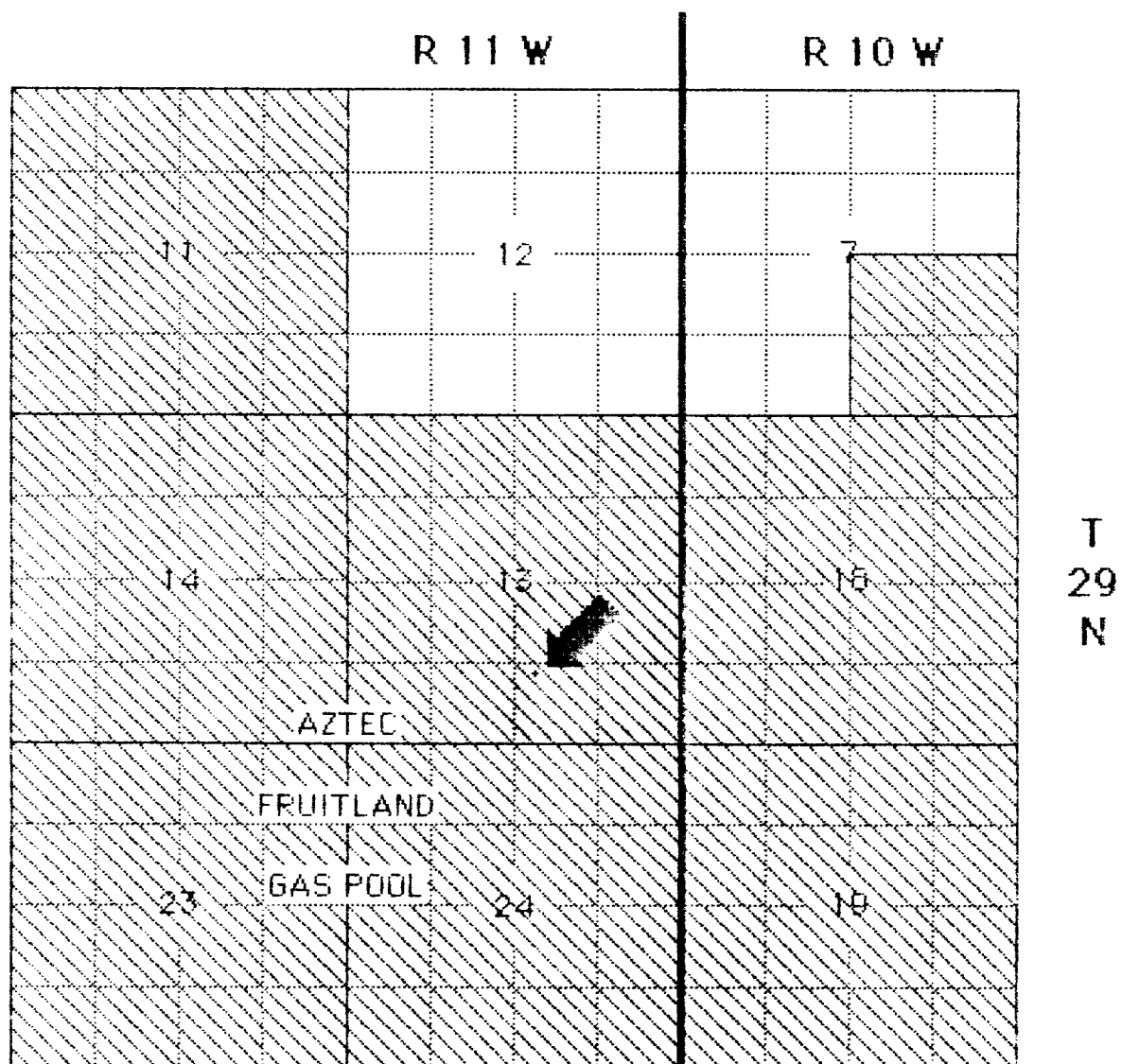


AZTEC FRUITLAND GAS POOL



REPORT OF STOCK
OF LAND AND MINES
DATE NOV 8
CALIF. NO. _____

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. 8776
Order No. R-8134

APPLICATION OF BRADLEY H. AND MARGARET N.
KEYES, TRUSTEES FOR SURFACE AND DOWNHOLE
COMMINGLING, SAN JUAN COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on December 4, 1985, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 16th day of January, 1986, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicants, Bradley H. and Margaret N. Keyes, Trustees, are the owners and operators of the Ransom Well No. 1-M, located 1240 feet from the South line and 2435 feet from the East line (Unit O) of Section 13, Township 29 North, Range 11 West, NMPM, San Juan County, New Mexico.

(3) The applicant seeks authority to commingle Aztec-Fruitland Pool and Bloomfield-Farmington Oil Pool gas production within the wellbore of the above-described well.

(4) The applicant further seeks authority to surface commingle the production from the above described well with the production from their Ransom Well No. 1, located in Unit I of said Section 13, Township 29 North, Range 11 West, NMPM.

(5) The portion of the application requesting surface commingling should be dismissed at the request of the applicant.

(6) From the Aztec-Fruitland zone, the subject well is capable of low marginal gas production only.

(7) From the Bloomfield-Farmington zone, the subject well is producing only water and low marginal volumes of gas.

(8) 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.

(9) 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.

(10) 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.

(11) The applicant recommended that the production allocation for the Bloomfield-Farmington zone be 65 percent and that the allocation for the Aztec-Fruitland zone be 35 percent.

(12) With the absence of any historical production from the well, the allocation factors in Finding No. (10) were based solely on the amount of pay and the number of perforations in each of the zones.

(13) The procedure used in obtaining the allocation factors for each zone to be commingled may not be accurate and may not reflect the actual production from each zone and therefore should not be adopted.

IT IS THEREFORE ORDERED THAT:

(1) The applicants, Bradley H. and Margaret N. Keyes, Trustees, are hereby authorized to commingle Aztec-Fruitland Pool and Bloomfield-Farmington Pool production within the wellbore of the Ransom Well No. 1-M, located 1240 feet from the South line and 2435 feet from the East line (Unit C) of Section 13, Township 29 North, Range 11 West, NMPM, San Juan County, New Mexico.

(2) The portion of the application requesting surface commingling is hereby dismissed.

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Case No. 8776

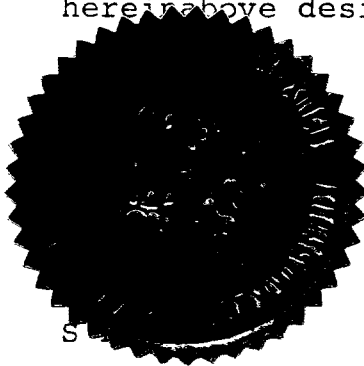
Order No. R-8134

(3) The applicant shall determine a fair and reasonable allocation formula for the commingled production after consultation with the Supervisor of the Division's Aztec district office and shall report such allocation formula to the Division's Santa Fe office.

(4) 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.

(5) 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.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

R. L. Stamets
R. L. STAMETS,
Director