

Entered August 1, 1978

[Signature]

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. 6280
Order No. R-5775

APPLICATION OF ENERGY RESERVES
GROUP, INC. 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 July 19, 1978, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 1st day of August, 1978, 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, Energy Reserves Group, Inc., is the owner and operator of the Jicarilla 35 Well No. 6 located in Unit H of Section 1, Township 24 North, Range 5 West, and its Jicarilla 35 Wells Nos. 4 and 5, located in Unit M of Section 35 and Unit J of Section 36, respectively, both in Township 25 North, Range 5 West, Rio Arriba County, New Mexico.

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

(4) That from the South Blanco-Pictured Cliffs zone, the subject wells are capable of low rates of production only.

(5) That from the Otero-Chacra zone, the subject wells are capable of low rates of production only.

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(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 any of the subject wells are shut-in for 7 consecutive days.

(9) That the production to each of the commingled zones should be allocated based upon the production from each of said zones in each of said wells for the first four months of 1978.

IT IS THEREFORE ORDERED:

(1) That the applicant, Energy Reserves Group, Inc., is hereby authorized to commingle South Blanco-Pictured Cliffs and Otero-Chacra production within the wellbores of the Jicarilla 35 Well No. 6 located in Unit H of Section 1, Township 24 North, Range 5 West, and its Jicarilla 35 Wells Nos. 4 and 5, located in Unit M of Section 35 and Unit J of Section 36, respectively, both in Township 25 North, Range 5 West, Rio Arriba County, New Mexico.

(2) That the commingled production shall be allocated to each of said zones in each of said wells as follows:

WELL	SOUTH BLANCO-PICTURED CLIFFS	OTERO-CHACRA
Jicarilla 35 Well No. 6	27 percent	73 percent
Jicarilla 35 Well No. 4	11 percent	89 percent
Jicarilla 35 Well No. 5	74 percent	26 percent

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

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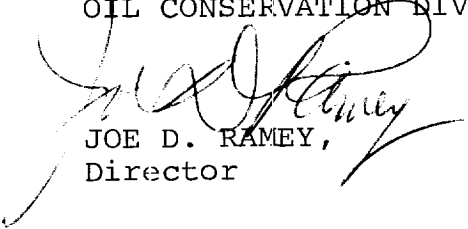
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(4) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY,
Director

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