

Entered May 14, 1969
QJP

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. 4118
Order No. R-3752

APPLICATION OF DUGAN PRODUCTION
CORPORATION FOR DOWNHOLE COMMINGLING,
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 7, 1969,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 14th day of May, 1969, 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, Dugan Production Corporation, is
the owner and operator of the Federal "I" Well No. 4, located in
the NE/4 NW/4 of Section 1, Township 29 North, Range 14 West,
NMPM, San Juan County, New Mexico.

(3) That the subject well is capable of producing only a
very small amount of gas from either or both of the undesignated
Fruitland and Pictured Cliffs gas pools in which it is completed.

(4) That the applicant proposes to produce both of the
subject zones through a single string of 2 7/8-inch casing,
commingling the production in said casing.

(5) That there is very little pressure differential between
the low reservoir pressures existing in both of the subject zones.

-2-

CASE No. 4118
Order No. R-3752

(6) That it would be uneconomical to dually complete the subject well.

(7) That the reservoir characteristics of each of the subject zones are such that underground waste would not be caused by the proposed commingling in the well-bore.

(8) That the proposed commingling may result in the recovery of additional gas from each of the subject pools, thereby preventing waste, and will not violate correlative rights.

(9) That production tests should be conducted, prior to commingling, to determine the production from each zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, Dugan Production Corporation, is hereby authorized to complete its Federal "I" Well No. 4, located in the NE/4 NW/4 of Section 1, Township 29 North, Range 14 West, NMPM, San Juan County, New Mexico, in such a manner as to produce gas from an undesignated Fruitland gas pool through perforations from 860 feet to 865 feet and to produce gas from an undesignated Pictured Cliffs formation through perforations from 1203 feet to 1208 feet, commingling the production from each of said zones in the well-bore until further order of the Commission;

PROVIDED HOWEVER, that the production of each zone shall be established and future production allocated to the Fruitland and Pictured Cliffs zones of the subject well in accordance with the following procedure:

1. Prior to commingling, a 3-hour initial potential test of the Fruitland zone shall be conducted. (Test #1.)
2. Subsequent to commingling, a 3-hour initial potential test of the commingled Fruitland and Pictured Cliffs zones shall be conducted. (Test #2.)
3. Determine the Pictured Cliffs allocation of production factor as follows:

$$(PC_f) = \frac{\text{Test \#2} - \text{Test \#1}}{\text{Test \#2}}$$

-3-

CASE No. 4118

Order No. R-3752

4. Determine the monthly allocation of production as follows:

- a. Pictured Cliffs gas production = $PC_f \times$ commingled gas production.
- b. Fruitland gas production = commingled gas production less calculated Pictured Cliffs gas production.

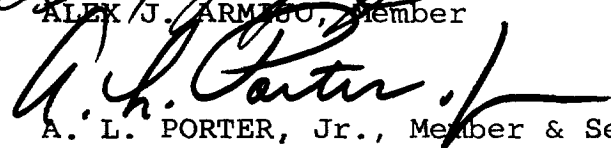
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


DAVID F. CARGO, Chairman


ALEX J. ARMILLO, Member


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

S E A L

esr/