

CASE 5884: BCO, INC., FOR DOWNHOLE
COMINGLING, RIO ARriba COUNTY,
NEW MEXICO

Continued to April 6

Case Number

5884

Application

Transcripts

Small Exhibits

ETC.

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Case
5884Hearing Date APRIL 6, 1977 TIME: 9:00 A.M.

NAME	REPRESENTING	LOCATION
HARLEY REAVIS	EXXON	MIDLAND, TX
David Miller	EXXON	Andrews, TX
MIKE WIRSCH	EXXON	ANDREWS, TX
Dan Doss	EXXON	Andrews, TX
Tom Kellahan	Kellahan & Fox	Santa Fe
Frank Hinkle	EXXON	Roswell
Harry L. Bigler	Bco Inc.	Santa Fe
Von Steiner	Read & Stevens	Santa Fe

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
April 6, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of BCO, Inc., for an un-
orthodox location and downhole com-
mingling, Rio Arriba County,
New Mexico.

CASE
5884
(Cont'd.)

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:

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

For the Applicant:

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

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Phone (505) 982-9212

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I N D E X

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Page

HARRY L. BIGBEE

Direct Examination by Mr. Kellahin

3

Cross Examination by Mr. Nutter

8

EXHIBIT INDEX

Offered

Admitted

Applicant's Exhibit One, Plat, etc.

4

8

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1 MR. NUTTER: The hearing will come to order, please.
2 The first case this morning will be Case Number 5884.

3 MS. TESCHENDORF: Case 5884, application of BCO, Inc.,
4 for an unorthodox location and downhole commingling, Rio Arriba
5 County, New Mexico.

6 MR. KELLAHIN: Tom Kellahin, Kellahin and Fox, appear-
7 ing on behalf of the applicant and I have one witness to be
8 sworn.

9 (THEREUPON, the witness was duly sworn.)
10

11 HARRY L. BIGBEE
12 called as a witness, having been first duly sworn, was examined
13 and testified as follows:
14

15 DIRECT EXAMINATION

16 BY MR. KELLAHIN:

17 Q Would you please state your name and occupation?

18 A My name is Harry L. Bigbee, I'm a member of the law
19 firm of Bigbee, Stevenson, Carpenter and Crout and I'm also
20 Chairman of the Board and owner of BCO, Inc.

21 Q You are appearing today on behalf of the applicant,
22 BCO, Inc.?

23 A That is correct.

24 Q Judge Bigbee, have you previously testified before
25 this Commission and had your qualifications as an expert witness

1 accepted and made a matter of record?

2 A. They have been and I think they have qualified the
3 expert, the lay expert.

4 Q. I see, fine. Would you please refer to what I have
5 marked as Exhibit Number One, identify it and explain to the
6 Examiner what you are seeking to accomplish?

7 A. Yes, Exhibit Number One consists of three pieces of
8 of paper that are clipped together as one exhibit. First is a
9 plat showing the location of the Dunn No. 2 Well which was
10 completed last year, drilled and completed last year, drilled
11 through the Dakota, completed in the Basin-Dakota and the
12 two Graneros formations. Some of those are called by others,
13 one Graneros formation, one other Dakota and Greenhorn. And it
14 was also dually completed in the Gallup and that is what is
15 shown in the location of the Dunn No. 2.

16 The half section there that is shown is what has
17 been dedicated and approved for this proration unit as shown
18 on the second page of the exhibit.

19 The Dunn No. 1 was probably the discovery well, it
20 could be called, of this entire area, which I generally
21 characterize as the Lybrook area.

22 I have a log here that indicates that it was logged
23 on 9-5-56.

24 The Gallup has been depleted and for the last year or
25 two it has averaged twenty-five or thirty barrels of oil a

1 month and the pressures were very bad so what we did have is
2 cemented off and plugged the Gallup. We have drilled out the
3 cement and drilled through the Basin-Dakota but not into the
4 Basin-Dakota. We have set three and a half inch casing inside
5 the five and a half and cemented it. We have not drilled it
6 out, waiting permission from this Commission.

7 The location as shown is six, sixty from both the
8 west and south areas. The regulation, I believe, for Basin-
9 Dakota is seven, ninety and that is the purpose of this hearing
10 as I understand it, as well as what we would like to complete,
11 the same as we did on the Dunn No. 2 in this area. We will not
12 complete the Gallup. We will not commingle the Gallup because
13 it is depleted.

14 And we were trying, as the Commission knows, this
15 is the only Dakota well, I believe, in this entire township.
16 You have to get into the north half of the Devils Fork area
17 of 24, 7 and 6 where there are Dakotas. There is a string of
18 Dakota wells through the center of 23, 7, I think one in 29
19 quite a number of years ago by Val Reece and Associates.
20 Standard of Texas drilled one in Section 27. They drilled
21 another one in 26. I own both of these wells. They were
22 unable to complete in the Dakota as being wet. I think there
23 was another well that was drilled and brought in in 25 by
24 Val Reece but it is no longer -- it wasn't successful.

25 We did drill this one, it is marginal. The production

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1 generally is allocated as shown on the third page of Dunn No. 2
2 where we have shown, where we are reporting, while there may be
3 some minor liquids coming out of the Dakota or the Greenhorn,
4 we are allocating all of the oil to the Gallup formation which
5 is substantially correct within a tenth or so of a barrel.
6 There is very little liquid in the formation we have found.

7 We use the six thousand to one ratio that we have on
8 adjacent wells in that area as the gas ratio to allocate gas
9 from that formation.

10 And on ten, seventy-six there is nothing on the
11 Dakota Graneros, Greenhorn, because we had first opened that
12 and we had put a bridge plug between the two and opened the
13 Gallup and then obtained a hearing to commingle. The first
14 month of commingling and up to date under that type of
15 allocation is shown the production on it.

16 Q The downhole commingling for the Dunn No. 2 Well
17 has been approved by the Commission, has it not?

18 A Yes, it has been approved.

19 Q That is Order Number R-5310. Here is a copy of
20 that order.

21 A And the purpose of this is to, while the infield
22 drilling has been approved on the proration unit, it is six,
23 sixty instead of seven, ninety. The purpose was to try to
24 get in and get geological information as cheap as we could on
25 this area. As you can see it is a marginal producer. In the

1 area we are hoping to find sufficient information that we can
2 do additional drilling in the area, this is why we request
3 approval of the location as shown.

4 Q Tell me again, Judge Bigbee, when the Dunn No. 1 Well
5 was drilled?

6 A It was logged on September 5th, 1956 and casing was
7 set on that day according to the records.

8 Q And it was completed as a Gallup producer?

9 A It was completed as a Gallup producer with a total
10 depth of approximately fifty-nine hundred feet.

11 Q And when did it stop producing from the Gallup?

12 A We closed it in last fall when it just got so
13 marginal that we couldn't afford to do it. Actually I had to
14 drill the Dunn No. 2 before I could close it in because it was
15 holding about eleven hundred acres.

16 Q How do you propose to allocate the production in the
17 Dunn No. 1 Well?

18 A From the Dunn No. 1 we will not have any Gallup
19 commingling and I think it has been suggested that the other
20 formations, while they are quite marginal, probably an
21 incremental gas we think will probably pay for the cost of
22 completing the four formations in this area. We would propose
23 to allocate, subject to the approval of this Commission, all
24 to the Basin-Bakota, although if allocation was desired on the
25 others we could make some reasonable estimate.

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1 Q In your opinion, Judge Bigbee, will the granting of
2 approval of this application be in the best interest of
3 conservation, the prevention of waste and the protection of
4 correlative rights?

5 A Yes, it definitely will, this is a very, very tight
6 formation. It will not produce anything without a substantial
7 frac. We drilled out with gas, we had very little gas increases
8 when we went through the formations so naturally you have
9 very little and if this is done it will definitely result in
10 meeting that standard, also giving information that might
11 justify drilling of additional wells in the area.

12 Q Was Exhibit One prepared by you or under your
13 direction and supervision?

14 A It was.

15 MR. KELLAHIN: We move the introduction of the
16 exhibit.

17 MR. NUTTER: Applicant's Exhibit One will be
18 admitted into evidence.

19 (THEREUPON, Applicant's Exhibit One was
20 admitted into evidence.

21 MR. KELLAHIN: That concludes our direct examination
22

23 CROSS EXAMINATION

24 BY MR. NUTTER:

25 Q Now, Mr. Bigbee, I understand now that the Dunn No. 1

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1 is an old well drilled back in 1956, is that correct?

2 A. Correct, yes.

3 Q. And the No. 2 Well was just completed last fall?

4 A. That is correct.

5 Q. So this production that you've got on the third page
6 of the exhibit, that is the total life history of the Dunn No. 2,
7 is that it?

8 A. That is correct.

9 Q. And it's averaging about three hundred MCF a day
10 from the Dakota?

11 A. The Basin-Dakota and the three formations above it
12 which include the Greenhorn.

13 Q. And have we already had a hearing for the commingling
14 of those formations in this well?

15 A. On the Dunn No. 2?

16 Q. Yes, sir.

17 A. You have and it was approved as well as commingling
18 with the Gallup which is not requested here.

19 Q. So this well will have the Graneros, the Greenhorn
20 and the Dakota but no Gallup production?

21 A. No Gallup.

22 Q. Now, have you ever been able to get a break down on
23 the production from the other formations in the No. 2 Well?
24 It's producing from the Graneros and the Greenhorn also, isn't
25 it?

1 A That is correct.

2 Q Have you ever made any tests or anything to determine
3 how much of the production came from those zones and how much
4 came from the Dakota?

5 A No, we haven't but the closest we came to finding out,
6 we weren't asked to do that, but I don't think it would be very
7 economical. For example, we had open holed this Basin-Dakota
8 to try to prevent, I think, I had a theory that what was wrong
9 with some of these other wells was that they were drilling into
10 the Basin-Dakota and unable to shut off the water, so I drilled
11 in and completed only to the top of that. That open hole sanded
12 off and we lost about sixty percent of our production and we
13 unsanded it and came back. That was before we did the Gallup
14 while we were just doing testing right after the frac.

15 Q Now, that actually included the Graneros?

16 A That actually included the Graneros and the Greenhorn
17 but we lost sixty percent, only the Basin-Dakota sanded up,
18 probably ten feet above it could have been producing a little
19 and it might not -- well, it convinced us that significant
20 production was only coming from the Basin-Dakota but that we
21 were getting some from these other formations.

22 Q The only thing that was required by the order on
23 the No. 2 Well would be that you allocate production, part of
24 it to the Mancos-Gallup formation and part of it to the
25 combined Greenhorn and Dakota?

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1 A. That is correct.

2 Q So you are proposing here that you wouldn't have any
3 separate allocation of production to the Graneros or the
4 Greenhorn?

5 A. That's right, unless recommended by this Commission.

6 Q Do you have any potential on this No. 1 Well now?

7 A. No, all we've done --

8 Q You haven't done any work on it yet?

9 A. I have completed drilling down. I have set the
10 cemented casing. I'm still being open holed in this Basin-
11 Dakota, I set right at the top of it and we are waiting drilling
12 out the plugs and completing until we get either oral or
13 written approval of this Commission.

14 Q I see. So the only thing you've got on it so far
15 is the fact that the Gallup used to produce and it's shut off
16 now?

17 A. That is right.

18 MR. NUTTER: Are there any further questions of the
19 witness? He may be excused.

20 (THEREUPON, the witness was excused.)

21 MR. NUTTER: Do you have anything further,
22 Mr. Kellahin?

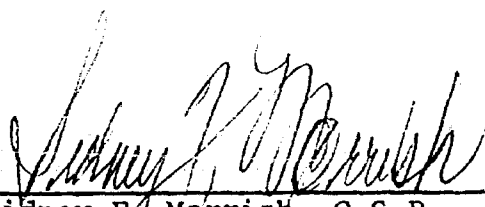
23 MR. KELLAHIN: No, sir, not in this case.

24 MR. NUTTER: Does anyone have anything they wish to
25 offer in Case Number 5884? We will take the case under advise-
ment.

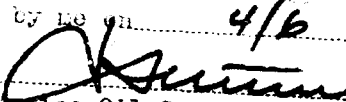
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REPORTER'S CERTIFICATE

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 true and correct copy of the transcript of the hearing held on 4/6, 1977,
5884
 Examiner
New Mexico Oil Conservation Commission

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 23, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of BCO, Inc., for downhole
commingling, Rio Arriba County,
New Mexico.

CASE
5884

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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

For the Applicant: W. Thomas Kellahin, Esq.
KELLAHIN & FOX
Attorneys at Law
500 Don Gaspar
Santa Fe, New Mexico

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Phone: (505) 983-9212

1 MR. STAMETS: We will call next Case 5884.

2 MS. TESCHENDORF: Case 5884, application of BCO, Inc.,
3 for downhole commingling, Rio Arriba County, New Mexico.

4 MR. KELLAHIN: If the Examiner please, I'm Tom
5 Kellain of Kellahin and Fox appearing on behalf of the
6 applicant. We would like to continue that case until the
7 next Examiner hearing.

8 MR. STAMETS: April sixth?

9 MR. KELLAHIN: Yes, sir.

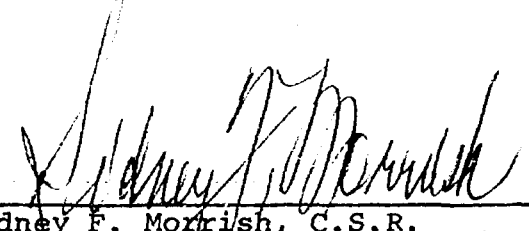
10 MR. STAMETS: Case 5884 will be continued until
11 April sixth.

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(General Court Reporting Service)
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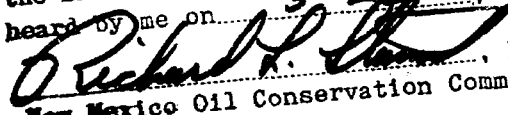
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REPORTER'S CERTIFICATE

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. 5884
heard by me on 3-23, 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
April 13, 1977

STATE GEOLOGIST
EMERY C. ARNOLD

Mr. Tom Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico 87501

Re: CASE NO. 5884
ORDER NO. R-5413

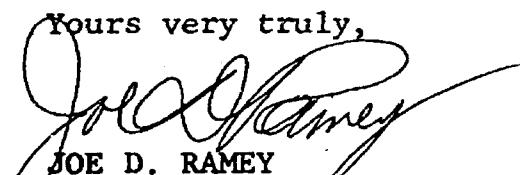
Applicant:

BCO, Inc.

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. 5884
Order No. R-5413

APPLICATION OF BCO, INC. FOR AN
UNORTHODOX LOCATION AND 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 April 6, 1977,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 12th day of April, 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, BCO, Inc., is the owner and operator
of the Dunn Well No. 1 located at an unorthodox Basin-Dakota
location in Unit M of Section 10, Township 23 North, Range 7 West,
NMPM, Rio Arriba County, New Mexico.

(3) That said well was originally completed to produce
from the Gallup formation, but upon depletion of that zone, has
been deepened to the Dakota formation.

(4) That the applicant further seeks authority to commingle
Greenhorn, Graneros, and Dakota production within the well bore
of the above-described well.

(5) That although said well has not yet been completed in
any of the aforesaid formations, it is expected to be capable
of low marginal production only from each.

-2-

Case No. 5884
Order No. R-5413

(6) That the proposed commingling may result in the recovery of additional hydrocarbons from each of the subject formations, thereby preventing waste, and will not violate correlative rights.

(7) That the known reservoir characteristics of each of the subject zones in the area of the subject well are such that underground waste would not be caused by the proposed commingling.

(8) That all production from the subject well should be attributed to the Dakota zone, inasmuch as only insignificant quantities are expected to be produced from the other two zones.

IT IS THEREFORE ORDERED:

(1) That the applicant, BCO, Inc., is hereby authorized to commingle Greenhorn, Graneros, and Dakota production within the wellbore of its Dunn Well No. 1 located at an unorthodox Dakota location in Unit M of Section 10, Township 23 North, Range 7 West, NMPM, Rio Arriba County, New Mexico.

(2) That all production from the subject well shall be attributed to the Dakota formation.

(3) 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, Member

Joe D. Ramsey
JOE D. RAMSEY, Member & Secretary

S E A L

dr/

4 OCC w/line 1 11500 w/line
OCC Case 5882

NF MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION LAT

Form C-102
Supersedes C-128
Effective 1-2-65

All distances must be from the outer boundaries of the Section.

Operator BCO, INC		Lease Permit		Well No. 1 + 2	
Unit Letter F	Section 10	Township 23 N	Range 7 W	County Rio Arriba	
Actual Footage Location of Well: #1 660 feet from the west line and 660 feet from the south line #2 2070 feet from the west line and 2070 feet from the south line					
Ground Level Elev: #1 7399.61 #2 7265.68	Producing Formation Greenhorn Dakota	Pool Greenhorn Dakota		Dedicated Acreage: 320 A. Dakota 40 to Valley 320 A. Dakota	

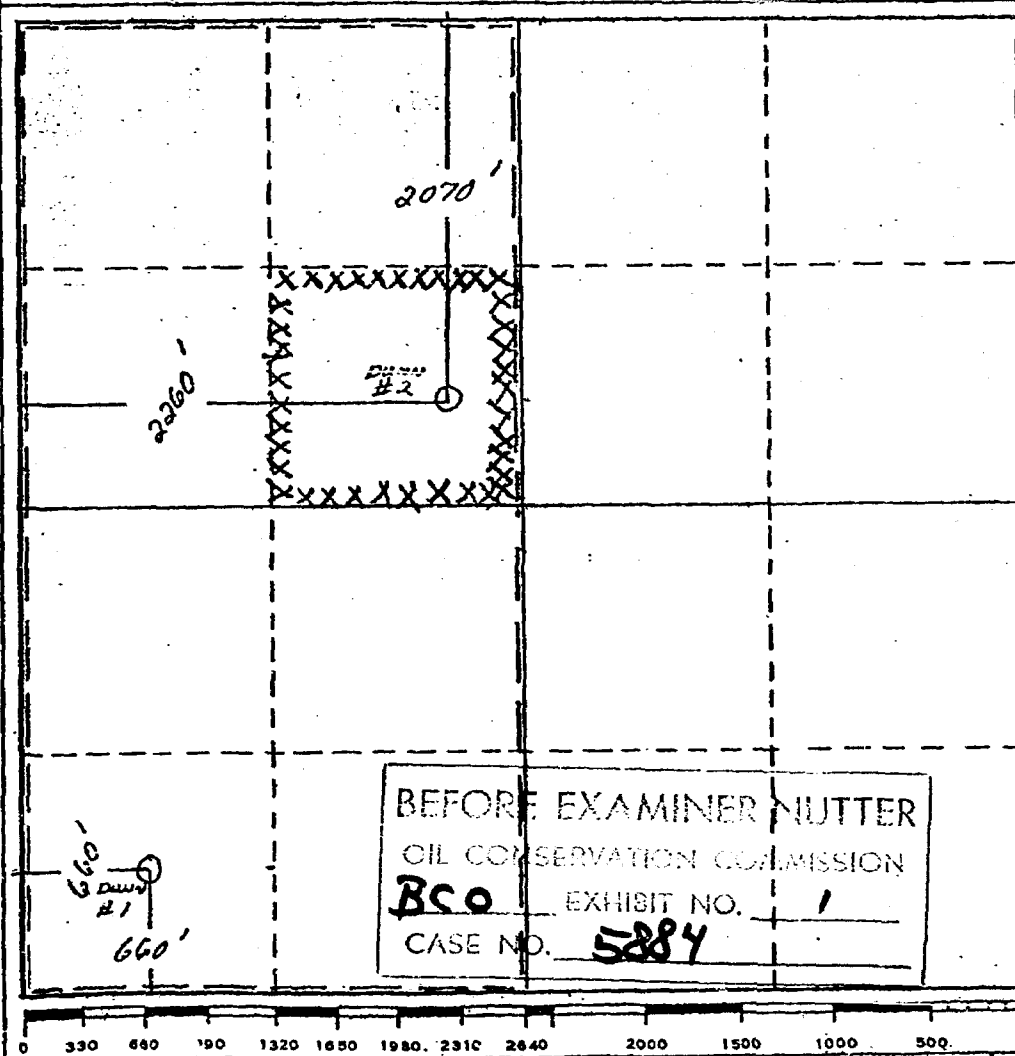
1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No

If answer is "yes," type of consolidation **N/A**

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Harry R. Byrnes
Name

President
Position

BCO, INC.
Company

3-17-77
Date

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

Registered Professional Engineer
and/or Land Surveyor

Certificate No.

Dedicated Greenhorn Dakota XXXX Dedicated Valley

OCC Case 5882

NWU 3- 632



MAR 22 1977

B.C.O. INC.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION
1000 Rio Brazos Road
Aztec, New Mexico 87410

March 21, 1977

Bco, Inc.
Box 669
Santa Fe, New Mexico

Attention: _____

SUBJECT: NON-STANDARD GAS PRORATION UNIT CONSISTING OF 303.11 ACRES

IN THE Basin Dakota GAS POOL DESCRIBED AS

FOLLOWS:

TOWNSHIP 23 NORTH, RANGE 7 WEST, NMPM

SECTION: 10 W/2

By authority granted me by Rule 5(B) of Order No. R-1670, as amended, the
above-described acreage has been approved as a non-standard gas proration
unit to be dedicated to the Dunn
Well No. 2, located 660/S; 660/W
2070/N; 2260/W of said
Section 10.

cc: Oil Conservation Commission
Santa Fe, New Mexico

AR. Friedrich
District Supervisor
District #3
BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Bco EXHIBIT NO. 2
CASE NO. 5884

OCC Case 5882

DUNN # 2 AVERAGE PRODUCTION PER DAY W/2 Sec 10 T 2

1	2	3	4	5	6	7	8	9
	GALLUP	GALLUP	GRAND DAKOTA					
	OIL	GAS	GAS					
1								
2	10-76	4.7	28	10.7				
3								
4	11-76	7.3	44	318				
5								
6	12-76	6.6	40	302				
7								
8	1-77	5.9	35	276				
9								
10	2-77	5.6	34	335				
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BEFORE EXAMINER NUTTER

CHILD NEGOTIATION COMMISSION

BCO

EXHIBIT NO. 3

CASE NO. 5884

BEFORE EXAMINER NUTTER
CHICAGO PROFESSIONAL COMMISSION
BCO EXHIBIT NO. 3
CASE NO. 5882

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. 5736
Order No. R-5310

APPLICATION OF BCO INC. 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 September 29, 1976, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 27th day of October, 1976, 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, BCO Inc., is the owner and operator of the Dunn Well No. 2, located in Unit F of Section 10, Township 23 North, Range 7 West, NMPM, Rio Arriba County, New Mexico.

(3) That the applicant seeks authority to commingle Lybrook-Gallup, Basin-Dakota, undesignated Greenhorn, and Mancos stringer production within the wellbore of the above-described well.

(4) That from each of the aforesaid pools and zones, the subject well is capable of low marginal production only.

(5) That the proposed commingling may result in the recovery of additional hydrocarbons from each of the subject pools and zones, thereby preventing waste, and will not violate correlative rights.

(6) That the reservoir characteristics of each of the subject pools and 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.

(7) That to afford the Commission the opportunity to assess the potential for waste and to expeditiously order appropriate

-2-
Case No. 5736
Order No. R-5310

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.

(8) That in order to allocate the commingled production to each of the commingled zones in the subject well, applicant should consult with the supervisor of the Aztec district office of the Commission after completion of the well to determine an allocation formula for the Mancos-Gallup production and the Greenhorn-Dakota production.

IT IS THEREFORE ORDERED:

(1) That the applicant, BCO Inc., is hereby authorized to commingle Lybrook-Gallup, Basin-Dakota, undesignated Greenhorn and Mancos stringer production within the wellbore of the Dunn Well No. 2, located in Unit F of Section 10, Township 23 North, Range 7 West, NMPH, Rio Arriba County, New Mexico.

(2) That upon completion of the well, applicant shall consult with the supervisor of the Aztec district office of the Commission and determine an allocation formula for the Mancos-Gallup production and the Greenhorn-Dakota production.

(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.

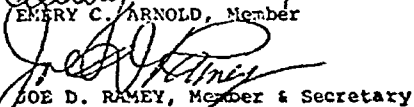
(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman


EMORY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

S E A L

3x/

Dockets Nos. 12-77 and 14-77 are tentatively set for hearing on April 20 and May 11, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 6, 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 5884: (Continued & Readvertised)

Application of BCO, Inc., for an unorthodox location and downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Greenhorn, Graneros and Dakota production in the wellbore of its Dunn Well No. 1 at an unorthodox Dakota location in Unit M of Section 10, Township 23 North, Range 7 West, Rio Arriba County, New Mexico.

CASE 5894: Application of Consolidated Oil & Gas, Inc., for an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Jicarilla Well No. 5-34, at a point 790 feet from the South line and 1850 feet from the East line of Section 34, Township 26 North, Range 3 West, Blanco Mesaverde Pool, Rio Arriba County, New Mexico, to be dedicated to the E/2 of said Section 34.

CASE 5895: Application of C & K Petroleum, Inc., for compulsory pooling and an unorthodox location, 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 S/2 of Section 12, Township 22 South, Range 26 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 840 feet from the South line and 1760 feet from the East line of said Section 12. 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 5896: Application of Exxon Company, USA, for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of a special gas-oil ratio limit of 6000 cubic feet of gas per barrel of oil for the Wantz-Abo Pool, Lea County, New Mexico.

CASE 5897: Application of Read & Stevens, Inc., for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Rose Well No. 2 to be located 1650 feet from the South line and 990 feet from the West line of Section 18, Township 15 South, Range 28 East, Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico.

CASE 5653: (Reopened)

In the matter of Case 5653 being reopened pursuant to the provisions of Order No. R-5191 which order established temporary special pool rules for the Daisy-Wolfcamp Pool, Lea County, New Mexico. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing units.

CASE 5898: Application of Chace Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Ballard-Pictured Cliffs and South Lindrith Gallup-Dakota production in the wellbore of its Jicarilla 70 Well No. 3 located in Unit C of Section 33, Township 24 North, Range 4 West, Rio Arriba County, New Mexico. In the alternative, applicant seeks authority to commingle said production at the surface without prior measurement and waiver of the gas-oil ratio test requirement.

CASE 5899: (This case will be continued and will be heard by the Commission at 2 p.m. on April 20, 1977, Oil Conservation Commission Conference Room, State Land Office Building, Santa Fe, New Mexico)

Application of Robert P. Wallach, Ray A. Wallach, and Patricia Louise Wallach House for an exception to Order No. R-3221, Lea County, New Mexico. Applicants, in the above-styled cause, seek, as an exception to the provisions of Commission Order No. R-3221, permission to construct and operate several earthen evaporation pits in the gravel pits in the SW/4 of Section 29, Township 21 South, Range 38 East, Lea County, New Mexico, for the disposal of produced salt water from oil and gas wells in Lea County, New Mexico.

Dockets Nos. 11-77 and 12-77 are tentatively set for hearing on April 6 and April 20, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 23, 1977

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

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

- CASE 5882: Application of Amoco Production Company for special pool rules, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of a special gas-oil ratio limit of 6000 cubic feet of gas per barrel of oil for the South Empire Wolfcamp Pool, Eddy County, New Mexico.
- CASE 5883: Application of Am-Bett Oil Company, Inc. for an oil treating plant permit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purposes of treating and reclaiming sediment oil at a site in the SE/4 NW/4 of Section 3, Township 21 South, Range 37 East, Lea County, New Mexico.
- CASE 5884: Application of BCO, Inc., for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Greenhorn, Graneros, and Dakota production in the wellbore of its Dunn Well No. 1 located in Unit M of Section 10, Township 23 North, Range 7 West, Rio Arriba County, New Mexico.
- CASE 5885: Application of Continental Oil Company for amendment of Order No. R-5315, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5315 to permit the dedication of a previously approved 320-acre proration unit comprising the W/2 of Section 31, Township 22 South, Range 31 East, Los Medanos Field, Eddy County, New Mexico, to a well to be drilled at a standard location in Unit E of said Section 31, rather than in Unit L as previously approved.
- CASE 5886: Application of Continental Oil Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled at a point 1980 feet from the North line and 660 feet from the West line of Section 31, Township 22 South, Range 31 East, Los Medanos Field, Eddy County, New Mexico, the N/2 of said Section 31 to be dedicated to the well.
- CASE 5887: Application of Gas Company of New Mexico for suspension of Rules 14(a) and 15(a) of the gas proration rules, Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks suspension for a period of one year from April 1, 1977, of those provisions of Rules 14(a) and 15(a) of the General Rules and Regulations for the prorated gas pools of Southeastern New Mexico promulgated by Order No. R-1670, as amended, that provide for the cancellation of underproduction and the shutting-in of overproduced wells, as applied to the Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico.
- CASE 5888: Application of Dalport Oil Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its A. L. Christmas Well No. 3 to be drilled 330 feet from the South line and 2310 feet from the East line of Section 25, Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico.
- CASE 5889: Application of Saturn Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down to and including the Blinberry formation underlying the NE/4 SE/4 of Section 11, Township 23 South, Range 37 East, Lea County, New Mexico, to be dedicated to its Lineberry Well No. 1 located in Unit I of said Section; and underlying the NW/4 SE/4 of said Section 11 to be dedicated to its Lineberry Well No. 2 located in Unit J of said Section. In the event re-entry into either well is unsuccessful, applicant proposes to drill a replacement well at a standard location on its tracts. Also to be considered will be the costs of recompletion or drilling and completing said wells and the allocation of the costs 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 wells and a charge for risk involved in recompletion or drilling of said wells.
- CASE 5890: Application of James C. Whitten for an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the re-entry of a well at an unorthodox location 1980 feet from the South line and 660 feet from the East line of Section 14, Township 20 South, Range 34 East, Lea Devonian Pool, Lea County, New Mexico. If said re-entry is unsuccessful, applicant proposes to drill a new well at an unorthodox location 2030 feet from the South line and 660 feet from the East line of said Section 14.

CASE 5891: Application of Sam H. Snoddy for directional drilling and a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the directional drilling of two 13,500 foot Morrow test wells from a single drilling site in the extreme Northwest five acres of the NW/4 SE/4 of Section 25, Township 20 South, Range 32 East, Potash-Oil Area, Lea County, New Mexico. Applicant proposes to vertically drill each of said wells to a depth of approximately 3000 feet and to then directionally drill one well in a Northeasterly direction bottoming said well in the approximate center of the NE/4 of said Section 25, and to then directionally drill the other well in a Southwesterly direction, bottoming said well in the approximate center of the SW/4 of said Section 25. Applicant would dedicate the N/2 to the first of the aforesaid wells, and would dedicate a non-standard 160-acre unit comprising the SW/4 of said Section 25 to the second.

CASE 5820: (Continued from March 9, 1977, Examiner Hearing)

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 5892: Southeastern New Mexico nomenclature case calling for the creation and extension of certain pools in Eddy and Lea Counties, New Mexico.

(a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the East Burton Flat-Atoka Gas Pool. The discovery well is the J. C. Williamson & D. W. Underwood et al Williamson Federal Well No. 1 located in Unit J of Section 9, Township 20 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM
Section 9: E/2

(b) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the North Eidson-Morrow Gas Pool. The discovery well is the Sabine Production Company North Eidson Fee Well No. 1 located in Unit M of Section 34, Township 15 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 34 EAST, NMPM
Section 34: W/2

(c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Forehand Ranch Delaware Pool. The discovery well is the Husky Oil Company of Delaware Forehand Well No. 2 located in Unit K of Section 15, Township 23 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM
Section 15: SW/4

(d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Grayburg-Strawn Gas Pool. The discovery well is the Amoco Production Company Empire South Deep Unit Gas Com Well No. 8 located in Unit L of Section 33, Township 17 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM
Section 33: S/2

(e) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Indian Flats-Morrow Gas Pool. The discovery well is the Perry R. Bass Big Eddy Unit Well No. 41 located in Unit J of Section 35, Township 21 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 28 EAST, NMPM
Section 35: E/2

(f) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the South Maroon Cliffs-Morrow Gas Pool. The discovery well is the Perry R. Bass Big Eddy Unit Well No. 44 located in Unit H of Section 16, Township 21 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 30 EAST, NMPM
Section 16: E/2

(g) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Quahada Ridge-Atoka Gas Pool. The discovery well is the Perry R. Bass Big Eddy Unit Well No. 40 located in Unit C of Section 22, Township 21 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM
Section 22: N/2

(h) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the East Red Tank-Morrow Gas Pool. The discovery well is the Gulf Oil Corporation Covington "A" Federal Well No. 1 located in Unit C of Section 25, Township 22 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 32 EAST, NMPM
Section 25: N/2

(i) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the South Rock Tank-Morrow Gas Pool. The discovery well is the Amoco Production Company South Rock Tank Well No. 1 located in Unit H of Section 2, Township 24 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 24 EAST, NMPM
Section 2: N/2

(j) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Trinity-Wolfcamp Pool. The discovery well is the Wainoco, Inc. Hodge et al Well No. 1 located in Unit P of Section 28, Township 12 South, Range 38 East, NMPM. Said pool would comprise:

TOWNSHIP 12 SOUTH, RANGE 38 EAST, NMPM
Section 28: SE/4

(k) EXTEND the Baum-Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 13 SOUTH, RANGE 33 EAST, NMPM
Section 30: NE/4

(l) EXTEND the South Bell Lake-Atoka Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 31: S/2
Section 32: W/2

(m) EXTEND the South Bell Lake-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 33 EAST, NMPM
Section 36: NE/4

(n) EXTEND the Blinbry Oil and Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 21: SW/4
Section 28: NW/4

(o) EXTEND the Cemetery-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM
Section 36: S/2

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMPM
Section 28: S/2
Section 31: S/2
Section 32: S/2
Section 33: All
Section 34: N/2
Section 35: N/2

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM
Section 1: All

TOWNSHIP 21 SOUTH, RANGE 24 EAST, NMPM
Section 6: Lots 1, 2, 7, 8, 9, 10, 15 & 16

(p) EXTEND the North Dagger Draw-Upper Pennsylvanian Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM
Section 13: SE/4

(q) EXTEND the South Empire-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 3: S/2

(r) EXTEND the Indian Draw-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM
Section 7: S/2 SW/4
Section 18: N/2 NE/4

(s) EXTEND the South Loco Hills-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 30 EAST, NMPM
Section 29: All

(t) EXTEND the Red Lake Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 22: S/2 NE/4
Section 23: S/2 SE/4 and SW/4 NW/4

(u) EXTEND the North Teague-Devonian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 22: SE/4

(v) EXTEND the North Vacuum-Abc Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
Section 2: NW/4

(w) EXTEND the Warren-Tubb Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 21: S/2

(x) EXTEND the White City-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM
Section 15: All
Section 28: All

TOWNSHIP 25 SOUTH, RANGE 26 EAST, NMPM
Section 2: All

Docket No. 10-77

Dockets Nos. 11-77 and 12-77 are tentatively set for hearing on April 6 and April 20, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING WEDNESDAY MARCH 23, 1977

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

CASE 5893: Application of the Oil Conservation Commission on its own motion for a redefinition of the vertical limits of the Blanco-Mesaverde Pool, Rio Arriba and San Juan Counties, New Mexico, to include the interval from the Huerfanito bentonite marker to a point 500 feet below the top of the Point Lookout sandstone, except that South and West of a Northwest-Southeast line generally running from the Northwest corner of Township 31 North, Range 13 West, to the Southwest corner of Township 24 North, Range 1 East, the vertical limits would include only the interval from a point 750 feet below the Huerfanito bentonite marker to 500 feet below the top of the Point Lookout sandstone.

CASE 5821: (DE NOVO)

Application of Blackwood & Nichols Co., Ltd., for a hearing de novo, San Juan County, New Mexico. Upon petition of applicant in the above-styled cause and pursuant to the provisions of Rule 1220, Paragraphs (i) and (j) of Case No. 5821 will be heard de novo for the purpose of considering the nullification of Paragraphs (i) and (j) of Order No. R-5339 which created and defined the Navajo City-Chacra Pool in Township 30 North, Range 8 West, and the Animas-Chacra Pool in Township 31 North, Range 10 West, both in San Juan County, New Mexico.

Case 3884

Feb 21 1977

KELLAHIN AND FOX
ATTORNEYS AT LAW
800 DON GASPAR AVENUE
POST OFFICE BOX 1769
SANTA FE, NEW MEXICO 87501

TELEPHONE 982-4315
AREA CODE 505

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

February 19, 1977

Mr. Joe Ramey, Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Ramey:

Enclosed is the application of BCO, Inc., for permission to recomplete the Dunn No. 1 well, Rio Arriba County, for production from the Greenhorn, Graneros and Dakota formations, and to commingle production in the well bore.

It is requested that this application be set for hearing at the first available examiner hearing.

Yours very truly,

Jason Kellahin
Jason Kellahin

JWK:ma

Enclosure

cc: Mr. Robert Bigbee

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF BCO, INC., FOR AUTHORITY TO
COMMINGLE PRODUCTION IN THE WELL
BORE, RIO ARriba COUNTY, NEW MEXICO

A P P L I C A T I O N

Comes now BCO, Inc., and applies to the Oil Conservation Commission of New Mexico for approval of commingling of production from the Greehorn, Graneros and Dakota Formations in its Dunn No. 1 well, located 660 feet from the South line, and 660 feet from the West line of Section 10, Township 23 North, Range 7 West, N.M.P.M., Rio Arriba County, New Mexico, and in support thereof would show the Commission:

1. The Dunn No. 1 well is presently completed in the Gallup formation, from which zone production has declined beyond the economic limit.

2. Applicant proposes to squeeze existing Gallup perforations and abandon the Gallup formation. The well will be deepened to 6760 feet, more or less, 3 1/2 inch casing run, cemented to the surface, and the casing will be perforated and the well completed in the Greehorn, Graneros and Dakota formations Baskin-Dakota pool.

3. Approval of this application will prolong the economic life of the well, result in the production of hydrocarbons that would not otherwise be recovered and prevent waste. The correlative rights of other operators or owners will not be impaired.

WHEREFORE Applicant prays that this application be set for hearing before the Commission's duly appointed examiner, and that

after notice and hearing as required by law the Commission enter
its order approving commingling as requested.

Respectfully submitted,

BCO, INC.

By Jaron Kellahi
KELLAHIN & FOX
P. O. Box 1769
Santa Fe, New Mexico 87501

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. 5884

Order No. R- 5413

APPLICATION OF BCO, INC. FOR AN UNORTHODOX
LOCATION AND 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 April 6,
19 77, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of April, 19 77, 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, BCO, Inc., is the owner and operator
of the Dunn Well No. 1 ~~to be~~ located at an unorthodox ^{Basin-Dakota} location in
Unit M of Section 10, Township 23 North, Range 7 West, NMPM,
Rio Arriba County, New Mexico.

(4) That the applicant further seeks authority to commingle
Greenhorn, Graneros, and Dakota production within the well bore of
the above-described well.

(3) That said well was originally completed
to produce from the Greenhorn formation, but
upon depletion of that zone, has been deepened
to the Dakota formation.

(5) That ^{although said well has not yet been completed} in any of the ~~above~~ ²¹⁶ ~~said~~ formations, it is expected to be

~~(4) That from the Greenhorn zone, the subject well is~~
capable of low marginal production only ^{from each.}

~~(5) That from the Graneros zone, the subject well is capable~~
~~of low marginal production only.~~

~~(6) That from the 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 ^{formations} ~~poles~~, thereby preventing waste, and will not violate correlative rights.

(7) That the ^{known} ~~reservoir~~ characteristics of each of the subject zones ^{in the area of the subject well} 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.~~

~~(9) 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.~~

(8) That ^{all production from the subject well} ~~in order to allocate the commingled production~~
~~to each of the commingled zones in the subject well,~~
~~percent of the commingled~~ _____ ~~production should be~~
~~allocated to the Greenhorn zone, _____ percent of the~~
~~commingled~~ _____ ~~production to the Graneros zone, and~~
~~_____ percent of the commingled~~ _____ ~~production~~

^{attributed} should be ~~allocated~~ to the Dakota zone, ^{inasmuch as only insigni-}
^{fificant quantities are expected to be produced from the other}
^{two zones.} IT IS THEREFORE ORDERED:

(1) That the applicant, BCO, Inc., is hereby authorized to commingle Greenhorn, Graneros, and Dakota production within the wellbore of ^{its} ~~the~~ Dunn Well No. 1 ~~xxxx~~ located at an unorthodox ^{Dakota} location in Unit M of Section 10, Township 23 North, Range 7 West, NMPM, Rio Arriba County, New Mexico.

~~1st~~ That _____ percent of the commingled _____ production shall be allocated to the Greenhorn zone, _____ percent of the commingled _____ production shall be allocated to the Graneros zone, and _____ percent of the commingled _____ production shall be allocated to the Dakota zone.

~~2nd~~ 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.

(3) 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.

(2) That all production from the subject well shall be attributable to the Dakota formation.

