

Entered February 1984
JCR

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. 8019
Order No. R-7442

APPLICATION OF ARCO 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 8 a.m. on December 15, 1983, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 7th day of February, 1984, 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, ARCO Oil & Gas Company, is the owner and operator of certain wells, located in the following decribed lands in Rio Arriba, New Mexico:

TOWNSHIP 23 NORTH, RANGE 3 WEST, NMPM

Section 5: All

TOWNSHIP 24 NORTH, RANGE 3 WEST, NMPM

Section 17: W/2
Sections 18 and 19: All
Section 20: E/2, NW/4
Section 29: SE/4, W/2 NE/4
Section 30: All
Section 32: SW/4
Section 33: NW/4

(3) That the applicant seeks authority to commingle Chacon-Dakota Associated and undesignated Gallup oil production

within the wellbores of all existing wells and all wells subsequently drilled in the above-described lands.

(4) That at the hearing, the applicant requested that the following described lands be deleted from the application:

TOWNSHIP 24 NORTH, RANGE 3 WEST, NMPM

Section 17: W/2
Section 18: All
Section 32: SW/4

(5) That the SPECIAL RULES AND REGULATIONS for the Chacon-Dakota Associated Pool, Division Order No. R-5353-B, as amended, provides for 160-acre spacing and proration units for oil wells.

(6) That the W/2 NE/4 of Section 29, Township 24 North, Range 3 West, NMPM, Rio Arriba County, New Mexico, should be deleted for consideration in this application since it only consists of 80 acres.

(7) That from the Chacon-Dakota Associated zone, the subject wells are capable of marginal production only.

(8) That from the Gallup zone, the subject wells are capable of marginal production only.

(9) 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.

(10) 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 any well therein is not shut-in for an extended period.

(11) 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 any commingled well in the subject area is shut-in for 7 consecutive days.

(12) That in order to allocate the commingled production to each of the commingled zones in any well in the subject area, 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, ARCO Oil & Gas Company, is hereby authorized to commingle Chacon-Dakota Associated and Undesignated Gallup production within the wellbores of all existing wells and all wells subsequently drilled in the following described lands in Rio Arriba County, New Mexico:

TOWNSHIP 23 NORTH, RANGE 3 WEST, NMPM

Section 5: All

TOWNSHIP 24 NORTH, RANGE 3 WEST, NMPM

Section 19: All
Section 20: E/2, NW/4
Section 29: SE/4
Section 30: All
Section 33: NW/4

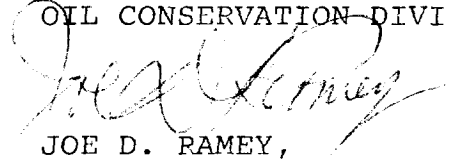
(2) That the applicant shall consult with the Supervisor of the Aztec district office of the Division and determine an allocation formula for the allocation of production to each zone in any well downhole commingled under terms of this order.

(3) That the operator of the subject well shall immediately notify the Division's Aztec district office any time any well downhole commingled under terms of this order 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.

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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