

DHC-61

Due Sept 28

BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION )  
OF CONTINENTAL OIL COMPANY FOR )  
AN ADMINISTRATIVE ORDER APPROVING )  
COMMINGLING OF PRODUCTION IN )  
JICARILLA 30 WELL NO. 3 LOCATED )  
IN THE UNDESIGNATED GALLUP AND )  
UNDESIGNATED DAKOTA POOLS, RIO )  
ARRIBA COUNTY, NEW MEXICO )

CAUSE NO. \_\_\_\_\_  
ORDER NO. \_\_\_\_\_  
DOCKET NO. \_\_\_\_\_

OFFICE 000

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A P P L I C A T I O N

COMES NOW CONTINENTAL OIL COMPANY, a Delaware corporation, (herein-  
after called "Applicant"), authorized to do business in the State of New  
Mexico, and makes application to the Secretary-Director of the State of New  
Mexico Oil Conservation Commission for approval to commingle in the well bore  
the Undesignated Gallup and the Undesignated Dakota zones in the dually com-  
pleted Jicarilla 30 Well No. 3 in accordance with Rule 303 C as set out in  
Case No. 4104, Order No. R-3845.

In support of this application, Applicant respectfully states and  
shows as follows:

1. Attached as Exhibit "A" is a map showing all drilling, producing  
and plugged and abandoned wells in the sixteen section Continental Oil Company  
West Lindrith Block which is outlined in red. The red arrow on Exhibit "A"  
points to Jicarilla 30 Lease, Well No. 3, located in the SE $\frac{1}{4}$  of Section 32,  
Township 25 North, Range 4 West, Rio Arriba County, New Mexico.

2. Applicant operates eleven (11) dually completed Gallup-Dakota  
wells in the West Lindrith Block and has location for over forty (40) addi-  
tional similar wells on 160 acre spacing. The present wells as now operated  
are commingled down hole in accordance with Rule 112 A, Section VI. The  
average projected ultimate recovery from the aforementioned eleven wells is  
60,000 barrels of oil and 450 MMCF gas using present producing methods. The  
eleven wells on an average will fail by \$6,000 per well to repay drilling,  
completing and operating costs. This payout basis is before federal income  
taxes.

3. The present method of operating commingled zones in the aforementioned wells will lead to early abandonment of the wells due to uneconomic low rates of production.

4. Applicant's engineers have calculated that by removing the present Dual Flow Choke, gas lift valve and packer from the well bore, shown on Exhibit "B", attached, the operating pressure can be reduced and both daily production and ultimate oil recovery can be increased. The production from Jicarilla 30 Well No. 3 during July, 1970, totaled 496 barrels of oil and 2,106 MCF of gas. It is estimated that if this application is approved, production from the well will increase to 21 barrels of oil per day. Reserves will be increased by 9,000 barrels of oil. With such increases in production and reserves, the Jicarilla commingled wells would return a small profit to the owner prior to abandonment. If proposed improved stimulation procedures are successful and the present type of commingling application is approved for all of the aforementioned eleven wells, Continental Oil Company has plans to drill an additional ten wells on the West Lindrith Block after the economic projections are confirmed through actual production.

5. Removal of the packer, gas lift valve and Dual Flow Choke from the well bore and equipping Jicarilla 30 Well No. 3 as shown on Exhibit "C", will enable the operator to operate the well five additional producing days per year and reduce operating costs by an estimated \$500 per year. The present packer leakage tests with the contract wire line services required for such tests now require an average of five days down time and the aforementioned \$500 for contract services. Elimination of the packer leakage tests requirement by the Commission will increase the profitability of operations in the West Lindrith Area.

6. Continental Oil Company, whose address is 152 North Durbin Street, Casper, Wyoming 82601, is the operator of the well for which this application is made.

7. The Jicarilla 30 Lease covers a four section block of Jicarilla Apache Indian leases including Sections 29, 30, 31 and 32, Township 25 North, Range 4 West, Rio Arriba County, New Mexico. Jicarilla 30 Well No. 3 is located 1850 feet from the south line and 1850 feet from the east line of Section 32, Township 25 North, Range 4 West, Rio Arriba County.

8. Jicarilla 30 Well No. 3 is completed in the Undesignated Gallup and Undesignated Dakota pools. Both zones are classified as oil producing zones. The well is now commingled in accordance with the New Mexico Oil Conservation Commission Order No. MC-1681.

9. Attached as Exhibits "D<sub>1</sub>" and "D<sub>2</sub>" are C-116 forms for 24 hour productivity tests dated August 4, 1970 for the Gallup and Dakota zones. The tests are the latest tests in Applicant's file for the Jicarilla 30 Well No. 3.

10. Attached as Exhibits "E<sub>1</sub>", "E<sub>2</sub>" and "E<sub>3</sub>" are production decline curves for Jicarilla 30 Well No. 3. Exhibit "E<sub>1</sub>" is a curve for the Dakota zone; Exhibit "E<sub>2</sub>" is a curve for the Gallup zone; and Exhibit "E<sub>3</sub>" is a production decline curve for the total production from the well. The curves show both oil and gas production.

11. Jicarilla 30 Well No. 3 is now artificially lifted from both zones through use of an intermittent plunger lift. The estimated shut-in stabilized bottom hole pressure is 1,500 psi for the Gallup zone and 2,100 psi for the Dakota zone. The operating bottom hole pressure for a similar installation has been measured at Jicarilla 28 Well No. 6. There the operating pressure, at 7,188 feet KB, was found to vary from a low of 425 psi to a high of 850 psi during operation of the plunger lift and gas lift valves. Applicant states that due to the extremely low permeability values for both zones, no significant volume of oil or gas will migrate from the high pressure Dakota zone to the lower pressure Gallup zone during normal operations or when the well is shut-in for short periods during emergencies.

12. Oil produced from the Gallup zone has a gravity of 44.7 degrees API and oil from the Dakota zone has a gravity of 47.3 degrees API. The two crude oils are compatible in the well bore and they have been produced as a commingled stream in the past with no problems.

13. Continental Oil Company owns all of the working interest for the Gallup and Dakota zones under the Jicarilla 30 Lease. The Jicarilla Apache Indian Tribe retained a 12½ percent royalty interest under the Jicarilla 30 Lease. There are no overriding royalty interest owners for the subject lease. The ownership of the royalty interest and the working interest for both the Gallup and Dakota production from the Jicarilla 30 Lease is common.

14. Attached as Exhibit "F" is a computation showing that the value of the commingled production will not be less than the sum of the values of the individual streams. This computation is similar to computations submitted to the Commission for previous applications.

15. Applicant states that in its opinion down hole commingling of production from the Gallup and Dakota zones, as herein proposed, will not in any way jeopardize the efficiency of any future secondary recovery operation for either the Gallup or Dakota zones.

16. Applicant has notified all offset operators and the United States Geological Survey of this application in writing by mailing such parties copies of this application at the same time the application was mailed to the New Mexico Oil Conservation Commission.

17. Granting the application herein requested will be in the public interests, protect correlative rights and increase the ultimate recovery of valuable natural resources.

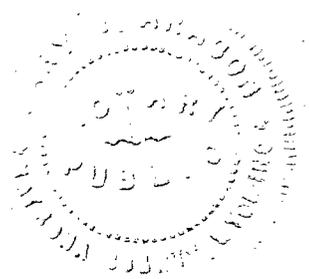
For the foregoing reasons, Applicant hereby requests approval of the down hole commingling of production in the well bore at Jicarilla 30 Well No. 3.

WHEREFORE, Applicant requests that this matter be considered by the Secretary-Director of the New Mexico Oil Conservation Commission and that this application be granted.

Respectfully submitted,  
CONTINENTAL OIL COMPANY

By W. C. Blackburn

W. C. Blackburn  
Division Manager

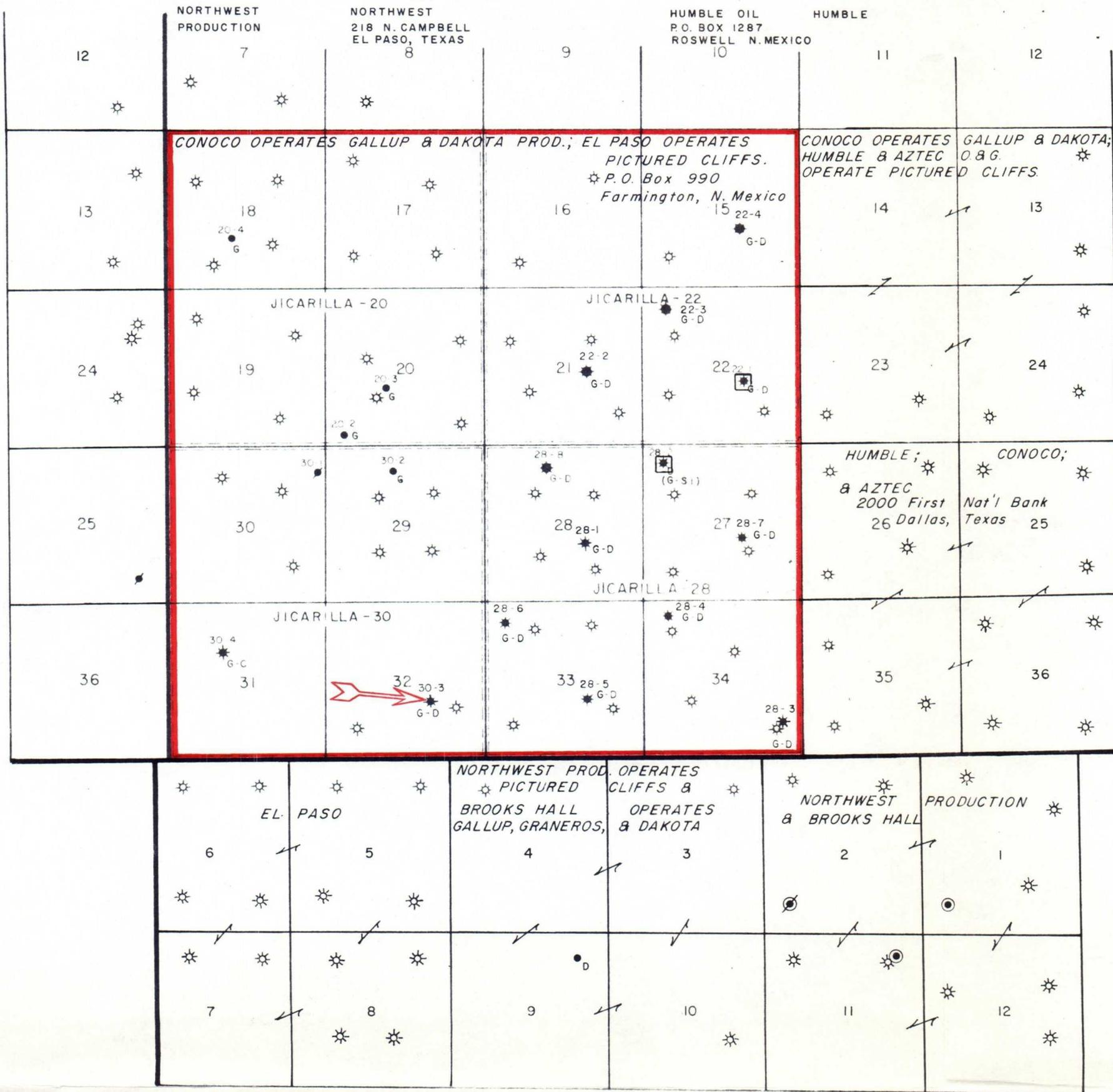


Subscribed and sworn to before me this 4<sup>th</sup> day of September, 1970, by W. C. Blackburn

My commission expires \_\_\_\_\_ My commission expires April 23, 1973

Mary J. Aragon  
Notary Public

R. 4 W.



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- LEGEND -

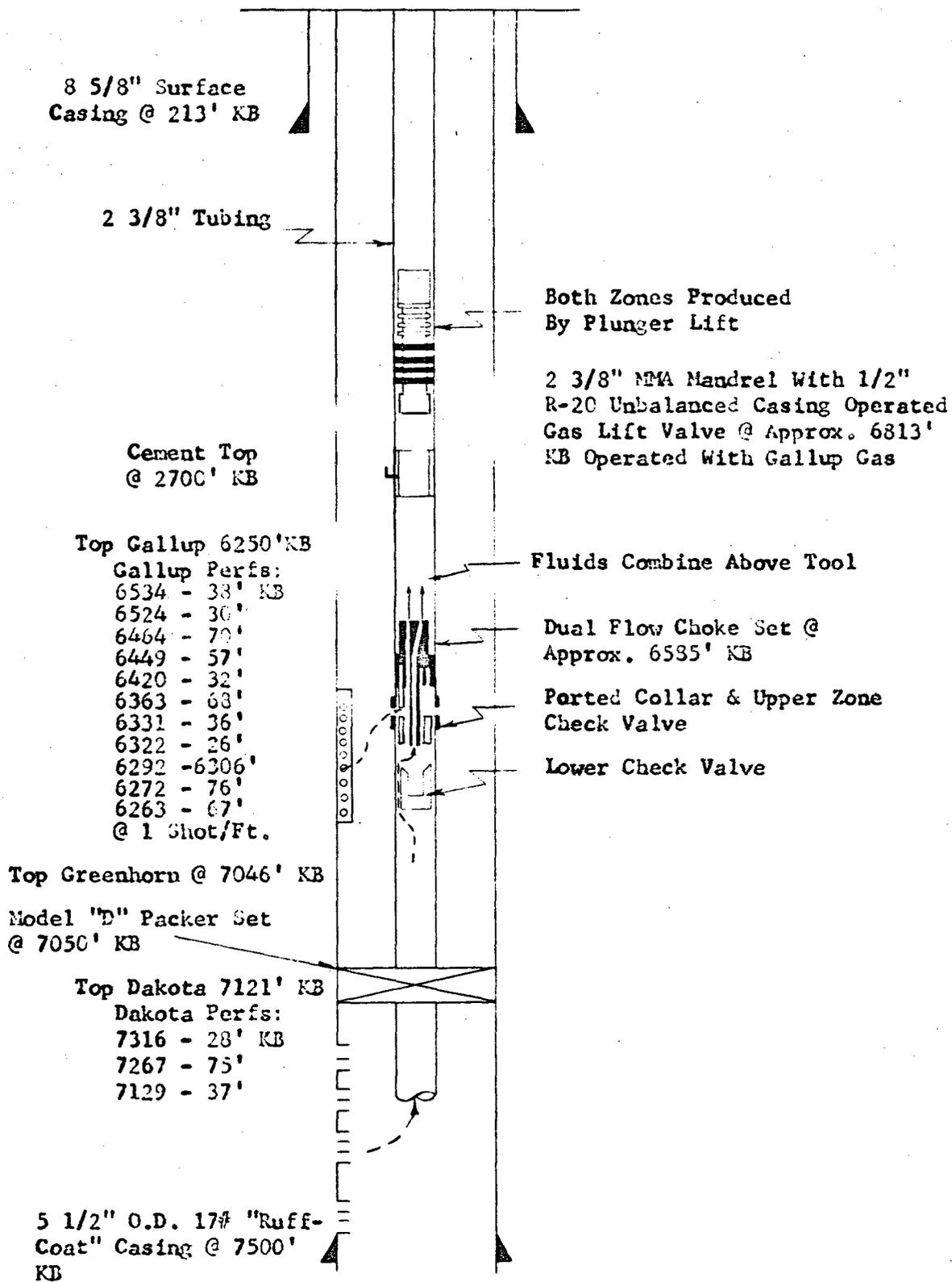
- <sub>G</sub> GALLUP PRODUCING WELL
- <sub>D</sub> DAKOTA PRODUCING WELL
- ★<sub>G-C</sub> GALLUP(Oil)-CHACRA(Gas) DUAL
- ★<sub>G-D</sub> GALLUP(Oil)-DAKOTA(Oil) DUAL
- ☼ GAS PRODUCING WELL (PICTURED CLIFFS)
- ↗ SHUT-IN WELL
- ⊙ DUAL GALLUP-GRANEROS
- ⊠ GALLUP(Oil)-DAKOTA(Oil)-Separate Strings of Casing.

**WEST LINDRITH BLOCK**  
**JICARILLA APACHE LEASES**  
 Rio Arriba County, New Mexico

**EXHIBIT "A"**

Engineer: J.A. Mazza      Drawn by: N.F.D.      12-12-67  
 PRODUCTION DEPARTMENT  
 CONTINENTAL OIL COMPANY      1-69  
 8-70

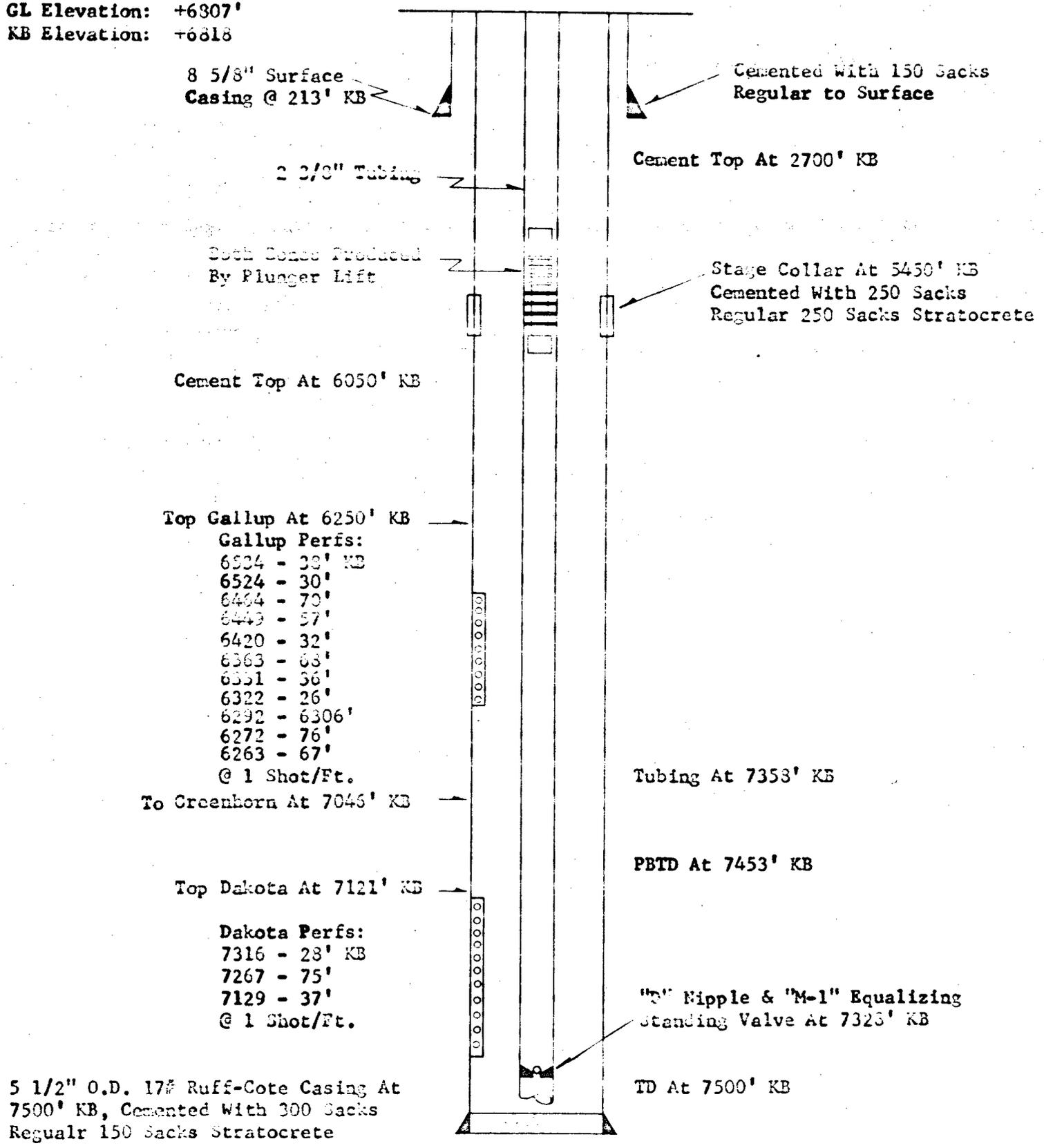
**PRESENT  
DOWNHOLE COMMINGLING INSTALLATION**



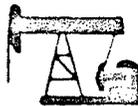
<b>CONTINENTAL OIL COMPANY</b>		
PRODUCTION DEPARTMENT Casper, Wyoming		
<b>WEST LINDRITH</b>		
EXHIBIT "B"		
Downhole Commingling Installation - Jicarilla <u>30-3</u>		
County: Rio Arriba	State: New Mexico	
Engineer: J.A. Mazza	Draftsman: B.S.	Date: 8-25-70
Scale  = No Scale	Well Status Posted to:	

**PROPOSED  
DOWNHOLE COMMINGLING INSTALLATION**

**GL Elevation: +6307'**  
**KB Elevation: +6818**



Centralizers Located 10' & 60' Above Casing Setting Depth and 90' Thereafter To 6170' KB; Also One Centralizer 30' Above & 30' Below Stage Collar.

<b>CONTINENTAL OIL COMPANY</b>		
PRODUCTION DEPARTMENT Casper, Wyoming		
<b>WEST LINDRITH</b>		
EXHIBIT "C"		
Proposed Downhole Commingling Installation - Jicarilla <u>30-3</u>		
County: Rio Arriba	State: New Mexico	
Engineer: J.A. Merza	Draftsman: B.S.	Date: 8-24-70
Scale: <del>1" = 100'</del> No Scale	Well Status: Posted to	

NEW MEXICO OIL CONSERVATION COMMISSION  
GAS - OIL RATIO TESTS

Form 101  
Revised 1-1-65

Operator: Continental Oil Company | Well: Undesignated Gallup | County: Rio Arriba

Address: 152 North Durbin, Casper, Wyoming 82601

LEASE NAME	WELL NO.	LOCATION				DATE OF TEST	TYPE OF TEST - (X)	CHOKE SIZE	TBG. PRESS.	DAILY ALLOWABLE	LENGTH OF TEST HOURS	PROD. DURING TEST			GAS - OIL RATIO CU. FT./BBL.
		U	S	T	R							WATER BBL.S.	GRAV. OIL BBL.S.	OIL BBL.S.	
Jicarella 30	2	C	29	25N	4W	8-02-70	P				24	0	7	80	11423
	3	J	32	25N	4W	8-04-70	P				24	0	10	48	4800
	4	F	31	25N	4W	8-08-70	P				24	0	24	64	2667

EXHIBIT "D1"

No well will be assigned an allowable greater than the amount of oil produced on the official test.  
During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowable when authorized by the Commission.  
Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60° F. Specific gravity base will be 0.60.  
Report casing pressure in lieu of tubing pressure for any well producing through casing.  
Mail original and one copy of this report to the district office of the New Mexico Oil Conservation Commission in accordance with Rule 301 and appropriate pool rules.

I hereby certify that the above information is true and complete to the best of my knowledge and belief.

Original signed by  
C. H. GARCIA  
(Signature)  
Senior Analyst  
(Title)

8-27-70  
(Date)

NMOC(2), File, WS

NEW MEXICO OIL CONSERVATION COMMISSION  
GAS - OIL RATIO TESTS

Form  
Revised 1-1-65

Operator: Continental Oil Company  
Pool: Undesignated Dakota  
County: Rio Arriba

Address: 152 North Durbin, Casper, Wyoming 82601

LEASE NAME	WELL NO.	LOCATION				DATE OF TEST	TYPE OF TEST - (X)	SCHEDULED	DAILY ALLOWABLE	LENGTH OF TEST HOURS	PROD. DURING TEST			GAS - OIL RATIO CU. FT./EBL.
		U	S	T	R						WATER TEST BBLs.	GRAV. OIL BBLs.	GAS M.C.F.	
Jicarrilla 30	3	J	32	25N	4W	8-04-70	P		24	0	18	72	4000	

I hereby certify that the above information is true and complete to the best of my knowledge and belief.

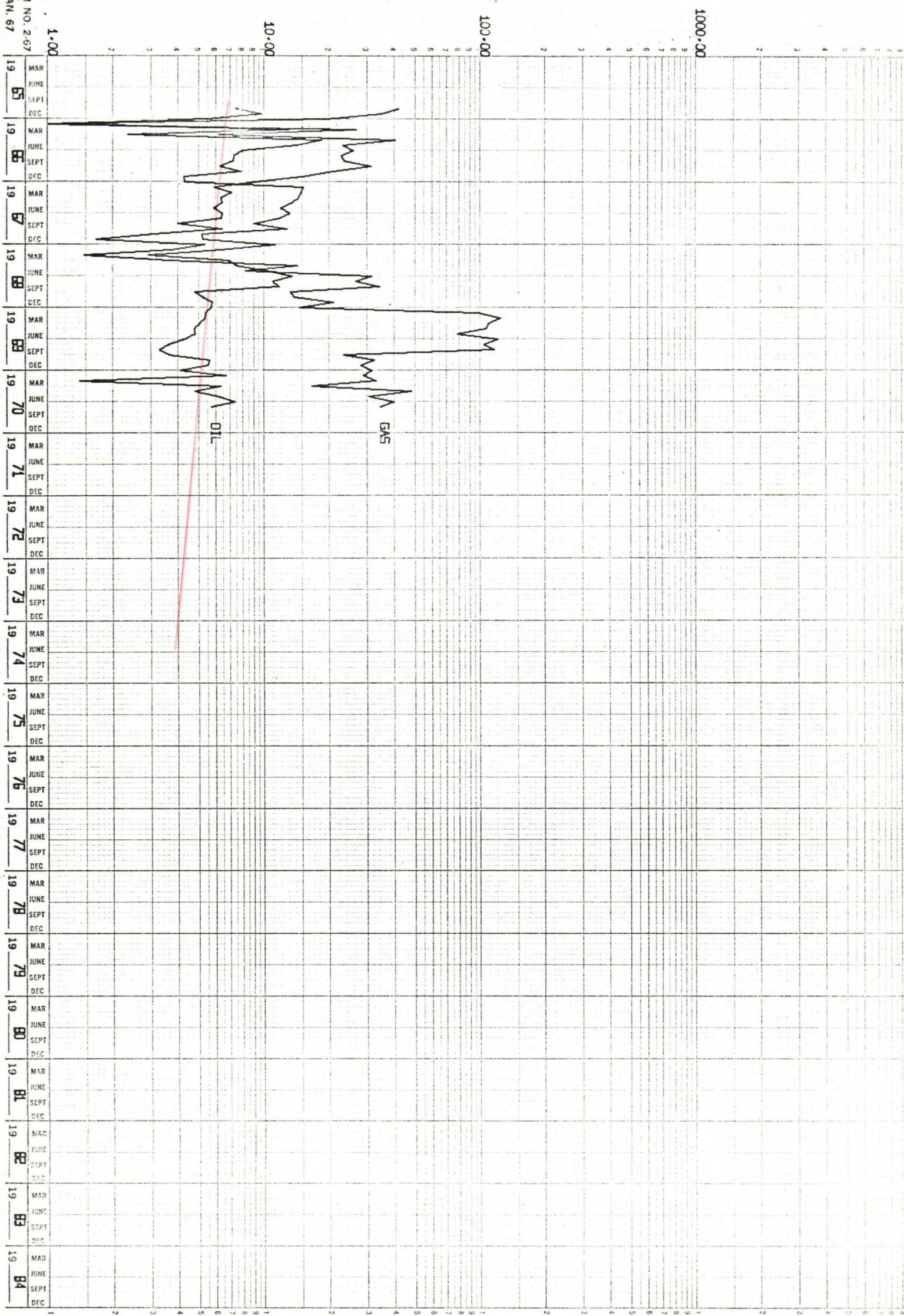
Original signed by  
C. H. GAVIN

Senior Analyst  
8-27-70

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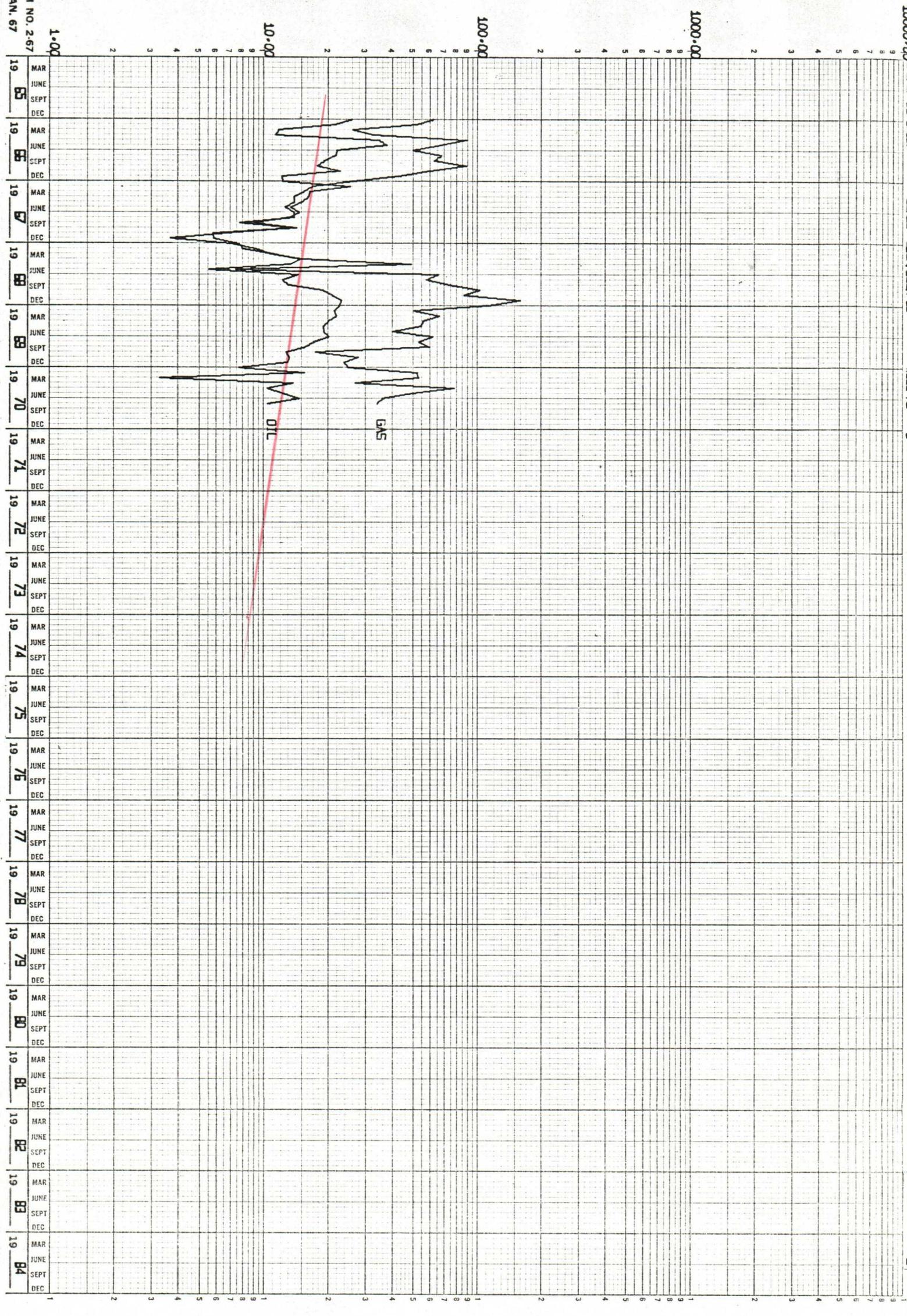
MOCC(2), File, WS

BELS OR MCF/DAY



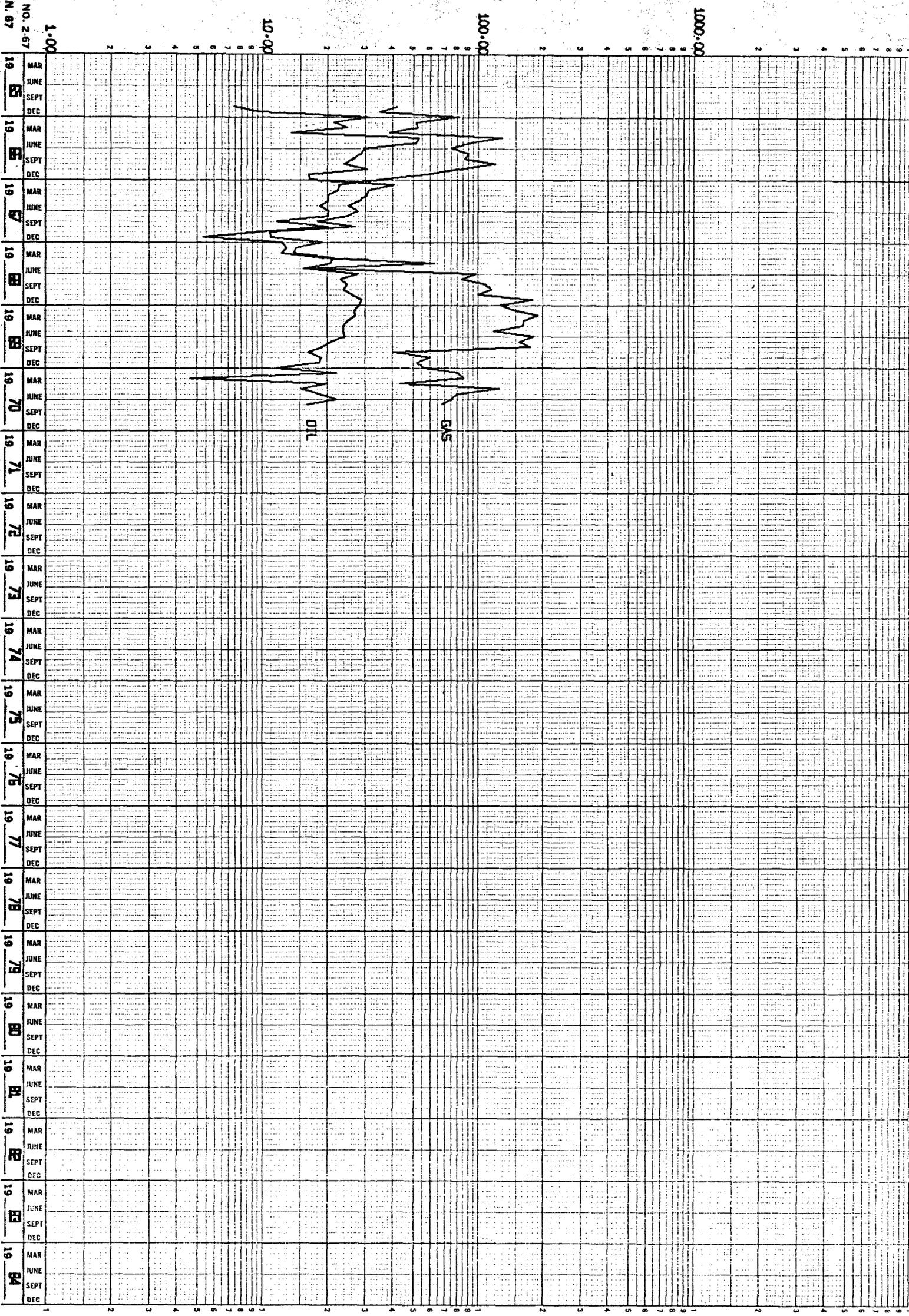
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BELS OR MCF/DAY



Handwritten mark resembling a stylized 'S' or '8'.

BELS OR MCF/DAY



JICARILLA 30 WELL NO. 3  
UNIT LETTER J, SECTION 32, T25N, R4W  
RIO ARRIBA COUNTY, NEW MEXICO

Commingling Data  
Month of July, 1970

<u>Producing Data</u>	<u>Gravity</u>	<u>Value</u>	<u>Volume</u>
Gallup	44.7	\$2.85	321 BOPM
Dakota	47.3	2.85	175 BOPM
Commingled	46.0	2.85	496 BOPM

Crude Purchaser: Shell Pipeline Company - Farmington, New Mexico

Royalty Interest Owner: Jicarilla Apache Tribe

Date: September 2, 1970