

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. 8176
Order No. R-7534

APPLICATION OF MESA GRANDE RESOURCES,
INC. FOR DOWNHOLE COMMINGLING AND A
DUAL COMPLETION, RIO ARriba COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on May 9, 1984,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 21st day of May, 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, Mesa Grande Resources, Inc.,
seeks approval for the dual completion (conventional) of its
Howard Gavilan Well No. 1, located 1850 feet from the North
line and 1650 feet from the West line of Section 23, Township
25 North, Range 2 West, NMPM, Rio Arriba County, New Mexico,
in such a manner as to produce hydrocarbons from the Gavilan-
Mancos Oil Pool through one string of 2 1/16" integral joint
tubing and commingled hydrocarbons from the Greenhorn and
Dakota formations through a separate string of 2 1/16"
integral joint tubing, with separation of the zones to be
achieved by means of a packer set at approximately 7400 feet.

(3) That the reservoir characteristics of the Greenhorn
and Dakota zones in the subject well are such that underground
water would not be caused by the proposed commingling.

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(4) That the proposed commingling of gas and oil produced from the Greenhorn and Dakota formations will result in the recovery of additional hydrocarbons from each of said zones which would likely otherwise remain unrecovered, thereby preventing waste.

(5) That in order to allocate the commingled production to each of the commingled zones, 76 percent of the commingled oil production and 72 percent of the commingled gas production should be attributed to the Greenhorn formation and 24 percent of the commingled oil production and 28 percent of the commingled gas production should be attributed to the Dakota formation.

(6) That the dual completion of said well in the manner described in Finding No. (2) above is efficient and will not cause waste, provided packer leakage tests are taken periodically to assure that communication between the zones is not occurring.

(7) That the subject application is in the interest of conservation and will not cause waste nor impair correlative rights, and should be approved.

IT IS THEREFORE ORDERED:

(1) That the applicant, Mesa Grande Resources, Inc., is hereby authorized to commingle Greenhorn and Dakota hydrocarbon production in the wellbore of its Howard Gavilan Well No. 1, located 1850 feet from the North line and 1650 feet from the West line of Section 23, Township 25 North, Range 2 West, NMPM, Rio Arriba County, New Mexico, and to complete said well as a dual completion (conventional) to produce said commingled hydrocarbons through one string of tubing and produce oil and gas from the Gavilan-Mancos Oil Pool through a parallel string of tubing, separation of the commingled zones and the Gavilan-Mancos zone to be achieved by means of a packer set at approximately 7400 feet.

PROVIDED HOWEVER, that the applicant shall complete, operate, and produce said well in accordance with the provisions of Rule 112-A of the Division Rules and Regulations insofar as said rule is not inconsistent with this order;

PROVIDED FURTHER, that the applicant shall take packer leakage tests upon completion and annually thereafter during the Annual Gas-Oil Ratio Test Period for the Gavilan-Mancos Oil Pool.

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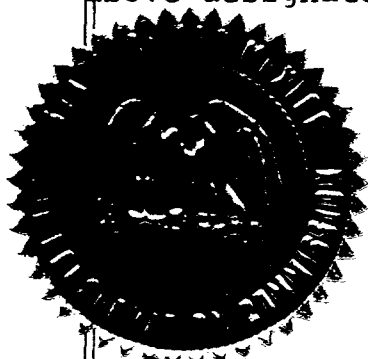
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(2) That 76 percent of the commingled Greenhorn-Dakota oil production and 72 percent of the commingled gas production shall be attributed to the Greenhorn formation, and 24 percent of the commingled oil production and 28 percent of the commingled gas production shall be attributed to the Dakota formation.

(3) 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.



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

Ed/