

1 CASE 5831: EL PASO NATURAL GAS CO.
COMPANY FOR DOWNHOLE COMMINGLING,
RIO ARriba COUNTY, NEW MEXICO

CASE NO.

583/

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
January 5, 1977

EXAMINER HEARING

IN THE MATTER OF:

Application of El Paso Natural Gas) CASE
Company for downhole commingling,) 5831
Rio Arriba County, New Mexico.)

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission: Lynn Teschendorf, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant: Rand C. Schmidt, Esq.
Legal Counsel
El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas

MONTGOMERY, FEDERICI, ANDREWS &
HANNAHS
Attorneys at Law
P. o. Box 2307
Santa Fe, New Mexico

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General Court Reporting Service
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Phone (505) 982-9212

I N D E X

Page

PAUL W. BURCHELL

Direct Examination by Mr. Schmidt

3

Cross Examination by Mr. Nutter

9

EXHIBIT INDEX

Offered

Admitted

El Paso Exhibit One, Diagrammatic Sketch

5

9

El Paso Exhibit Two, Production History

5

9

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1 MR. NUTTER: We will call Case Number 5831.

2 MS. TESCHENDORF: Case 5831, application of El Paso
3 Natural Gas Company for downhole commingling, Rio Arriba
4 County, New Mexico.

5 MR. SCHMIDT: I would like the record to show the
6 same appearances as in the previous case.

7 MR. NUTTER: The same appearances and Mr. Burchell
8 is still under oath.

9 MR. SCHMIDT: May we dismiss with qualifications of
10 the witness?

11 MR. NUTTER: Yes, just proceed.

12

13

PAUL W. BURCHELL

14 called as a witness, having been previously sworn, was
15 examined and testified as follows:

16

17

DIRECT EXAMINATION

18 BY MR. SCHMIDT:

19 Q Mr. Burchell, are you familiar with Case Number
20 5831 involving El Paso Natural Gas Company?

21 A Yes, I am.

22 Q Mr. Burchell, what is El Paso seeking in Case
23 Number 5831?

24 A El Paso seeks permission to downhole commingle gas
25 of the South Blanco-Pictured Cliffs Pool with gas of the

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1 Otero-Chacra Pool and produce this gas through one meter in
2 the Jicarilla 67 No. 6 Well. This well is located in Unit
3 letter H in Section 19, Township 25 North, Range 5 West in
4 Rio Arriba County, New Mexico.

5 El Paso proposes that the allocation of gas to each
6 formation be divided in such a manner that a percentage of the
7 gas would be considered Pictured Cliffs gas and the remaining
8 portion would be considered Chacra gas.

9 Q Has a leak been determined to exist in this well?

10 A Yes, the 1976 annual packer leakage test indicated
11 communication between the dually completed zones in this well.

12 Q In your opinion where is this leak occurring?

13 A By utilizing a plug choke and blowing the well
14 down it was determined that communication between the zones
15 is in the Chacra tubing, between two thousand, five hundred
16 feet and the packer at two thousand seven hundred and ninety
17 feet.

18 Q Why is El Paso asking for this permission to downhole
19 commingle?

20 A Downhole commingling is considered by El Paso to
21 be the most economic and conservative method to undertake
22 and again it is because of both zone's low productivity and
23 the high cost of repairing the leak.

24 Q Do you have an exhibit which shows the present
25 equipment in this well?

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1 A. Yes, I do.

2 Q. Would you explain what that exhibit shows?

3 A. Exhibit One which El Paso has marked for this case
4 is a schematic diagram of the equipment in the hole and it
5 shows the Pictured Cliffs perforations from two thousand, five
6 hundred and seventy-two feet to two thousand, six hundred and
7 six feet, which is above the packer and the Guiberson "AG"
8 packer is set at two thousand, seven hundred and ninety feet.
9 Below the packer we have the Chacra perforations which are
10 from three thousand, four hundred and thirty-six feet to
11 three thousand, five hundred and thirty feet.

12 The Pictured Cliffs gas is produced through a one
13 and a quarter inch tubing set at two thousand, five hundred
14 and seventy-seven feet and the Chacra gas is produced through
15 a two inch tubing at three thousand, four hundred and fifty-
16 one feet.

17 Q. Do you have another exhibit which shows the
18 production history of this well?

19 A. Yes, I do.

20 Q. Would you please explain what that exhibit shows?

21 A. El Paso's exhibit marked Number Two shows the
22 Pictured Cliffs and the Chacra formation's gas production
23 performance since the well was initially completed.

24 As of the end of 1975 cumulative production from
25 the Chacra side of the well amounted to nine hundred and

1 forty-five thousand, six hundred and thirty-four MCF while the
2 Pictured Cliffs zone produced two hundred and twenty-eight
3 thousand, one hundred and thirty-five MCF.

4 For the year 1975, prior to the failure of the 1976
5 packer leakage test, the Chacra Pool averaged one hundred and
6 two MCF per day and the Pictured Cliffs Pool averaged 24 MCF
7 per day. This amounts to eighty-one percent for the Chacra and
8 nineteen percent Pictured Cliffs.

9 Q. Are these flow rates considered small?

10 A. Yes, in my opinion these flow rates are very small.
11 The Chacra Pool is non-prorated and the South Blanco-Pictured
12 Cliffs Pool, although it's prorated, this Pictured Cliffs
13 well is classified as exempt marginal.

14 As of November 1976 the Pictured Cliffs was averaging
15 twenty-one MCF per day and the Chacra was making fifty-seven
16 MCF per day.

17 Q. Do you have any information regarding pressures and
18 fluid characteristics in this well?

19 A. Yes, sir, both zones make a fine mist of water and
20 little or no condensate. The Chacra three day shut-in tubing
21 pressure measured two hundred and eighty-three pounds per
22 square inch during the July 1975 packer leakage test while
23 the Pictured Cliffs five day shut-in tubing pressure measured
24 two hundred and eighty-seven pounds per square inch.

25 Q. What would you estimate it to cost to repair this

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1 well to dual completion?

2 A. The estimated cost for working the well over, pulling
3 both tubing strings, replacing eroded or corroded joints
4 and possible replacing of the packer would be eleven thousand,
5 four hundred and forty dollars.

6 Q. Could the actual cost be higher than that?

7 A. It might.

8 Q. Might the cost of repairing the well to dual comple-
9 ton be considered economically unfeasible to El Paso?

10 A. Yes, sir, in which case we might not decide to
11 repair the well and it would of necessity have to be plugged
12 and the gas in one or possibly both zones would have to be
13 abandoned.

14 Q. Do you propose a formula by which the gas production
15 can be apportioned between the two producing zones?

16 A. Yes, based on my prior testimony related to the daily
17 average production history would show the Chacra producing
18 eighty-one percent of the gas and the fact again that reserve
19 studies indicate that about seventy-eight percent of the total
20 reserves left in both sides of the well remain in the Chacra.
21 It is recommended that an average of these two figures be
22 used, Mr. Examiner, thus eighty percent of the well's gas
23 production would be attributed to the Otero-Chacra Pool and
24 twenty percent to the South Blanco-Pictured Cliffs Pool. And
25 again, this well does not make any appreciable liquids but in

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1 the event that future liquids might be produced I recommend
2 that the allocation of liquids be on the same basis.

3 Q Are the working interest and the royalty ownerships
4 in this well identical in the two zones?

5 A El Paso Natural Gas Company is the operator and holds
6 a sixty percent working interest in both zones. In addition,
7 the Superior Oil Company has a forty percent working interest
8 in both zones.

9 Q And the royalty owners are also common, is that
10 correct?

11 A Yes, sir.

12 Q In your opinion would granting this application
13 protect correlative rights and prevent waste?

14 A Yes, sir.

15 Q Do you have anything further you would like to
16 present in this case?

17 A No, I don't.

18 Q Were Exhibits One and Two prepared by you or under
19 your supervision?

20 A Yes, they were.

21 MR. SCHMIDT: Mr. Examiner, we would like to offer
22 Exhibits One and Two at this time.

23 MR. NUTTER: El Paso's Exhibits One and Two will
24 be admitted into evidence.
25

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1 (THEREUPON, El Paso's Exhibits One and
2 Two were admitted into evidence.)
3

4 CROSS EXAMINATION

5 BY MR. NUTTER:

6 Q Mr. Burchell, now again on this thing, it's hard to
7 read these scales because these are annual figures and you
8 are talking about MCF per day, but in 1975 the well produced
9 an average of what from the Chacra and what from the Pictured
10 Cliffs on a daily basis?

11 A Okay, on the daily basis the Chacra Pool averaged --
12 it's for the whole year, 1975 -- the yearly daily average made
13 a hundred and two MCF per day and the Pictured Cliffs Pool
14 averaged twenty-four MCF per day.

15 Q Okay, those were the 1975 figures?

16 A Right, I did not go into '76 because --

17 Q '76 is a phoney figure anyway?

18 A Right.

19 Q Because you've got communication?

20 A Right.

21 Q And you figure that the leak occurred when, can you
22 tell by looking at your monthly report?

23 A Yes, the production up to and including the end of
24 1975 looks normal and as you can see from the charts even the
25 decline represents the past history and so I would think that

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1 the leak occurred sometime shortly thereafter judging from the
2 production, the way it went down on one formation and it would
3 look like just sometime after December of 1975.

4 Q Now, you mentioned that seventy-eight percent of the
5 reserves here would be attributed to the Chacra and eighty-one
6 percent of the gas, is that eighty-one percent, is that based
7 on this hundred and two and twenty-four?

8 A The eighty-one percent is based on the production
9 history for 1975 and seventy-eight percent is the reserve
10 studies of the amount of Chacra gas left.

11 Q Well, is a hundred and two, eighty-one percent of
12 the sum of a hundred and two and twenty-four?

13 A I certainly hope so.

14 Q Well, I just wondered if that was where you were
15 getting that figure.

16 A Nineteen percent and eighty-one percent, yes.

17 Q Okay, so then what you would propose would be the
18 average production figure and the reserve figure and come up
19 with a eighty-twenty split?

20 A I would think so, that would be the best. I don't
21 know which to put the most reliance on at this time.

22 Q What was your cost for repairing this well estimate
23 there?

24 A The cost for repairing this particular well was
25 eleven thousand, four hundred and forty dollars.

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1 Q What does that include?

2 A Would you like me to go through it?

3 Q No, I was just wondering if it includes just
4 pulling the tubing and replacing maybe one bad joint or are
5 we talking about a lot of tubing or what?

6 A Pull both tubing strings, then we would have to
7 visually inspect both strings for holes due to corrosion or
8 erosion and replace anything that looks bad. We would run a
9 two inch tubing and clean out the hole to three thousand, five
10 hundred and sixty feet. We would visually inspect the seal
11 assembly and if the packer seal assembly indicates a packer
12 bore may exist then we might run a new packer and the biggest
13 cost of this particular job, of course, is two days with the
14 rig at two thousand, one hundred dollars a day and the rental
15 tools a thousand dollars, that comes to five thousand, two
16 hundred and that's the biggest cost is the rig.

17 Q But as far as you know all you've got is a hole in
18 the tubing right now?

19 A We suspect it.

20 Q Do you estimate that it's opposite the Pictured
21 Cliffs perforations, possibly?

22 A It sure would be, yes. We know for sure it's in
23 the Chacra string and it's between two thousand, five hundred
24 feet down to the packer set at two thousand, seven --

25 Q Did you have a blast joint in there opposite those

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1 perforations?

2 A. I don't know, I'm not sure.

3 MR. NUTTER: Are there any further questions of
4 this witness? He may be excused.

5 (THEREUPON, the witness was excused.)

6 MR. NUTTER: Do you have anything further in this
7 case, Mr. Schmidt?

8 MR. SCHMIDT: No, that's all.

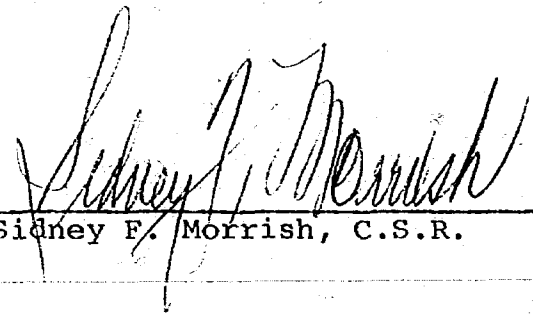
9 MR. NUTTER: Does anyone have anything to offer in
10 Case 5831? We will take the case under advisement.

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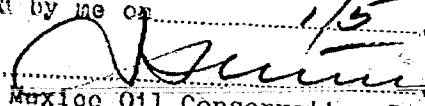
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REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill and
ability.


Sidney F. Morrish, C.S.R.

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Phone (505) 982-9212

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5831
heard by me on 1/5, 1977.

Examiner
New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501



DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO
January 18, 1977

STATE GEOLOGIST
EMERY C. ARNOLD

Mr. Radd C. Schmidt
El Paso Natural Gas Company
Box 1492
El Paso, Texas 79978

Re: CASE NO. 5831
ORDER NO. R-5351

Applicant:

El Paso Natural Gas 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 OCC x
Artesia OCC x
Aztec OCC x

Other Mr. Walter Melendres

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 5831
Order No. R-5351

APPLICATION OF EL PASO NATURAL GAS
COMPANY 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 January 5, 1977,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 17th day of January, 1977, the Commission,
a quorum being present, 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 Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, El Paso Natural Gas Company, is the
owner and operator of the Jicarilla 67 Well No. 6, located in
Unit H of Section 19, Township 25 North, Range 5 West, NMPM,
Rio Arriba County, New Mexico.

(3) That the applicant seeks authority to commingle South
Blanco-Pictured Cliffs and Otero-Chacra production within the
wellbore of the above-described well.

(4) That from the South Blanco-Pictured Cliffs zone, the
subject well is capable of low marginal production only.

(5) That from the Otero-Chacra zone, the subject well is
capable of low marginal production only.

(6) 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.

-2-

Case No. 5831

Order No. R-5351

(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 Commission 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 Commission 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 subject well, 20 percent of the commingled gas and condensate production should be allocated to the South Blanco-Pictured Cliffs zone, and 80 percent of the commingled gas and condensate production to the Otero-Chacra zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, El Paso Natural Gas Company, is hereby authorized to commingle South Blanco-Pictured Cliffs and Otero-Chacra production within the wellbore of the Jicarilla 67 Well No. 6, located in Unit H of Section 19, Township 25 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

(2) That 20 percent of the commingled gas and condensate production shall be allocated to the South Blanco-Pictured Cliffs zone and 80 percent of the commingled gas and condensate production shall be allocated to the Otero-Chacra zone.

(3) That the operator of the subject well shall immediately notify the Commission's Aztec district office any time the well has been shut-in for 7 consecutive days and shall concurrently present, to the Commission, a plan for remedial action.

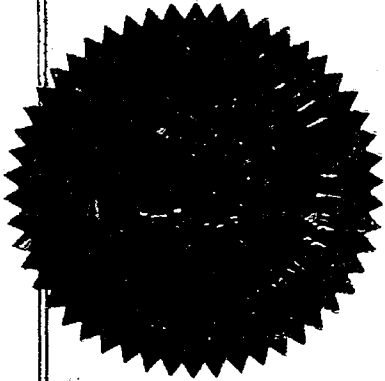
(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

-3-

Case No. 5831
Order No. R-5351

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


Phil R. Lucero
PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

S E A L

dr/

J. O. SETH (1883-1963)

A. K. MONTGOMERY
WM. R. FEDERICI
FRANK ANDREWS
FRED C. HANNAHS
SETH D. MONTGOMERY
FRANK ANDREWS III
OWEN M. LOPEZ
JEFFREY R. BRANNEN
JOHN BENNETT POUND
GARY R. KILPATRIC
THOMAS W. OLSON
WALTER J. MELENDRES
BRUCE L. HERR

MONTGOMERY, FEDERICI, ANDREWS & HANNAHS

ATTORNEYS AND COUNSELORS AT LAW

325 PASEO DE PERALTA
SANTA FE, NEW MEXICO 87501

POST OFFICE BOX 2307
AREA CODE 505
TELEPHONE 982-3873

January 4, 1977

Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico 87501

Re: OCC Case No. 5831 - Application of El Paso
Natural Gas Company for downhole commingling,
Rio Arriba County, New Mexico

Gentlemen:

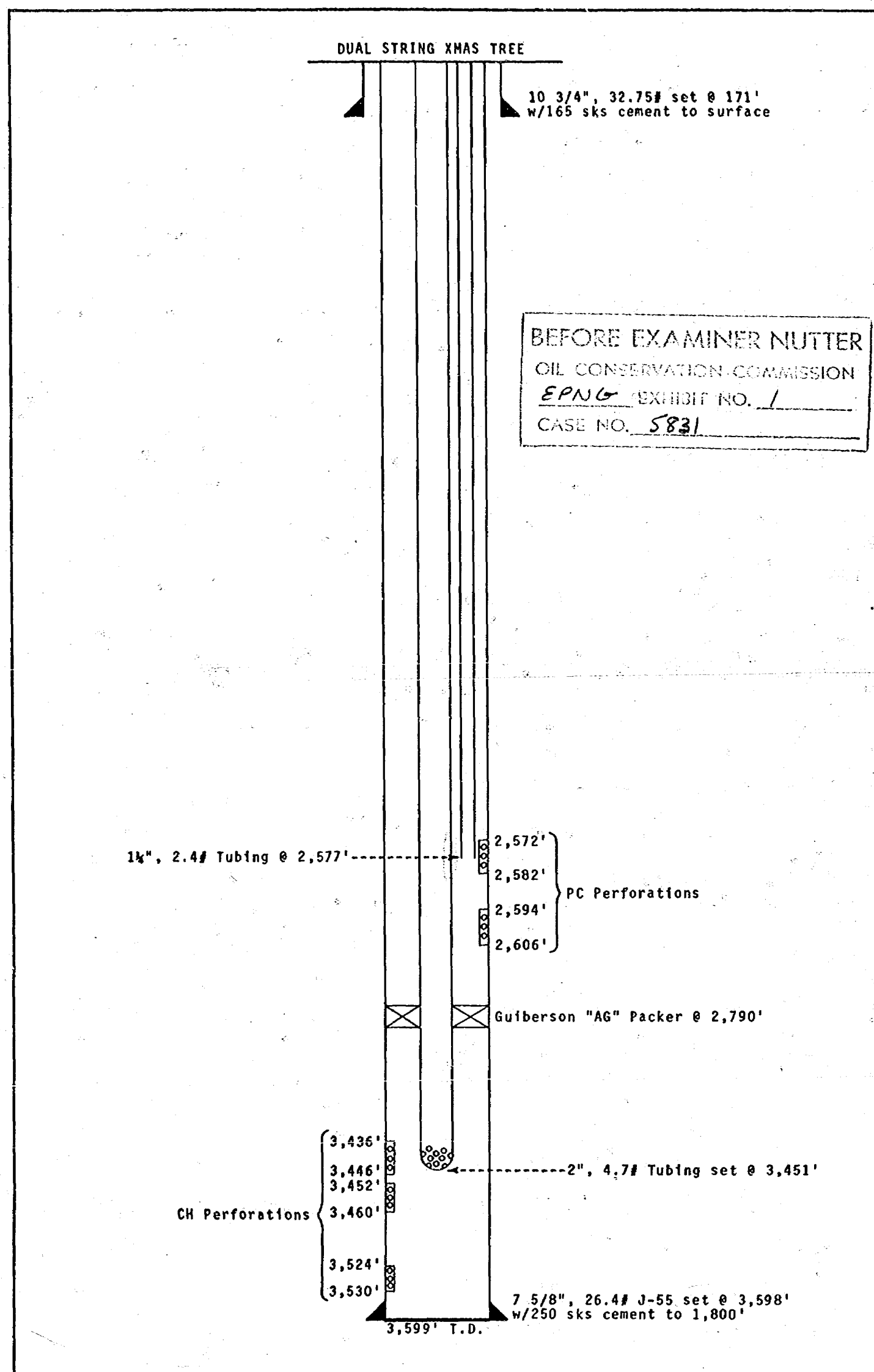
Please be advised that David T. Burleson and/or Rand
Schmidt of the office of General Counsel of El Paso
Natural Gas Company are associated with our firm for
the purpose of presenting testimony with respect to
the above-referenced case.

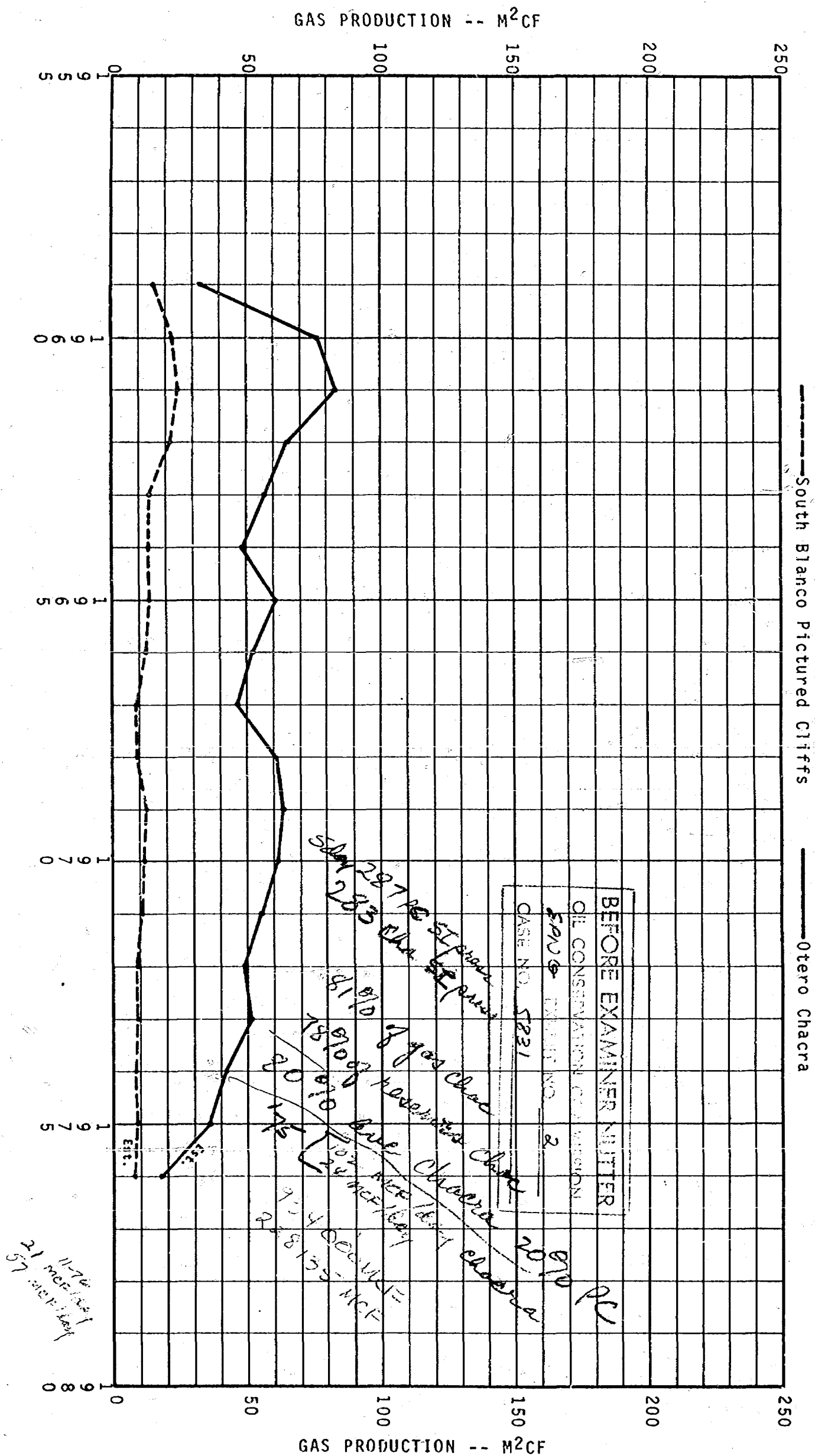
Sincerely yours,

Walter J. Melendres

OML:RB
5086-76-12

SCHEMATIC DIAGRAM OF DUALY COMPLETED
EL PASO NATURAL GAS COMPANY "JICARILLA 67" WELL #6
Unit H of Sec. 19, T25N, R5W
Rio Arriba County, New Mexico





- CASE 5829: Application of Elk Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the $\frac{1}{2}$ of Section 36, Township 11 South, Range 32 East, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5830: Application of Northwest Production Corporation for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Tapacito-Pictured Cliffs and Blanco Mesaverde production in the wellbore of its Jicarilla 117E Well No. 2 located in Unit H of Section 33, Township 26 North, Range 3 West, Rio Arriba County, New Mexico.
- CASE 5831: Application of El Paso Natural Gas Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle South Blanco-Pictured Cliffs and Otero-Chacara production in the wellbore of its Jicarilla 67 Well No. 6 located in Unit H of Section 19, Township 25 North, Range 5 West, Rio Arriba County, New Mexico.
- CASE 5832: Application of El Paso Natural Gas Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle South Blanco-Pictured Cliffs and Blanco Mesaverde production in the wellbore of its Storey C Well No. 10 located in Unit N of Section 39, Township 28 North, Range 9 West, San Juan County, New Mexico.
- CASE 5833: Application of Southern Union Production Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Gallup and Dakota production in the wellbores of the following wells:

Jicarilla "L" Wells Nos. 2, 3, and 4, and Jicarilla "N" Wells Nos. 1 and 2, located respectively in Unit G of Section 10, Unit E of Section 3, Unit G of Section 9, Unit K of Section 4, and Unit N of Section 3, all in Township 24 North, Range 5 West, and Jicarilla "L" Wells Nos. 5 and 6, located respectively in Units N of Section 33 and M of Section 34, both in Township 25 North, Range 5 West, all in Rio Arriba County, New Mexico.

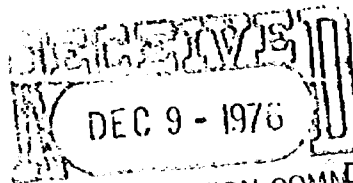
- CASE 5834: Application of Sun Oil Company for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to re-enter its Dessie Sawyer Well No. 2, the surface location of which is 2310 feet from the South and West lines of Section 27, Township 9 South, Range 36 East, Crossroads Siluro-Devonian Pool, Lea County, New Mexico, and to directionally drill said well in such a manner as to bottom it in the Siluro-Devonian formation within 50 feet of a point 2540 feet from the South and West lines of said Section 27.
- CASE 5835: Application of Palmer Oil Company for non-standard proration units, unorthodox locations, and dual completions, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the following non-standard proration units in Township 31 North, Range 7 West, Rio Arriba County, New Mexico: a 310.48-acre Basin-Dakota unit comprising Lots 5, 6, 7, and 8 and the E/2 SW/4 and SE/4 of Section 2; the following Blanco Mesaverde and Basin-Dakota Units: 323.39 acres comprising Lots 5, 6, 7, and 8 and W/2 SW/4 of Section 3 and Lot 5 and the E/2 SE/4 and SW/4 SE/4 of Section 4; 320 acres comprising the E/2 SW/4 and S/2 SE/4 of Section 3 and NW/4 of Section 10; and 320 acres comprising the W/2 SW/4 of Section 2, N/2 SE/4 of Section 3, and NE/4 of Section 10; the following Fruitland and Pictured Cliffs Units: 150.48 acres comprising Lots 5, 6, 7, and 8 and the E/2 SW/4 of Section 2; 175.76 acres comprising Lots 5, 6, 7, and 8 and W/2 SW/4 of Section 3; 160 acres comprising the W/2 SW/4 of Section 2 and N/2 NE/4 of Section 3; 160 acres comprising the E/2 SW/4 and S/2 SE/4 of Section 3; and 147.63 acres comprising Lot 5 and the SW/4 SE/4 and E/2 SE/4 of Section 4.

Applicant proposes to dedicate the above lands to various wells to be drilled at orthodox and unorthodox locations as follows: Section 2: 2200 feet from South and 800 feet from East lines, and 800 feet from South and 1675 feet from West lines; Section 3: 800 feet from North and West lines, 800 feet from South and 1850 feet from West lines, and 1400 feet from South and 1110 feet from East lines; Section 4: 800 feet from South and East lines; Section 10: 1800 feet from North and 850 feet from West lines, and 1525 feet from North and 1850 feet from East lines.

Applicant further proposes the dual completion of any of the aforesaid wells in any combination of two of the Fruitland, Pictured Cliffs, Mesaverde, or Dakota formations.

El Paso NATURAL GAS
COMPANY

P. O. BOX 1492
EL PASO, TEXAS 79978
PHONE: 915-543-2600



NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe

December 7, 1976

Case 5831

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

El Paso Natural Gas Company respectfully requests a hearing be set before the Commission or its designated examiner at your convenience. El Paso seeks approval to downhole commingle gas from the South Blanco Pictured Cliffs Pool with gas from the Otero Chacra Pool in its Jicarilla 67 No. 6 Well. This well is located in Unit H of Section 19, T25N-R5W, Rio Arriba County, New Mexico.

Very truly yours,

E. R. Manning by RMB

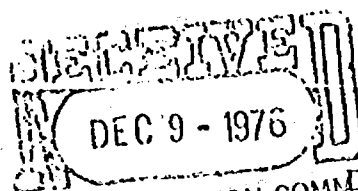
E. R. Manning

ERM:eh

cc: Messrs: John F. Eichelmann, Jr.
David T. Burleson
Donald A. Wadsworth
L. G. Truby
Carl E. Matthews

El Paso NATURAL GAS
COMPANY

P. O. BOX 1492
EL PASO, TEXAS 79978
PHONE: 915-543-2600



December 7, 1976
Santa Fe

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

El Paso Natural Gas Company respectfully requests a hearing be set before the Commission or its designated examiner at your convenience. El Paso seeks approval to downhole commingle gas from the South Blanco Pictured Cliffs Pool with gas from the Otero Chacra Pool in its Jicarilla 67 No. 6 Well. This well is located in Unit H of Section 19, T25N-R5W, Rio Arriba County, New Mexico.

Very truly yours,

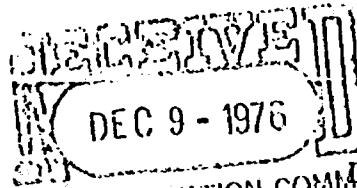
E. R. Manning *by PWB*
E. R. Manning

ERM:eh

cc: Messrs: John F. Eichelmann, Jr.
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Very truly yours,

E. R. Manning *ERNB*
E. R. Manning

ERM:eh

cc: Messrs: John F. Eichelmann, Jr.
David T. Burleson
Donald A. Wadsworth
L. G. Truby
Carl E. Matthews

dr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 5831

Order No. R- 5351

APPLICATION OF EL PASO NATURAL GAS COMPANY
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 January 5,
19 77, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of January, 1977, the Commission,
a quorum being present, 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 Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, El Paso Natural Gas Company, is the
owner and operator of the Jicarilla 67 Well No. 6, located
in Unit H of Section 19, Township 25 North, Range
5 West, NMPM, Rio Arriba County, New Mexico.

(3) That the applicant seeks authority to commingle South Blanco-Pictured Cliffs and Otero-Chacra production
within the wellbore of the above-described well.

(4) That from the South Blanco-Pictured Cliffs zone, the
subject well is capable of low marginal production only.

(5) That from the Otero-Chacra zone, the
subject well is capable of low marginal production only.

(6) 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.

Case No. _____
Order No. R- _____

(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 Commission 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 Commission 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 subject well, 20 percent of the commingled gas and condensate production should be allocated to the South Blanco-Pictured Cliffs zone, and 80 percent of the commingled gas and condensate production to the Otero-Chacra zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, El Paso Natural Gas Company, is hereby authorized to commingle South Blanco-Pictured Cliffs and Otero-Chacra production within the wellbore of the Jicarilla 67 Well No. 6, located in Unit H of Section 19, Township 25 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

(2) That 20 percent of the commingled gas and condensate production shall be allocated to the South Blanco-Pictured Cliffs zone and 80 percent of the commingled gas and condensate production shall be allocated to the Otero-Chacra zone.

(3) That the operator of the subject well shall immediately notify the Commission's Aztec district office any time the well has been shut-in for 7 consecutive days and shall concurrently present, to the Commission, a plan for remedial action.

(4) 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.