

Entered November 1, 1977

JAR

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. 5957
Order No. R-5558

APPLICATION OF CONTINENTAL OIL
COMPANY FOR DOWNHOLE COMMINGLING,
RIO ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on June 8, 1977,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 1st day of November, 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, Continental Oil Company, is the
owner and operator of the AXI Apache "J" Wells Nos. 9 and 11,
located in Units O and A, respectively, of Section 6, and the
AXI Apache "J" Wells Nos. 10 and 12, located in Units A and K,
respectively, of Section 5, all in Township 25 North, Range 5
West, NMPM, Rio Arriba County, New Mexico.
- (3) That the applicant seeks authority to commingle
South Blanco-Pictured Cliffs and Otero-Chacra production
within the wellbore of the above-described wells.
- (4) That from the South Blanco-Pictured Cliffs zone,
Wells Nos. 10, 11, and 12 are capable of low marginal production
only.
- (5) That from the Otero-Chacra zone, Wells Nos. 9, 10,
11, and 12 are capable of low levels of production only.

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(6) That Well No. 9 is presently not capable of producing from the Pictured Cliffs formation, and the pressure in said formation in said well is not known at this time.

(7) 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.

(8) That the reservoir characteristics of each of the subject zones in Wells Nos. 10, 11, and 12 are such that underground waste would not be caused by the proposed commingling provided that none of the wells is shut-in for an extended period.

(9) That the operator should be permitted to recomplete Well No. 9 to commingle Pictured Cliffs and Chacra production in the common wellbore, provided however, that such authority should be rescinded and the well dually completed in the event the pressure in either of said zones is less than 50 percent of the pressure in the other zone.

(10) 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 whenever any of the aforesaid wells is shut-in for 7 consecutive days.

(11) That in order to allocate the commingled production to each of the commingled zones in Wells Nos. 10, 11, and 12, 56 percent of the commingled production should be allocated to the South Blanco-Pictured Cliffs zone in Well No. 10 and 44 percent of the commingled production to the Otero-Chacra zone, 24 percent to the Pictured Cliffs and 76 percent to the Chacra in Well No. 11, and 44 percent to the Pictured Cliffs and 56 percent to the Chacra in Well No. 12.

(12) That upon completion of workover operations on Well No. 9, and after determination of whether downhole commingling will be permitted in said well, the applicant should consult with the Supervisor of the Aztec District Office of the Commission to determine an allocation formula for said well.

IT IS THEREFORE ORDERED:

(1) That the applicant, Continental Oil Company, is hereby authorized to commingle Otero-Chacra and South Blanco-Pictured Cliffs production within the wellbore of its AXI Apache "J" Wells Nos. 9 and 11, located in Units O and A,

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respectively, of Section 6, and its AXI Apache "J" Wells Nos. 10 and 12, located in Units A and K, respectively, of Section 5, all in Township 25 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

(2) That 56 percent of the commingled production shall be allocated to the South Blanco-Pictured Cliffs zone and 44 percent of the commingled production shall be allocated to the Otero-Chacra zone in Well No. 10, 24 percent of the commingled production to the South Blanco-Pictured Cliffs zone and 76 percent to the Otero-Chacra zone in Well No. 11, and 44 percent of the commingled production to the South Blanco-Pictured Cliffs zone and 56 percent to Otero-Chacra zone in Well No. 12.

(3) That the Secretary-Director of the Commission is hereby empowered to rescind the commingling authority herein contained for the aforesaid AXI Apache "J" Well No. 9 in the event the formation pressure encountered in either zone of said well is less than 50 percent of the formation pressure encountered in the other zone.

(4) That upon completion of workover operations on said Well No. 9, and after determination by the Secretary-Director that downhole commingling in said well will be permitted, the operator shall consult with the Supervisor of the Aztec District Office of the Commission to determine an allocation formula for said well.

(5) 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.

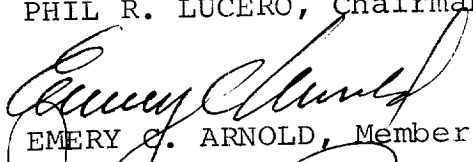
(6) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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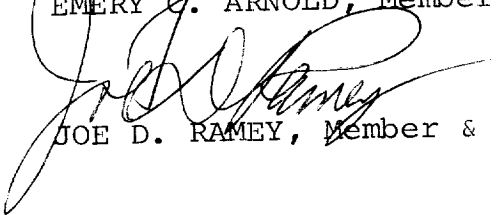
DONE at Santa Fe, New Mexico, on the day and year
hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman



EMERY C. ARNOLD, Member



JOE D. RAMEY, Member & Secretary

S E A L

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