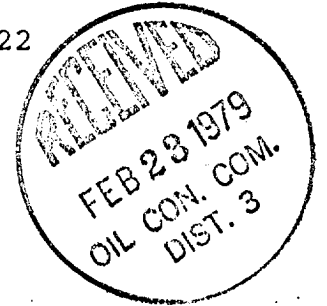


STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6438
Order No. R-5922

APPLICATION OF CAULKINS OIL COMPANY
FOR DUAL COMPLETIONS AND DOWNHOLE
COMMINGLING, RIO ARRIBA COUNTY,
NEW MEXICO.



ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 o'clock a.m. on January 31, 1979, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 20th day of February, 1979, 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, Caulkins Oil Company, seeks authority to complete its Breech Well No. 812 located in Unit N of Section 18, Township 26 North, Range 6 West, and its Breech Well No. 224-A, located in Unit D of Section 13, Township 26 North, Range 7 West, NMPM, Rio Arriba County, New Mexico, each as a dual completion (conventional) to produce gas from the Dakota formation through one string of tubing and to produce commingled Chacra and Mesaverde gas production through a second string of tubing.
- (3) That from the Chacra zone, the subject well is expected to be capable of low marginal production only.
- (4) That from the Mesaverde zone, the subject well is expected to be capable of low marginal production only.

(5) 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.

(6) 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 neither of the wells is shut-in for an extended period.

(7) 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 of the pressure and productivity encountered upon completion and to further notify said district office any time either of the subject wells is shut-in for 7 consecutive days thereafter.

(8) 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.

(9) That the Director of the Division should be authorized to rescind the commingling authority granted by this order whenever it appears that waste would be prevented thereby.

(10) That the mechanics of the proposed dual completion are feasible and in accord with good conservation practices.

(11) That approval of the subject application will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Caulkins Oil Company, is hereby authorized to complete its Breech Well No. 812 located in Unit N of Section 18, Township 26 North, Range 6 West, and its Breech Well No. 224-A, located in Unit D of Section 13, Township 26 North, Range 7 West, NMPM, Rio Arriba County, New Mexico, each as a dual completion (conventional) to produce gas from the Dakota formation through one string of tubing and to produce Chacra and Mesaverde gas production, hereby authorized to be commingled in the wellbore, through a second string of tubing with separation of the Dakota zone from the other zones achieved by means of a packer set at approximately 5400 feet and 5100 feet, respectively.

PROVIDED HOWEVER, that the applicant shall complete, operate, and produce said wells in accordance with the provisions of Rule 112-A of the Division Rules and Regulations insofar as said rule is not inconsistent with this order;

PROVIDED FURTHER, that the applicant shall take packer leakage tests upon completion and annually thereafter during the Annual Deliverability Test Period for gas wells in Northwest New Mexico.

(2) That the applicant shall consult with the Supervisor of the Aztec district office of the Division and determine a formula for the allocation of production to the Chacra and Mesaverde zones in each of the subject wells following completion of such well and submittal of pressure and potential data.

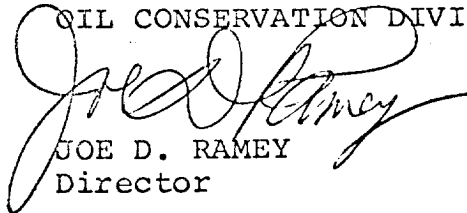
(3) That the operator of the subject wells shall immediately notify the Division's Aztec district office any time either of the wells has been shut-in for 7 consecutive days and shall concurrently present, to the Division, a plan for remedial action.

(4) That the Director of the Division may rescind the authority to commingle the Chacra and Mesaverde zones in either or both of said wells if it appears that waste will be prevented thereby.

(5) 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

S E A L

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