

Entered April 15, 1980
JAR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6839
Order No. R-6311

APPLICATION OF KIMBELL OIL COMPANY
FOR DOWNHOLE COMMINGLING, RIO ARRIBA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION:

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on March 26, 1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 15th day of April, 1980, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Kimbell Oil Company, is the owner and operator of the Salazar Well No. 4 to be drilled in Unit D of Section 26, Township 25 North, Range 6 West, NMPM, Rio Arriba County, New Mexico.

(3) That the applicant seeks authority to commingle Otero-Chacra and South Blanco-Pictured Cliffs production within the wellbore of the above-described well.

(4) That from the Otero-Chacra zone, the subject well is expected to be capable of low marginal production only.

(5) That from the South Blanco-Pictured Cliffs zone, the subject well is expected to be capable of low marginal production only.

-2-

Case No. 6839

Order No. R-6311

(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.

(8) That to afford the Division 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 Division 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 wells, applicant should consult with the supervisor of the Aztec district office of the Division and determine an allocation formula for each of the production zones.

IT IS THEREFORE ORDERED:

(1) That the applicant, Kimbell Oil Company, is hereby authorized to commingle Otero-Chacra and South Blanco-Pictured Cliffs production within the wellbore of the Salazar Well No. 4 to be located in Unit D of Section 26, Township 25 North, Range 6 West, NMPM, Rio Arriba County, New Mexico.

(2) That the applicant shall consult with the Supervisor of the Aztec district office of the Division and determine an allocation formula for the allocation of production to each zone in the subject well.

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

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

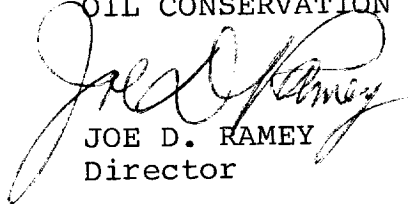
-3-

Case No. 6839

Order No. R-6311

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY
Director

S E A L

fd/