

Entered September 30, 1981
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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. 7337
Order No. R-6779

APPLICATION OF BEARTOOTH OIL &
GAS 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 August 26, 1981,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 30th day of September, 1981, the Division
Director, having considered the testimony, the record, and the recommenda-
tions 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, Beartooth Oil & Gas Company, is the
owner and operator of the Minel Federal Well No. 1, located in Unit E
of Section 7, Township 25 North, Range 3 West, NMPM, Rio Arriba County,
New Mexico.

(3) That the applicant seeks authority to commingle Ojito Gallup-
Dakota and Blanco Mesaverde production within the wellbore of the
above-described well.

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

(5) That from the Blanco Mesaverde 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.

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(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 well, 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.

(10) That the applicant further seeks the establishment of an administrative procedure for approval of downhole commingling of Gallup-Dakota and Mesaverde production in the W/2 of Sections 6 and 7, Township 25 North, Range 3 West.

(11) That the application should be approved.

IT IS THEREFORE ORDERED:

(1) That the applicant, Beartooth Oil & Gas Company, is hereby authorized to commingle Ojito Gallup-Dakota and Blanco Mesaverde production within the wellbore of the Minel Federal Well No. 1, located in Unit E of Section 7, Township 25 North, Range 3 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 in 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 the Division Director is hereby authorized to administratively approve the downhole commingling of Gallup-Dakota and Mesaverde production in applicant's wells within the W/2 of Sections 6 and 7, Township 25 North, Range 3 West, NMPM, Rio Arriba County, New Mexico upon application and a proper showing:

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(a) that the lowermost pressure of the two zones is not less than 50% of the highest;

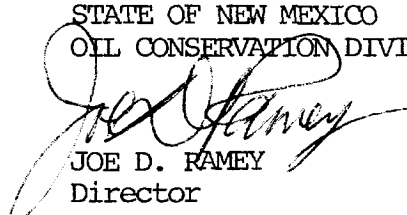
(b) of evidence establishing the ratio of production to be assigned to each zone; and

(c) of the potential and projected flow rates for each zone.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY
Director

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