

CASE 5844: SKELLY OIL COMPANY FOR
DOWNHOLE COMMINGLING, RIO ARriba COUNTY,
NEW MEXICO.

CASE NO.

5844

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

SKELLY OIL COMPANY

*File
Case 5844*

JICARILLA "C" LEASE
OTERO CHACRA & SOUTH BLANCO PICTURED CLIFFS FIELDS
Sections 21, 22, 27, 28, 33 & 34, T25N, R5W
RIO ARriba COUNTY, NEW MEXICO

Well No.	GAS PRODUCTION - MILLION CUBIC FEET				ORIGINAL BHP/Z	CURRENT BHP/Z
	Ultimate	Cumulative	Remaining	MO. RATE		
9 PC	900	750	150 ⁵⁴	1.50	1050	250
9 C	680	550	130 ⁴⁶	0.70	1150	300
			<u>280</u>			
10 PC	900	655	244 ⁶⁶	1.80	850	200
10 C	900	775	125 ⁸⁴	1.00	1000	250
			<u>369</u>			
11 PC	200*	120	80 ²⁹	0.15		
11 C	860	660	200 ⁷¹	0.80	1200	310
			<u>280</u>			
12 PC	180*	80	100 ⁵³	0.10		
12 C	200	110	90 ⁴⁷	0.05	1100	550
			<u>190</u>			
13 PC	200*	115	85 ⁶³	0.30		
13 C	300	250	50 ³⁷	0.05	1100	300
			<u>135</u>			
15 PC	500	450	50 ⁴⁸	1.00		200
15 C	340	275	65 ⁸⁷	0.05	1100	300
			<u>115</u>			
17 PC	760	560	200 ⁸²	1.60		240
17 C	335	290	45 ¹⁸	0.05	950	240
			<u>245</u>			
19 PC	620*	505	115 ⁵⁰	1.70		
19 C	740	625	115 ⁵⁰	1.85	1000	275
			<u>230</u>			

DATA IS TO 7-1-76

* ESTIMATED

BEFORE EXAMINED BY	
OIL CONSERVATION COMMISSION	
<i>Skelly</i>	EXHIBIT NO. <u>4</u>
CASE NO. <u>5844</u>	



OIL CONSERVATION COMMISSION

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



DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO
March 16, 1977

STATE GEOLOGIST
EMERY C. ARNOLD

Mr. Chester E. Blodgett
Senior Attorney
Getty Oil Company
Box 1650
Tulsa, Oklahoma

Re: CASE NO. 5844
ORDER NO. R-5388

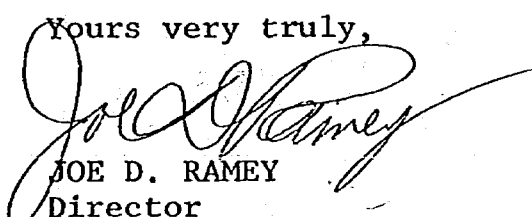
Applicant:

Getty 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
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC X
Artesia OCC X
Aztec OCC X

Other _____

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. 5844
Order No. R-5388

APPLICATION OF SKELLY OIL COMPANY
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 February 2, 1977, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 15th day of March, 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, Skelly Oil Company, is the owner and operator of the Jicarilla "C" Wells Nos. 9 and 17, located in Units K and D, Section 28; Nos. 11 and 19 in Units L and I, Section 27; Nos. 12 and 13 in Units C and B, Section 33; No. 10 in Unit M, Section 22; and No. 15 in Unit G of Section 34, all in Township 25 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

(3) That the applicant seeks authority to commingle South Blanco-Pictured Cliffs and Otero-Chacra production within the wellbores of the above-described wells.

(4) That from the Pictured Cliffs zone, each of the subject wells is capable of low marginal production only.

(5) That from the Chacra zone, each of the subject wells is capable of low marginal production only.

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Case No. 5844
Order No. R-5388

(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 none of the wells 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 any of the subject wells is shut-in for 7 consecutive days.

(9) That in order to allocate the commingled production to each of the commingled zones in each of the subject wells, 60 percent of the production should be allocated to the Pictured Cliffs zone, and 40 percent of the commingled production to the Chacra zone.

(10) That applicant further seeks the establishment of an administrative procedure for approval of the commingling down-hole of additional wells in Sections 5 and 6, Township 24 North, Range 5 West, and Sections 21 and 34, Township 25 North, Range 5 West.

IT IS THEREFORE ORDERED:

(1) That the applicant, Skelly Oil Company, is hereby authorized to commingle South Blanco-Pictured Cliffs and Otero-Chacra production within the wellbores of the Jicarilla "C" Wells Nos. 9 and 17, located in Units K and D, Section 28; Nos. 11 and 19 in Units L and I, Section 27; Nos. 12 and 13 in Units C and B, Section 33; No. 10 in Unit M, Section 22; and No. 15 in Unit G of Section 34, all in Township 25 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

(2) That 60 percent of the commingled production shall be allocated to the Pictured Cliffs zone and 40 percent of the production shall be allocated to the Chacra zone.

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

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Case No. 5844
Order No. R-5388

(4) That the Secretary-Director of the Commission is hereby authorized to approve commingling of Pictured Cliffs and Chacra production in the wellbore of any well drilled in Sections 5 and 6, Township 24 North, Range 5 West, NMPM, and Sections 21 and 34, Township 25 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

(5) That to obtain approval for the downhole commingling of Pictured Cliffs and Chacra production in the wellbore of any well completed in the aforescribed area, the operator of said well shall file one copy of the request for such approval with the Secretary-Director of the Commission and one copy with the Supervisor of the Commission District Office at Aztec. Such request shall contain evidence as to the productivity or expected productivity of each of the aforesaid formations proposed to be commingled, as well as reservoir pressures encountered or expected to be encountered. In addition, data shall be submitted which will enable the Secretary-Director to prescribe an allocation formula for allocating production to each of the formations to be commingled.

(6) The Secretary-Director of the Commission shall have authority to rescind downhole commingling authority granted for any well prior to its completion if data available upon completion of the well indicates greater than marginal production from either or both of the commingled formations or a pressure differential between the commingled formations which might cause waste.

(7) 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, Chairman


EMORY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

S E A

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 2, 1977

EXAMINER HEARING

IN THE MATTER OF:)
)
)
Application of Skelly Oil Company for) CASE
downhole commingling, Rio Arriba) 5844
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:	Chester E. Blodget, Esq.
	Legal Counsel
	Getty Oil Company
	Tulsa, Oklahoma

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General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

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<u>GERALD BROWN</u>	
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EXHIBIT INDEX

	<u>Offered</u>	<u>Admitted</u>
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Skelly Exhibit Two, Schematics	5	10
Skelly Exhibit Three, Curves	5	10
Skelly Exhibit Four, Tabulation	6	10
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1 MR. NUTTER: We will call Case Number 5844.

2 MS. TESCHENDORF: Case 5844, application of Skelly
3 Oil Company for downhole commingling, Rio Arriba County,
4 New Mexico.

5 MR. BLODGET: Mr. Examiner, I'm Chester Blodget
6 appearing for Skelly-Getty and I would like to make an announce-
7 ment at this time that effective December 31st at midnight,
8 Skelly Oil Company was merged into Getty Oil Company and by
9 operation of law Getty Oil Company has assumed all rights and
10 obligations of Skelly Oil Company and, therefore, at least for
11 the day, I know, I'm employed by Getty and I believe you have
12 a notice from the local counsel entering an appearance in this
13 case and stating that I would present the evidence.

14 MR. NUTTER: Yeah, for Skelly, not Getty.

15 MR. BLODGET: Well, that was written before the
16 thirty-first.

17 We have one witness we would like to have sworn,
18 please.

19 (THEREUPON, the witness was duly sworn.)

20
21 GERALD BROWN
22 called as a witness, having been first duly sworn, was
23 examined and testified as follows:

24 DIRECT EXMINATION

25 BY MR. BLODGET:

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1 Q Would you please state your name, your occupation and
 2 by whom you are employed?

3 A My name is Gerald Brown, I'm employed as a Senior
 4 Reservoir Engineer with Getty Oil Company in Denver.

5 Q And have you previously testified before this
 6 Commission and have your qualifications been accepted?

7 A Yes, sir.

8 Q Are you familiar with this application that is now
 9 before the Commission?

10 A I am.

11 Q And is Getty now the sole owner and operator of the
 12 oil and gas wells located in the Jicarilla "B" and the
 13 Jicarilla "C" leases in Sections 5 and 6, Township 24 North,
 14 Range 5 West and the south half of 21 and the south half of
 15 22, 27, 28, 31, 32 and the north half of 33 and the north half
 16 of 34 in Township 25 North, Range 5 West, New Mexico Prime
 17 Meridian, Rio Arriba County, New Mexico?

18 A Yes.

19 Q Do you have an exhibit showing the location of the
 20 wells in the area?

21 A Yes, Exhibit One shows in yellow the acreage owned
 22 by Getty. It's marked Skelly on the map, however. And also
 23 shown on this map is a well designation color which shows the
 24 different formations that are producing on these two leases.
 25 Included are the Pictured Cliffs, Chacra, Gallup and Dakota.

1 We will talk today only about the Pictured Cliffs
2 and Chacra and only on the "C" lease.

3 Q What wells does Getty want to commingle downhole,
4 commingle the production downhole?

5 A We want to commingle all of those wells which are
6 presently dually completed by means of a packer and tubing,
7 mainly wells 9, 10, 11, 12, 13, 15, 17 and 19.

8 Q All right, I call your attention to what has been
9 marked Exhibit Two, would you describe that, please?

10 A Yes, this is a schematic of each of the previous
11 wells mentioned, which shows the surface casing, the cement
12 top, the perforations in both the Pictured Cliffs and the
13 Chacra formations, the packer setting, the production casing
14 setting and there is a separate schematic for each well.

15 Q Now, do you have another packet designated Exhibit
16 Number Three and if so would you describe that please?

17 A Yes, Exhibit Three also is a combination packet
18 that covers each well individually and on each exhibit is
19 shown a production curve from 1970 through 1979 and shown on
20 this exhibit is when the first production commenced and
21 this is between the period '57 through '60, 1957 through '60.
22 However, only the last six years of production is shown on this
23 map.

24 The Pictured Cliffs production is shown in a dotted
25 line, the Chacra in a solid line.

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1 In the upper right-hand corner of each of these
2 plots is a bottom-hole pressure over a compressibility
3 factor versus cumulative gas for each of the formations. In
4 some cases this pressure information wasn't available and only
5 the one available was shown. In about half the cases both
6 formations are shown, however.

7 This exhibits the fact that these wells are at an
8 advanced stage of depletion, that pressures are low. In the
9 Pictured Cliffs pressure averages on these eight wells,
10 approximately two hundred and twenty-five pounds and in the
11 Chacra three hundred and fifteen pounds.

12 The production in the Pictured Cliffs averages
13 less than one million per month and the same is true of the
14 Chacra.

15 Q Do you have an exhibit that summarizes the curves
16 that are shown on Exhibit Three?

17 A Yes, Exhibit Four is a tabulation which is an
18 interpretation of Exhibit Three. This was added simply to
19 make an easy reference to Exhibit Three. It has on it the
20 ultimate recovery predicted from this bottom-hole pressure
21 over Z versus cumulative curve. It has the present cumulative,
22 it has an interpretation of the remaining production in both
23 the Pictured Cliffs and the Chacra. It has an average monthly
24 rate on both the Pictured Cliffs and Chacra and it has an
25 original bottom-hole pressure divided by compressibility

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1 factor and it has a current bottom-hole pressure divided by
2 compressibility factor and all of these tabulations are taken
3 directly from Exhibit Three.

4 Q All right, now, you are asking to commingle the
5 production downhole, what is your main reason for asking for
6 that?

7 A Our only reason is to obtain more production in some
8 wells and to get production from others from which we are not
9 getting any at all at the present time.

10 Both the Pictured Cliffs and Chacra produce at very
11 low rates. The reservoirs are very tight and the pressures are
12 very low. The Chacra is presently producing under a packer
13 through two and three-eighths tubing. The Pictured Cliffs is
14 presently producing in the annular space between the tubing
15 and the casing.

16 The wells in both formations make small amounts of
17 water and probably a little bit of condensate and even though
18 this is small in quantity the wells aren't strong enough to
19 lift it to the surface so we propose to unseat the packer in
20 each of these wells, raise the tubing and commingle this
21 production so that the zones can both produce through the
22 tubing and we will also have the combined gas from both zones
23 lifting these fluids through the tubing.

24 We think this will help us get these wells that are
25 presently logged off completely producing and it will also help

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1 those that are being held back by the fluid in the wellbore.

2 It's an experiment and if it works it will result in
3 a significant amount of additional recovery that otherwise
4 will just be left as is.

5 Q By this operation, in your opinion, would the
6 formations be damaged and waste caused by the commingling?

7 A No, they are very tight formations, the pressures are
8 very low. Let me repeat those. In the Pictured Cliffs the
9 average pressure, we believe, is two hundred and twenty-five
10 pounds and in the Chacra three hundred and fifteen pounds, so
11 the pressures are very low, very close. We don't believe there
12 would be any thieving and on the other side of it we believe
13 we could produce more gas.

14 Q Now, do you have an exhibit to show what you would
15 recommend as percentage of production to allocate to each zone?

16 A Yes, Exhibit Five is another tabulation showing
17 monthly production in the various zones, cumulative productions,
18 a percentage of Pictured Cliffs and Chacra of the total, monthly
19 production and a percentage of Pictured Cliffs and Chacra of
20 the cumulative.

21 From this tabulation it appeared that fifty percent
22 present, 1976 production, and a fifty percent cumulative
23 production would be a good figure to use for allocating future
24 production. In other words, the last column on this Exhibit
25 Five is that calculation. On Well No. 9, for instance, using

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1 that formula any production coming after commingling sixty-
2 five percent would be attributed to the Pictured Cliffs and
3 thirty-five percent to the Chacra.

4 Q All right. Copies of this application were sent to
5 all of the offset operators and to the USGS, is that correct?

6 A That is correct, and this included all operators
7 even on acreage not covered by the eight wells we are talking
8 about here. It also included the operators of the wells on the
9 other lease in which we hope to continue this work in the
10 future. If it's feasible on the "C" lease we would take it
11 down to the "B" lease and possibly do some recompletions and
12 perforations and try this same procedure.

13 Q All right, now, in the application, it is also asked
14 that the wells not currently dually completed in the Pictured
15 Cliffs or the Chacra formations in contiguous Sections 5 and
16 6 of Township 24 North, Range 5 West and Sections 21 and 34 of
17 Township 25 North, 5 West, Rio Arriba County, New Mexico be
18 approved for commingling the Pictured Cliffs and Chacra forma-
19 tions only after administrative approval of the Commission
20 and is it the request that there be a provision in the order,
21 if an application is made in the future and all of the necessary
22 information is furnished to satisfy the Commission, that
23 administrative approval would be available?

24 A Yes, we would like to have this provision included.

25 Q Were Exhibits One through Five prepared by you or

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1 under your direction?

2 A. They were.

3 MR. BLODGET: We move the admission of Exhibits One
4 through Five and this closes our direct testimony.

5 MR. NUTTER: Skelly Exhibits One through Five will
6 be admitted into evidence.

7 (THEREUPON, Skelly Exhibits One through
8 Five were admitted into evidence.)

9
10 CROSS EXAMINATION

11 BY MR. NUTTER:

12 Q Mr. Brown, referring to your Exhibit Number Five and
13 that final two columns out there to the right, the commingled
14 percent suggested. Now, is that based more on the current rate
15 of production or is it based on remaining reserves in each of
16 the two formations?

17 A. No. We are flexible on this. It really doesn't
18 make any difference to us how we do this, if the Commission has
19 a good suggestion we will certainly go with that. This was
20 simply a tabulation of the monthly production, the cumulative
21 production and then I calculated a percentage monthly and a
22 percentage cumulative. It had nothing to do with remaining.

23 Q And then is the final figure the average between
24 percent monthly and percent cum?

25 A. Yes.

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1 Q I see. Now, these curves that you've got, this
2 family of curves here in Exhibit Three, it has the little
3 curve up at the top with the cum production versus P over Z.
4 Now, what abandonment pressure do you figure you will have
5 in these reservoirs?

6 A I used a hundred and fifty pounds in my estimation
7 of remaining recovery.

8 Q And are these little lines taken down to about a
9 hundred and fifty pounds on those little curves up in the
10 corner of these exhibits?

11 A Not necessarily. The lines were just extensions
12 of the points that we had. That is why I have included
13 Exhibit Four which actually goes into these curves on a
14 hundred and fifty pound line.

15 Q Okay, that's what I was going to ask next. Then
16 Exhibit Four on this estimated ultimate recovery would be
17 these curves here on Exhibit Number Three taken down to a
18 hundred and fifty pounds, is that it?

19 A That is correct.

20 Q And then the current bottom-hole pressure over Z
21 that is listed out here is for each of the zones in that
22 individual well and what you were talking about awhile ago,
23 three hundred and fifteen Chacra, two twenty-five Pictured
24 Cliffs, is the average of all of the wells, is that it?

25 A That is correct.

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1 Q Okay. Now, in requesting this administrative
2 approval, it would be limited to these two formations in this
3 area?

4 A That is our intention.

5 Q Put to these wells that are not presently dually
6 completed in those.

7 A Right.

8 Q They may have one zone or the other but not both
9 dually completed?

10 A Or they may have neither also.

11 MR. NUTTER: Are there any further questions of
12 Mr. Brown? He may be excused.

13 (THEREUPON, the witness was excused.)

14 MR. NUTTER: Do you have anything further,
15 Mr. Blodget?

16 MR. BLODGET: I have nothing further.

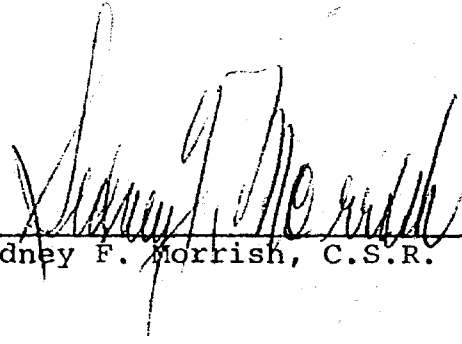
17 MR. NUTTER: Does anyone have anything they wish to
18 offer in Case Number 5844? We will take the case under
19 advisement and a fifteen minute recess.

20 (THEREUPON, the hearing was in recess.)
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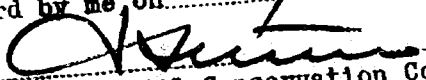
REPORTER'S CERTIFICATE

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. 5844
heard by me on 2/2, 1977.
 Examiner
New Mexico Oil Conservation Commission

Dockets Nos. 6-77 and 7-77 are tentatively set for hearing on February 16 and March 9, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 2, 1977

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

CASE 5820: (Continued & Readvertised)

Application of Texas Oil & Gas Corporation for compulsory pooling, Eddy 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 4, Township 22 South, Range 26 East, Eddy 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 5834: (Continued & Readvertised)

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 2310 feet from the South line and 2540 feet from the West line of said Section 27.

CASE 5835: (Continued & Readvertised)

Application of Palmer Oil Company for non-standard proration units and unorthodox locations, San Juan 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, San Juan 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 SE/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.

CASE 5840: (Continued from January 19, 1977, Examiner Hearing)

Application of Dome Petroleum Corporation for pool creation and assignment of a discovery allowable, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Entrada production and the assignment of approximately 25,800 barrels of oil discovery allowable to the discovery well, being applicant's Federal 15 Well No. 1 located in Unit F of Section 15, Township 19 North, Range 5 West, McKinley County, New Mexico.

CASE 5843: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the creation of a new pool for the production of gas from the Dakota and Morrison formations, said pool to be designated the Wagon Mound Dakota-Morrison Gas Pool and located in Township 21 North, Range 21 East, Mora County, New Mexico.

CASE 5844: Application of Skelly Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Pictured Cliffs and Chacra production in the wellbores of the Jicarilla "C" Wells Nos. 9 and 17 located in Units K and D, Section 28; Nos. 11 and 19 in Units L and I, Section 27; Nos. 12 and 13, Units C and B, Section 33; No. 10 in Unit M, Section 22; and No. 15 in Unit G, Section 34, all in Township 25 North, Range 5 West, Rio Arriba County, New Mexico, and to provide for administrative approval of the commingling downhole of additional wells in Sections 5 and 6, Township 24 North, Range 5 West, and Sections 21 and 34, Township 25 North, Range 5 West.



SKELLY OIL COMPANY

P. O. BOX 1850

TULSA, OKLAHOMA 74102

LAW DEPARTMENT

CHESTER E. BLODGET
SENIOR ATTORNEY

January 5, 1977

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

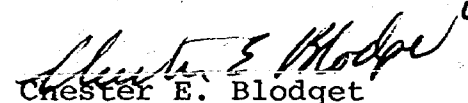
Re: In the Matter of the Application of Skelly
Oil Company for Downhole Commingling, Rio
Arriba County, New Mexico

Gentlemen:

We are enclosing herewith the original and two copies of the
above-referenced application.

We would appreciate your setting this matter for hearing on the
February, 1977 Examiner's Docket, which we understand will be
February 2, 1977. If this is not possible, then of course, we
would like it set the next available date.

Yours very truly,


Chester E. Blodget

CEB:br
Encl.

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

IN THE MATTER OF THE APPLICATION OF SKELLY)
OIL COMPANY FOR DOWNHOLE COMMINGLING, RIO)
ARRIBA COUNTY, NEW MEXICO.)

CASE NO. 5844

A P P L I C A T I O N

COMES NOW Skelly Oil Company and alleges and states:

1. That Skelly Oil Company is the sole owner and operator of oil and gas wells located in their Jicarilla "B" and Jicarilla "C" leases in Sections 5 and 6, Township 24 North, Range 5 West; and Sections S/2 21, S/2 22, 27, 28, 31, 32, N/2 33, N/2 34, Township 25 North, Range 5 West NMPM, Rio Arriba County, New Mexico.
2. That Jicarilla "C" Well Nos. 9, 10, 11, 12, 13, 15, 17 and 19 are dual Pictured Cliffs-Chacra completions with the Chacra produced through 2-3/8" OD tubing set on a packer at depths varying from 3450' to 3630' in the several wells and the Pictured Cliffs being produced through the 2-3/8" - 5-1/2" tubing-casing annular space, with the exception of Well No. 17 which is equipped with a 1" siphon string of tubing.
3. That these dually completed wells are capable only of low rates of production from both the Pictured Cliffs and Chacra formations, and that the reservoir pressures are low in both formations.
4. That due to the low pressures and producing volumes of the separate reservoirs, produced fluids, even though low in volume, collect in the tubing and tubing-casing annular space and inhibit the production of natural gas from both formations.
5. That the combined volume of Pictured Cliffs gas and Chacra gas when flowing together through the tubing only, could more effectively remove the well fluids from the wellbore and thereby increase gas flow rate and ultimate recovery from both formations.
6. That Skelly Oil Company be granted authority to commingle the Pictured Cliffs and Chacra formations by unseating the 2-3/8" tubing from the production packer in our Jicarilla "C" Well Nos. 9, 10, 11, 12, 13, 15, 17 and 19 in Sections 22, 27, 28, 33 and 34, Township 25 North, Range 5 West NMPM, Rio Arriba County, New Mexico.
7. That the wells not currently dually completed in the Pictured Cliffs and Chacra formations in contiguous Sections 5 and 6, Township 24 North, Range 5 West; and Sections 21 and 34, Township 25 North, Range 5 West NMPM, Rio Arriba County, New Mexico, be approved for commingling in the Pictured Cliffs and Chacra formations upon administrative approval of this Commission.
8. That all of the offset operators have been notified of this application by sending them a copy of same. The offset operators are:

Amerada Hess Corporation P. O. Box 1486 Williston, North Dakota 58801	Gulf Energy & Minerals Company P. O. Box 2619 Casper, Wyoming 82602
AMOCO Production Company 501 Airport Road Farmington, New Mexico 87401	Southern Union Production Company 208 East Apache Farmington, New Mexico 87401
El Paso Natural Gas Company P. O. Box 990 Farmington, New Mexico 87401	USGS P. O. Box 959 Farmington, New Mexico 87401
9. That the granting of this application will avoid waste, allow the recovery of gas and other hydrocarbons which would not otherwise be recovered, and would not violate correlative rights.

9 K 28 ✓ 13 B 33 ✓
10 M 22 ✓ 15 G 34 ✓
11 L 27 ✓ 17 D 28 ✓
12 C 33 ✓ 19 I 27 ✓

WHEREFORE, PREMISES CONSIDERED, Applicant prays that this Commission set this matter down for hearing, that notice thereof be given as required by law, and that at the conclusion of said hearing based on the evidence adduced enter its order allowing Skelly Oil Company to commingle the production from the Pictured Cliffs and Chacra formations within the wellbore of its wells in Sections 22, 27, 28, 33 and 34, Township 25 North, Range 5 West NMPM, Rio Arriba County, New Mexico, and to provide for administrative approval of the commingling downhole of Skelly Oil Company wells in Sections 5 and 6, Township 24 North, Range 5 West; and Sections 21 and 34, Township 25 North, Range 5 West NMPM, Rio Arriba County, New Mexico, and for such other orders, rules and regulations as may be necessary in the premises.

Respectfully submitted,

SKELLY OIL COMPANY

By *Chester E. Blodget*
Chester E. Blodget

Of Counsel:
Mr. L. C. White
White, Koch, Kelly & McCarthy
220 Otero Street
P. O. Box 787
Santa Fe, New Mexico 87501

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

IN THE MATTER OF THE APPLICATION OF SKELLY)
OIL COMPANY FOR DOWNHOLE COMMINGLING, RIO) CASE NO. 5844
ARRIBA COUNTY, NEW MEXICO.)

A P P L I C A T I O N

COMES NOW Skelly Oil Company and alleges and states:

1. That Skelly Oil Company is the sole owner and operator of oil and gas wells located in their Jicarilla "B" and Jicarilla "C" leases in Sections 5 and 6, Township 24 North, Range 5 West; and Sections S/2 21, S/2 22, 27, 28, 31, 32, N/2 33, N/2 34, Township 25 North, Range 5 West NMPM, Rio Arriba County, New Mexico.

2. That Jicarilla "C" Well Nos. 9, 10, 11, 12, 13, 15, 17 and 19 are dual Pictured Cliffs-Chacra completions with the Chacra produced through 2-3/8" OD tubing set on a packer at depths varying from 3450' to 3630' in the several wells and the Pictured Cliffs being produced through the 2-3/8" - 5-1/2" tubing-casing annular space, with the exception of Well No. 17 which is equipped with a 1" siphon string of tubing.

3. That these dually completed wells are capable only of low rates of production from both the Pictured Cliffs and Chacra formations, and that the reservoir pressures are low in both formations.

4. That due to the low pressures and producing volumes of the separate reservoirs, produced fluids, even though low in volume, collect in the tubing and tubing-casing annular space and inhibit the production of natural gas from both formations.

5. That the combined volume of Pictured Cliffs gas and Chacra gas when flowing together through the tubing only, could more effectively remove the well fluids from the wellbore and thereby increase gas flow rate and ultimate recovery from both formations.

6. That Skelly Oil Company be granted authority to commingle the Pictured Cliffs and Chacra formations by unseating the 2-3/8" tubing from the production packer in our Jicarilla "C" Well Nos. 9, 10, 11, 12, 13, 15, 17 and 19 in Sections 22, 27, 28, 33 and 34, Township 25 North, Range 5 West NMPM, Rio Arriba County, New Mexico.

7. That the wells not currently dually completed in the Pictured Cliffs and Chacra formations in contiguous Sections 5 and 6, Township 24 North, Range 5 West; and Sections 21 and 34, Township 25 North, Range 5 West NMPM, Rio Arriba County, New Mexico, be approved for commingling in the Pictured Cliffs and Chacra formations upon administrative approval of this Commission.

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P. O. Box 1486
Williston, North Dakota 58801

Gulf Energy & Minerals Company
P. O. Box 2619
Casper, Wyoming 82602

AMOCO Production Company
501 Airport Road
Farmington, New Mexico 87401

Southern Union Production Company
208 East Apache
Farmington, New Mexico 87401

El Paso Natural Gas Company
P. O. Box 990
Farmington, New Mexico 87401

USGS
P. O. Box 959
Farmington, New Mexico 87401

9. That the granting of this application will avoid waste, allow the recovery of gas and other hydrocarbons which would not otherwise be recovered, and would not violate correlative rights.

WHEREFORE, PREMISES CONSIDERED, Applicant prays that this Commission set this matter down for hearing, that notice thereof be given as required by law, and that at the conclusion of said hearing based on the evidence adduced enter its order allowing Skelly Oil Company to commingle the production from the Pictured Cliffs and Chacra formations within the wellbore of its wells in Sections 22, 27, 28, 33 and 34, Township 25 North, Range 5 West NMPM, Rio Arriba County, New Mexico, and to provide for administrative approval of the commingling downhole of Skelly Oil Company wells in Sections 5 and 6, Township 24 North, Range 5 West; and Sections 21 and 34, Township 25 North, Range 5 West NMPM, Rio Arriba County, New Mexico, and for such other orders, rules and regulations as may be necessary in the premises.

Respectfully submitted,

SKELLY OIL COMPANY

By Chester E. Blodget
Chester E. Blodget

Of Counsel:
Mr. L. C. White
White, Koch, Kelly & McCarthy
220 Otero Street
P. O. Box 787
Santa Fe, New Mexico 87501

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

IN THE MATTER OF THE APPLICATION OF SKELLY)
OIL COMPANY FOR DOWNHOLE COMMINGLING, RIO) CASE NO. 5844
ARRIBA COUNTY, NEW MEXICO.)

A P P L I C A T I O N

COMES NOW Skelly Oil Company and alleges and states:

1. That Skelly Oil Company is the sole owner and operator of oil and gas wells located in their Jicarilla "B" and Jicarilla "C" leases in Sections 5 and 6, Township 24 North, Range 5 West; and Sections S/2 21, S/2 22, 27, 28, 31, 32, N/2 33, N/2 34, Township 25 North, Range 5 West NMPM, Rio Arriba County, New Mexico.
2. That Jicarilla "C" Well Nos. 9, 10, 11, 12, 13, 15, 17 and 19 are dual Pictured Cliffs-Chacra completions with the Chacra produced through 2-3/8" OD tubing set on a packer at depths varying from 3450' to 3630' in the several wells and the Pictured Cliffs being produced through the 2-3/8" - 5-1/2" tubing-casing annular space, with the exception of Well No. 17 which is equipped with a 1" siphon string of tubing.
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6. That Skelly Oil Company be granted authority to commingle the Pictured Cliffs and Chacra formations by unseating the 2-3/8" tubing from the production packer in our Jicarilla "C" Well Nos. 9, 10, 11, 12, 13, 15, 17 and 19 in Sections 22, 27, 28, 33 and 34, Township 25 North, Range 5 West NMPM, Rio Arriba County, New Mexico.
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9. That the granting of this application will avoid waste, allow the recovery of gas and other hydrocarbons which would not otherwise be recovered, and would not violate correlative rights.

WHEREFORE, PREMISES CONSIDERED, Applicant prays that this Commission set this matter down for hearing, that notice thereof be given as required by law, and that at the conclusion of said hearing based on the evidence adduced enter its order allowing Skelly Oil Company to commingle the production from the Pictured Cliffs and Chacra formations within the wellbore of its wells in Sections 22, 27, 28, 33 and 34, Township 25 North, Range 5 West NMPM, Rio Arriba County, New Mexico, and to provide for administrative approval of the commingling downhole of Skelly Oil Company wells in Sections 5 and 6, Township 24 North, Range 5 West; and Sections 21 and 34, Township 25 North, Range 5 West NMPM, Rio Arriba County, New Mexico, and for such other orders, rules and regulations as may be necessary in the premises.

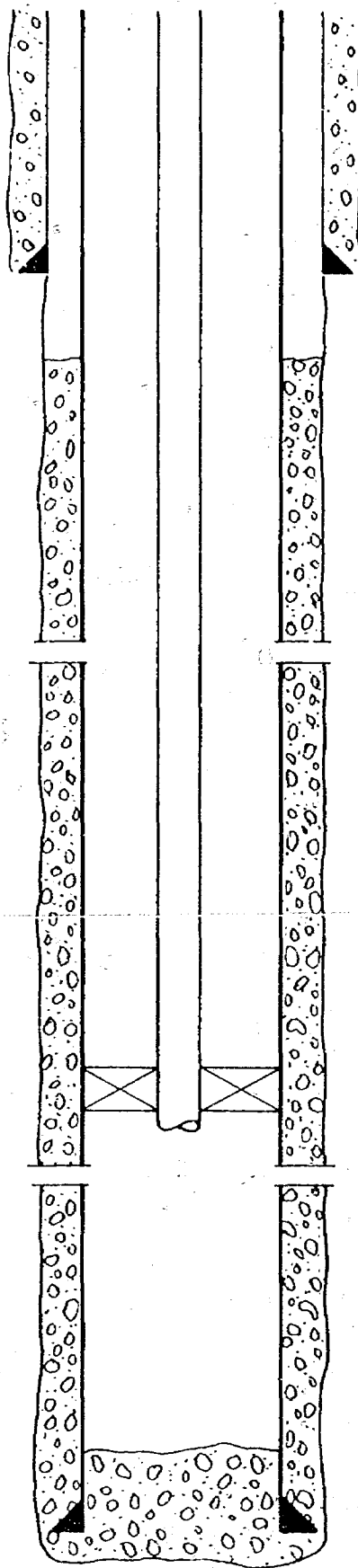
Respectfully submitted,

SKELLY OIL COMPANY

By Chester E. Blodget
Chester E. Blodget

Of Counsel:
Mr. L. C. White
White, Koch, Kelly & McCarthy
220 Otero Street
P. O. Box 787
Santa Fe, New Mexico 87501

SKELLY OIL COMPANY
DENVER DISTRICT
Jicarilla "C" Well No. 9
Loc. K Sec. 28, T25N-R5W
Rio Arriba County, New Mexico



242' 10-3/4" 32.75# casing w/200
sacks cement circulated to surface

2500' Top of cement

2620-2654' PICTURED CLIFFS Perforations

3453' 2-3/8" OD 4.7# tubing set in
Baker Model "D" Packer

3470'-3512' CHACRA Perforations

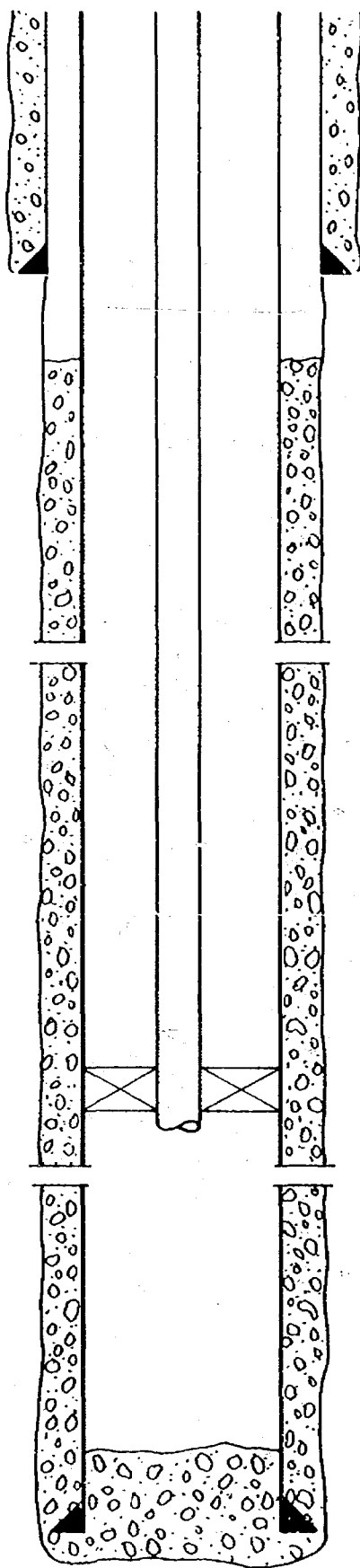
3527' PBTD

3586' 5-1/2" 14# J-55 casing set &
cemented w/400 sacks cement

BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
<i>Skelly</i>	EXHIBIT NO. <u>2</u>
CASE NO. <u>5844</u>	

EXHIBIT

SKELLY OIL COMPANY
DENVER DISTRICT
Jicarilla "C" Well No. 10
Loc. M Sec. 22, T25N-R5W
Rio Arriba County, New Mexico



211' 10-3/4" 32.75# casing w/200
sacks cement circulated to surface

1900' Top of cement

2802-2850' PICTURED CLIFFS Perforations

3582' 2-3/8" OD 4.7# tubing set in
Baker Model "D" Packer

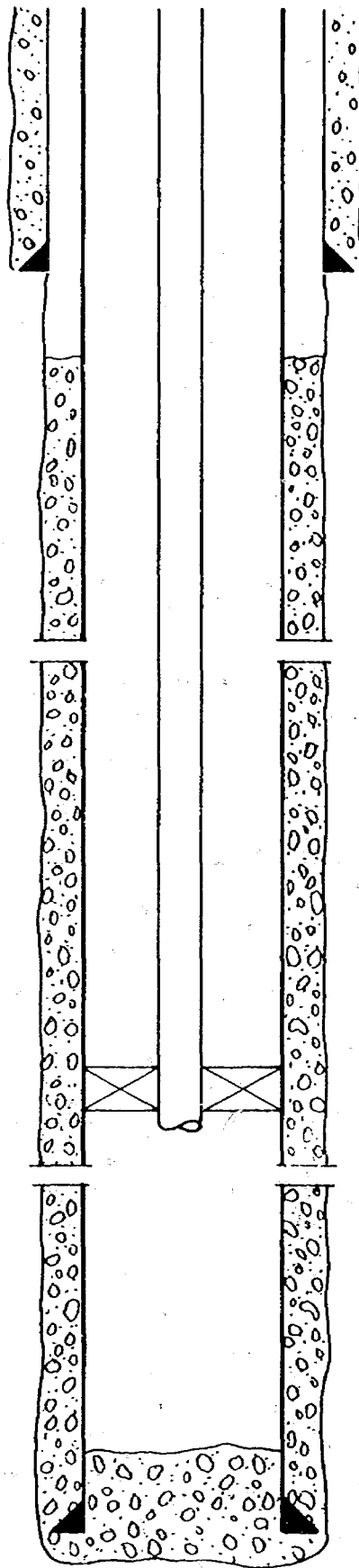
3660-3700' CHACRA Perforations

3715' PBTD

3760' 5-1/2" 14# J-55 casing set &
cemented w/400 sacks cement

EXHIBIT

SKELLY OIL COMPANY
DENVER DISTRICT
Jicarilla "C" Well No. 11
Loc. L Sec. 27, T25N-R5W
Rio Arriba County, New Mexico



242' 10-3/4" 32.75# casing w/200
sacks cement circulated to surface

2500' Top of cement

2723'-2758' PICTURED CLIFFS Perforations

3561' 2-3/8" OD 4.7# tubing set in
Baker Model "D" Packer

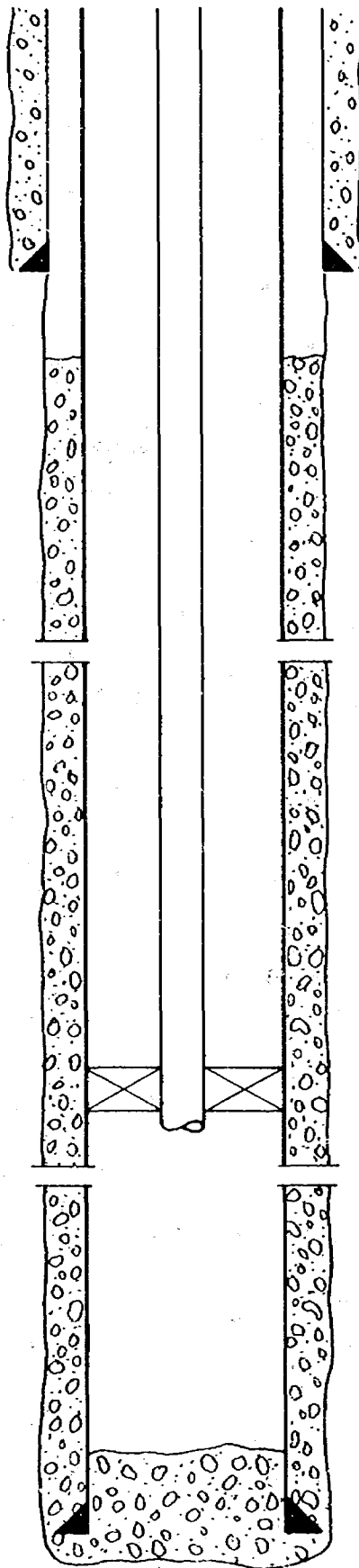
3583'-3602' CHACRA Perforations

3619' PBTD

3665' 5-1/2" 14# J-55 casing set &
cemented w/400 sacks cement

EXHIBIT ____

SKELLY OIL COMPANY
DENVER DISTRICT
Jicarilla "C" Well No. 12
Loc. C Sec. 33, T25N-R5W
Rio Arriba County, New Mexico



231' 10-3/4" 32.75# casing w/250
sacks cement circulated to surface

1825' Top of cement

2714-2727' PICTURED CLIFFS Perforations

3469' 2-3/8" OD 4.7# tubing set in
Baker Model "D" Packer

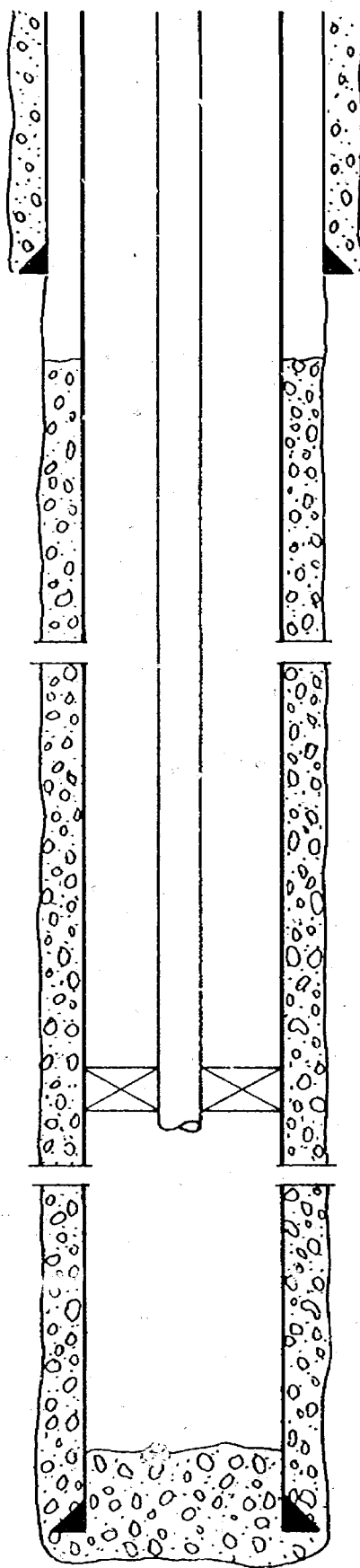
3550'-3572' CHACRA Perforations
3654'-3680'

3690' PBD

3735' 5-1/2" 14# J-55 casing set &
cemented w/400 sacks cement

EXHIBIT

SKELLY OIL COMPANY
DENVER DISTRICT
Jicarilla "C" Well No. 13
Loc. B Sec. 33, T25N-R5W
Rio Arriba County, New Mexico



233' 10-3/4" 32.75# casing w/200
sacks cement circulated to surface

1910' Top of cement

2766'-2790' PICTURED CLIFFS Perforations

3560' 2-3/8" OD .7# tubing set in
Baker Model "D" Packer

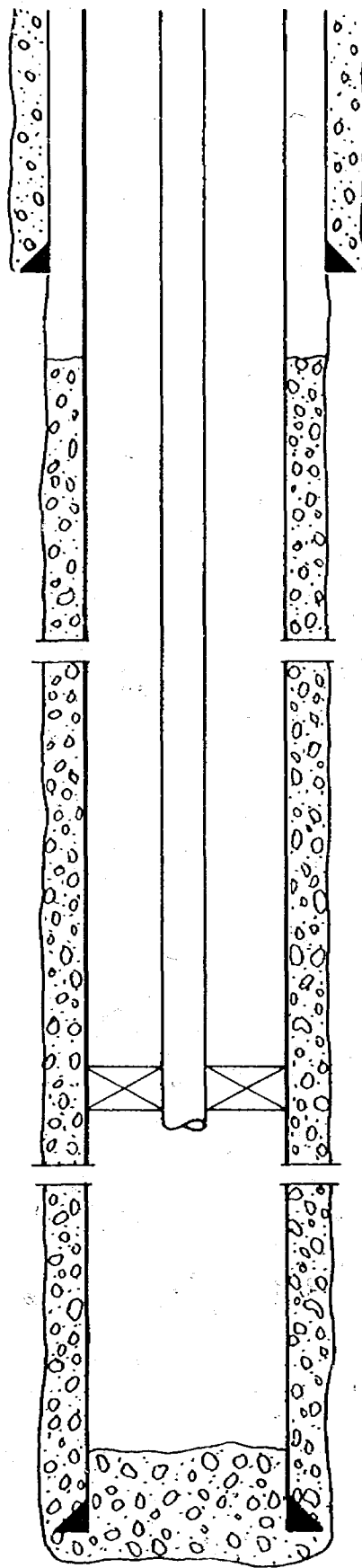
3606'-3654' CHACRA Perforations
3706'-3750'

3760' PBTD

3815' 5-1/2" 14# J-55 casing set &
cemented w/400 sacks cement

EXHIBIT

SKELLY OIL COMPANY
DENVER DISTRICT
Jicarilla "C" Well No. 15
Loc. G Sec. 34, T25N-R5W
Rio Arriba County, New Mexico



222' 10-3/4" 32.75# casing w/200
sacks cement circulated to surface

2100' Top of cement

2886-2910' PICTURED CLIFFS Perforations

3648' 2-3/8" OD 4.7# tubing set in
Baker Model "D" Packer

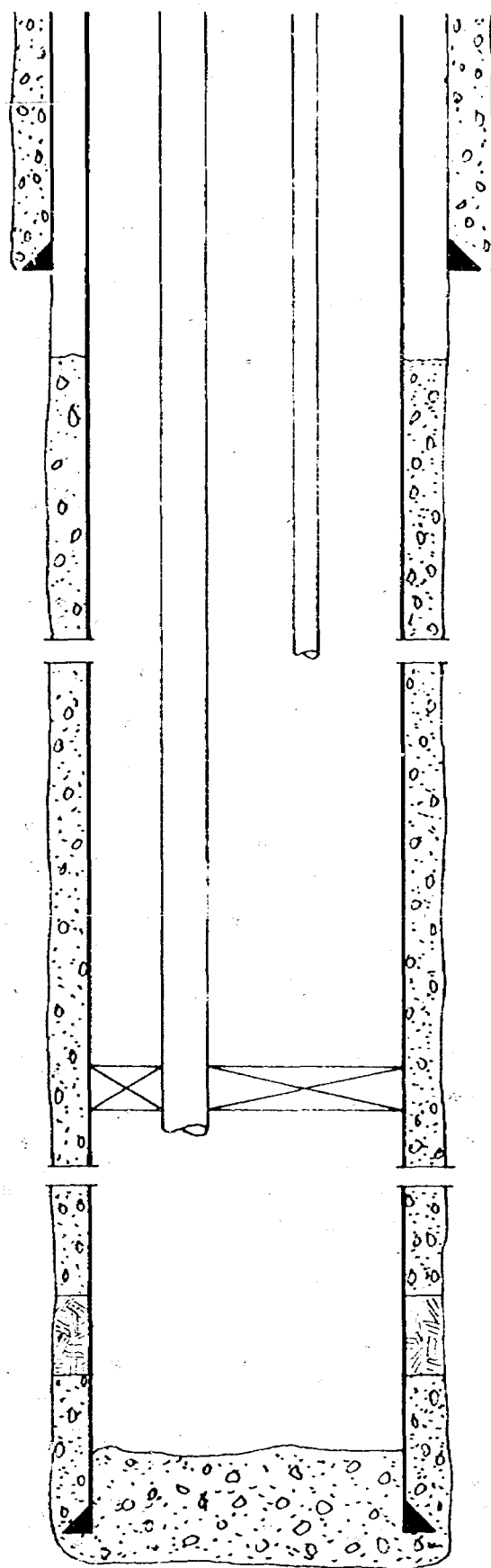
3726-3775' CHACRA Perforations

3871' PBD

3908' 5-1/2" 14# J-55 casing set &
cemented w/400 sacks cement

EXHIBIT

SKELLY OIL COMPANY
DENVER DISTRICT
Jicarilla "C" Well No. 17
Loc. D Sec. 28, T25N-R5W
Rio Arriba County, New Mexico



329' 10-3/4" 32.75# casing w/300
sacks cement circulated to surface

2275' Top of cement

2631-2667' PICTURED CLIFFS Perforations

2642' 1" Siphon tubing

3450' 2-3/8" OD 4.7# tubing set in
Baker Model "D" Packer

3500'-3530' CHACRA Perforations
3590'-3613'

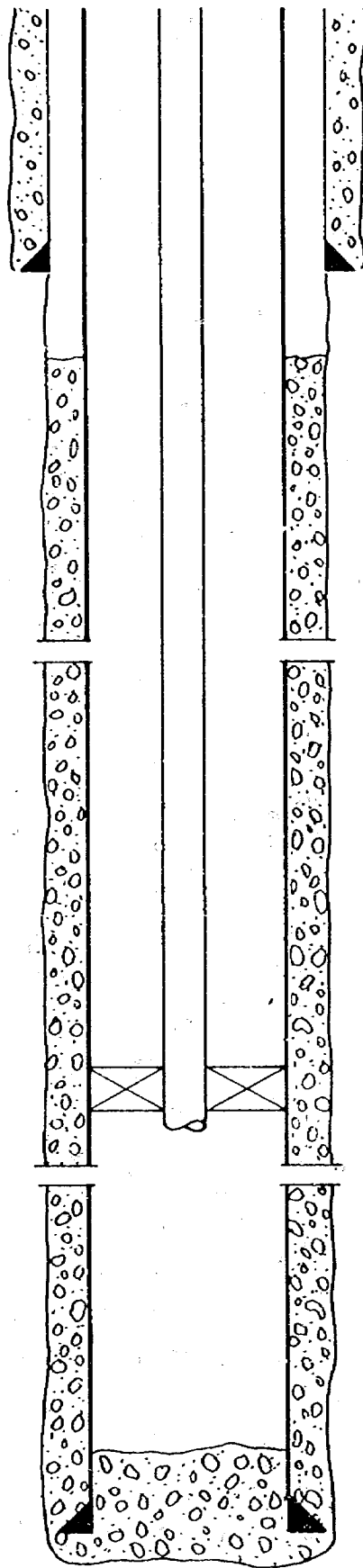
3721' DV Tool
3721'-4210' Drilling mud
4210' Top of cement

4590' PBTD

4840' 5-1/2" 14# J-55 casing set &
cemented w/500 sacks cement

EXHIBIT

SKELLY OIL COMPANY
DENVER DISTRICT
Jicarilla "C" Well No. 19
Loc. 1 Sec. 27, T25N-R5W
Rio Arriba County, New Mexico



221' 10-3/4" 32.75# casing w/200
sacks cement circulated to surface

1500' Top of cement

2799'-2816' PICTURED CLIFFS Perforations
2840'-2847'

3630' 2-3/8" OD 4.7# tubing set in
Baker Model "D" Packer

3658'-3700' CHACRA Perforations
3724'-3734'
3742'-3746'
3750'-3784'

3819' PBTD

3849' 5-1/2" 14# J-55 casing set &
cemented w/500 sacks cement

EXHIBIT

Present
1314P ave:
315 # Chacra
225 # PC

SKELLY OIL COMPANY
DENVER DISTRICT

JICARILLA "C" WELL No. 9

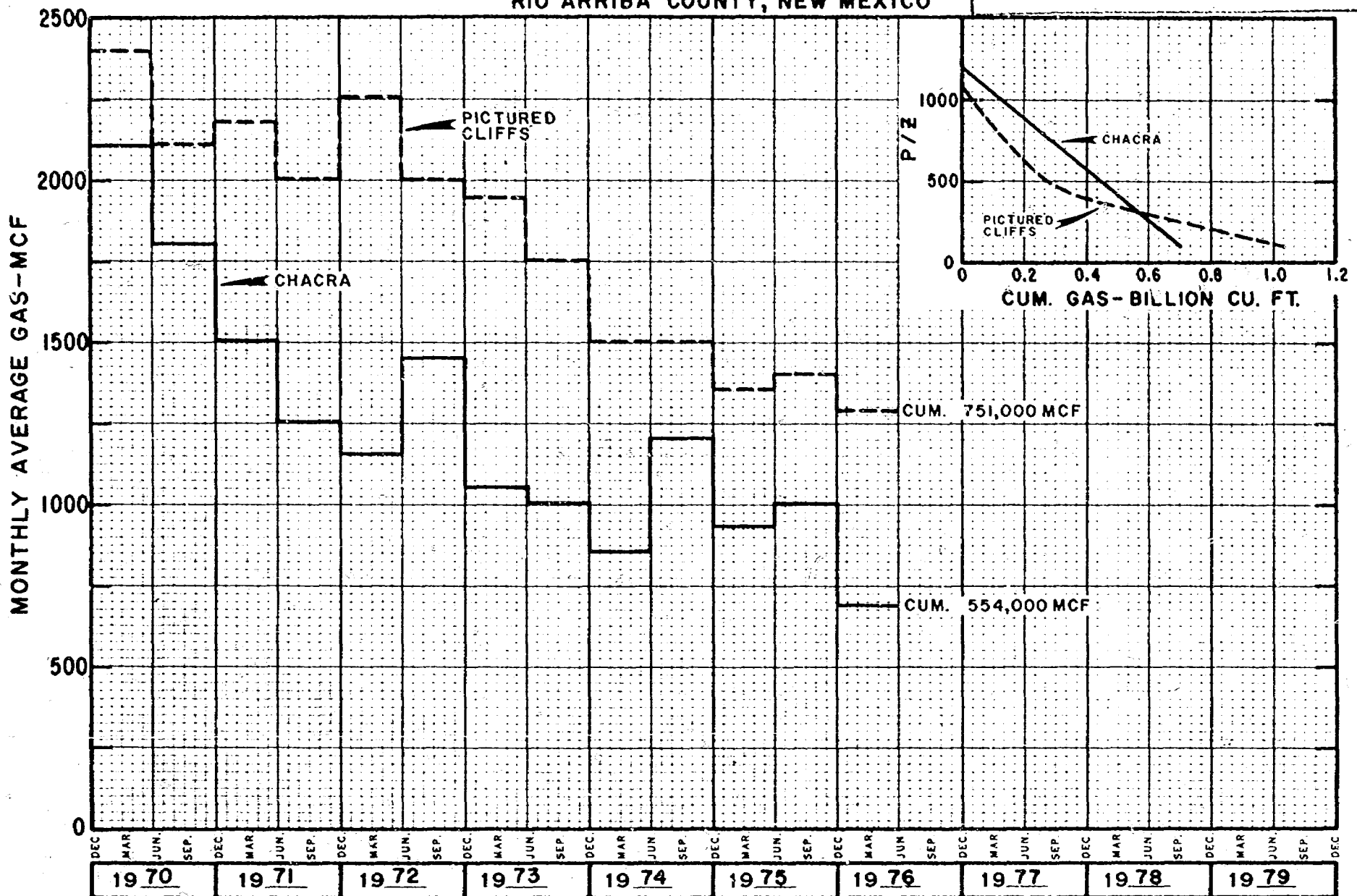
Loc. M Sec. 28-T 25 N-R 5 W
RIO ARriba COUNTY, NEW MEXICO

BEFORE EXAMINER NUTTER

OIL CONSERVATION COMMISSION

EXHIBIT NO. 3

CASE NO. 5844



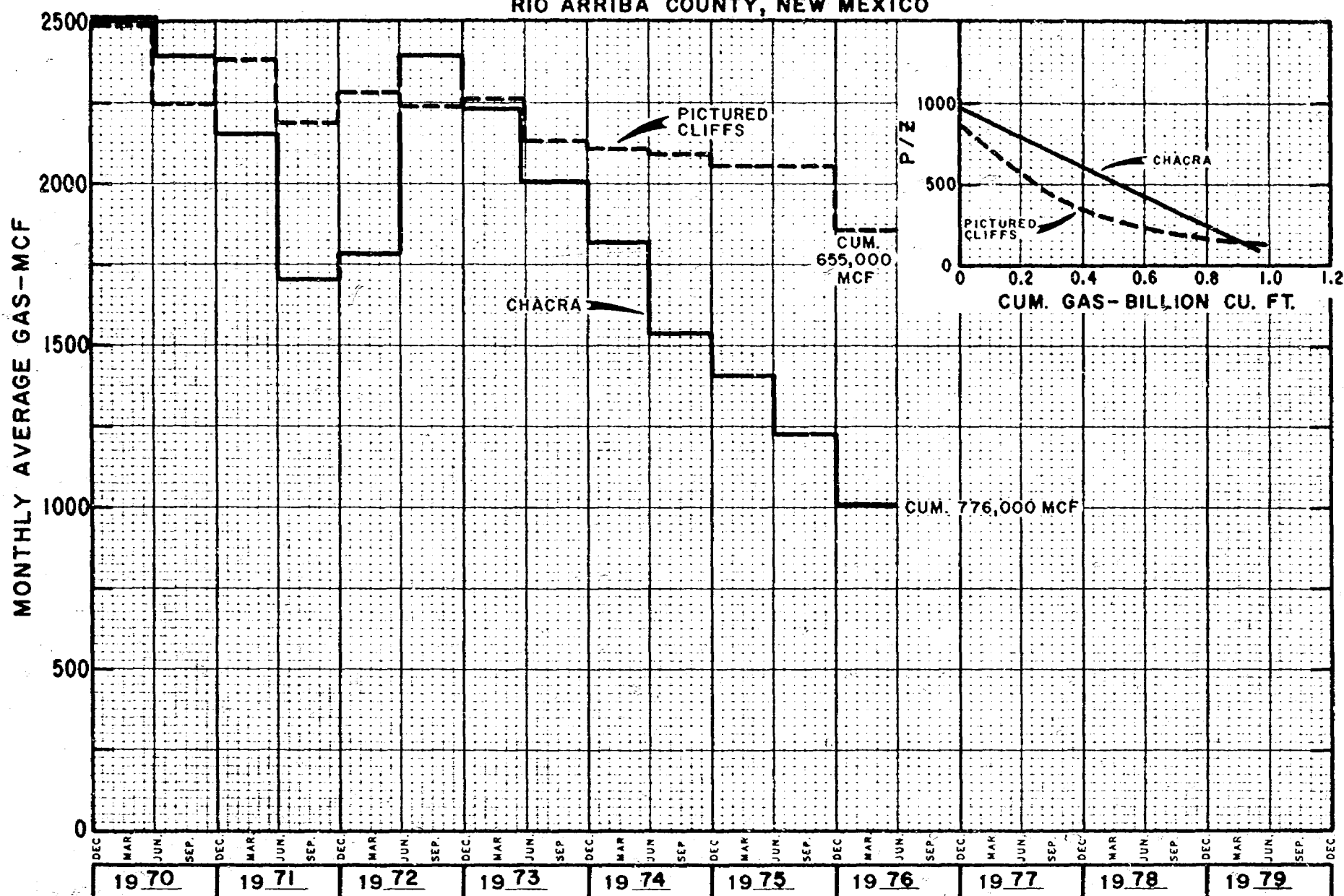
NOTE-PRODUCTION COMMENCED 1957

EXHIBIT

SKELLY OIL COMPANY
DENVER DISTRICT

JICARILLA "C" WELL No.10

Loc. M Sec. 22-T 25 N-R 5 W
RIO ARriba COUNTY, NEW MEXICO

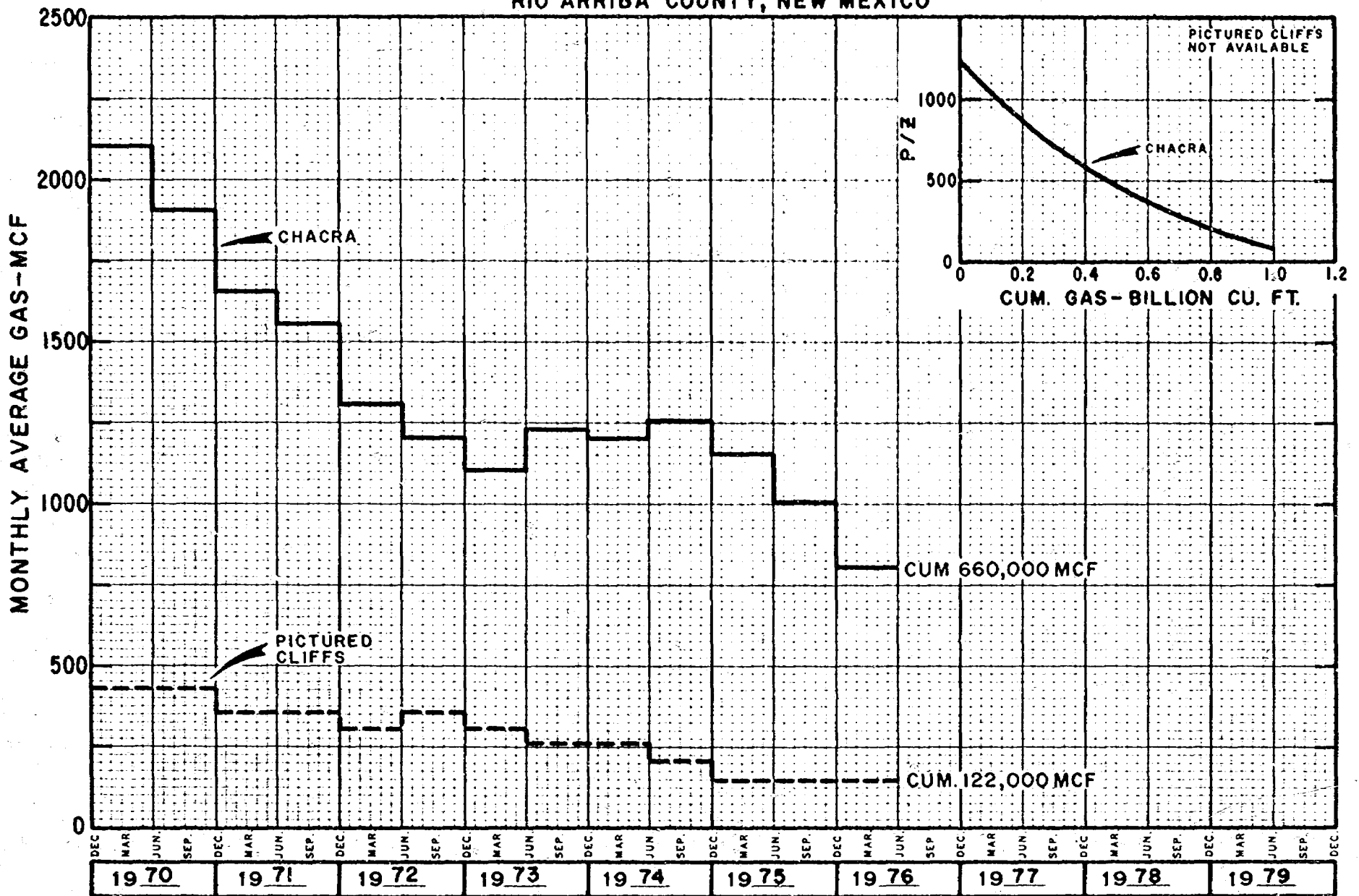


EXHIBIT

SKELLY OIL COMPANY
DENVER DISTRICT

JICARILLA "C" WELL No. 11

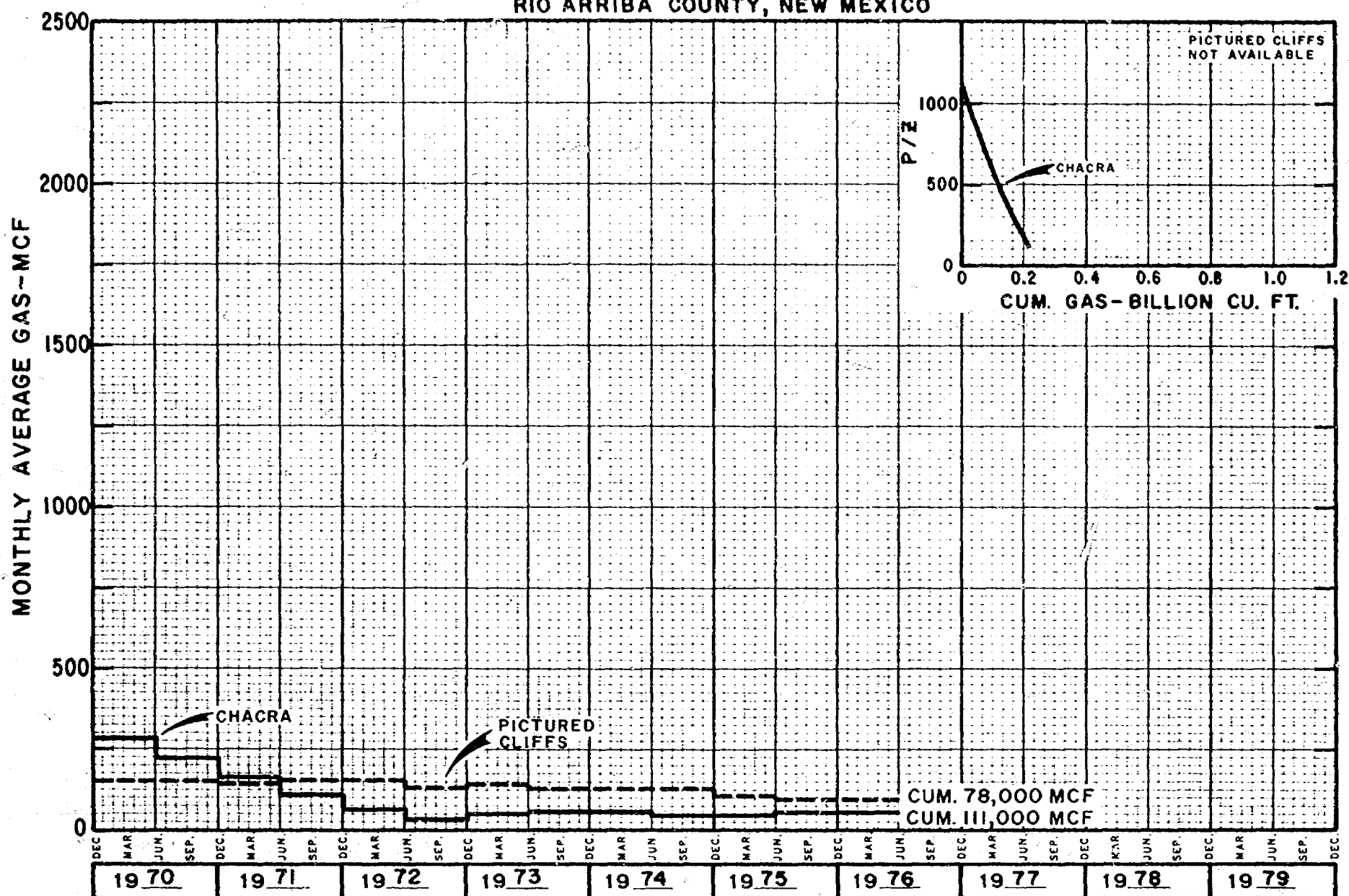
Loc. L Sec. 27-T 25 N-R 5 W
RIO ARriba COUNTY, NEW MEXICO



NOTE-PRODUCTION COMMENCED 1957

EXHIBIT

SKELLY OIL COMPANY
DENVER DISTRICT
JICARILLA "C" WELL No. 12
Loc. C Sec. 33-T 25 N-R 5 W
RIO ARriba COUNTY, NEW MEXICO



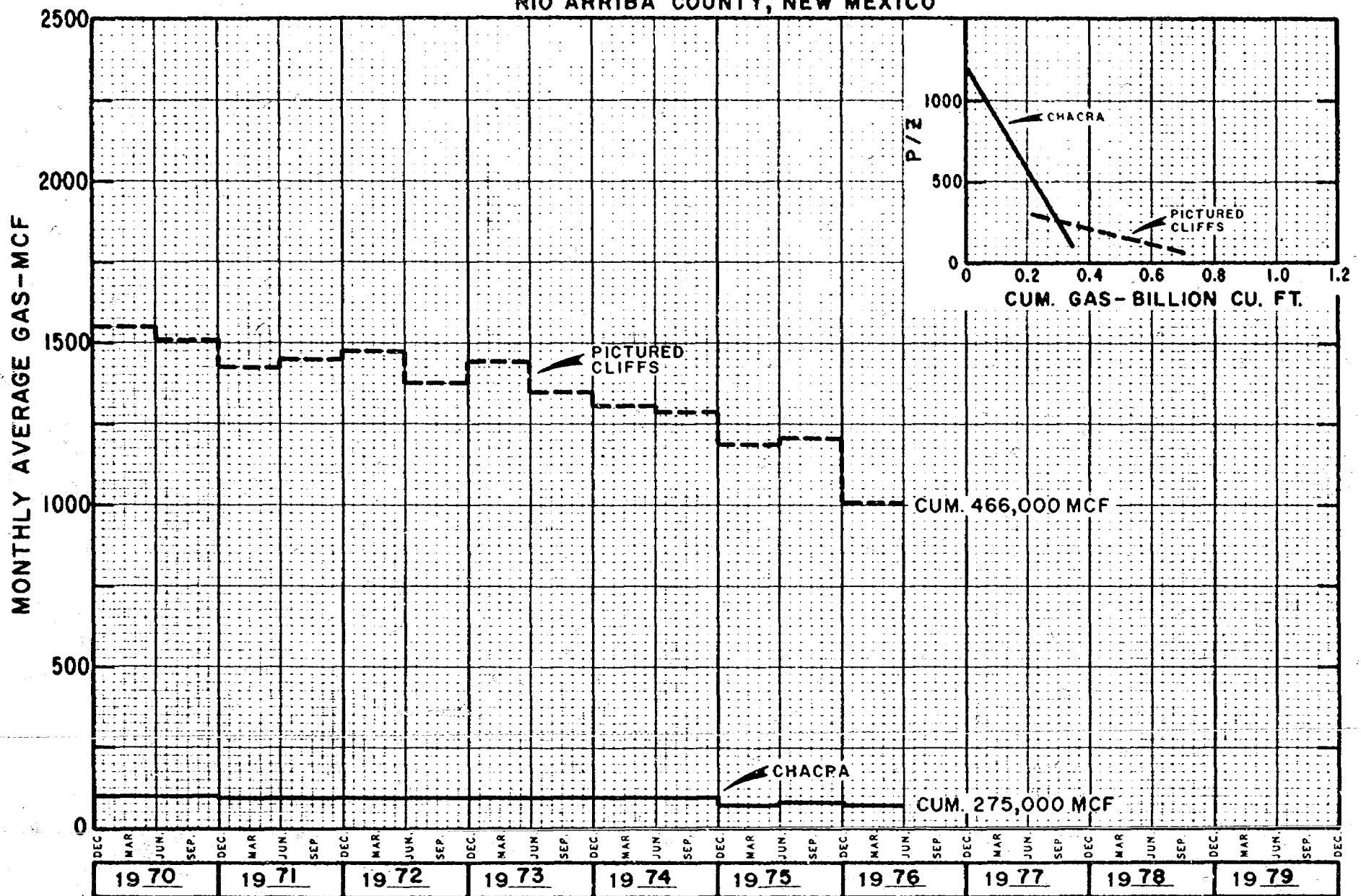
NOTE-PRODUCTION COMMENCED 1957

EXHIBIT _____

Loc. B Sec. 33-T 25 N-R 5 W
RIO ARriba COUNTY, NEW MEXICO



SKELLY OIL COMPANY
DENVER DISTRICT
JICARILLA "C" WELL No. 15
Loc. G Sec. 34-T 25 N-R 5 W
RIO ARRIBA COUNTY, NEW MEXICO



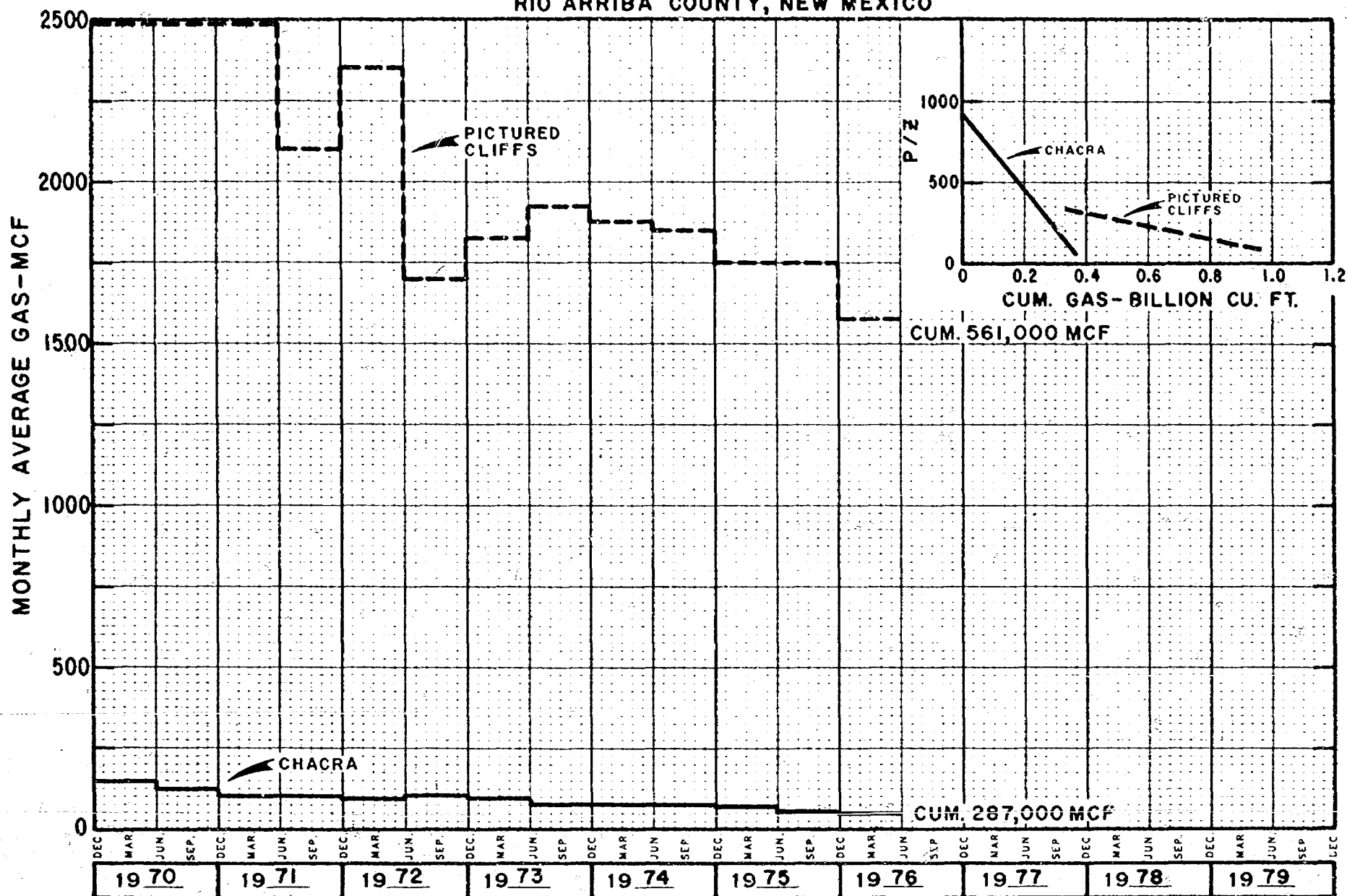
NOTE-PRODUCTION COMMENCED 1957

EXHIBIT —

SKELLY OIL COMPANY
DENVER DISTRICT

JICARILLA "C" WELL No.17

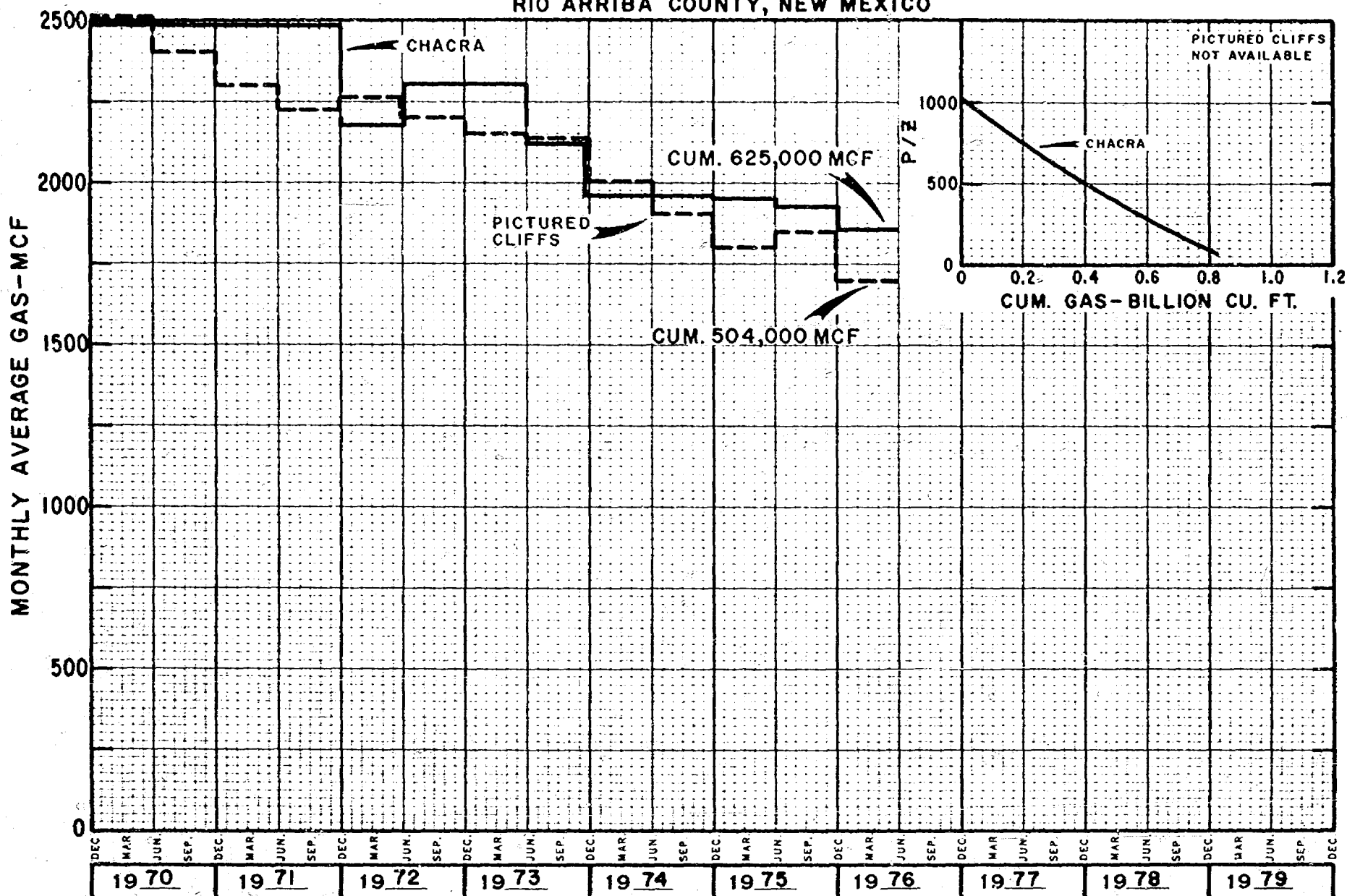
Loc. D Sec. 28-T 25 N-R 5 W
RIO ARRIBA COUNTY, NEW MEXICO



SKELLY OIL COMPANY
DENVER DISTRICT

JICARILLA "C" WELL No. 19

Loc. I Sec. 27-T 25 N-R 5 W
RIO ARRIBA COUNTY, NEW MEXICO



NOTE-PRODUCTION COMMENCED 1958

EXHIBIT —

SKELLY OIL COMPANY
JICARILLA "C" LEASE
RIO ARRIBA COUNTY, NEW MEXICO
PICTURED CLIFFS AND CHACRA FORMATIONS
DUAL COMPLETIONS

WELL	PRODUCTION-MILLION CUBIC FEET				PERCENT MONTHLY		PERCENT CUMULATIVE		COMINGLED PERCENT SUGGESTED*	
	1976 MONTHLY		7-1-76 CUMULATIVE							
	P-CLIFFS	CHACRA	P-CLIFFS	CHACRA						
9	1.80	0.70	751	544	72	28	58	42	65	35
10	1.85	1.00	655	766	65	35	46	54	55	45
11	0.80	0.15	660	122	84	16	84	16	80	15
12	0.10	0.05	78	111	67	33	41	59	55	35
13	0.25	0.05	113	248	83	17	31	69	55	35
15	1.00	0.07	466	275	93	7	63	37	75	25
17	1.57	0.05	561	287	97	3	66	34	80	20
19	1.90	2.40	504	625	44	56	45	55	45	55
TOTALS	9.27	4.47	3,788	2,978	67	33	56	44	--	--

*Based upon 50% 1976 production-50% cumulative.

12/76

61.5
60

38.5
40

EXHIBIT

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Hetty EXHIBIT NO. 5
CASE NO 5844

WHITE,
KOCH, KELLY
&
McCARTHY

JAN 12 1977
January 10, 1977

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

Re: In the matter of the application of Skelly
Oil Company for Downhole Commingling, Rio
Arriba County, New Mexico

Gentlemen:

I have enclosed my entry of appearance on behalf
of Skelly Oil Company in the above-captioned matter.

Very truly yours,



L. C. WHITE

LCW:m
enclosure as indicated
of/8700
cc: C. E. Blodget

L. C. White
Sumner S. Koch
William Booker Kelly
John F. McCarthy, Jr.
Kenneth Baleman
Benjamin Phillips

C. Emery Cuddy, Jr.
Larry C. White

220 Ctero St., P.O. Box 787, (505)982-4374, Santa Fe, N.M. 87501

Attorneys and Counselors at Law

JAN 12 1977

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF SKELLY OIL COMPANY FOR DOWNHOLE
COMINGLING, RIO ARriba COUNTY,
NEW MEXICO

Case No. 5844

ENTRY OF APPEARANCE

L. C. White, of White, Koch, Kelly & McCarthy, hereby enters
his appearance of behalf of Skelly Oil Company in the above-
captioned matter.


L. C. WHITE

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. 5844

Order No. R- 5388

APPLICATION OF SKELLY OIL COMPANY
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 February 2,
1977, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this March day of ~~February~~, 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, Skelly Oil Company, is the owner
and operator of the Jicarilla "C" Wells Nos. 9 and 17, located
in Units K and D, Section 28; Nos. 11 and 19 in Units L and I,
Section 27; Nos. 12 and 13 in Units C and B, Section 33; No. 10
in Unit M, Section 22; and No. 15 in Unit G of Section 34, all
in Township 25 North, Range 5 West, NMPM, Rio Arriba County,
New Mexico.

(3) That the applicant seeks authority to commingle ~~South Blanco-~~
^{Otero-}
Pictured Cliffs and Chacra production within the wellbores of
the above-described wells.

(4) That from the Pictured Cliffs zone, ^{each of}
the subject wells
is capable of low marginal production only.

(5) That from the Chacra zone, ^{each of}
the subject wells 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~~ caused by the proposed commingling provided that ^{none of}
the wells 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 ^{any of}
the subject wells ^{is} ~~are~~ shut-in
for 7 consecutive days.

(9) That in order to allocate the commingled production
to each of the commingled zones in ^{each of}
the subject wells, 60
percent of the ~~commingled~~ production should be
allocated to the Pictured Cliffs zone, and 40 percent of
the commingled production to the Chacra zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, Skelly Oil Company, is hereby
authorized to commingle ~~South Blanco-~~ ^{Otero-}
Pictured Cliffs and Chacra production
within the wellbores of the Jicarilla "C" Wells Nos. 9 and 17,
located in Units K and D, Section 28; Nos. 11 and 19 in Units L
and I, Section 27; Nos. 12 and 13 in Units C and B, Section 33;

(10) That applicant further seeks the establishment
of an administrative procedure for approval of the
commingling downhole of additional wells in Sections 5 and 6,
Township 24 North, Range 5 West, and Sections 21 and 34, Town-
ship 25 North, Range 5 West.

cont. next
page

No. 10 in Unit M, Section 22; and No. 15 in Unit G of Section 34, all in Township 25 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

(2) That 60 percent of the ~~commingled~~ production ~~shall be allocated to the Pictured~~ Cliffs zone and 40 percent of the ~~commingled~~ production shall be allocated to the Chacra zone.

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

*admission
production*
(4) That the Secretary-Director of the Commission is hereby authorized to approve commingling of Pictured Cliffs and Chacra production in the wellbore of any well drilled in Sections 5 and 6, Township 24 North, Range 5 West, NMPM, and Sections 21 and 34, Township 25 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

(5) That to obtain approval for the downhole commingling of Pictured Cliffs and Chacra production in the wellbore of any well completed in the aforescribed area, the operator of said well shall file one copy of the request for such approval with the Secretary-Director of the Commission and one copy with the Supervisor of the Commission District Office at Aztec. Such request shall contain evidence as to the productivity or expected productivity of each of the aforesaid formations proposed to be commingled, as well as reservoir pressures encountered or expected to be encountered. In addition, data shall be submitted which will enable the Secretary-Director to prescribe an allocation formula for allocating production to each of the formations to be commingled.

(6) The Secretary-Director of the Commission shall have authority to rescind downhole commingling authority granted for any well prior to its completion if data available upon completion of the well indicates greater than marginal production from either or both of the commingled formations or a pressure differential between the commingled formations which might cause waste.

(7) 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.