

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

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

**DE NOVO
CASE NO. 10831
Order No. R-10008-A**

**APPLICATION OF ROBERT L. BAYLESS FOR
DOWNHOLE COMMINGLING, RIO ARRIBA
COUNTY, NEW MEXICO.**

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:00 a.m. on January 13, 1994, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission".

NOW, on this 28th day of February, 1994, the Commission, a quorum being present and having considered the testimony and the record and being fully advised in the premises,

FINDS THAT:

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

(2) The applicant, Robert L. Bayless ("Bayless"), is the owner and operator of the Simms Federal Well No. 1, located 1730 feet from the South line and 1820 feet from the East line (Unit J) of Section 13, Township 30 North, Range 4 West, NMPM, Rio Arriba County, New Mexico.

(3) The applicant seeks authority to commingle East Blanco-Pictured Cliffs Pool gas and Undesignated Cabresto-Gallup Pool gas production within the wellbore of the above-described well.

(4) Said well was originally drilled by Southland Royalty Company ("Southland") in mid-1981 to a total depth ("TD") of 8720 feet, 5-1/2 inch production casing was set and cemented to 8731 feet. The Dakota interval between 8367 feet to 8683 feet tested dry and was abandoned by setting a cast iron bridge plug at 8300 feet.

(5) According to the evidence submitted by the applicant Southland caused the Gallup formation in the perforated interval between 7541 feet to 7634 feet to be tested in September, 1981 after fracture stimulation. A three hour flow test resulted in an absolute open flow of 1251 MCF per day and the surface shut-in pressure taken at that time was 2431 psi, which corresponds to a calculated bottomhole pressure of 2955 psi at 7588 feet (mid-perforations of the Gallup interval). Further, it appears that Southland caused the Pictured Cliffs zone to be tested in October, 1983 when a drillable bridge plug was set at 4150 feet, which is the current plug-back-TD of this well and the interval between 3709 feet to 3715 feet was perforated and fractured with 31,700 gallons of 30 pound crosslinked gelled fluid containing 25,000 pounds of 20-40 sand.

(6) Bayless caused this well to be tested in the Pictured Cliffs formation in July, 1993 by conducting a three hour flow test which resulted in an absolute open flow of 508 MCF per day and the surface shut-in pressure taken at the time was 1065 psi which corresponds to a calculated bottomhole pressure of 1176 psi at 3712 feet.

(7) The actual gas sales rate from each zone should be substantially lower than the AOF tests due to sales line pressure of approximately 300 psi.

(8) The calculated bottomhole pressure in the Gallup interval is approximately 2-1/2 times that of the Pictured Cliffs zone.

(9) The quality of the gas produced from the Gallup and the Pictured Cliffs formations is similar in gravity and BTU value and should not cause damage should cross flows occur between the zones.

(10) All ownership and revenue interests are common between zones and in surrounding leases so that correlative rights are protected, especially given the fact that the Gallup and Pictured Cliffs reservoirs are very tight and not capable of widespread draining.

(11) Approval of downhole commingling for this well would substantially improve the marginal economics of production, reduce the completion and operating costs for the well, and prevent premature abandonment.

IT IS THEREFORE ORDERED THAT:

(1) The application of Robert L. Bayless for authority to commingle East Blanco-Pictured Cliffs Pool gas and Undesignated Cabresto-Gallup Pool gas production within the wellbore of its Simms Federal Well No. 1, located 1730 feet from the South line and 1820 feet from the East line (Unit J) of Section 13, Township 30 North, Range 4 West, NMPM, Rio Arriba County, New Mexico, is hereby approved.

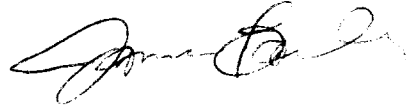
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(2) In accordance with the provisions of Rule 303-C, the supervisor of the Aztec District Office of the Oil Conservation Division shall determine the proper allocation of production from the subject well following its completion.

(3) Jurisdiction of this cause is hereby 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.

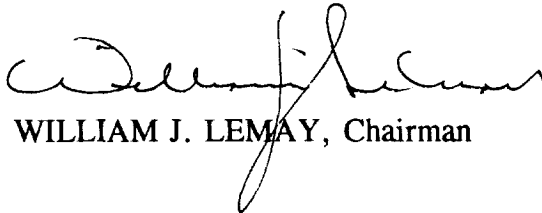
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



JAMI BAILEY, Member



WILLIAM W. WEISS, Member



WILLIAM J. LEMAY, Chairman

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