

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. 7780
Order No. R-7195

APPLICATION OF TESORO PETROLEUM
CORP. FOR DOWNHOLE COMMINGLING,
MCKINLEY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on January 19, 1983, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 25th day of January, 1983, 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, Tesoro Petroleum Corp., is the owner and operator of the Santa Fe Railroad Well No. 20, located in the SE/4 NW/4 of Section 7, Township 17 North, Range 8 West, NMPM, McKinley County, New Mexico.
- (3) That the applicant seeks authority to commingle Hospah Upper Sand and Hospah Lower Sand pool production within the wellbore of the above-described well.
- (4) That from the Hospah Upper Sand zone, the subject well is capable of low marginal production only.
- (5) That from the Hospah Lower Sand 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.

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(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, Tesoro Petroleum Corp., is hereby authorized to commingle Hospah Upper Sand and Hospah Lower Sand production within the wellbore of the Santa Fe Railroad Well No. 20 located in the SE/4 NW/4 of Section 7, Township 17 North, Range 8 West, NMPM, McKinley County, New Mexico.

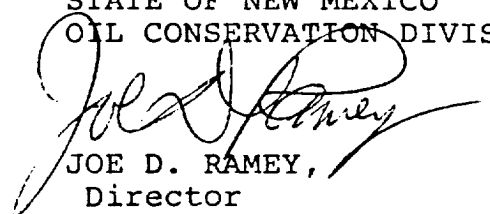
(2) That the applicant shall consult with the Supervisor of the Aztec district office of the Division and determine an allocation formula for the allocation of production to each zone in each of the subject wells.

(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.

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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