

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. 8744
Order No. R-8109

APPLICATION OF UNION TEXAS
PETROLEUM CORPORATION 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 18, 1985, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 6th day of January, 1986, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Union Texas Petroleum Corporation, is the owner of the Jicarilla "I" and "N" Leases underlying, in part, the SE/4 of Section 34, Township 25 North, Range 5 West, NMPM, all in Rio Arriba County, New Mexico.

(3) The applicant seeks authority to commingle Otero-Gallup Oil Pool production from the Dakota zone within the Basin-Dakota Oil Pool within the wellbores of wells currently completed and wells to be drilled on said leases within the area described above.

(4) The subject wells are or are expected to be capable of marginal production only from the subject zones.

(5) 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.

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(6) 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.

(7) 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.

(8) In order to allocate the commingled production to each of the commingled zones in the subject 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.

IS THEREFORE ORDERED THAT:

(1) That the applicant, Union Texas Petroleum Corporation, is hereby authorized to commingle Otero-Gallup Oil Pool and Basin-Dakota Oil Pool production within the wellbore of all existing wells and all wells to subsequently be drilled in those portions of Jicarilla "L" and "N" Leases underlying the SE/4 of Section 34, Township 25 North, Range 5 West, NMPM, all in Rio Arriba County, New Mexico.

(2) 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 each of the subject wells.

(3) 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) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

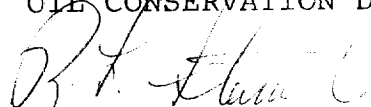
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DONE at Santa Fe, New Mexico, on the day and year
hereinabove designated.

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OIL CONSERVATION DIVISION

A handwritten signature in dark ink, appearing to read "R. L. Stamets", is written over the typed name.

R. L. STAMETS,
Director

S E A L