

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. 5958
Order No. R-5559

APPLICATION OF CONTINENTAL 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 June 8, 1977,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 1st day of November, 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, Continental Oil Company, is the
owner and operator of the AXI Apache "J" Wells Nos. 18, 23, and
24 located in Units A, D, and P, respectively, of Section 8;
Nos. 19 and 22 in Units D and L, respectively, of Section 6;
Nos. 20 and 21 in Units C and I, respectively, of Section 5;
and No. 25 in Unit A of Section 7, all in Township 25 North,
Range 5 West, NMPM, Rio Arriba County, New Mexico.

(3) That the applicant seeks authority to commingle
Gonzales-Mesaverde and Otero-Chacra production within the
wellbores of the above-described wells.

(4) That from the Gonzales-Mesaverde zone, Wells Nos. 18,
20, and 21 are capable of low levels of production only.

(5) That from the Otero-Chacra zone, said Wells Nos. 18,
20 and 21 are capable of low levels of production only.

(6) That the proposed commingling may result in the recovery
of additional hydrocarbons from each of the subject pools from
the aforesaid three wells, thereby preventing waste, and will
not violate correlative rights.

(7) That the reservoir characteristics of each of the subject zones in the aforesaid three wells 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 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 aforesaid three wells is shut-in for 7 consecutive days.

(9) That in order to allocate the commingled production to each of the commingled zones in the subject wells, 75 percent of the commingled production should be allocated to the Gonzales-Mesaverde zone, and 25 percent of the commingled production to the Otero-Chacra zone in Well No. 18, and 78 percent of the commingled production should be allocated to the Mesaverde zone and 22 percent of the production to the Chacra zone in Wells Nos. 20 and 21.

(10) That the pressure differentials between the Mesaverde zone and the Chacra zone in Wells Nos. 19, 22, 23, 24 and 25 are excessive, the pressure in the upper (mesaverde) zone being 2.43, 2.24, 2.48, 3.78, and 2.67 times the pressure in the lower (Chacra) zone in each of said wells, respectively.

(11) That such pressure differentials between the two zones in the aforesaid wells are not conducive to efficient depletion of the two zones if the same are commingled in the wellbore and might cause waste, and the application for commingling of production in said wells should be denied.

IT IS THEREFORE ORDERED:

(1) That the applicant, Continental Oil Company, is hereby authorized to commingle Gonzales-Mesaverde and Otero-Chacra production within the wellbores of the AXI Apache "J" Wells Nos. 18, 20, and 21, located in Unit A of Section 8 and Units C and I of Section 5, respectively, all in Township 25 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

(2) That 75 percent of the commingled production shall be allocated to the Gonzales-Mesaverde zone and 25 percent of the commingled production shall be allocated to the Otero-Chacra zone in the aforesaid Well No. 18; and 78 percent of the commingled production shall be allocated to the Gonzales-Mesaverde zone and 22 percent of the production shall be allocated to the Otero-Chacra zone in both the aforesaid Well No. 20 and the aforesaid Well No. 21.

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

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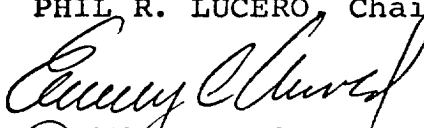
(4) That the application to commingle Mesaverde and Chacra production in the wellbores of AXI Apache "J" Wells Nos. 19, 22, 23, 24, and 25, located, respectively, in Units D and L of Section 6, Units D and P of Section 8, and Unit A of Section 7, all in Township 25 North, Range 5 West, NMPM, Rio Arriba County, New Mexico, is hereby denied.

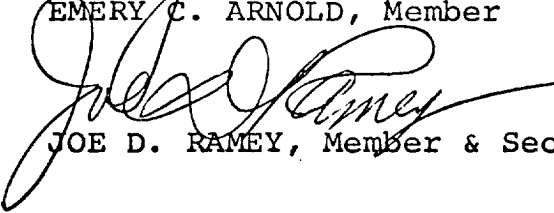
(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman


EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

S E A L

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