission at those times and are a matter of record?

A. Yes, sir.

Q. Mr. Burchell, are you familiar with Case 5830?

A. Yes, sir.

MR. SCHMIDT: Are the witness' qualifications acceptable?

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1 MR. NUTTER: Yes, they are.

2 Q (Mr. Schmidt continuing.) Mr. Burchell, who is the
3 operator of the well involved in this case?

4 A Northwest Production Corporation is the operator,
5 however, by an agreement dated November 11, 1975, effective
6 August 1st, 1975, between Northwest Production Corporation and
7 El Paso Natural Gas Company, El Paso has been assigned full
8 and complete management responsibilities for the well involved
9 in this case. By reason of this contractual agreement I am
10 presenting testimony on behalf of Northwest Production Corpora-
11 tion.

12 Q Mr. Burchell, what is Northwest Production seeking
13 in Case Number 5830?

14 A Northwest Production seeks permission to downhole
15 commingle gas at the Tapacito-Pictured Cliffs Pool with gas
16 of the Blanco Mesaverde Pool and produce this gas through one
17 meter in its Jicarilla 117E No. 2 Well. This well is located
18 in Unit letter H of Section 33, Township 26 North, Range 3
19 West, Rio Arriba County, New Mexico.

20 Northwest Production proposes that the allocation
21 of gas to each formation be divided in such a manner that a
22 certain percentage of the gas would be considered Pictured
23 Cliffs and the remaining portion would be considered Mesaverde
24 gas.

25 Q Has a leak been determined to exist in this well?

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1 A Yes, sir, the 1976 annual packer leakage test indica-
2 ted communication between the two producing zones in this
3 dually completed well.

4 Q Have you been able to determine where this leak is
5 occurring?

6 A No, I haven't. A temperature survey was run but
7 the results were inconclusive. The temperature bomb became
8 stuck in the hole and several days were spent fishing for the
9 tool.

10 Q Why is Northwest Production asking for permission to
11 commingle that well?

12 A Downhole commingling is considered by Northwest
13 Production the most economic and conservative method to under-
14 take due to the low productivity of both zones and due to the
15 high cost of repairing the suspected leak in the well.

16 Q Do you have an exhibit showing the equipment
17 presently located in this well?

18 A Yes, I do, Exhibit Number One has been prepared for
19 the Commission.

20 Q Would you explain what this exhibit shows?

21 A It is a diagrammatic sketch of the equipment that
22 is in the well. The exhibit has been marked Northwest
23 Production Corporation Number One and it shows a Baker EEJ
24 packer set at four thousand, three hundred and eighty-seven
25 feet. The Pictured Cliffs formation is perforated from four

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1 thousand, three hundred and eighty-seven feet. The Pictured
2 Cliffs formation is perforated from four thousand, eighty-two
3 feet to four thousand, one hundred and eight feet above the
4 packer and the Mesaverde perforations are from five thousand,
5 seven hundred and forty feet to six thousand, three hundred
6 and fifty-six feet below the packer. The Pictured Cliffs
7 perforations produce their gas through a one and quarter inch
8 tubing which is set at four thousand, one hundred and one feet
9 and the Mesaverde gas is produced through a two and three-eighths
10 inch tubing set at six thousand, two hundred and forty-eight
11 feet.

12 Q Do you have an exhibit with you that shows the
13 production history of this well?

14 A Yes, I do.

15 Q Will you please explain what that exhibit shows?

16 A Northwest Production Corporation's exhibit marked
17 Number Two shows the Tapacito-Pictured Cliffs and the Blanco
18 Mesaverde formation's gas production performance since the
19 well was initially completed.

20 As can be observed from the exhibit, it appears that
21 Pictured Cliffs' gas produced into the Mesaverde side of the
22 well which resulted in a higher yearly volume than would
23 normally be expected in the Mesaverde. However, some
24 natural decline in the Pictured Cliffs for the first
25 half of 1975 was expected. It is believed that the leak

1 occurred sometime right after the July, 1975, packer leakage
2 test.

3 As of the end of 1974 and up to the first part of
4 1975, which was prior to the last positive packer leakage test,
5 the Pictured Cliffs produced an average of ninety-two MCF of
6 gas per day while the Mesaverde made an average of a hundred
7 and twenty MCF per day. This represents about forty-three
8 percent Pictured Cliffs and fifty-seven percent Mesaverde.

9 Q Are these flow rates considered small?

10 A Yes, in my opinion these flow rates are very small.
11 Both zones in this well are classified marginal. As of October
12 of 1976 the Pictured Cliffs was averaging forty-two MCF per
13 day and the Mesaverde was making a hundred and sixteen MCF
14 a day.

15 Q Do you have any information regarding pressures and
16 fluid characteristics in this well?

17 A As of 1965 the well made about two thousand, two
18 hundred and fifty-six cumulative barrels of condensate from
19 both zones. Of this amount, seventy-seven percent came from
20 the Mesaverde and twenty-three percent from the Pictured Cliffs.
21 Now, since that time, 1965, both formations have ceased any
22 significant condensate production. It is estimated that the
23 Pictured Cliffs zone makes around one-eighth barrel of water
24 per day while the Mesaverde is estimated to make about one-
25 quarter barrel of water per day.

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1 The Pictured Cliffs side of the well had a five day
2 shut-in tubing pressure of three hundred and sixty-five pounds
3 per square inch during the July 1975 packer leakage test, while
4 the Mesaverde side had a three day shut-in tubing pressure at
5 three hundred and sixty-eight pounds per square inch.

6 Q What is the estimated cost of repairing this well?

7 A The estimated cost for working the well over, pulling
8 both tubing strings, replacing eroded or corroded joints and
9 replacing the packer would be fifteen thousand, three hundred
10 dollars.

11 Q Could the actual cost be higher than that?

12 A Yes, it could.

13 Q Is it possible that the cost of repairing the well
14 as a dual completion would be considered economically
15 unfeasible to Northwest Production?

16 A Yes, in which case Northwest might not repair the
17 well and it would of necessity have to be plugged and the gas
18 in one or both zones may have to be abandoned?

19 Q Do you propose a formula by which gas production
20 could be apportioned between the two zones?

21 A Yes, based on my prior testimony related to the
22 daily production history which showed the Mesaverde producing
23 fifty percent of the gas and the fact that reserve studies
24 indicate that around fifty-seven percent of the total reserves
25 left in both sides of the well remain in the Mesaverde it is

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1 recommended that fifty-seven percent of the well's gas production
2 would be attributed to the Blanco Mesaverde Pool and forty-three
3 percent to the Tapacito-Pictured Cliffs Pool.

4 Although the well does not make any appreciable
5 amounts of liquids it is further recommended that any future
6 possible liquids be allocated on this same basis.

7 Q I believe you just said that the Mesaverde produces
8 fifty percent of the gas, you meant to say fifty-seven, did
9 you not?

10 A Yes, I did, fifty-seven is to stand corrected.

11 Q What is the nature of ownership in this well?

12 A Northwest Production Corporation is the sole working
13 interest owner and royalty ownership in the two zones are
14 identical.

15 Q In your opinion will the granting of this application
16 protect correlative rights and prevent waste?

17 A Yes.

18 Q Do you have anything further to present in this
19 case?

20 A No, I do not.

21 Q Were Exhibits One and Two prepared by you or under
22 your supervision?

23 A Yes, they were.

24 MR. SCHMIDT: We would like to offer Exhibits One
25 and Two into evidence at this time.

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1 MR. NUTTER: Northwest Exhibits One and Two will
2 be admitted into evidence.

3 (THEREUPON, Northwest Exhibits One and
4 Two were admitted into evidence.)

5
6 CROSS EXAMINATION

7 BY MR. NUTTER:

8 Q Now, Mr. Burchell, looking at this little graph
9 here, production was about the same for the two zones in
10 1974, right?

11 A Just about, yes. The Pictured Cliffs was slightly
12 higher and as I indicated in my testimony, Mr. Examiner, it
13 was about that time that it began a natural decline that we
14 were expecting for the first part of 1975.

15 Q Now, you don't have monthly rates of production on
16 here so it is kind of hard to tell what happened when but
17 then the 1975 production, the Pictured Cliffs production, was
18 way down below the Mesaverde?

19 A Right, and this is why we suspect that right after
20 the packer leakage test which was taken in July of 1975 which
21 was a good test and showed no communication, we think that it
22 must have been just the next day or the next week or the
23 next month that it started leaking.

24 Q Does that show better if you plot this production on
25 a monthly basis?

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1 A. It might, it probably would. And it ended up the
2 last half of 1975's production ended up with the gas migrating
3 between the packer or between the two zones.

4 Q. Apparently there must have been some drastic change
5 because that's more than just a natural decline for the
6 Pictured Cliffs?

7 A. Right.

8 Q. However, the Mesaverde shows an increase back in
9 1974 over 1973, too?

10 A. Yes, the increase there, part of it in 1974 might
11 be explained that there was some change in line pressure and
12 this could account for that but for the 1975 continuing its
13 increase, again I'm sure it is because of the gas.

14 Q. But now when was this period of time when the
15 production was assumed to be reliable from each zone and
16 fifty percent of the well's production was coming from the
17 Mesaverde?

18 A. The reliable part that I would consider to utilize
19 in allocating the gas would be that which -- the yearly daily
20 average for the end of 1974 average with the first part of 1975.

21 Q. Up until when, the middle of the year?

22 A. The first quarter of 1975.

23 Q. In '74 --

24 A. The end of '74 and up to and including the first
25 quarter of '75. And I might point out, whether it's a

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1 coincidence or not, but that same figure, fifty-seven percent
 2 for the Mesaverde, is represented in the reserves that we feel
 3 was left at that time in the Mesaverde formation on both sides
 4 of the well. It looks like there was fifty some percent of the
 5 reserves on both sides of the well left in the Mesaverde side.

6 Q And that was calculated independently of this
 7 production?

8 A It was independent, yes, sir.

9 Q So you are recommending a fifty-seven forty-three
 10 split on production?

11 A Yes, sir, definitely.

12 Q Also if it should start making condensate again you
 13 would use that same percentage?

14 A I would say so, yes.

15 MR. NUTTER: Are there any further questions of
 16 Mr. Burchell? He may be excused.

17 (THEREUPON, the witness was excused.)

18 MR. NUTTER: Do you have anything further in this
 19 case, Mr. Schmidt?

20 MR. SCHMIDT: No, that's all.

21 MR. NUTTER: Does anyone have anything to offer in
 22 Case 5830? We will take the case under advisement.


23

24


25

REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand 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.


Sidney F. Morrish, C.S.R.

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5830
heard by me on 1/5 1977
 Examiner
New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501



DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO
January 18, 1977

STATE GEOLOGIST
EMERY C. ARNOLD

Mr. Rand C. Schmidt
El Paso Natural Gas Company
Box 1492
El Paso, Texas 79949

Re: CASE NO. 5830
ORDER NO. R-5350

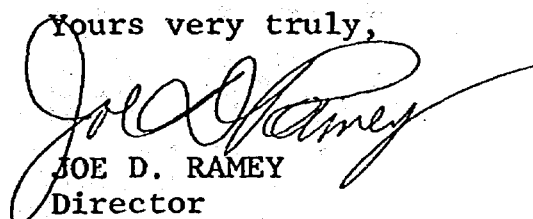
Applicant:

Northwest Production Corporation

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
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC x
Artesia OCC x
Aztec OCC x

Other Mr. Walter Melendres

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. 5830
Order No. R-5350

APPLICATION OF NORTHWEST PRODUCTION
CORPORATION FOR DOWNHOLE COMMINGLING,
RIO ARriba COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 5, 1977,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 17th day of January, 1977, 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, Northwest Production Corporation,
is the owner and operator of the Jicarilla 117E Well No. 2,
located in Unit H of Section 33, Township 26 North, Range 3
West, NMPM, Rio Arriba County, New Mexico.

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

(4) That from the Tapacito-Pictured Cliffs zone, the
subject well is capable of low marginal production only.

(5) That from the Blanco-Mesaverde 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.

-2-

Case No. 5830
Order No. R-5350

(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, 43 percent of the commingled gas and condensate production should be allocated to the Tapacito-Pictured Cliffs zone, and 57 percent of the commingled gas and condensate production to the Blanco-Mesaverde zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, Northwest Production Corporation, is hereby authorized to commingle Tapacito-Pictured Cliffs and Blanco-Mesaverde production within the wellbore of the Jicarilla 117E Well No. 2, located in Unit H of Section 33, Township 26 North, Range 3 West, NMPM, Rio Arriba County, New Mexico.

(2) That 43 percent of the commingled gas and condensate production shall be allocated to the Tapacito-Pictured Cliffs zone and 57 percent of the commingled gas and condensate production shall be allocated to the Blanco-Mesaverde 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.

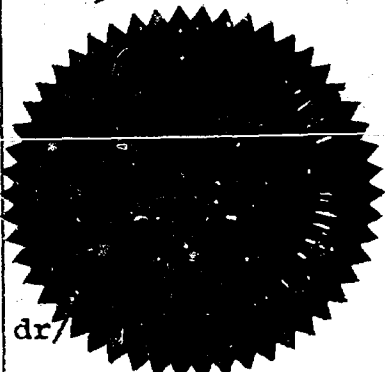
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Phil R. Lucero
PHIL R. LUCERO, Chairman

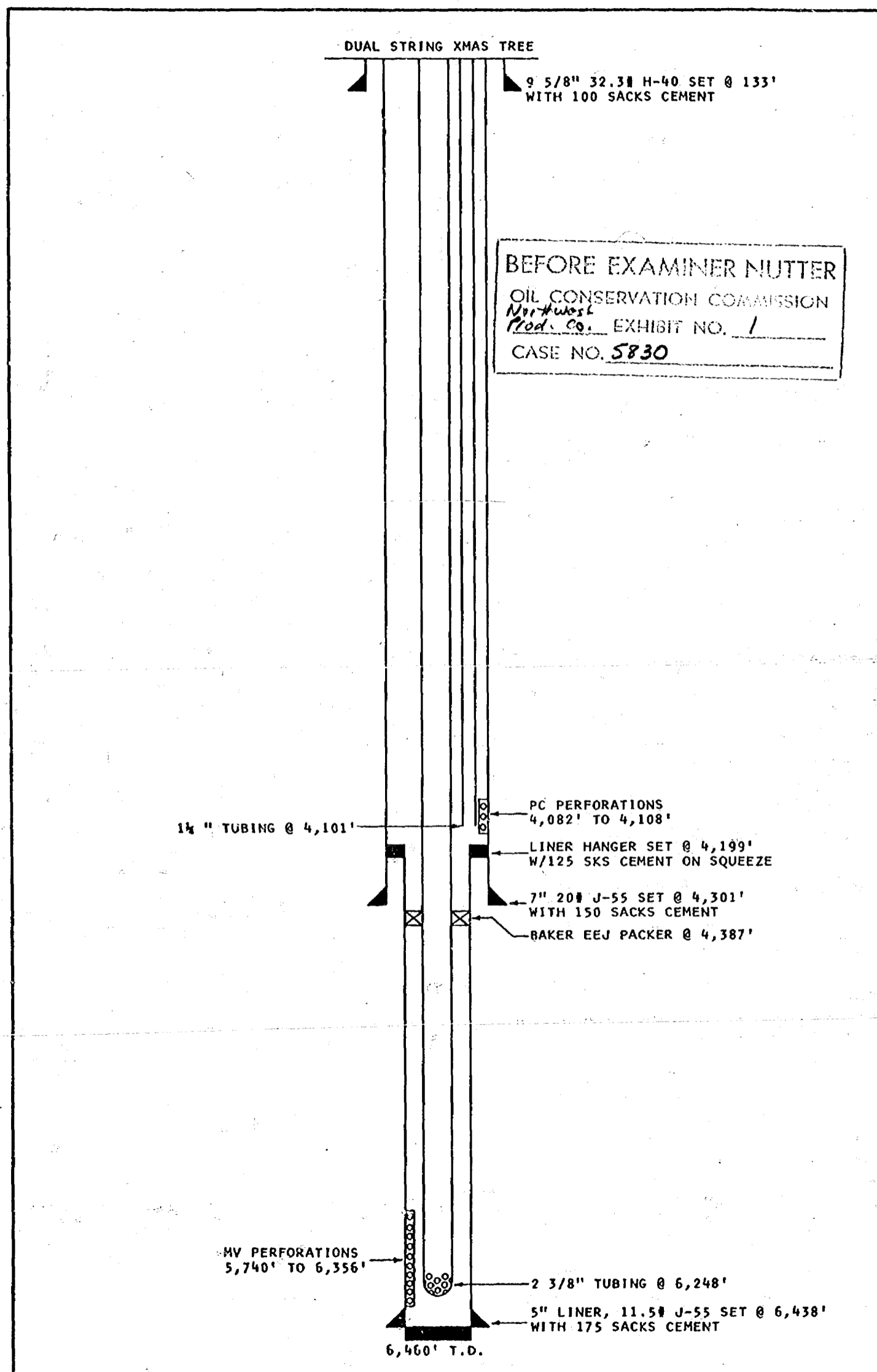
Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Bamey
JOE D. BAMEY, Member & Secretary



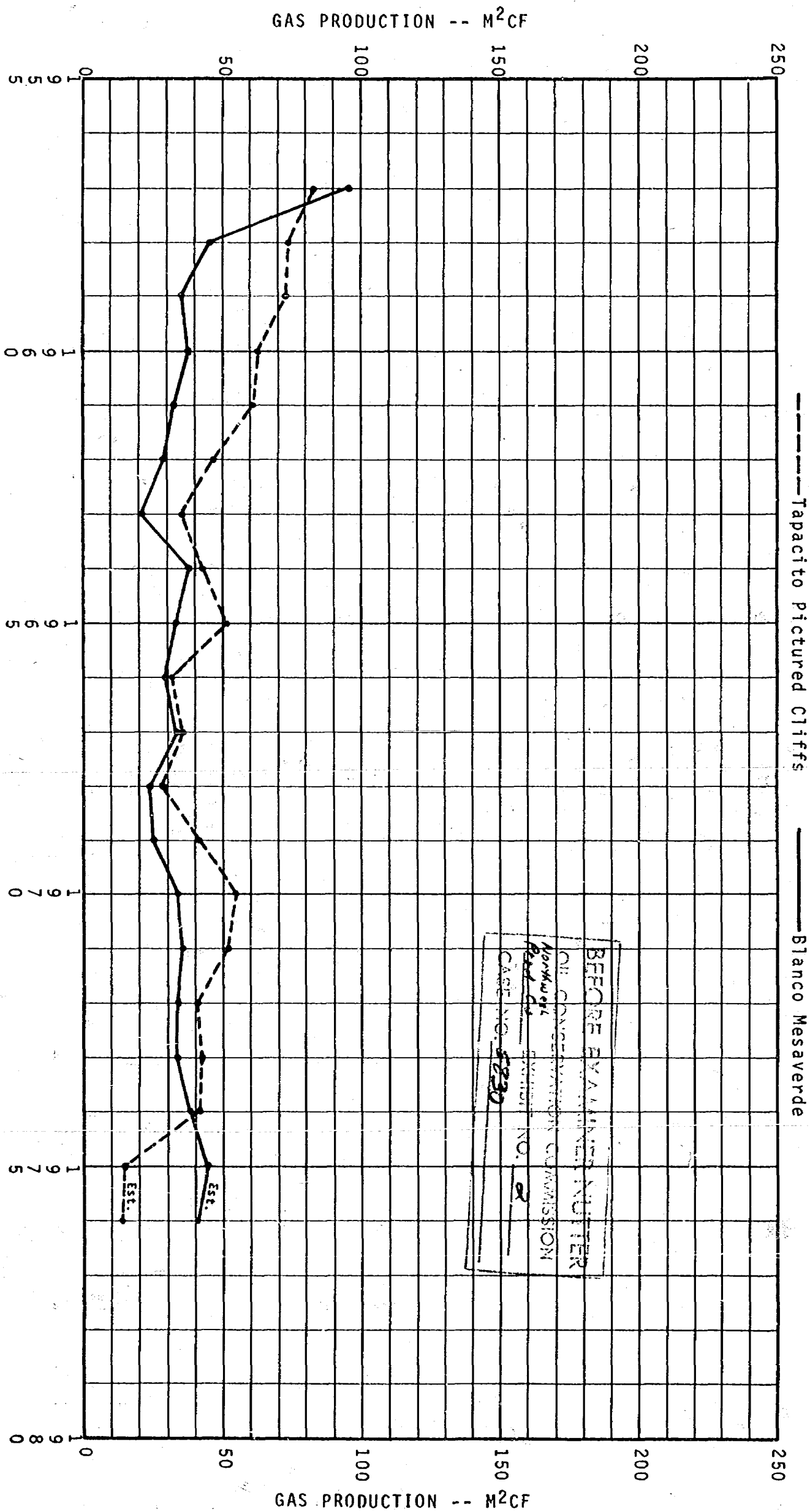
dr/

SCHEMATIC DIAGRAM OF DUALY COMPLETED
NORTHWEST PRODUCTION CORP. "JICARILLA 137E" WELL #2
Unit H of Sec. 33, T26N, R3W
Rio Arriba County, New Mexico



N A T U R A L G A S P R O D U C T I O N

Northwest Production Corp. "Jicarilla 117E" Well #2
Unit H of Sec. 33, T26N, R3W, Rio Arriba County, NM



J. O. SETH (1883-1963)

A. K. MONTGOMERY
WM. R. FEDERICI
FRANK ANDREWS
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POST OFFICE BOX 2307
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January 4, 1977

Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico 87501

Re: OCC Case No. 5830 - Application of Northwest
Production Corporation for downhole commingling,
Rio Arriba County, New Mexico

Gentlemen:

Please be advised that David T. Burleson and/or Rand
Schmidt of the office of General Counsel of Northwest
Production Corporation are associated with our firm
for the purpose of presenting testimony with respect
to the above-referenced case.

Sincerely yours,

Walter J. Melendres

OML:RB
5086-76-12

CASE 5829: Application of Elk Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the W/2 of Section 36, Township 11 South, Range 32 East, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5830: Application of Northwest Production Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Tapacito-Pictured Cliffs and Blanco Mesaverde production in the wellbore of its Jicarilla 117E Well No. 2 located in Unit H of Section 33, Township 26 North, Range 3 West, Rio Arriba County, New Mexico.

CASE 5831: Application of El Paso Natural Gas Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle South Blanco-Pictured Cliffs and Otero-Chacara production in the wellbore of its Jicarilla 67 Well No. 6 located in Unit H of Section 19, Township 25 North, Range 5 West, Rio Arriba County, New Mexico.

CASE 5832: Application of El Paso Natural Gas Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle South Blanco-Pictured Cliffs and Blanco Mesaverde production in the wellbore of its Storey C Well No. 10 located in Unit N of Section 35, Township 28 North, Range 9 West, San Juan County, New Mexico.

CASE 5833: Application of Southern Union Production Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Gallup and Dakota production in the wellbores of the following wells:

Jicarilla "L" Wells Nos. 2, 3, and 4, and Jicarilla "N" Wells Nos. 1 and 2, located respectively in Unit G of Section 10, Unit E of Section 3, Unit G of Section 9, Unit K of Section 4, and Unit N of Section 3, all in Township 24 North, Range 5 West, and Jicarilla "L" Wells Nos. 5 and 6, located respectively in Units N of Section 33 and M of Section 34, both in Township 25 North, Range 5 West, all in Rio Arriba County, New Mexico.

CASE 5834: Application of Sun Oil Company for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter its Dessie Sawyer Well No. 2, the surface location of which is 2310 feet from the South and West lines of Section 27, Township 9 South, Range 36 East, Crossroads Siluro-Devonian Pool, Lea County, New Mexico, and to directionally drill said well in such a manner as to bottom it in the Siluro-Devonian formation within 50 feet of a point 2540 feet from the South and West lines of said Section 27.

CASE 5835: Application of Palmer Oil Company for non-standard proration units, unorthodox locations, and dual completions, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the following non-standard proration units in Township 31 North, Range 7 West, Rio Arriba County, New Mexico: a 310.48-acre Basin-Dakota unit comprising Lots 5, 6, 7, and 8 and the E/2 SW/4 and SE/4 of Section 2; the following Blanco Mesaverde and Basin-Dakota Units: 323.39 acres comprising Lots 5, 6, 7, and 8 and W/2 SW/4 of Section 3 and Lot 5 and the E/2 SE/4 and SW/4 SE/4 of Section 4; 320 acres comprising the E/2 SW/4 and S/2 SE/4 of Section 3 and NW/4 of Section 10; and 320 acres comprising the W/2 SW/4 of Section 2, N/2 SE/4 of Section 3, and NE/4 of Section 10; the following Fruitland and Pictured Cliffs Units: 150.48 acres comprising Lots 5, 6, 7, and 8 and the E/2 SW/4 of Section 2; 175.76 acres comprising Lots 5, 6, 7, and 8 and W/2 SW/4 of Section 3; 160 acres comprising the W/2 SW/4 of Section 2 and N/2 NE/4 of Section 3; 160 acres comprising the E/2 SW/4 and S/2 SE/4 of Section 3; and 147.63 acres comprising Lot 5 and the SW/4 SE/4 and E/2 SE/4 of Section 4.

Applicant proposes to dedicate the above lands to various wells to be drilled at orthodox and unorthodox locations as follows: Section 2: 2200 feet from South and 800 feet from East lines, and 800 feet from South and 1675 feet from West lines; Section 3: 800 feet from North and West lines, 800 feet from South and 1850 feet from West lines, and 1400 feet from South and 1110 feet from East lines; Section 4: 800 feet from South and East lines; Section 10: 1800 feet from North and 850 feet from West lines, and 1525 feet from North and 1850 feet from East lines.

Applicant further proposes the dual completion of any of the aforesaid wells in any combination of two of the Fruitland, Pictured Cliffs, Mesaverde, or Dakota formations.

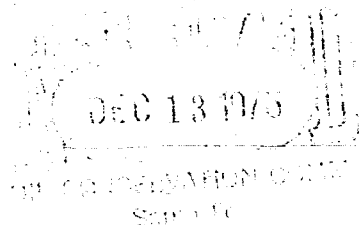
NORTHWEST PRODUCTION CORPORATION

POST OFFICE BOX 1796

EL PASO, TEXAS 79949

December 9, 1976

Case 5830



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

Gentlemen:

Northwest Production Corporation respectfully requests a hearing be set before the Commission or its designated examiner at your convenience.

Northwest seeks approval to downhole commingle gas from the Tapacito Pictured Cliffs Pool with gas from the Blanco Mesaverde Pool in its Jicarilla 117E No. 2 Well. This well is located in Unit H of Section 33, T26N-R3W, Rio Arriba County, New Mexico.

Very truly yours,

E. R. Manning
E. R. Manning

ERM:eh

cc: Messrs: John F. Eichelmann, Jr.
David T. Burleson
Donald A. Wadsworth
L. G. Truby
Carl E. Matthews

ROUGH

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. 5830

Order No. R- 5350

APPLICATION OF NORTHWEST PRODUCTION CORPORATION
FOR DOWNHOLE COMMINGLING, RIO ARRIBA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 5,
1977, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of January, 1977, 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, Northwest Production Corp/, is the
owner and operator of the Jicarilla 117E Well No. 2, located
in Unit H of Section 33, Township 26 North, Range
3 West, NMPM, Rio Arriba County, New Mexico.

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

(4) That from the Tapacito-Pictured Cliffs zone, the
subject well is capable of low marginal production only.

(5) That from the Blanco-Mesaverde 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.

Case No. _____
Order No. R- _____

(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, 43 percent of the commingled gas and condensate production should be allocated to the Tapacito-Pictured Cliffs zone, and 57 percent of the commingled gas and condensate production to the Blanco-Mesaverde zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, Northwest Production Corporation, is hereby authorized to commingle Tapacito-Pictured Cliffs and Blanco-Mesaverde production within the wellbore of the Jicarilla 117E Well No. 2, located in Unit H of Section 33, Township 26 North, Range 3 West, NMPM, Rio Arriba County, New Mexico.

(2) That 43 percent of the commingled gas and condensate production shall be allocated to the Tapacito-Pictured Cliffs zone and 57 percent of the commingled gas and condensate production shall be allocated to the Blanco-Mesaverde 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.