

CASE 6532: NORTHWEST PRODUCTION CORPORA-
TION FOR DOWNHOLE COMMINGLING, RIO
ARRIBA COUNTY, NEW MEXICO

CASE NO.

6532

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
25 April 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Northwest Production) CASE
Corporation for downhole commingling,) 6532
Rio Arriba County, New Mexico.)

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87503

For the Applicant:

John F. Nance, Esq.
El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 79978

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87501

I N D E X

PAUL W. BURCHELL

Direct Examination by Mr. Nance 3

E X H I B I T S

Applicant Exhibit One, Diagram 6

Applicant Exhibit Two, Production History 7

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87301

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

MR. STAMETS: Call next Case 6532.

MR. PADILLA: Application of Northwest Production Corporation for downhole commingling, Rio Arriba County, New Mexico.

MR. STAMETS: Call for appearances in this case.

MR. NANCE: Mr. Examiner, my name is John Nance. The witness and I are employed by El Paso Natural Gas Company and we are here representing El Paso's subsidiary, Northwest Production Company, in this case.

For purposes of presentation of evidence, I am associated with the firm of Montgomery, Andrews, and Hannahs, here in Santa Fe.

We will be presenting two exhibits in evidence.

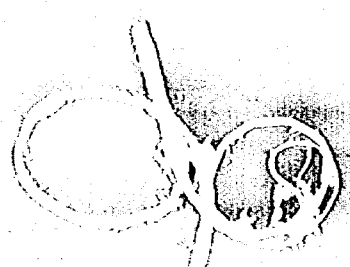
MR. STAMETS: I'd like to have your witness stand and be sworn at this time.

(Witness sworn.)

PAUL W. BURCHELL
being called as a witness and having been duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. NANCE:



SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (SOS) 471-2462
Santa Fe, New Mexico 87501

1 Q For the record, will you state your name,
2 please, and where you reside?

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

5 Q By whom are you employed and in what capa-
6 city?

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

9 Q As a proration engineer, have you previously
10 testified before this Commission or the Division, or one
11 of its Examiners?

12 A Yes, I have.

13 Q And your qualifications were accepted by the
14 Commission at that time?

15 A They were.

16 MR. NANCE: Are the witness' qualifications
17 acceptable to the Division?

18 MR. STAMETS: They are.

19 Q (Mr. Nance continuing.) Mr. Burchell, are
20 you familiar with Case Number 6532?

21 A Yes, I am.

22 Q Who is the operator of the well in this case?

23 A Northwest Production Corporation is the
24 operator; however, by agreement, dated November the 11th,
25 1975, effective August the 1st, 1975, between Northwest

1 Production Corporation and the El Paso Natural Gas Company,
2 El Paso has been assigned full and complete management
3 responsibilities for the well in this case.

4 By reason of this contractual agreement, I
5 am presenting testimony on behalf of Northwest Production
6 Corporation.

7 Q Mr. Burchell, what is Northwest Production
8 Corporation seeking in Case Number 6532?

9 A Northwest Production seeks permission to
10 downhole commingle gas of the Tapacito Pictured Cliffs Pool
11 with gas of the Blanco Mesaverde Pool and produce this gas
12 through one meter in its Jicarilla 117E No. 5 Well.

13 This well is located in Unit M of Section 28,
14 Township 26 North, Range 3 W, Rio Arriba County, New Mexico.

15 Northwest Production proposes that the allo-
16 cation of gas be divided in such a percentage that a cer-
17 tain part would be considered Pictured Cliffs and the re-
18 maining percentage would be considered Mesaverde.

19 Q Now, has a leak been determined to exist in
20 this well?

21 A Yes, although the 1978 annual packer leakage
22 test did not indicate communication between the two pro-
23 ducing zones, it was noticed around the first of the year
24 that when the Mesaverde stopcock would become shut in, the
25 Pictured Cliffs would start dumping some condensate.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (606) 471-2462
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (606) 471-2462
Santa Fe, New Mexico 87501

1 Q Mr. Burchell, have you determined where this
2 leak may be occurring?

3 A Yes, we have. A temperature survey was run
4 in the hole and two holes were found in the Mesaverde
5 string.

6 Q Why now is Northwest Production Corporation
7 asking for this permission to downhole commingle?

8 A Downhole commingling is considered by North-
9 west Production to be the most economic and efficient method
10 to undertake, due to the low deliverability of both zones.

11 Q Do you have an exhibit showing the present
12 equipment in this well?

13 A Yes, I do.

14 Q Would you please explain what the exhibit
15 shows?

16 A It is a diagrammatic sketch of the equip-
17 ment which has been marked as Northwest Production Corpor-
18 ation's Exhibit Number One.

19 The exhibit shows there are two strings of
20 tubing installed in the Jicarilla 1117E No. 5 Well. It
21 also shows that there is a Baker EEJ packer set at 5,490
22 feet.

23 The Pictured Cliffs formation is perforated
24 from 3,873 feet to 3,902 feet above the packer, and the
25 Mesaverde perforations are from 5,526 feet to 6,133 feet

1 below the packer.

2 The Pictured Cliffs side of the well pro-
3 duces through a 1-1/4 inch tubing, which is set at 3,801
4 feet, while the Mesaverde produces through a 2-3/8ths inch
5 tubing, set at 5,981 feet.

6 The two holes in the Mesaverde side of the
7 tubing that I referred to that were found on the temperature
8 survey, are indicated at 3,300 feet and at 4,000 feet.

9 Q Do you also have an exhibit showing the
10 production history of the well?

11 A Yes, I do.

12 Q Would you please explain, then, what that
13 exhibit shows?

14 A Northwest Production Corporation's exhibit
15 marked Number Two, shows that Tapacito Pictured Cliffs and
16 Blanco Mesaverde formations' gas production performance
17 from 1970 to 1978. The dark solid line on the upper part
18 of the graph represents the Pictured Cliffs Pool, while the
19 solid dashed line on the bottom part of the graph represents
20 the Mesaverde Pool.

21 Both of these curves are plotted against the
22 figures shown on the lefthand side of the exhibit. Those
23 figures are yearly average daily production rate in Mcf
24 per day, and these rates are plotted against the corresponding
25 year on the bottom.

SALLY WALTON BOYD
CERTIFIED (NORTHAND) REPORTER
3020 Plaza Blanca (605) 471-2462
Santa Fe, New Mexico 87501

1 The thinly dashed marked yellow line represents the
2 figures shown on the righthand side of the graph, which are
3 percentage figures, and they show the Pictured Cliffs pro-
4 duction as a percent of the total.

5 Does the Examiner have any questions on that
6 particular exhibit?

7 MR. STAMETS: Not on the exhibit itself, no.

8 A. Okay.. It can be observed from the Pictured
9 Cliffs percentage figure that the Pictured Cliffs has pro-
10 duced between 60 and 70 percent of the total gas produced
11 in that well since 1970 and up to 1978, with one exception.
12 That was in 1974, it produced 57 percent; otherwise, the
13 figure was always around 60 to 67 percent, and the yearly
14 average daily rate for the Pictured Cliffs from 1970 to
15 1978 amounts to 64 percent.

16 Q. Now, the flow rates that are indicated for
17 the wells, are they considered small?

18 A. Yes. I consider them small. Both zones are
19 prorated and classified as marginal and from the Exhibit
20 Two it can be seen that at the end of 1978 the Pictured
21 Cliffs was averaging 135 Mcf of gas per day and the Mesa-
22 verde was making 83 Mcf of gas per day.

23 Q. Is this information also current? I mean
24 the figures that you have for the end of 1978 represent what
25 is currently being made from the well?

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (606) 471-2462
Santa Fe, New Mexico 87501

1 A. Yes, even at the present time -- no, I don't
2 believe so. I don't remember the figures, the most recent
3 ones, but you know, we do recognize there is a leak, so it
4 has changed these figures --

5 Q. I see.

6 A. --so I wouldn't want to include them on
7 the graph.

8 Q. Mr. Burchell, do you have any information,
9 then, regarding pressures and fluid characteristics in this
10 well?

11 A. At the present time the Mesaverde is pro-
12 ducing approximately 2.8 barrels of condensate per day and
13 has produced a cumulative of 2,900 barrels.

14 The Pictured Cliffs produces no condensate
15 or water whatsoever.

16 Based on the latest state tests the Pictured
17 Cliffs side of the well had a shut in tubing pressure of
18 434 pounds per square inch absolute as of January the 1st,
19 1979. The corresponding bottom hole pressure is estimated
20 to be 511 psia.

21 The Mesaverde shut in tubing pressure was
22 797 pounds per square inch absolute with a --

23 Q. What was that figure again?

24 A. 597 pounds per square inch absolute, that's
25 at shut in pressure, and it has a corresponding bottom hole

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (805) 471-2462
Santa Fe, New Mexico 87501

1 pressure estimated at 687 psia.

2 Q Do you believe --

3 MR. STAMETS: Would you run those two figures

4 by me again? You had 797 surface?

5 A On the Pictured Cliffs, the shallow formation,

6 the shut in test was 434.

7 MR. STAMETS: Okay, I got that.

8 A With a corresponding bottom hole of 511.

9 MR. STAMETS: Okay, the Mesaverde.

10 A The Mesaverde had a shut in of 597 --

11 MR. STAMETS: 597, okay, I had 797.

12 A -- at the surface.

13 MR. NANCE: That's why I asked you to repeat

14 it.

15 A Did I say seven?

16 MR. NANCE: I think you did the first time,

17 yes.

18 MR. STAMETS: And then your bottom hole in

19 the Mesaverde is what?

20 A And then the bottom hole is 687.

21 MR. STAMETS: Okay, that sounds better.

22 A I'm sorry, Mr. Examiner.

23 Q Do you believe these fluid and pressure

24 characteristics will be compatible --

25 A I do.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87501

- 1 Q -- should commingling be approved?
- 2 A I do.
- 3 Q What would be the estimated cost of repairing
- 4 the leaks?
- 5 A The estimated cost of working the well over,
- 6 that's pulling both tubing strings, replacing eroded or
- 7 corroded pipe, and replacing the packer, would be approxi-
- 8 mately \$8,810.
- 9 Q Could the actual cost be higher?
- 10 A Yes, it could.
- 11 Q Might the cost of repairing the well as a
- 12 dual completion be considered economically undesirable to
- 13 Northwest Production Corporation?
- 14 A Yes, it might, in which case they might de-
- 15 cide not to repair the well and the Mesaverde out of
- 16 necessity would have to be plugged and the gas abandoned.
- 17 Q What advantage would there be in commingling
- 18 the two zones?
- 19 A Most important would be the possibility that
- 20 there would be a certain amount of additional gas and con-
- 21 densate that could be obtained from the Mesaverde side of
- 22 the well that would not normally or otherwise be produced.
- 23 This fact is based upon the apparent success of commingling
- 24 the nearby Jicarilla 117E No. 2 Well. This well is located
- 25 in Unit H of Section 33, Township 26 North, Range 3 West,

1 and it is located about one-half mile southeast of the
2 Jicarilla 117E No. 5 Well.

3 Commingling was approved by the Division Order
4 R-5350 and commenced October of 1978. The production has
5 gone from 130 Mcf of gas per day, that's the Mesaverde and
6 Pictured Cliffs total gas together, has increased to 207 Mcf
7 per day after commingling downhole. This is an increase of
8 about 77 Mcf of gas per day, which amounts to about 2,300,000
9 a month.

10 The, also interesting feature on this well
11 was it's starting to make liquids again. The last conden-
12 sate production wasn't until -- I think the last time was
13 1965.

14 Q Now, if Division approval is granted here,
15 how would you attempt commingling operations?

16 A Well, based upon the success of the Jicarilla
17 117E No. 2 Well, I recommend commingling the Jicarilla 117E
18 No. 5 Well downhole in the same manner.

19 Both strings of tubing would be pulled from
20 the hole and just a single string of tubing, 2-3/8ths inch
21 size, would be run back in without a packer. This will
22 allow the Pictured Cliffs gas, which has a greater volume,
23 to help lift the Mesaverde liquids and allow a piston to be
24 run, if required.

25 It is estimated that there are 710-million

SALLY WALTON BOYD
CERTIFIC SHORTHAND REPORTER
3020 Plaza Blanca (605) 471-2462
Santa Fe, New Mexico 87501

1 cubic feet of recoverable gas remaining in the Mesaverde
2 side of the well.

3 Q. Now do you propose a formula by which the
4 gas production can be apportioned between the two producing
5 zones?

6 A. Yes. Based on my prior testimony and Exhibit
7 Two, related to the daily production history, would show the
8 Pictured Cliffs producing 64 percent of the gas, it is re-
9 commended that 64 percent of the well's gas production be
10 attributed to the Tapacito Pictured Cliffs and 36 percent
11 to the Blanco Mesaverde Pool.

12 It is further recommended that all liquids
13 be attributed to the Mesaverde.

14 Q. What is the nature of the ownership in the
15 producing well?

16 A. Northwest Production Corporation is the sole
17 working interest owner and the royalty ownership in the two
18 zones are identical.

19 Q. Is it correct that there are no overriding
20 royalty interest owners in the well?

21 A. That's true.

22 Q. In your opinion would granting of this appli-
23 cation protect correlative rights and prevent waste?

24 A. Yes, sir.

25 Q. Mr. Burchell, do you have anything further to

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (606) 471-2462
Santa Fe, New Mexico 87501

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

present in this case?

A. No, I do not.

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

A. Yes, they were.

MR. NANCE: Mr. Examiner, we ask that Exhibits One and Two be accepted in evidence at this time, and the witness is tendered for cross examination or questions.

MR. STAMETS: The exhibits will be admitted. Are there any questions of the witness? He may be excused.

Anything further in this case?

MR. NANCE: No, sir.

MR. STAMETS: The case will be taken under advisement.

(Hearing concluded.)

REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability, knowledge, and skill, from my notes taken at the time of the hearing.

Sally W. Boyd CSR
Sally W. Boyd, C.S.R.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87501

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6532 heard by me on 4-25-1979.
Richard L. Blum, Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
25 April 1979

EXAMINER HEARING

IN THE MATTER OF:

Application of Northwest Production) CASE
Corporation for downhole commingling,) 6532
Rio Arriba County, New Mexico.)

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87503

For the Applicant:

John F. Nance, Esq.
El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 79978

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (G06) 471-2462
Santa Fe, New Mexico 87501

I N D E X

PAUL W. BURCHELL

Direct Examination by Mr. Nance

3

E X H I B I T S

Applicant Exhibit One, Diagram

6

Applicant Exhibit Two, Production History

7

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Plaza Blanca (SOS) 471-2462
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (606) 471-2462
Santa Fe, New Mexico 87501

1 MR. STAMETS: Call next Case 6532.

2 MR. PADILLA: Application of Northwest Pro-
3 duction Corporation for downhole commingling, Rio Arriba
4 County, New Mexico.

5 MR. STAMETS: Call for appearances in this
6 case.

7 MR. NANCE: Mr. Examiner, my name is John
8 Nance. The witness and I are employed by El Paso Natural
9 Gas Company and we are here representing El Paso's subsi-
10 diary, Northwest Production Company, in this case.

11 For purposes of presentation of evidence,
12 I am associated with the firm of Montgomery, Andrews, and
13 Hannahs, here in Santa Fe.

14 We will be presenting two exhibits in evi-
15 dence.

16 MR. STAMETS: I'd like to have your witness
17 stand and be sworn at this time.

18 (Witness sworn.)

19
20 PAUL W. BURCHELL
21 being called as a witness and having been duly sworn upon
22 his oath, testified as follows, to-wit:

23 DIRECT EXAMINATION

24
25 BY MR. NANCE:

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (605) 471-2462
Santa Fe, New Mexico 87501

1 Q For the record, will you state your name,
2 please, and where you reside?

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

5 Q By whom are you employed and in what capa-
6 city?

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

9 Q As a proration engineer, have you previously
10 testified before this Commission or the Division, or one
11 of its Examiners?

12 A Yes, I have.

13 Q And your qualifications were accepted by the
14 Commission at that time?

15 A They were.

16 MR. NANCE: Are the witness' qualifications
17 acceptable to the Division?

18 MR. STAMETS: They are.

19 Q (Mr. Nance continuing.) Mr. Burchell, are
20 you familiar with Case Number 6532?

21 A Yes, I am.

22 Q Who is the operator of the well in this case?

23 A Northwest Production Corporation is the
24 operator; however, by agreement, dated November the 11th,
25 1975, effective August the 1st, 1975, between Northwest

1 Production Corporation and the El Paso Natural Gas Company,
2 El Paso has been assigned full and complete management
3 responsibilities for the well in this case.

4 By reason of this contractual agreement, I
5 am presenting testimony on behalf of Northwest Production
6 Corporation.

7 Q Mr. Burchell, what is Northwest Production
8 Corporation seeking in Case Number 6532?

9 A Northwest Production seeks permission to
10 downhole commingle gas of the Tapacito Pictured Cliffs Pool
11 with gas of the Blanco Mesaverde Pool and produce this gas
12 through one meter in its Jicarilla 117E No. 5 Well.

13 This well is located in Unit M of Section 28,
14 Township 26 North, Range 3 W, Rio Arriba County, New Mexico.

15 Northwest Production proposes that the allo-
16 cation of gas be divided in such a percentage that a cer-
17 tain part would be considered Pictured Cliffs and the re-
18 maining percentage would be considered Mesaverde.

19 Q Now, has a leak been determined to exist in
20 this well?

21 A Yes, although the 1978 annual packer leakage
22 test did not indicate communication between the two pro-
23 ducing zones, it was noticed around the first of the year
24 that when the Mesaverde stopcock would become shut in, the
25 Pictured Cliffs would start dumping some condensate.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (605) 471-2462
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (606) 471-2462
Santa Fe, New Mexico 87501

1 Q Mr. Burchell, have you determined where this
2 leak may be occurring?

3 A Yes, we have. A temperature survey was run
4 in the hole and two holes were found in the Mesaverde
5 string.

6 Q Why now is Northwest Production Corporation
7 asking for this permission to downhole commingle?

8 A Downhole commingling is considered by North-
9 west Production to be the most economic and efficient method
10 to undertake, due to the low deliverability of both zones.

11 Q Do you have an exhibit showing the present
12 equipment in this well?

13 A Yes, I do.

14 Q Would you please explain what the exhibit
15 shows?

16 A It is a diagrammatic sketch of the equip-
17 ment which has been marked as Northwest Production Corpor-
18 ation's Exhibit Number One.

19 The exhibit shows there are two strings of
20 tubing installed in the Jicarilla 1117E No. 5 Well. It
21 also shows that there is a Baker EEJ packer set at 5,490
22 feet.

23 The Pictured Cliffs formation is perforated
24 from 3,873 feet to 3,902 feet above the packer, and the
25 Mesaverde perforations are from 5,526 feet to 6,133 feet

1 below the packer.

2 The Pictured Cliffs side of the well pro-
3 duces through a 1-1/4 inch tubing, which is set at 3,801
4 feet, while the Mesaverde produces through a 2-3/8ths inch
5 tubing, set at 5,981 feet.

6 The two holes in the Mesaverde side of the
7 tubing that I referred to that were found on the temperature
8 survey, are indicated at 3,300 feet and at 4,000 feet.

9 Q Do you also have an exhibit showing the
10 production history of the well?

11 A Yes, I do.

12 Q Would you please explain, then, what that
13 exhibit shows?

14 A Northwest Production Corporation's exhibit
15 marked Number Two, shows that Tapacito Pictured Cliffs and
16 Blanco Mesaverde formations' gas production performance
17 from 1970 to 1978. The dark solid line on the upper part
18 of the graph represents the Pictured Cliffs Pool, while the
19 solid dashed line on the bottom part of the graph represents
20 the Mesaverde Pool.

21 Both of these curves are plotted against the
22 figures shown on the lefthand side of the exhibit. Those
23 figures are yearly average daily production rate in Mcf
24 per day, and these rates are plotted against the corresponding
25 year on the bottom.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (SOS) 471-2462
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (806) 471-2462
Santa Fe, New Mexico 87501

1 The thinly dashed marked yellow line represents the
2 figures shown on the righthand side of the graph, which are
3 percentage figures, and they show the Pictured Cliffs pro-
4 duction as a percent of the total.

5 Does the Examiner have any questions on that
6 particular exhibit?

7 MR. STAMETS: Not on the exhibit itself, no.

8 A. Okay. It can be observed from the Pictured
9 Cliffs percentage figure that the Pictured Cliffs has pro-
10 duced between 60 and 70 percent of the total gas produced
11 in that well since 1970 and up to 1978, with one exception.
12 That was in 1974, it produced 57 percent; otherwise, the
13 figure was always around 60 to 67 percent, and the yearly
14 average daily rate for the Pictured Cliffs from 1970 to
15 1978 amounts to 64 percent.

16 Q Now, the flow rates that are indicated for
17 the wells, are they considered small?

18 A. Yes. I consider them small. Both zones are
19 prorated and classified as marginal and from the Exhibit
20 Two it can be seen that at the end of 1978 the Pictured
21 Cliffs was averaging 135 Mcf of gas per day and the Mesa-
22 verde was making 83 Mcf of gas per day.

23 Q Is this information also current? I mean
24 the figures that you have for the end of 1978 represent what
25 is currently being made from the well?

1 A Yes, even at the present time -- no, I don't
2 believe so. I don't remember the figures, the most recent
3 ones, but you know, we do recognize there is a leak, so it
4 has changed these figures --

5 Q I see.

6 A --so I wouldn't want to include them on
7 the graph.

8 Q Mr. Burchell, do you have any information,
9 then, regarding pressures and fluid characteristics in this
10 well?

11 A At the present time the Mesaverde is pro-
12 ducing approximately 2.8 barrels of condensate per day and
13 has produced a cumulative of 2,900 barrels.

14 The Pictured Cliffs produces no condensate
15 or water whatsoever.

16 Based on the latest state tests the Pictured
17 Cliffs side of the well had a shut in tubing pressure of
18 434 pounds per square inch absolute as of January the 1st,
19 1979. The corresponding bottom hole pressure is estimated
20 to be 511 psia.

21 The Mesaverde shut in tubing pressure was
22 797 pounds per square inch absolute with a --

23 Q What was that figure again?

24 A 597 pounds per square inch absolute, that's
25 at shut in pressure, and it has a corresponding bottom hole

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (SOS) 471-2462
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87501

1 pressure estimated at 687 psia.

2 Q Do you believe ---

3 MR. STAMETS: Would you run those two figures

4 by me again? You had 797 surface?

5 A On the Pictured Cliffs, the shallow formation,

6 the shut in test was 434.

7 MR. STAMETS: Okay, I got that.

8 A With a corresponding bottom hole of 511.

9 MR. STAMETS: Okay, the Mesaverde.

10 A The Mesaverde had a shut in of 597 --

11 MR. STAMETS: 597, okay, I had 797.

12 A -- at the surface.

13 MR. NANCE: That's why I asked you to repeat

14 it.

15 A Did I say seven?

16 MR. NANCE: I think you did the first time,

17 yes.

18 MR. STAMETS: And then your bottom hole in

19 the Mesaverde is what?

20 A And then the bottom hole is 687.

21 MR. STAMETS: Okay, that sounds better.

22 A I'm sorry, Mr. Examiner.

23 Q Do you believe these fluid and pressure

24 characteristics will be compatible --

25 A I do.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87501

1 Q --- should commingling be approved?

2 A I do.

3 Q What would be the estimated cost of repairing
4 the leaks?

5 A The estimated cost of working the well over,
6 that's pulling both tubing strings, replacing eroded or
7 corroded pipe, and replacing the packer, would be approxi-
8 mately \$8,810.

9 Q Could the actual cost be higher?

10 A Yes, it could.

11 Q Might the cost of repairing the well as a
12 dual completion be considered economically undesirable to
13 Northwest Production Corporation?

14 A Yes, it might, in which case they might de-
15 cide not to repair the well and the Mesaverde out of
16 necessity would have to be plugged and the gas abandoned.

17 Q What advantage would there be in commingling
18 the two zones?

19 A Most important would be the possibility that
20 there would be a certain amount of additional gas and con-
21 densate that could be obtained from the Mesaverde side of
22 the well that would not normally or otherwise be produced.
23 This fact is based upon the apparent success of commingling
24 the nearby Jicarilla 117E No. 2 Well. This well is located
25 in Unit H of Section 33; Township 26 North, Range 3 West,

1 and it is located about one-half mile southeast of the
2 Jicarilla 117E No. 5 Well.

3 Commingling was approved by the Division Order
4 R-5350 and commenced October of 1978. The production has
5 gone from 130 Mcf of gas per day, that's the Mesaverde and
6 Pictured Cliffs total gas together, has increased to 207 Mcf
7 per day after commingling downhole. This is an increase of
8 about 77 Mcf of gas per day, which amounts to about 2,300,000
9 a month.

10 The, also interesting feature on this well
11 was it's starting to make liquids again. The last conden-
12 sate production wasn't until --- I think the last time was
13 1965.

14 Q Now, if Division approval is granted here,
15 how would you attempt commingling operations?

16 A Well, based upon the success of the Jicarilla
17 117E No. 2 Well, I recommend commingling the Jicarilla 117E
18 No. 5 Well downhole in the same manner.

19 Both strings of tubing would be pulled from
20 the hole and just a single string of tubing, 2-3/8ths inch
21 size, would be run back in without a packer. This will
22 allow the Pictured Cliffs gas, which has a greater volume,
23 to help lift the Mesaverde liquids and allow a piston to be
24 run, if required.

25 It is estimated that there are 710-million

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (906) 471-2462
Santa Fe, New Mexico 87501

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
320 Plaza Blanca (S06) 471-2462
Santa Fe, New Mexico 87501

1 cubic feet of recoverable gas remaining in the Mesaverde
2 side of the well.

3 Q Now do you propose a formula by which the
4 gas production can be apportioned between the two producing
5 zones?

6 A Yes. Based on my prior testimony and Exhibit
7 Two, related to the daily production history, would show the
8 Pictured Cliffs producing 64 percent of the gas, it is re-
9 commended that 64 percent of the well's gas production be
10 attributed to the Tapacito Pictured Cliffs and 36 percent
11 to the Blanco Mesaverde Pool.

12 It is further recommended that all liquids
13 be attributed to the Mesaverde.

14 Q What is the nature of the ownership in the
15 producing well?

16 A Northwest Production Corporation is the sole
17 working interest owner and the royalty ownership in the two
18 zones are identical.

19 Q Is it correct that there are no overriding
20 royalty interest owners in the well?

21 A That's true.

22 Q In your opinion would granting of this appli-
23 cation protect correlative rights and prevent waste?

24 A Yes, sir.

25 Q Mr. Burchell, do you have anything further to

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (505) 471-2462
Santa Fe, New Mexico 87501

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

present in this case?

A. No, I do not.

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

A Yes, they were.

MR. NANCE: Mr. Examiner, we ask that Exhibits One and Two be accepted in evidence at this time, and the witness is tendered for cross examination or questions.

MR. STAMETS: The exhibits will be admitted. Are there any questions of the witness? He may be excused.

Anything further in this case?

MR. NANCE: No, sir.

MR. STAMETS: The case will be taken under advisement.

(Hearing concluded.)

REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability, knowledge, and skill, from my notes taken at the time of the hearing.

Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. _____ heard by me on _____ 19____.

_____, Examiner
Oil Conservation Division

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3020 Plaza Blanca (505) 471-3462
Santa Fe, New Mexico 87501



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

May 2, 1979

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Mr. John Nance
Office of General Counsel
El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 79978

Re: CASE NO. 6532
ORDER NO. R-6004

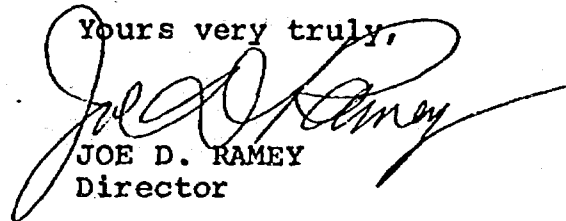
Applicant:

Northwest Production Corporation

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division 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 _____

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6532
Order No. R-6004

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 25, 1979, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 2nd day of May, 1979, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Northwest Production Corporation, is the owner and operator of the Jicarilla 117E Well No. 5, located in Unit M of Section 28, Township 26 North, Range 3 West, NMPM, Rio Arriba County, New Mexico.

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

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

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

-2-

Case No. 6532
Order No. R-6004

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

(7) That the reservoir characteristics of each of the subject zones are such that underground waste would not be caused by the proposed commingling provided that the well is not shut-in for an extended period.

(8) That to afford the Division 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 Division any time the subject well is shut-in for 7 consecutive days.

(9) That in order to allocate the commingled production to each of the commingled zones in the subject well, 64 percent of the commingled gas production should be allocated to the Tapacito-Pictured Cliffs zone, and 36 percent of the commingled gas production and all of the liquid production to the Blanco Mesaverde zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, Northwest Production Corporation, is hereby authorized to commingle Tapacito-Pictured Cliffs and Blanco Mesaverde production within the wellbore of the Jicarilla 117E Well No. 5, located in Unit M of Section 28, Township 26 North, Range 3 West, NMPM, Rio Arriba County, New Mexico.

(2) That 64 percent of the commingled gas production shall be allocated to the Tapacito-Pictured Cliffs zone and 36 percent of the commingled gas production and all of the liquid production shall be allocated to the Blanco-Mesaverde zone.

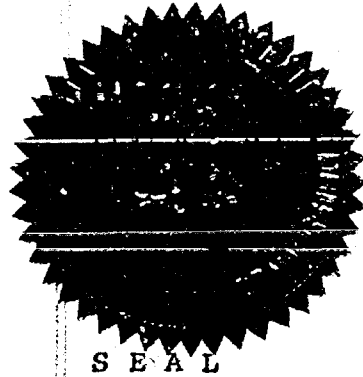
(3) That the operator of the subject well shall immediately notify the Division's Aztec district office any time the well has been shut-in for 7 consecutive days and shall concurrently present, to the Division, a plan for remedial action.

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

-3-

Case No. 6532
Order No. R-6004

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.



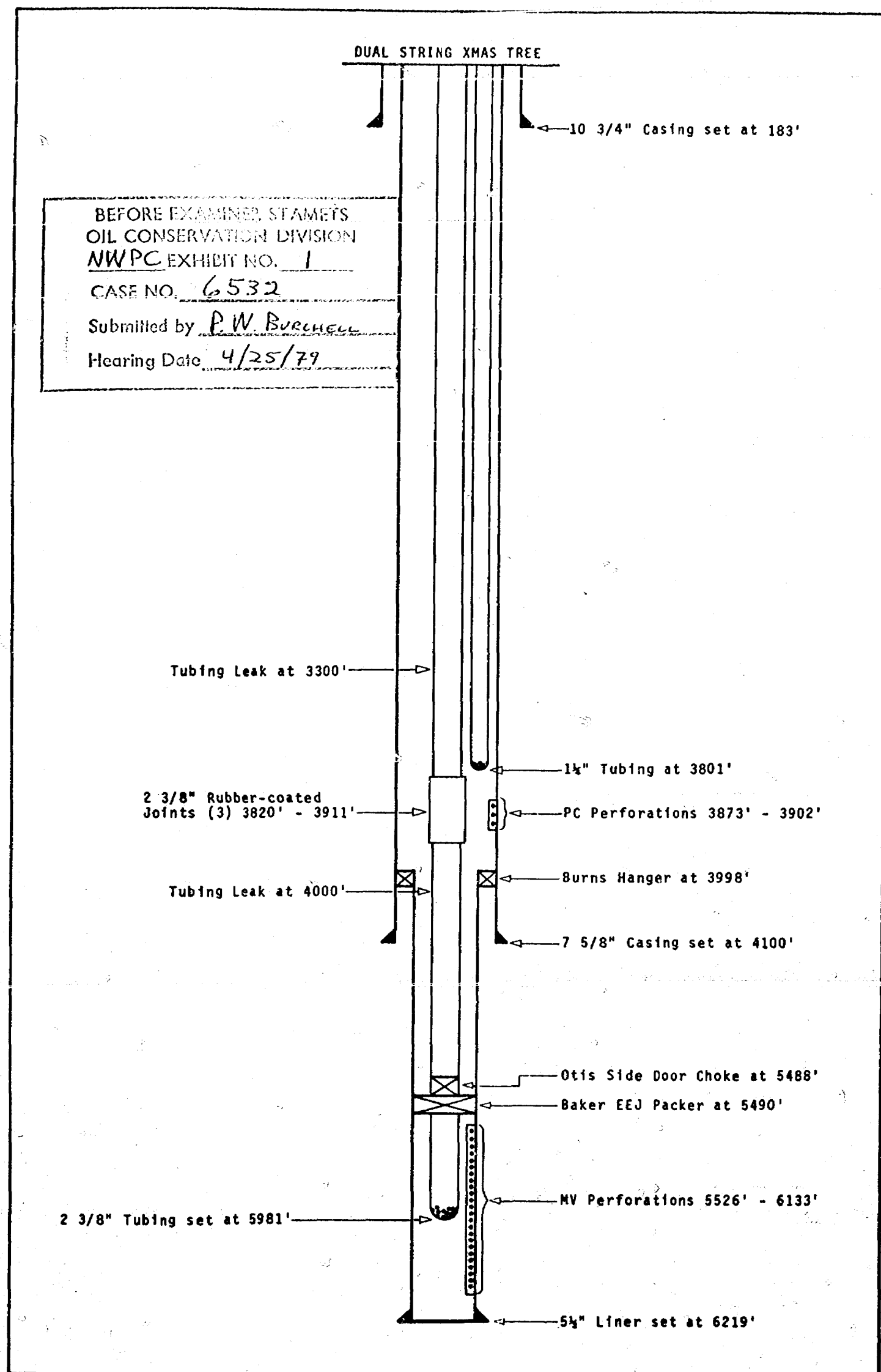
STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY,
Director

dr/

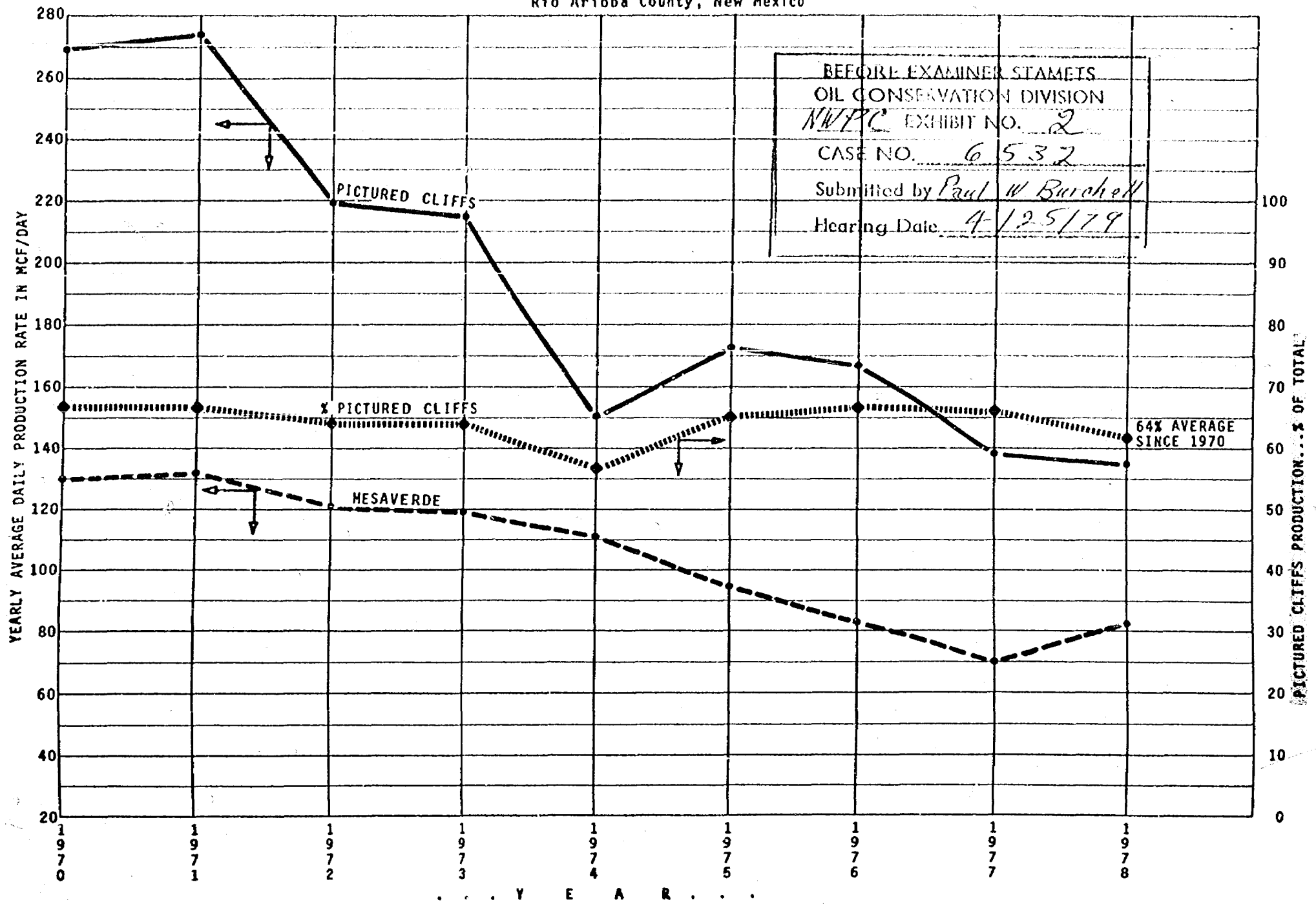
SCHEMATIC DIAGRAM of DUALY COMPLETED
NORTHWEST PRODUCTION CORP. "JICARILLA 117E WELL NO. 5"

Unit M of SEC. 28, T26N - R3W
Rio Arriba County, New Mexico



NATURAL GAS PRODUCTION
 Northwest Production Corp.
 Jicarilla 117E Well No. 5
 Unit M of Sec. 28, T26N - R3W
 Rio Arriba County, New Mexico

Exhibit No. 2



SCHEMATIC DIAGRAM of DUALY COMPLETED
NORTHWEST PRODUCTION CORP. "JICARILLA 117E WELL NO. 5"

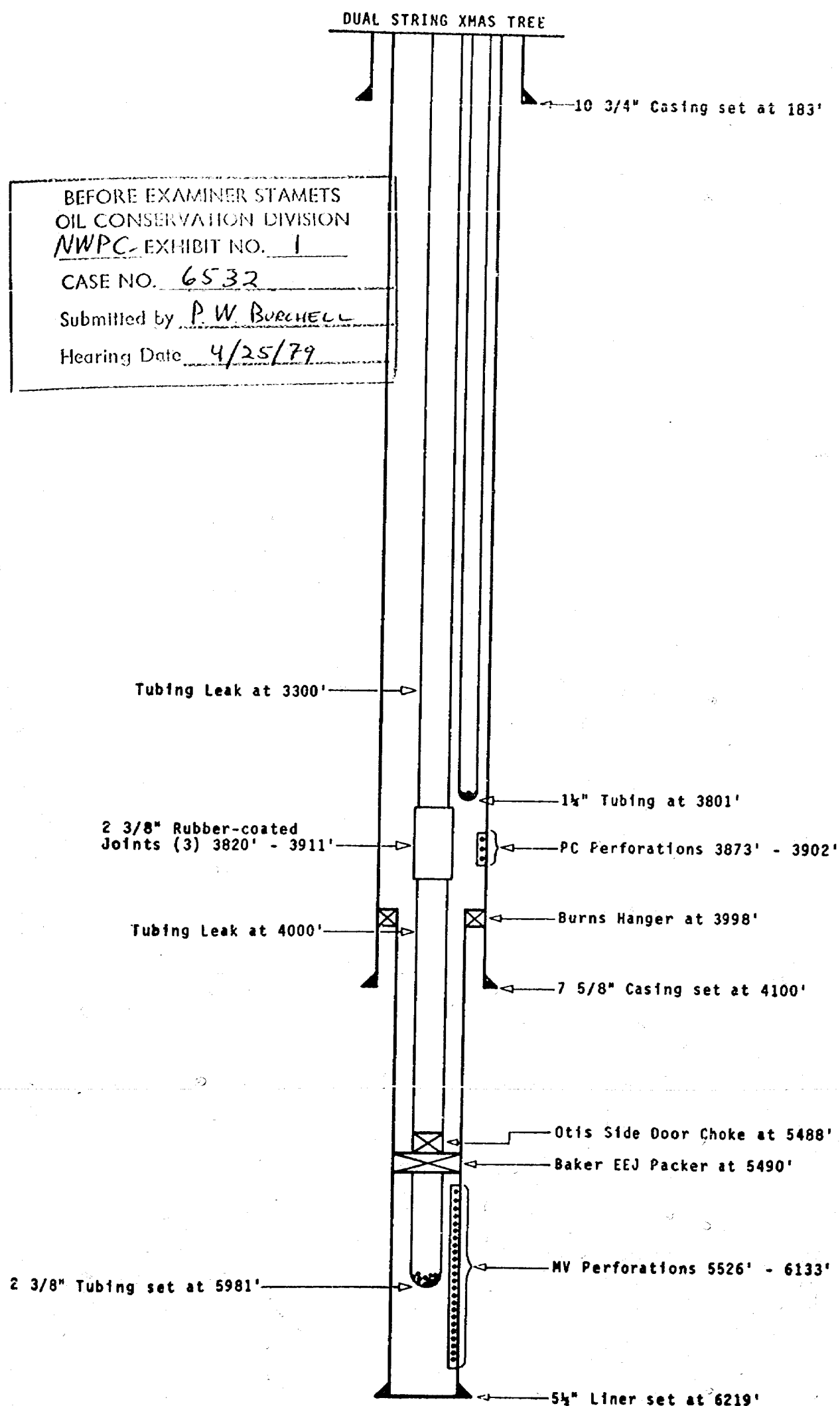
Unit M of SEC. 28, T26N - R3W
Rio Arriba County, New Mexico

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
NWPC- EXHIBIT NO. 1

CASE NO. 6532

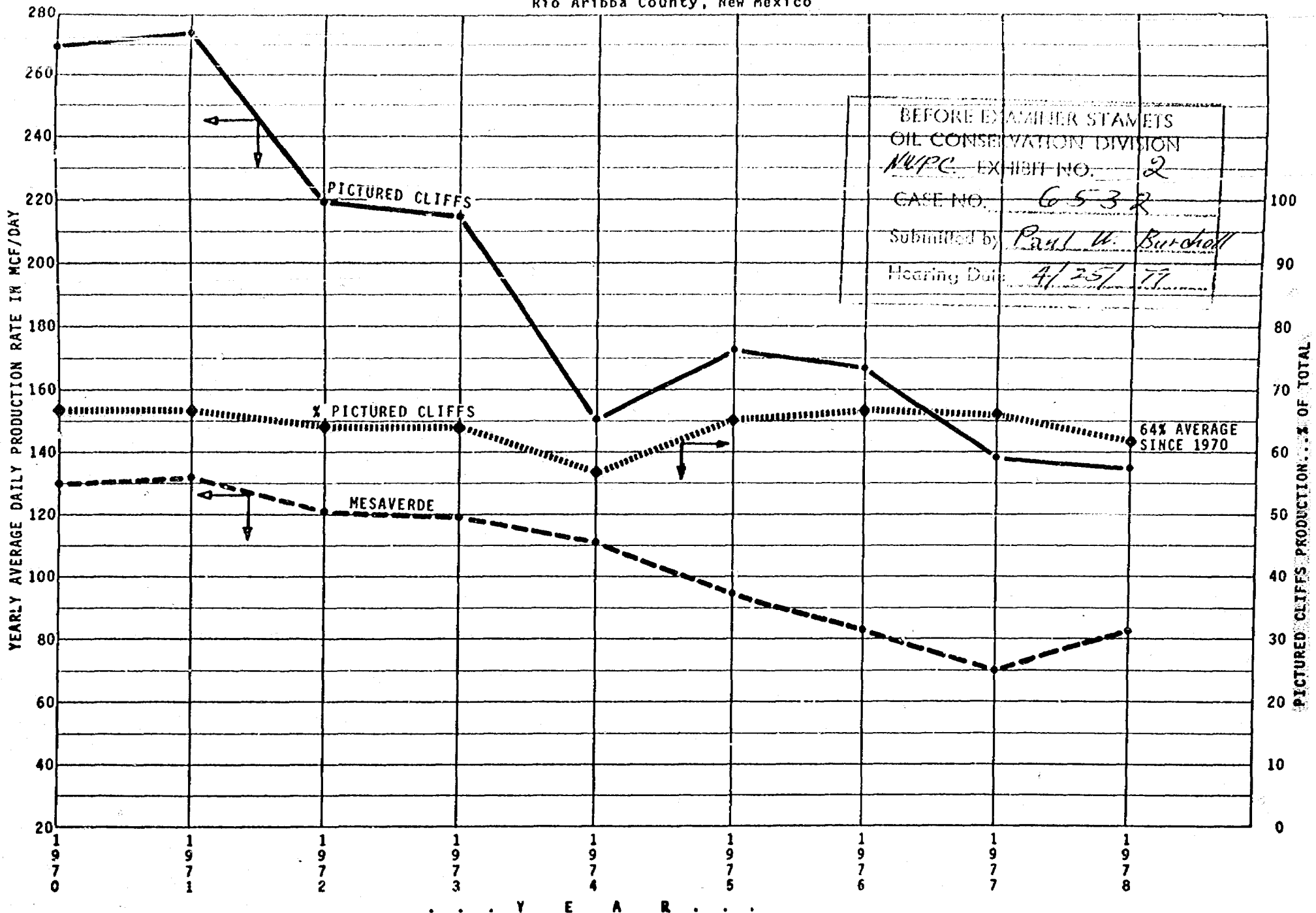
Submitted by P. W. BURCHELL

Hearing Date 4/25/79



NATURAL GAS PRODUCTION
 Northwest Production Corp.
 Jicarilla 117E Well No. 5
 Unit M of Sec. 28, T26N - R3W
 Rio Arriba County, New Mexico

Exhibit No. 2



J. O. SETH (1883-1963)

A. K. MONTGOMERY
FRANK ANDREWS
FRED C. HANNAHS
SETH D. MONTGOMERY
FRANK ANDREWS III
OWEN M. LOPEZ
VICTOR R. ORTEGA
JEFFREY R. BRANNEN
JOHN BENNETT POUND
GARY R. KILPATRICK
THOMAS W. OLSON
WALTER J. MELENDRES
BRUCE L. HERR
MICHAEL W. BRENNAN
ROBERT P. WORCESTER
JOHN B. DRAPER
NANCY M. ANDERSON
JOHN K. SILVER

MONTGOMERY, ANDREWS & HANNAHS

PROFESSIONAL ASSOCIATION
ATTORNEYS AND COUNSELORS AT LAW
325 PASEO DE PERALTA
POST OFFICE BOX 2307
SANTA FE, NEW MEXICO 87501

TELEPHONE 505-982-3873

TELECOPY 505-982-4289

April 24, 1979

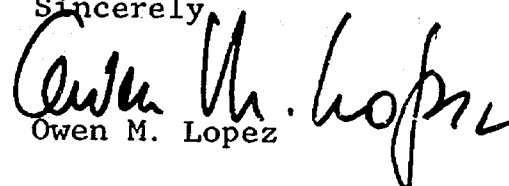
New Mexico Energy and
Minerals Department
Oil Conservation Division
State Land Office Building
Santa Fe, New Mexico 87503

Re: NMOCD Case No. 6532 - Application of Northwest
Production Corporation for Downhole Commingling,
Rio Arriba County, New Mexico

Gentlemen:

Please be advised that John Nance of the office of General
Counsel of El Paso Natural Gas Company, El Paso, Texas, is
associated with our firm for the presentation of evidence
and argument in the above-referenced case.

Sincerely,


Owen M. Lopez

OML:to

Dockets Nos. 18-79 and 20-79 are tentatively set for hearing on May 9 and 23, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 25, 1979

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

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

- CASE 6525:** In the matter of the hearing called by the Oil Conservation Division on its own motion to amend the Special Rules for the Tubb Gas Pool in Lea County, New Mexico, to provide for the classification of wells as oil wells and gas wells on the basis of gas-oil ratios rather than on the basis of liquid gravity as at present.
- CASE 6526:** In the matter of the hearing called by the Oil Conservation Division on its own motion to consider a procedure for the adoption of findings, when applicable and pursuant to the Federal Natural Gas Policy Act, that another well is necessary to effectively and efficiently drain that portion of its proration unit which cannot be so drained by any existing well, and that existing well spacing requirements are waived. The proposed procedure would provide a system whereby such findings could be issued administratively without the necessity for public hearing.
- CASE 6527:** Application of Tenneco Oil Company for two non-standard oil proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of two 80-acre non-standard oil proration units, the first comprising the N/2 NW/4, the other the N/2 NE/4, of Section 12, Township 9 South, Range 34 East, Vada-Pennsylvanian Pool, Lea County, New Mexico, said units to be dedicated to applicant's Ward Insall Wells Nos. 1 and 2, respectively, located in Units D and A of said Section 12.
- CASE 6528:** Application of Bass Enterprises Production Co. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox Morrow test well location to be drilled 660 feet from the North and West lines of Section 10, Township 21 South, Range 32 East, Lea County, New Mexico, the W/2 of said Section 10 to be dedicated to the well.
- CASE 6529:** Application of Amoco Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 22, Township 23 South, Range 28 East, Eddy County, New Mexico, to be dedicated to its Brantley Gas Com. Well No. 1 located in Unit K of said Section 22. 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 6530:** Application of Amoco Production Company for unorthodox gas well locations, temporary injection of produced gas, and to vent gas, Union and Harding Counties, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox locations in the Tubb formation of its State FI Well No. 3, located 1315 feet from the South line and 1980 feet from the East line of Section 36, Township 20 North, Range 34 East, Union County, and its Heimann Well No. 5, located 660 feet from the South line and 1315 feet from the West line of Section 3, Township 19 North, Range 33 East, Harding County. Applicant further seeks authority to conduct pressure interference tests, including authority to vent gas produced from the State FI Well No. 1 for a period not to exceed 45 days and to inject produced gas into its Heimann Well No. 4 located in Unit K of Section 34, Township 20 North, Range 33 East, for a period not to exceed six months.
- CASE 6531:** Application of Getty Oil Company for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to simultaneously dedicate its Baker B Well No. 6 at an unorthodox location 510 feet from the South and West lines of Section 10, Township 22 South, Range 37 East, Lea County, New Mexico, and its Baker B Well No. 15 located in Unit L of said Section 10, the current unit well, to the existing proration unit.
- CASE 6532:** Application of Northwest Production Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Tapacito-Pictured Cliffs and Blanco Mesaverde production in the wellbore of its Jicarilla 117E Well No. 5 located in Unit M of Section 28, Township 26 North, Range 3 West, Rio Arriba County, New Mexico.
- CASE 6072:** (Continued from March 28, 1979, Examiner Hearing)
- In the matter of Case 6072 being reopened pursuant to the provisions of Order No. R-5643 which order created the Travis Upper Pennsylvanian Pool, Eddy County, New Mexico, with provisions for 80-acre spacing. All interested parties may appear and show cause why the Travis-Upper Pennsylvanian Pool should not be developed on 40-acre spacing units.

John:

Dave Runkleson would
like leaving to be
ret for April 25, 1979,
if possible - Thanks
Paul

NORTHWEST PRODUCTION CORPORATION

POST OFFICE BOX 1796

EL PASO, TEXAS 79949

March 21, 1979

Case 6532

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

Gentlemen:

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

Northwest seeks approval to downhole commingle gas from the Tapacito Pictured Cliffs Pool with gas from the Blanco Mesaverde Pool in its Jicarilla 117E No. 5 Well. This well is located in Unit M of Section 28, T26N-R3W, Rio Arriba County, New Mexico.

Very truly yours,

E. R. Manning

E. R. Manning

ERM:je

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

NORTHWEST PRODUCTION CORPORATION

POST OFFICE BOX 1796

EL PASO, TEXAS 79949

March 21, 1979

Case 6532

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

Gentlemen:

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

Northwest seeks approval to downhole commingle gas from the Tapacito Pictured Cliffs Pool with gas from the Blanco Mesaverde Pool in its Jicarilla 117E No. 5 Well. This well is located in Unit M of Section 28, T26N-R3W, Rio Arriba County, New Mexico.

Very truly yours,

E. R. Manning

E. R. Manning

ERM:je

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

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

dr/

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6532

Order No. R-6004

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on April 25,
19 79, at Santa Fe, New Mexico, before Examiner Richard L.
Stamets.

NOW, on this May day of May, 19 79, the
Division Director, 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 Division has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, Northwest Production Corporation,
is the owner and operator of the Jicarilla 117E Well No. 5,
located in Unit M of Section 28, Township 26 North,
Range 3 West, NMPM, Rio Arriba County, New Mexico.

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

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

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

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

(7) That the reservoir characteristics of each of the subject zones are such that underground waste would not be caused by the proposed commingling provided that the well is not shut-in for an extended period.

(8) That to afford the Division 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 Division any time the subject well is shut-in for 7 consecutive days.

(9) That in order to allocate the commingled production to each of the commingled zones in the subject well, 64 percent of the commingled gas production should be allocated to the Tapacito-Pictured Cliffs zone, and 36 percent of the percent of the commingled gas ^{and all of the liquid production} production to the Blanco Mesaverde zone.

(ALTERNATE)

(9) That in order to allocate the commingled production to each of the commingled zones in the wells, applicant should consult with the supervisor of the Aztec district office of the Division and determine an allocation formula for each of the production zones.

IT IS THEREFORE ORDERED:

Corporation

(1) That the applicant, Northwest Production /, is hereby authorized to commingle Tapacito-Pictured Cliffs and Blanco Mesaverde production within the wellbore of the Jicarilla 117E Well No. 5, located in Unit M of Section 28, Township 26 North, Range 3 West, NMPM, Rio Arriba County, New Mexico.

(2) That the applicant shall consult with the Supervisor of the Aztec district office of the Division and determine an allocation formula for the allocation of production to each zone in each of the subject wells.

(ALTERNATE)

(2) That 64 percent of the commingled gas production shall be allocated to the Tapacito-Pictured Cliffs zone and 36 percent of the commingled gas *production and all of the liquid* production shall be allocated to the Blanco-Mesaverde zone.

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

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

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