

STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 9370
Order No. R-8658

APPLICATION OF UNION TEXAS PETROLEUM
CORPORATION FOR DOWNHOLE COMMINGLING,
RIO ARriba COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on May 11, 1988, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 7th day of June, 1988, 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 applicant, Union Texas Petroleum Corporation, seeks approval to commingle production from the Basin-Dakota and Blanco-Mesaverde Pools in the wellbore of its Jicarilla "G" Well No. 8 located 1650 feet from the North and East lines (Unit G) of Section 2, Township 26 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

(3) The evidence indicates that the subject well has been produced as a dual completion (approved by Division Order No. MC-1925) in the Basin-Dakota and Blanco-Mesaverde Pools since approximately November, 1970.

(4) Testimony and evidence presented by the applicant indicates that the reservoir pressure in the Mesaverde formation has decreased to the point that the well is incapable at the present time of lifting the associated liquids from the Mesaverde formation.

(5) The applicant further testified that by utilizing the reservoir energy in the Dakota formation to help lift the liquids from the Mesaverde formation, approximately 211 MMCF of gas and approximately 500 barrels of oil of additional reserves will be recovered from the Blanco-Mesaverde Pool, thereby preventing waste.

(6) Both the Basin-Dakota and the Blanco-Mesaverde Pools within the subject wellbore are prorated gas pools subject to the General Rules for the Prorated Gas Pools of New Mexico as promulgated by Division Order No. R-8170, as amended.

(7) Rule No. 11 (b)(1) of said rules provides that should a gas proration unit become overproduced in an amount exceeding twelve times its average monthly allowable for the preceding twelve months, it shall be shut in until its overproduction is less than twelve times its average monthly allowable.

(8) Should the subject gas proration unit become overproduced as described above, it will become necessary for the Division to shut in the subject well under the terms of said Rule No. 11 (b)(1), in order to protect the correlative rights of other operators in the subject pools.

(9) The applicant testified that no loss of reserves from the Basin-Dakota or Blanco-Mesaverde Pools would occur should the subject well be shut in due to overproduction as described above.

(10) Should it become apparent that waste is occurring within the subject well as a result of shut-in, the Director of the Division should have the authority to rescind the commingling approval or take other steps as may be necessary to prevent such waste.

(11) Approval of the proposed commingling will result in the recovery of additional reserves from the Blanco-Mesaverde Pool, thereby preventing waste, and will not violate correlative rights.

(12) The applicant should consult with the supervisor of the Aztec district office of the Division in order to determine an allocation formula for the allocation of production to each zone in the subject well.

IT IT THEREFORE ORDERED THAT:

(1) The applicant, Union Texas Petroleum Corporation, is hereby authorized to commingle the Basin-Dakota and Blanco-Mesaverde Pool production within the wellbore of its Jicarilla "G" Well No. 8 located 1650 feet from the North and East lines (Unit G) of Section 2, Township 26 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

PROVIDED HOWEVER THAT, the Director of the Division shall require the subject well to be shut-in should the subject gas proration unit become over-produced under the terms and conditions of Rule 11 (b)(1) of the General Rules for the Prorated Gas Pools in New Mexico as promulgated by Order No. R-8170, as amended.

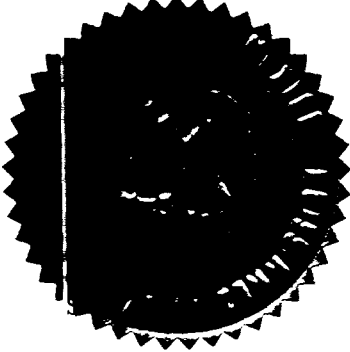
PROVIDED FURTHER THAT, should it become apparent that waste is occurring within the subject well as a result of shut-in, the Director of the Division shall have the authority to rescind the commingling approval granted herein or take other steps as may be necessary to prevent such waste.

(2) Prior to commingling, 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.

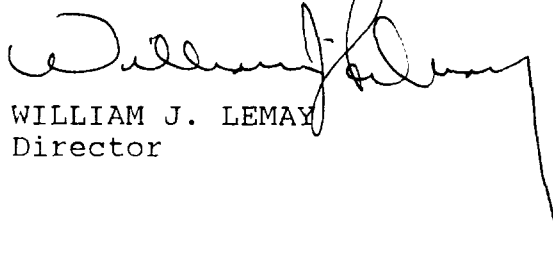
CASE NO. 9370
Order No. R-8658
Page-4-

(3) 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


WILLIAM J. LEMAY
Director