

Entered April 26, 1977

JCR

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. 5898
Order No. R-5422

APPLICATION OF CHACE OIL COMPANY 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 April 20, 1977, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 26th day of April, 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, Chace Oil Company, is the owner and operator of the Jicarilla 70 Well No. 3, located in Unit C of Section 33, Township 24 North, Range 4 West, NMPM, Rio Arriba County, New Mexico.

(3) That the applicant seeks authority to commingle Ballard-Pictured Cliffs and South Lindrith Gallup-Dakota production within the wellbore of the above-described well.

(4) That from the Ballard-Pictured Cliffs zone, the subject well is capable of low rates of production only.

(5) That from the South Lindrith Gallup-Dakota zone, the subject well is capable of low marginal production only.

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

(7) That the reservoir characteristics of each of the subject zones are such that underground waste would not be caused by the proposed commingling provided that the well is not shut-in for an extended period.

-2-

Case No. 5898
Order No. R-5422

(8) 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 for 7 consecutive days.

(9) That in order to allocate the commingled production to each of the commingled zones in the subject well, 75 percent of the commingled gas production and none of the oil production should be allocated to the Ballard-Pictured Cliffs zone, and 25 percent and 100 percent of the commingled gas and oil production, respectively, to the South Lindrith Gallup-Dakota zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, Chace Oil Company, is hereby authorized to commingle Ballard-Pictured Cliffs and South Lindrith Gallup-Dakota production within the wellbore of the Jicarilla 70 Well No. 3, located in Unit C of Section 33, Township 24 North, Range 4 West, NMPM, Rio Arriba County, New Mexico.

(2) That 75 percent of the commingled gas production and none of the oil production shall be allocated to the Ballard-Pictured Cliffs zone and 25 percent and 100 percent of the commingled gas and oil production, respectively, shall be allocated to the South Lindrith Gallup-Dakota zone.

(3) That the operator of the subject well shall immediately notify the Commission's Aztec district office any time the well has been shut-in for 7 consecutive days and shall concurrently present, to the Commission, a plan for remedial action.

(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, Secretary & Member

S E A L

jr/