

**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. 11093  
Order No. R-10216**

**APPLICATION OF AMOCO PRODUCTION  
COMPANY FOR DOWNHOLE COMMINGLING,  
SAN JUAN COUNTY, NEW MEXICO.**

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This cause came on for hearing at 8:15 a.m. on September 29, 1994, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 14th day of October, 1994, 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, Amoco Production Company, seeks approval to downhole commingle Basin-Dakota Gas Pool and Armenta-Gallup Pool production within the wellbore of its Sullivan Gas Com "C" Well No. 1 located 940 feet from the South line and 1450 feet from the West line (Unit N) of Section 28, Township 29 North, Range 10 West, NMPM, San Juan County, New Mexico.

(3) The S/2 of Section 28 is currently dedicated to the subject well in the Basin-Dakota Gas Pool, and the SE/4 SW/4 of Section 28 is currently dedicated to the subject well in the Armenta-Gallup Pool forming standard 320-acre gas and 40-acre oil spacing and proration units, respectively, for said pools.

(4) According to applicant's testimony, the working interest ownership between the two pools is common, however, due to the different proration units, the royalty interest is not common.

(5) The subject well was drilled in 1964 and completed in the Basin-Dakota Gas Pool at an initial producing rate of approximately 500 MCF gas per day. The Basin-Dakota Gas Pool was temporarily abandoned in 1981, and the subject well was recompleted to the Armenta-Gallup Pool which produced at an initial rate of

approximately 50 BOPD and 92 MCF gas per day. The well has produced from the Armenta-Gallup Pool from 1981 to the present time.

(6) The subject well is currently producing from the Armenta-Gallup Pool at a rate of approximately 15 MCF gas per day.

(7) During its last year of production in the Basin-Dakota Gas Pool (1981), the subject well produced at an average rate of approximately 145 MCF gas per day.

(8) The evidence indicates that the construction of the Sullivan Gas Com "C" Well No. 1 precludes a dual Dakota/Gallup completion within the wellbore.

(9) The proposed downhole commingling is necessary in order to economically recover the remaining oil and gas reserves in the Dakota and Gallup formations.

(10) The applicant further demonstrated through its evidence and testimony that:

- a) there will be no crossflow between the two commingled pools;
- b) neither commingled zone exposes the other to damage by produced liquids;
- c) the fluids from each zone are compatible with the other;
- d) the bottomhole pressure of the lower pressure zone should not be less than 50 percent of the bottomhole pressure of the higher pressure zone adjusted to a common datum; and,
- e) the value of the commingled production is not less than the sum of the values of the individual production.

(11) No interest owner and/or offset operator appeared at the hearing in opposition to the application.

(12) In the interest of prevention of waste and protection of correlative rights, the subject application should be approved.

(13) According to applicant's evidence and testimony, it will conduct a 30-60 day production test on the Dakota formation after completion in order to gather sufficient data to determine an accurate allocation of production.

(14) Subsequent to conducting said production test, the applicant should consult with the supervisor of the Division's Aztec District Office in order to determine a proper allocation of production from the subject well.

(15) To afford the Division an opportunity to assess the potential of waste and to expeditiously order the appropriate remedial action, the operator should notify the Aztec District Office of the Division any time the subject well is shut-in for seven consecutive days.

**IT IS THEREFORE ORDERED THAT:**

(1) The applicant, Amoco Production Company, is hereby authorized to downhole commingle Basin-Dakota and Armenta-Gallup Pool production within the wellbore of its Sullivan Gas Com "C" Well No. 1 located 940 feet from the South line and 1450 feet from the West line (Unit N) of Section 28, Township 29 North, Range 10 West, NMPM, San Juan County, New Mexico.

(2) The S/2 of Section 28 shall be dedicated to the subject well in the Basin-Dakota Gas Pool, and the SE/4 SW/4 of Section 28 shall be dedicated to the subject well in the Armenta-Gallup Pool forming standard 320-acre gas and 40-acre oil spacing and proration units, respectively, for said pools.

(3) The applicant shall conduct a 30-60 day production test on the Dakota formation after completion in order to gather sufficient data to determine an accurate allocation of production.

(4) Subsequent to conducting said production test, the applicant shall consult with the supervisor of the Division's Aztec District Office in order to determine a proper allocation of production from the subject well.

(5) The operator shall immediately notify the supervisor of the Aztec District Office of the Division any time the subject well has been shut-in for seven consecutive days and shall concurrently present, to the Division, a plan for remedial action.

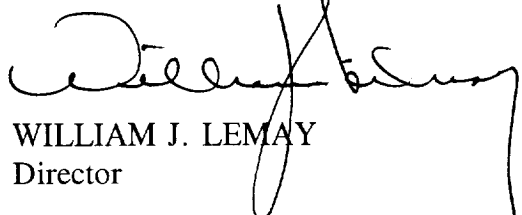
(6) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
WILLIAM J. LEMAY  
Director

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