



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONY ANAYA
GOVERNOR

August 13, 1984

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Santa Fe, New Mexico

Re: CASE NO. 8042
ORDER NO. R-7407-B

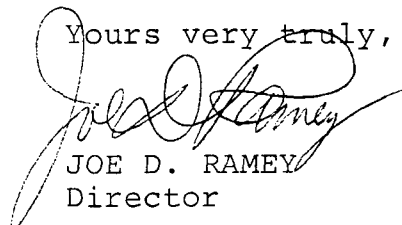
Applicant:

Northwest Exploration Company

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 OCD X
Artesia OCD X
Aztec OCD X

Other Owen Lopez

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 8042 DE NOVO
Order No. R-7407-B

APPLICATION OF NORTHWEST EXPLORATION
COMPANY FOR AN EXCEPTION TO ORDER NO.
R-7407 AND 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 August 1, 1984, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 13th day of August, 1984, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, 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, Northwest Exploration Company, seeks an exception to Division Order No. R-7407 to allow for simultaneous dedication of their Gavilan Well No. 1 located 930 feet from the North line and 910 feet from the East line of Section 26, Township 25 North, Range 2 West, NMPM, Rio Arriba County, New Mexico, and of their Gavilan Well No. 1-E located 1850 feet from the North line and 990 feet from the West line of said Section 26, to a standard 320-acre Gavilan-Mancos Oil Pool spacing and proration unit comprising the N/2 of said Section 26 and further seeks authority to commingle Basin-Dakota production and Gavilan-Mancos oil production within the individual wellbores of the above-described wells.

(3) That the matter came on for hearing at 8 a.m. on January 18, 1984, at Santa Fe, New Mexico, before Examiner

Michael E. Stogner and, pursuant to his hearing, Order No. R-7407-A was issued on May 7, 1984, which granted Northwest Exploration Company's application for an exception to Order No. R-7407 but denied the application for downhole commingling.

(4) That on June 4, 1984, application for Hearing De Novo was made by Northwest Exploration Company and the matter was set for hearing before the Commission.

(5) That the matter came on for hearing de novo on August 1, 1984.

(6) That at the time of the hearing the applicant requested that any such order issued for simultaneous dedication be effective as of March 1, 1984.

(7) That said Gavilan Well No. 1, as described in Finding Paragraph No. (2) above, is capable of producing six barrels of oil per day and 88.4 MCF of gas per day from the Dakota zone and 59.3 barrels of oil per day and 628.5 MCF of gas per day from the Mancos zone.

(8) That said Gavilan Well No. 1-E, as described in Finding Paragraph No. (2) above, is perforated in the Gavilan-Mancos Oil Pool (6804 feet to 7366 feet), Undesignated Greenhorn (7653 feet to 7708 feet), and Basin-Dakota Pool (7822 feet to 7918 feet), and is capable of producing 30.3 barrels of oil and 144.3 MCF of gas from the Mancos zone, 3.4 barrels of oil and 16 MCF of gas from the Greenhorn zone, and 10.2 barrels of oil and 34.6 MCF of gas from the Dakota zone.

(9) That production from the Greenhorn and Dakota zones is marginal in nature and is not sufficient to support the drilling of a well to those zones only.

(10) 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.

(11) 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.

(12) 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.

(13) That in order to allocate the commingled production to each of the commingled zones in said Gavilan Well No. 1, 90.8 percent of the commingled oil and 87.7 percent of the commingled gas should be allocated to the Mancos zone, and 9.2 percent of the commingled oil and 12.3 percent of the commingled gas should be allocated to the Dakota zone.

(14) That in order to allocate the commingled production to each of the commingled zones in said Gavilan Well No. 1E, 69 percent of the commingled oil and 74 percent of the commingled gas should be allocated to the Mancos zone, 7.7 percent of the commingled oil and 8.2 percent of the commingled gas should be allocated to the Greenhorn zone, and 23.3 percent of the commingled oil and 17.8 percent of the commingled gas should be allocated to the Dakota zone.

(15) That Division Order No. R-7407-A should be declared null and void.

IT IS THEREFORE ORDERED:

(1) That the applicant, Northwest Exploration Company, is hereby granted an exception to Division Order No. R-7407 and is authorized to simultaneously dedicate Gavilan-Mancos Oil Pool production from their Gavilan Well No. 1 located 930 feet from the North line and 910 feet from the East line of Section 26, Township 25 North, Range 2 West, NMPM, Rio Arriba County, New Mexico, and their Gavilan Well No. 1-E located 1850 feet from the North line and 990 feet from the West line of said Section 26, to a standard 320-acre Gavilan-Mancos Oil Pool spacing and proration unit comprising the N/2 of said Section 26.

(2) That the applicant is hereby authorized to commingle Mancos and Dakota production within the wellbore of the above described Gavilan Well No. 1 and to commingle Mancos, Greenhorn, and Dakota production within the wellbore of the above described Gavilan Well No. 1-E.

(3) That this order is hereby effective as of March 1, 1984.

(4) That 90.8 percent of the commingled oil and 87.7 percent of the commingled gas shall be allocated to the

Case No. 8042 De Novo
Order No. R-7407-E

Mancos zone, and 9.2 percent of the commingled oil and 12.3 percent of the commingled gas shall be allocated to the Dakota zone in the above described Gavilan Well No. 1.

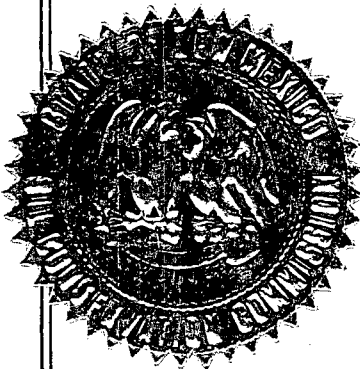
(5) That 69 percent of the commingled oil and 74 percent of the commingled gas shall be allocated to the Mancos zone, 7.7 percent of the commingled oil and 8.2 percent of the commingled gas shall be allocated to the Greenhorn zone, and 23.3 percent of the commingled oil and 17.8 percent of the commingled gas shall be allocated to the Dakota zone in the above described Gavilan Well No. 1-E.

(6) That Division Order No. R-7407-A is hereby made null and void and of no effect whatsoever.

(7) 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



JIM BACA, Member

ED KELLEY, Member

JOE D. RAMEY, Chairman and
Secretary

S E A L

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