

*Continental 13, 1965*  
*13, 1965*

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. 3308  
Order No. R-2978

APPLICATION OF CONTINENTAL OIL COMPANY  
FOR AN ADMINISTRATIVE PROCEDURE, RIO  
ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on September 22, 1965, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 13th day of October, 1965, 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, Continental Oil Company, seeks the establishment of an administrative procedure whereby production from marginal Gallup-marginal Dakota dually completed oil wells in Rio Arriba County, New Mexico, may be commingled in the well bore by a dual-flow downhole choke assembly.

(3) That the applicant has established that it usually is not economically feasible to equip dually completed Gallup-Dakota oil wells in Rio Arriba County, New Mexico, for conventional operation when the Gallup and Dakota zones are marginal.

(4) That the applicant has established that use of a dual-flow downhole choke assembly in most marginal Gallup-marginal Dakota

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oil wells in Rio Arriba County, New Mexico, will permit recovery of otherwise unrecoverable oil, thereby preventing waste.

(5) That the applicant has established that correlative rights can be protected by allocating production from most marginal Gallup-marginal Dakota oil wells in Rio Arriba County, New Mexico, to each zone by periodic production tests utilizing the subtraction method.

(6) That, to facilitate the administration of the laws of the State of New Mexico concerning prevention of waste and protection of correlative rights, an administrative procedure should be established whereby the Secretary-Director of the Commission may approve use of a dual-flow downhole choke assembly in marginal Gallup-marginal Dakota oil wells in Rio Arriba County, New Mexico, and allocation of production by periodic production tests if he determines that such approval will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the use of a dual-flow downhole choke assembly in marginal Gallup-marginal Dakota oil wells in Rio Arriba County, New Mexico, may be authorized in accordance with the following-described administrative procedure:

- a. The operator shall file an application, in TRIPLICATE, containing detailed data concerning gravity, value, and volume of the liquid hydrocarbons from each zone and anticipated gravity and value of the commingled production.
- b. The application shall be accompanied by a schematic diagram of the proposed installation and a plat showing the location of all wells within one mile of the subject well and the zone from which each well is producing.
- c. The Secretary-Director of the Commission may approve the application if he determines that such approval will prevent waste and protect correlative rights.

(2) That the following special restrictions shall apply to all wells utilizing a dual-flow downhole choke assembly:

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- a. Rule 112-A of the Commission Rules and Regulations shall apply insofar as said rule is not inconsistent with this order.
- b. Allocation of production to the Gallup and Dakota zones shall be by the subtraction method based upon production tests of the commingled Gallup-Dakota and the Dakota zones at stabilized production rates.
- c. A communication test shall be conducted upon installation of the dual-flow down-hole choke assembly.
- d. A production test shall be conducted semi-annually; provided, however, that the Secretary-Director of the Commission may authorize annual production tests on individual wells if he determines, on the basis of previous tests, that semiannual tests are no longer necessary to accurately determine and allocate production from each zone.
- e. A communication test shall be conducted annually.
- f. The operator of the well shall notify the District Supervisor, Oil Conservation Commission, Aztec, New Mexico, of the date and time production tests are to be conducted and shall furnish a complete report of such tests to the Commission's Aztec District office.

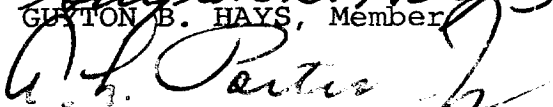
(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
JACK M. CAMPBELL, Chairman

  
GUYTON B. HAYS, Member

  
A. L. PORTER, Jr., Member & Secretary

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