

*Entered June 28,
JER*

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. 8169
Order No. R-7586

APPLICATION OF SOUTHLAND ROYALTY
COMPANY FOR DOWNHOLE COMMINGLING,
RIO ARriba COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on April 25, 1984, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 28th day of June, 1984, 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, Southland Royalty Company, is the owner and operator of the Johnson Well No. 1, located 1590 feet from the South line and 1000 feet from the East line of Section 7, Township 25 North, Range 3 West, NMPM, Rio Arriba County, New Mexico.
- (3) That the applicant seeks authority to commingle Ojito Gallup-Dakota Oil Pool and Blanco-Mesaverde Pool production within the wellbore of the above-described well.
- (4) That from the Ojito Gallup-Dakota zone, the subject well is capable of low marginal production only.
- (5) That from the Blanco-Mesaverde zone, the subject well is presently 2 1/2 times over produced and is a non-marginal producer.
- (6) That the proposed commingling may result in the recovery of additional hydrocarbons from each of the subject

-2-

Case No. 8169
Order No. R-7586

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 well, 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:

(1) That the applicant, Southland Royalty Company, is hereby authorized to commingle Ojito Gallup-Dakota Oil Pool and Blanco-Mesaverde Pool production within the wellbore of its Johnson Well No. 1, located 1590 feet from the South line and 1000 feet from the East line of Section 7, Township 25 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 the subject well.

(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.

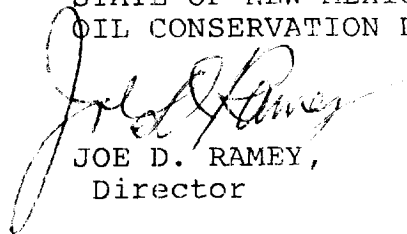
-3-

Case No. 8169

Order No. R-7586

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in dark ink, appearing to read "Joe D. Ramey", is written over the typed name and title.

JOE D. RAMEY,
Director

S E A L