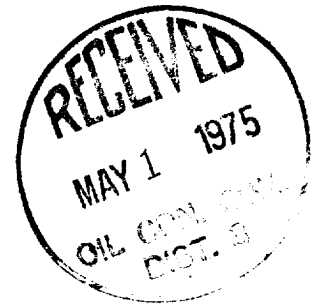


BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO



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

CASE NO. 5399
Order No. R-4959

APPLICATION OF COASTLINE PETROLEUM
COMPANY, INC. FOR DOWNHOLE COMMINGLING,
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 5, 1975, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 11th day of February, 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, Coastline Petroleum Company, Inc., is the owner and operator of the Schalk 54 Well No. 1, located in Unit A of Section 26, Township 32 North, Range 8 West, NMPM, San Juan County, New Mexico.

(3) That the applicant seeks authority to commingle Undesignated Gallup and Basin-Dakota production within the wellbore of the above-described well.

(4) That from the Undesignated Gallup zone, the subject well is capable of low rates of production only.

(5) That from the Basin-Dakota zone, the subject well is capable of low marginal production 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 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 the subject well is shut-in for 7 consecutive days.

(9) That in order to allocate the commingled production and deliverabilities to each of the commingled zones in the subject well, 91 percent of the commingled production should be allocated to the Undesignated Gallup zone, and 9 percent of the commingled production to the Basin-Dakota zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, Coastline Petroleum Company, Inc., is hereby authorized to commingle Undesignated Gallup and Basin-Dakota production within the wellbore of its Schalk 94 Well No. 1, located in Unit A of Section 26, Township 32 North, Range 8 West, NMPM, San Juan County, New Mexico.

(2) That for the allocation of production and deliverability, 91 percent of the commingled production shall be allocated to the Undesignated Gallup zone and 9 percent of the commingled production shall be allocated to the Basin-Dakota zone.

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

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

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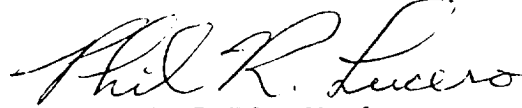
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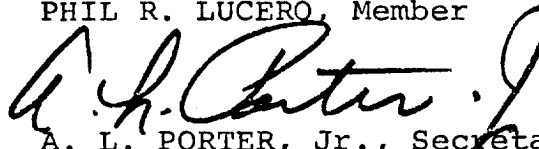
DONE at Santa Fe, New Mexico, on the day and year
hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

I. R. TRUJILLO, Chairman



PHIL R. LUCERO, Member



A. L. PORTER, Jr., Secretary & Member

S E A L

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