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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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OIL CON. DIV.
DIST. 3

CASE NO. 7777
Order No. R-7199

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

State B
#233E

APPLICATION OF CAULKINS OIL COMPANY FOR
NON-STANDARD PRORATION UNITS, UNORTHODOX
LOCATIONS, AND DOWNHOLE COMMINGLING,
RIO ARriba 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 26th 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, Caulkins Oil Company, seeks approval for the downhole commingling of Chacra and Mesaverde production in its State B Well No. 233-E, drilled at an unorthodox location for the Mesaverde and Dakota formations 1740 feet from the South line and 1715 feet from the West line of Section 16, Township 26 North, Range 6 West, NMPM, Rio Arriba County, New Mexico.

(3) Applicant further seeks approval of a 320-acre non-standard Chacra gas production unit for said well comprising the N/2 NE/4, NW/4, and N/2 SW/4 of said Section 16.

(4) Applicant also seeks approval for the unorthodox Chacra location of its State B Well No 235-R, also on the aforesaid unit, at a point 1070 feet from the North line and 920 feet from the East line of said Section 16, and approval of a 320-acre Chacra non-standard unit comprising the SE/4, S/2 NE/4, and S/2 SW/4 of said Section 16 to be dedicated to its State B Well No. 268E, located in Unit F of Section 16.

(5) That from said State B Well No. 233-E, production from the Chacra and Mesaverde zones is expected to be of marginal volumes 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.

(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 production data currently available is insufficient to establish a reasonable formula for allocation of the commingled production to the two zones.

(10) That in order to allocate the commingled production to each of the commingled zones in the well, 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 based upon tests of at least 90 days duration.

(11) That with the provisions set out above, the application for downhole commingling should be approved.

(12) That the N/2 NE/4, NW/4 and N/2 SW/4 of said Section 16 was previously approved as a non-standard gas proration unit for the Mesaverde and Dakota formations and is dedicated to said State B Well No. 233-E.

(13) That the previously described unorthodox location of said State B Well No. 233-E in the Mesaverde and Dakota formations will better enable the operator of the non-standard proration unit described in the previous finding to produce the gas lying thereunder.

(14) That no offset operator objected to the proposed unorthodox location and it should be approved.

(15) That each of the non-standard units described in Findings No. (3) and (4) above are double the size of a standard Chacra gas spacing unit.

(16) That in the absence of notice, hearing, and testimony, that Chacra gas wells in the common source of supply underlying this area will efficiently and effectively drain 320 acres, the application for non-standard units in this case should be denied.

(17) That with denial of said proposed non-standard Chacra gas spacing units, the request for approval of the location for said State B Well No. 235-R as an unorthodox Chacra gas well location is unnecessary and should be dismissed.

IT IS THEREFORE ORDERED:

(1) That the applicant, Caulkins Oil Company, is hereby authorized to commingle Chacra and Mesaverde production within the wellbore of the State B Well No. 233-E, drilled at an unorthodox location, hereby approved, for the Mesaverde and Dakota formations at a point 1740 feet from the South line and 1715 feet from the West line of Section 16, Township 26 North, Range 6 West, NMPM, Rio Arriba 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 the subject well based upon tests of at least 90 days duration.

(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 the application for two non-standard Chacra gas spacing units consisting of the N/2 NE/4, NW/4, and N/2 SW/4 and the SE/4, S/2 NE/4, and S/2 SW/4, both in said Section 16 is hereby denied.

(5) That the application for an unorthodox Chacra formation gas well location 1070 feet from the North line and 920 feet from the East line of said Section 16 is hereby dismissed.

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

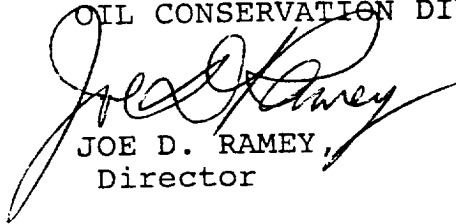
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Case No. 7777

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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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