

Entered November 16, 1973
A.L.P.

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. 5055
Order No. R-4651

APPLICATION OF MERRION & BAYLESS
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 October 3, 1973, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 16th day of November, 1973, 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 is the owner and operator of the Canada Mesa Well No. 3, located in Unit A of Section 14, Township 24 North, Range 6 West, NMPM, Rio Arriba County, New Mexico.

(3) That said well has discovered gas production in the Basin-Dakota Pool, oil production in the Gallup formation adjacent to the Devils Fork-Gallup Oil Pool, and oil production from an undesignated Greenhorn Oil Pool.

(4) That based on tests during drilling, all three zones appear to be capable of only low marginal production which will not justify the completion of the well as single oil well or a multiply completed oil and gas well.

(5) That the applicant seeks to temporarily complete and produce said well with the Gallup, Greenhorn, and Dakota formations commingled in the same wellbore and to evaluate such production to determine the most proper and efficient methods of ultimate completion, production, and determination of production from the three individual zones.

(6) That approval of the requested temporary commingling may result in the recovery of additional oil and gas from each of the commingled zones in the subject well, thereby preventing waste and will not violate correlative rights.

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

(8) That the mechanics of the proposed temporary completion are feasible and in accord with good conservation practices.

(9) That applicant should request a hearing within 60 days after the date of first commingled production wherein he will present evidence as to the proper manner of completion and/or method of determining production from the individual commingled zones.

(10) That, in any event, the commingling authority granted in this order should terminate and be of no further effect after 90 days from the date of initial commingled production from said well.

(11) 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.

IT IS THEREFORE ORDERED:

(1) That the applicant, Merrion & Bayless, is hereby authorized to temporarily complete its Canada Mesa Well No. 3, located in Unit A of Section 14, Township 24 North, Range 6 West, NMPM, Rio Arriba County, New Mexico, in such a manner as to produce gas from the Basin-Dakota Pool and oil from the Gallup formation adjacent to the Devils Fork-Gallup Pool and oil from an undesignated Greenhorn Pool, commingled in the wellbore, through a single string of tubing.

(2) That the operator of said well shall notify the Commission of the date of first commingled production and within 60 days, thereafter, shall file an application for a hearing wherein the applicant shall present evidence as to the proper method of completion of the well and allocation of production to the individual zones.

(3) That the temporary commingling authority set out in this order shall expire 90 days after the date of first commingled production from said well.

-3-

Case No. 5055
Order No. R-4651

(4) That after the date of first commingled production the operator of said well shall immediately notify the supervisor of the Commission's Aztec district office any time the subject well is shut in.

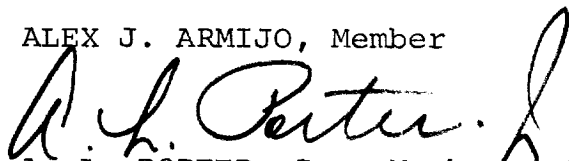
(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member


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

S E A L

dr/