

Entered January 25, 1977
JDR

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. 5693
Order No. R-5359

APPLICATION OF JEROME P. McHUGH
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 June 9, 1976,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 25th day of January, 1977, 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, Jerome P. McHugh, seeks an order
authorizing the downhole commingling of Fruitland and Pictured
Cliffs production in the well-bores of wells drilled anywhere
within Townships 24 North through 28 North, Ranges 24 West
through 28 West, NMPM, San Juan County, New Mexico, except that
said commingling authority would not apply to lands included
within the horizontal boundaries, as defined by the Commission,
of that portion of the Ballard-Pictured Cliffs Pool, the Fulcher-
Kutz Pictured Cliffs Pool or the West Kutz-Pictured Cliffs Pool
lying within the above described townships and ranges, nor to
lands not within the horizontal boundaries of said pools but
within the horizontal boundaries of the Gallegos Canyon Unit
Area.

(3) That in portions of the area sought by applicant to
be authorized for downhole commingling of Fruitland and Pictured
Cliffs production, there appear to be marginal reserves of

hydrocarbon gas present in said formations; and that development of said reserves by production through single completions or even by dual completions in said formations is uneconomic.

(4) That in portions of the area sought by applicant to be authorized for downhole commingling of Fruitland and Pictured Cliffs production, reservoir pressures in said formations appear to be virtually equal, and differential pressures between the formations of negligible magnitude.

(5) That in the aforesaid areas of marginal reserves and virtually equal pressures, the downhole commingling of Fruitland and Pictured Cliffs production should result in the recovery of otherwise unrecoverable reserves of natural gas, and should be permitted through administrative approval by the Secretary-Director of the Commission upon a showing that a well is of low marginal productive capacity from both the Fruitland and Pictured Cliffs formations and that there is no substantial difference in the reservoir pressures of the two formations.

(6) That of the lands sought by applicant for approval for downhole commingling of the Fruitland and Pictured Cliffs formations, it appears that the following described lands in San Juan County, New Mexico, meet the prerequisite conditions outlined in Findings Nos. (3) through (5) above, and should be authorized for administrative approval of such commingling:

TOWNSHIP 24 NORTH, RANGE 9 WEST, NMPM
Sections 1 through 5: All
Sections 10 through 14: All
Section 24: All

TOWNSHIP 25 NORTH, RANGE 9 WEST, NMPM
Sections 2 through 36: All

TOWNSHIP 25 NORTH, RANGE 10 WEST, NMPM
Sections 1 through 18: All
Sections 20 through 27: All
Section 36: All

TOWNSHIP 25 NORTH, RANGE 11 WEST, NMPM
Sections 1 through 6: All
Section 7: N/2
Sections 8 through 13: All
Section 14: N/2
Section 15: N/2

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TOWNSHIP 25 NORTH, RANGE 12 WEST, NMPM

Sections 1 and 2: All

Section 3: N/2

Section 4: N/2

Section 12: N/2

TOWNSHIP 26 NORTH, RANGE 9 WEST, NMPM

Section 19: All

Section 28: SW/4

Section 29: S/2

Sections 30 through 33: All

TOWNSHIP 26 NORTH, RANGE 10 WEST, NMPM

Sections 19 through 36: All

TOWNSHIP 26 NORTH, RANGE 11 WEST, NMPM

Sections 5 through 8: All

Sections 13 through 36: All

TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM

Sections 1 through 30: All

Section 31: N/2

Sections 32 through 36: All

TOWNSHIP 26 NORTH, RANGE 13 WEST, NMPM

Sections 1 through 17: All

Section 18: N/2

Section 21: N/2

Sections 22 through 25: All

Section 26: N/2

TOWNSHIP 26 NORTH, RANGE 14 WEST, NMPM

Sections 1 through 3: All

Sections 11 and 12: All

TOWNSHIP 27 NORTH, RANGE 11 WEST, NMPM

Section 31: W/2

TOWNSHIP 27 NORTH, RANGE 12 WEST, NMPM

Section 17: S/2

Sections 18 through 21: All

Section 22: W/2

Section 25: W/2

Sections 26 through 36: All

TOWNSHIP 27 NORTH, RANGE 13 WEST, NMPM

Sections 4 through 11: All

Sections 13 through 36: All

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TOWNSHIP 27 NORTH, RANGE 14 WEST, NMPM
Sections 1 through 29: All
Sections 33 through 36: All

TOWNSHIP 27 NORTH, RANGE 15 WEST, NMPM
Sections 1 through 3: All
Sections 11 through 13: All

TOWNSHIP 28 NORTH, RANGE 13 WEST, NMPM
Partial Sections 7 and 8: All
Sections 17 through 20: All
Section 28: S/2
Sections 29 through 33: All

TOWNSHIP 28 NORTH, RANGE 14 WEST, NMPM
Partial Sections 7 through 12: All
Sections 13 through 36: All

TOWNSHIP 28 NORTH, RANGE 15 WEST, NMPM
Partial Sections 7 through 12: All
Sections 13 through 29: All
Sections 33 through 36: All

(7) That adoption of an administrative procedure for the approval of downhole commingling of Fruitland and Pictured Cliffs production in the above described area under the conditions outlined in Findings Nos. (3) through (5) above, should result in the recovery of otherwise unrecoverable hydrocarbons thereby preventing waste, will not impair correlative rights, and should be approved.

IT IS THEREFORE ORDERED:

(1) That the Secretary-Director of the Commission is hereby authorized to approve commingling of Fruitland and Pictured Cliffs production in the wellbore of any well drilled in the following described area in San Juan County, New Mexico:

TOWNSHIP 24 NORTH, RANGE 9 WEST, NMPM
Sections 1 through 5: All
Sections 10 through 14: All
Section 24: All

TOWNSHIP 25 NORTH, RANGE 9 WEST, NMPM
Sections 2 through 36: All

TOWNSHIP 25 NORTH, RANGE 10 WEST, NMPM
Sections 1 through 18: All
Sections 20 through 27: All
Section 36: All

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TOWNSHIP 25 NORTH, RANGE 11 WEST, NMPM

Sections 1 through 6: All
Section 7: N/2
Sections 8 through 13: All
Section 14: N/2
Section 15: N/2

TOWNSHIP 25 NORTH, RANGE 12 WEST, NMPM

Sections 1 and 2: All
Section 3: N/2
Section 4: N/2
Section 12: N/2

TOWNSHIP 26 NORTH, RANGE 9 WEST, NMPM

Section 19: All
Section 28: SW/4
Section 29: S/2
Sections 30 through 33: All

TOWNSHIP 26 NORTH, RANGE 10 WEST, NMPM

Sections 19 through 36: All

TOWNSHIP 26 NORTH, RANGE 11 WEST, NMPM

Sections 5 through 8: All
Section 13 through 36: All

TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM

Sections 1 through 30: All
Section 31: N/2
Sections 32 through 36: All

TOWNSHIP 26 NORTH, RANGE 13 WEST, NMPM

Sections 1 through 17: All
Section 18: N/2
Section 21: N/2
Sections 22 through 25: All
Section 26: N/2

TOWNSHIP 26 NORTH, RANGE 14 WEST, NMPM

Sections 1 through 3: All
Sections 11 and 12: All

TOWNSHIP 27 NORTH, RANGE 11 WEST, NMPM

Section 31: W/2

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TOWNSHIP 27 NORTH, RANGE 12 WEST, NMPM

Section 17: S/2

Sections 18 through 21: All

Section 22: W/2

Section 25: W/2

Sections 26 through 36: All

TOWNSHIP 27 NORTH, RANGE 13 WEST, NMPM

Sections 4 through 11: All

Sections 13 through 36: All

TOWNSHIP 27 NORTH, RANGE 14 WEST, NMPM

Sections 1 through 29: All

Sections 33 through 36: All

TOWNSHIP 27 NORTH, RANGE 15 WEST, NMPM

Sections 1 through 3: All

Sections 11 through 13: All

TOWNSHIP 28 NORTH, RANGE 13 WEST, NMPM

Partial Sections 7 and 8: All

Sections 17 through 20: All

Section 28: S/2

Sections 29 through 33: All

TOWNSHIP 28 NORTH, RANGE 14 WEST, NMPM

Partial Sections 7 through 12: All

Sections 13 through 36: All

TOWNSHIP 28 NORTH, RANGE 15 WEST, NMPM

Partial Sections 7 through 12: All

Sections 13 through 29: All

Sections 33 through 36: All

(2) That to obtain approval for the downhole commingling of Fruitland and Pictured Cliffs production in the wellbore of any well completed in the aforescribed area, the operator of said well shall file one copy of the request for such approval with the Secretary-Director of the Commission and one copy with the Supervisor of the Commission District Office at Aztec. Such request shall contain evidence as to the productivity or expected productivity of each of the aforesaid formations proposed to be commingled, as well as reservoir pressures encountered or expected to be encountered. In addition, data shall be submitted which will enable the Secretary-Director to prescribe an allocation formula for allocating production to each of the formations to be commingled.

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(3) The Secretary-Director of the Commission shall have authority to rescind downhole commingling authority granted for any well prior to its completion if data available upon completion of the well indicates greater than marginal production from either or both of the commingled formations or a pressure differential between the commingled formations which might cause waste.

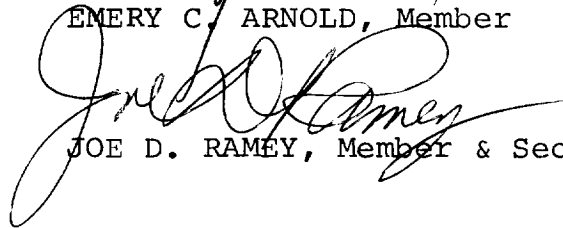
(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman


EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

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