

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. 5586
Order No. R-5138

APPLICATION OF AMERADA HESS CORPORATION
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 November 19, 1975, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 16th day of December, 1975, 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, Amerada Hess Corporation, is the owner and operator of its McKenzie Federal Wells Nos. 1 and 3 located, respectively, in Units M and O of Section 25 and its Harvey State Well No. 1, located in Unit N of Section 36, all in Township 25 North, Range 6 West, NMPM, Rio Arriba County, New Mexico.

(3) That the applicant seeks authority to commingle Otero-Gallup oil and Basin-Dakota gas production within the wellbore of each of the above-described wells.

(4) That from the Otero-Gallup zone, each of the subject wells is capable of low marginal production only.

(5) That from the Basin-Dakota zone, both the McKenzie Federal Well No. 1 and the Harvey State Well No. 1 are capable of marginal production only.

(6) That the aforesaid McKenzie Federal Well No. 3 is presently shut in insofar as the Dakota zone is concerned, but is thought to be capable of marginal production only.

(7) 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.

(8) That the reservoir characteristics of each of the subject zones in each of the subject 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.

(9) 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 are shut-in for 7 consecutive days.

(10) That in order to allocate the commingled production to each of the commingled zones in the McKenzie Federal Well No. 1 all of the oil production and 11 percent of the commingled gas production should be attributed to the Otero-Gallup zone, and 89 percent of the commingled gas production to the Basin-Dakota zone and in the Harvey State Well No. 1, all of the oil production and 9 percent of the commingled gas production should be attributed to the Otero-Gallup zone, and 91 percent of the commingled gas production to the Basin-Dakota zone.

(11) That upon completion of workover operations the operator should consult with the supervisor of the Aztec district office of the Commission to determine an allocation formula for the McKenzie Federal Well No. 3.

IT IS THEREFORE ORDERED:

(1) That the applicant, Amerada Hess Corporation, is hereby authorized to commingle Otero-Gallup and Basin-Dakota production within the wellbore of its McKenzie Federal Wells Nos. 1 and 3 located, respectively, in Units M and O of Section 25 and its Harvey State Well No. 1 located in Unit N of Section 36, all in Township 25 North, Range 6 West, NMPM, Rio Arriba County, New Mexico.

(2) That all of the oil production and 11 percent of the commingled gas production shall be attributed to the Otero-Gallup zone and 89 percent of the commingled gas production shall be attributed to the Basin-Dakota zone in the McKenzie Federal Well No. 1, and all of the oil production and 9 percent of the commingled gas production shall be attributed to the Otero-Gallup zone, and 91 percent of the commingled gas production shall be attributed to the Basin-Dakota zone in the Harvey State Well No. 1.

(3) That upon completion of workover operations, the operator shall consult with the supervisor of the Aztec district office of the Commission to determine an allocation formula for the McKenzie Federal Well No. 3, provided however, that this authority for down-

-3-

Case No. 5586

Order No. R-5138

hole commingling shall automatically terminate in the event non-marginal production is obtained in the Dakota zone of said well.

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

(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 hereinabove designated.

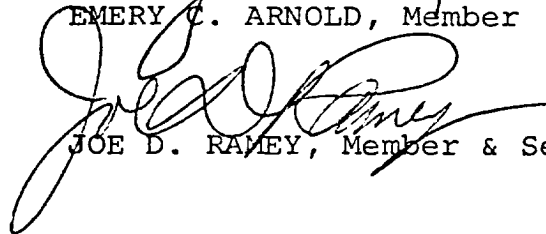
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



PHIL R. LUCERO, Chairman



EMERY C. ARNOLD, Member



JOE D. RAMEY, Member & Secretary

S E A L

jr/