

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO



IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5844
Order No. R-5388

APPLICATION OF SKELLY OIL COMPANY
FOR DOWNHOLE COMMINGLING, RIO ARRIBA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 2, 1977, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 15th day of March, 1977, the Commission, a quorum being present, 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 Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Skelly Oil Company, is the owner and operator of the Jicarilla "C" Wells Nos. 9⁰ and 17⁰, located in Units K and D, Section 28; Nos. 11⁰ and 19⁰ in Units L and I, Section 27; Nos. 12⁰ and 13⁰ in Units C and B, Section 33; No. 10⁰ in Unit M, Section 22; and No. 15⁰ in Unit G of Section 34, all in Township 25 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

(3) That the applicant seeks authority to commingle South Blanco-Pictured Cliffs and Otero-Chacra production within the wellbores of the above-described wells.

(4) That from the Pictured Cliffs zone, each of the subject wells is capable of low marginal production only.

(5) That from the Chacra zone, each of the subject wells is capable of low marginal production only.

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(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 none of the wells is not shut-in for an extended period.

(8) That to afford the Commission 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 Commission any time any of the subject wells is shut-in for 7 consecutive days.

(9) That in order to allocate the commingled production to each of the commingled zones in each of the subject wells, 60 percent of the production should be allocated to the Pictured Cliffs zone, and 40 percent of the commingled production to the Chacra zone.

(10) That applicant further seeks the establishment of an administrative procedure for approval of the commingling down-hole of additional wells in Sections 5 and 6, Township 24 North, Range 5 West, and Sections 21 and 34, Township 25 North, Range 5 West.

IT IS THEREFORE ORDERED:

(1) That the applicant, Skelly Oil Company, is hereby authorized to commingle South Blanco-Pictured Cliffs and Otero-Chacra production within the wellbores of the Jicarilla "C" Wells Nos. 9 and 17, located in Units K and D, Section 28; Nos. 11 and 19 in Units L and I, Section 27; Nos. 12 and 13 in Units C and B, Section 33; No. 10 in Unit M, Section 22; and No. 15 in Unit G of Section 34, all in Township 25 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

(2) That 60 percent of the commingled production shall be allocated to the Pictured Cliffs zone and 40 percent of the production shall be allocated to the Chacra zone.

(3) That the operator of the subject wells shall immediately notify the Commission's Aztec district office any time any of the wells have been shut-in for 7 consecutive days and shall concurrently present, to the Commission, a plan for remedial action.

(4) That the Secretary-Director of the Commission is hereby authorized to approve commingling of Pictured Cliffs and Chacra production in the wellbore of any well drilled in Sections 5 and 6, Township 24 North, Range 5 West, NMPM, and Sections 21 and 34, Township 25 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

(5) That to obtain approval for the downhole commingling of Pictured Cliffs and Chacra production in the wellbore of any well completed in the aforescribed area, the operator of said well shall file one copy of the request for such approval with the Secretary-Director of the Commission and one copy with the Supervisor of the Commission District Office at Aztec. Such request shall contain evidence as to the productivity or expected productivity of each of the aforesaid formations proposed to be commingled, as well as reservoir pressures encountered or expected to be encountered. In addition, data shall be submitted which will enable the Secretary-Director to prescribe an allocation formula for allocating production to each of the formations to be commingled.

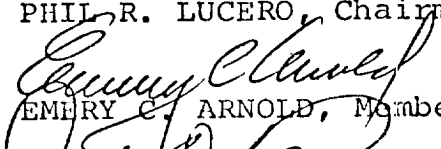
(6) The Secretary-Director of the Commission shall have authority to rescind downhole commingling authority granted for any well prior to its completion if data available upon completion of the well indicates greater than marginal production from either or both of the commingled formations or a pressure differential between the commingled formations which might cause waste.

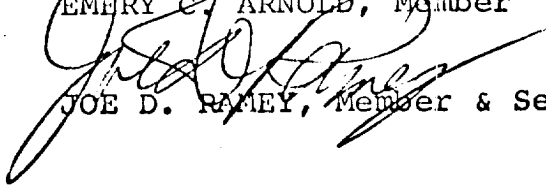
(7) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman


EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

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