

CASE 7430: AMOCO PRODUCTION COMPANY FOR  
DOWNHOLE COMINGLING, SAN JUAN COUNTY,  
NEW MEXICO

DOCKET MAILED  
Date 11/20/81

CASE NO.

7430

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APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,  
ETC.

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
2 December 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Amoco Production Com-  
pany for downhole commingling, San  
Juan County, New Mexico.

CASE  
7430

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

W. Perry Pearce, Esq.  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant:

William F. Carr, Esq.  
CAMPBELL, BYRD, & BLACK P.A.  
Jefferson Place  
Santa Fe, New Mexico 87501

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A P P E A R A N C E S

For the Applicant: Gary L. Paulson, Esq.  
AMOCO PRODUCTION COMPANY  
17th & Broadway  
Denver, Colorado 80202

I N D E X

VINTON PIERCE

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E X H I B I T S

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1  
2 MR. NUTTER: Call Case 7430.

3 MR. PEARCE: Application of Amoco Pro-  
4 duction Company for downhole commingling, San Juan County,  
5 New Mexico.

6 MR. CARR: May it please the Examiner,  
7 my name is William F. Carr, with the law firm Campbell, Byrd,  
8 and Black, P. A., in Santa Fe, appearing on behalf of Amoco  
9 Production Company.

10 I'm appearing in association with Gary  
11 Paulson, attorney for Amoco Production Company from Denver,  
12 who will present Amoco's direct Case.

13 MR. PAULSON: Thank you very much.  
14 We have one witness, Mr. Vinton Pierce and ask that he be  
15 sworn at this time.

16  
17 (Witness sworn.)

18  
19 VINTON PIERCE  
20 being called as a witness and being duly sworn upon his oath,  
21 testified as follows, to-wit:

22  
23 DIRECT EXAMINATION

24 BY MR. PAULSON:

25 Q Mr. Pierce, would you state your name for

1  
2 the record, please?

3 A. Vinton Pierce, P-I-E-R-C-E.

4 Q. And your occupation?

5 A. I am employed by Amoco Production Com-  
6 pany as an engineer.

7 Q. And you have testified before this Com-  
8 mission on prior occasions and your qualifications have been  
9 accepted?

10 A. Yes, I have.

11 Q. And you're familiar with the application  
12 which has been filed in this case?

13 A. Yes, I am.

14 Q. And you have prepared exhibits in anti-  
15 cipation of your testimony today?

16 A. Yes, I have.

17 MR. PAULSON: Are the witness qualifi-  
18 cations acceptable?

19 MR. NUTTER: They are.

20 MR. PAULSON: Thank you.

21 Q. Mr. Pierce, what is Amoco seeking by  
22 this application?

23 A. We are requesting permission from the  
24 Division to commingle Fruitland and Pictured Cliffs gas pro-  
25 duction from the Guttierrez Gas Com "C" No. 1, which is

located in the northeast quarter of Section 4, Township 29 North, Range 9 West, San Juan County, New Mexico.

Q Was notice given to the offset operators in this surrounding section, Section 4?

A Yes, it was.

Q And that was USGS and Tenneco on those?

A That is correct.

Q Okay. Would you identify Exhibit One for us and explain its significance to the application, please?

A Exhibit One is a 9-section plat centered on Section 4. The Gutierrez Well is shown in the northeast quarter of Section 4 by an arrow.

This well was drilled in October, 1970. 4-1/2 inch casing was set at 2420 feet and the well was completed in the Blanco Pictured Cliffs formation.

The well produced for a little over a year from the Pictured Cliffs and was abandoned in the Pictured Cliffs in February, 1972, at which time it was making 45 Mcf per day.

Q With respect to Exhibit Number Two, would you identify that for us, please?

A Yes, Exhibit Number Two is a diagrammatic sketch of the wellbore. It shows the casing and cementing data, showing the Pictured Cliffs formation perfora-



1  
2 tions at 2273 to 2288.

3 In February of 1972 the well was recom-  
4 pleted to the Fruitland, as shown again on the diagrammatic  
5 sketch. The well has continued to be produced from the Fruit-  
6 land and is currently producing at a rate of 13 Mcf per day.

7 Q Are there other wells in this area that  
8 have been commingled between the Pictured Cliffs and Fruitland  
9 formations?

10 A Yes, there are. In October, 1980, the  
11 Division granted approval to Amoco to commingle Fruitland and  
12 Pictured Cliffs gas production from six wells in the Blanco  
13 area. This was Case Number 7011, Order No. R-6481. One of  
14 these wells is shown on Exhibit One. It is the Elliott "D"  
15 No. 8 in the northeast quarter of Section 10. The other  
16 five are just slightly off the area covered by this 9-section  
17 plat.

18 Q And both of the formations in the well-  
19 bore, the Fruitland and the Pictured Cliffs are both pro-  
20 ductive of dry gas, is that correct?

21 A That's correct. Neither one of them  
22 produce any liquid hydrocarbon.

23 Q Okay, and Exhibit Two shows the pressures,  
24 bottom hole pressures?

25 A Yes. The 7-day shut-in pressure of the

1  
2 Fruitland is 454 psi and the Pictured Cliffs, 315 psi.

3 Q And again Exhibit Two also demonstrates  
4 the -- the rate of production for the Pictured Cliffs prior  
5 to its being abandoned at -- and that was 45 Mcf?

6 A That's correct.

7 Q And present rate of production from the  
8 Fruitland is 13 Mcf?

9 A That is correct.

10 Q Okay. You're aware, Mr. Pierce, are you  
11 not, that some allocation of production must be made between  
12 the formations? What would be your recommendation with re-  
13 spect to that allocation?

14 A I would recommend that the allocation  
15 be based on those two producing rates, 13 Mcf per day from  
16 the Fruitland and 45 Mcf per day from the Pictured Cliffs,  
17 which would give an allocation of 22 percent of commingled  
18 production to the Fruitland and 78 percent commingled from  
19 the Pictured Cliffs.

20 Q And the ownership of these zones is  
21 common?

22 A Yes, it is.

23 Q Does Amoco plan to pressure test the  
24 casing in accordance with State law?

25 A Yes, it will.

1  
2 Q Okay, and will the granting of this ap-  
3 plication prevent physical waste of the hydrocarbons and in  
4 fact promote recovery of additional hydrocarbons from these  
5 formations?

6 A Yes, it will.

7 Q And will the commingling of these forma-  
8 tions extend the life of this well?

9 A Yes.

10 Q And this commingling would not adversely  
11 affect correlative rights?

12 A No, it would not.

13 Q Okay.

14 MR. PAULSON: We have no further testi-  
15 mony. We would offer Exhibits One and Two into evidence,  
16 and also offer Mr. Pierce for cross examination.

17 MR. NUTTER: Exhibits One and Two will  
18 be admitted in evidence.

19  
20 CROSS EXAMINATION

21 BY MR. NUTTER:

22 Q Mr. Pierce, when the Pictured Cliffs was  
23 abandoned, I don't suppose the formation was plugged or any-  
24 thing like that.

25 A No, a bridge plug was set at -- I don't

1  
2 have the -- but just immediately above the Pictured Cliffs  
3 perforations.

4 Q So that has to be removed?

5 A Yes, it will have to be removed.

6 MR. NUTTER: Are there any further ques-  
7 tions of the witness? He may be excused.

8 Do you have anything further, Mr. Paulson?

9 MR. PAULSON: No, I do not. Thank you.

10 MR. NUTTER: Does anyone have anything  
11 they wish to offer in Case Number 7430?

12 We'll take the case under advisement.

13  
14  
15 (Hearing concluded.)  
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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete and correct transcript of the proceedings in the Examination of Case No. 7430 heard by me on 12/2 1981.  
[Signature], Examiner  
Oil Conservation Division

SALLY W. BOYD, C.S.R.  
Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION



BRUCE KING  
GOVERNOR  
LARRY KEHOE  
SECRETARY

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 837-2434

December 9, 1981

Mr. William F. Carr  
Campbell, Byrd & Black  
Attorneys at Law  
Post Office Box 2208  
Santa Fe, New Mexico

Re: CASE NO. 7430  
ORDER NO. R-6853

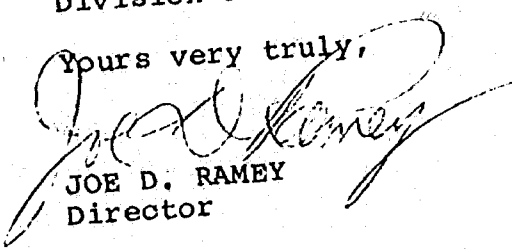
Applicant:

Amoco Production Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced  
Division order recently entered in the subject case.

Yours very truly,

  
JOE D. RAMEY  
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD x  
Artesia OCD x  
Aztec OCD x

Other Gary Paulson

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. 7430  
Order No. R-6853

APPLICATION OF AMOCO PRODUCTION COMPANY  
FOR DOWNHOLE COMMINGLING, SAN JUAN  
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 2, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 21st day of December, 1981, 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, Amoco Production Company, is the owner and operator of the Gutierrez Gas Com "C" Well No. 1, located in Unit A of Section 4, Township 29 North, Range 9 West, NMPM, San Juan County, New Mexico.
- (3) That the applicant seeks authority to commingle Fruitland and Pictured Cliffs production within the wellbore of the above-described well.
- (4) That from the Fruitland zone, the subject well is capable of low marginal production only.
- (5) That from the Pictured Cliffs zone, the subject well is expected to be 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.

-2-

Case No. 7430  
Order No. R-6853

(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 in order to allocate the commingled production to each of the commingled zones in the subject well, 22 percent of the commingled oil and gas production should be allocated to the Fruitland zone, and 78 percent of the commingled oil and gas production to the Pictured Cliffs zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, Amoco Production Company, is hereby authorized to commingle Fruitland and Pictured Cliffs production within the wellbore of the Gutierrez Gas Com "C" Well No. 1, located in Unit A of Section 4, Township 29 North, Range 9 West, NMPM, San Juan County, New Mexico.

(2) That 22 percent of the commingled oil and gas production shall be allocated to the Fruitland zone and 78 percent of the commingled oil and gas production shall be allocated to the Pictured Cliffs zone.

(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 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*  
JOE D. RAMEY,  
Director



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Case 7011  
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down here  
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6 wells  
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AMOCO PRODUCTION COMPANY  
DENVER REGION  
BLANCO FRUITLAND FIELD  
&  
BLANCO PICTURED CLIFFS FIELD  
SAN JUAN COUNTY, NEW MEXICO

12 1/4" HOLE

8 5/8" CSG @ 214'  
WITH 200 SX CEMENT

6 3/4" HOLE

2 3/8" TBG @ 2288'

FRUITLAND  
PERFORATIONS:  
2016'-2026'

FRUITLAND  
PERFORATIONS:  
2093'-2108'

PICTURED CLIFFS  
PERFORATIONS:  
2273'-2288'

*Feb 72  
recompl  
to Fruitland  
currently  
prod. 13 MCF/D*

*recommnd  
alloc. based  
on 13 and 45-  
22% 78%  
PC*

4 1/2" CSG @ 2420'  
WITH 500 SX CEMENT

Producing Rate - Gas (MCFD)  
- Condensate (BPM)  
SIBHP (seven day)

Fruitland	Pictured Cliffs
13	45
0	0
454	315

Amoco Production Company

SCALE:

GUTIERREZ GAS COM C NO. 1  
800' FNL x 960' FEL Section 4, T29N-R9W, San Juan County, New Mexico

DRG.  
NO.

12 1/4" HOLE

8 5/8" CSG @ 214'  
WITH 200 SX CEMENT

6 3/4" HOLE

2 3/8" TBG @ 2288'

FRUITLAND  
PERFORATIONS:  
2016'-2026'

FRUITLAND  
PERFORATIONS:  
2093'-2108'

PICTURED CLIFFS  
PERFORATIONS:  
2273'-2288'

*Feb 72  
recompl  
to Fruitland  
currently  
prod. 13 MCF/D  
  
recommnd  
alloc. based  
on 13 and 45-  
22 9/10 ft 78%  
PC*

4 1/2" CSG @ 2420'  
WITH 500 SX CEMENT

Producing Rate - Gas (MCFD)  
- Condensate (B/M)  
SIBHP (seven day)

Fruitland	Pictured Cliffs
13	45
0	0
454	315

Anioco Production Company

SCALE:

GUTIERREZ GAS COM C NO. 1

800' FNL x 960' FEL Section 4, T29N-R9W, San Juan County, New Mexico

ORG.  
NO.

Docket No 40-81 is tentatively set for December 16, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - WEDNESDAY - DECEMBER 2, 1981**

**9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO**

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

**CASE 7396: (Continued from November 4, 1981, Examiner Hearing)**

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Sentry Oil Exploration Company and Lawyers Surety Corporation to appear and show cause why Farr Well No. 1, located in Unit G of Section 6, Township 31 North, Range 34 East, Union County, New Mexico, should not be ordered plugged and abandoned in accordance with a Division-approved plugging program.

**CASE 7429:** Application of Mark D. Wilson for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 660 feet from the North line and 1650 feet from the East line of Section 12, Township 17 South, Range 27 East, Wolfcamp-Pennsylvanian formations, the N/2 of said Section 12 to be dedicated to the well.

**CASE 7430:** Application of Amoco Production Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of the Fruitland and Pictured Cliffs formations in the wellbore of its Gutierrez Gas Com "C" Well No. 1, located in the NE/4 of Section 4, Township 29 North, Range 9 West.

**CASE 7431:** Application of Wainoco Oil & Gas Company for compulsory pooling and a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Northeast Lovington Penn Pool underlying a 101.35-acre non-standard oil proration unit comprising Lots 3 & 4 of Section 18, Township 16 South, Range 37 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

**CASE 7425: (Continued and Readvertised)**

Application of H. L. Brown, Jr. for compulsory pooling and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the San Andres formation to the base of the Pennsylvanian formation underlying the S/2 of Section 26, Township 16 South, Range 37 East, to be dedicated to a well to be drilled at a standard location thereon, provided that in the event the subject well encounters production in the Casey-Strawn Pool and/or the West Knowles Drinkard Pool, the lands pooled would be the S/2 SW/4 of said Section 26. Applicant further seeks approval for the commencement of a second well within 120 days after completion of the first well, said well to be drilled at an unorthodox location 1650 feet from the South line and 660 feet from the West line of Section 26, and dedicated to the N/2 SW/4 of said Section 26 which applicant also seeks to be pooled. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells.

**CASE 7402: (Continued and Readvertised)**

Application of MGF Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down to and including the Abo formation underlying the NW/4 NW/4 of Section 5, Township 20 South, Range 39 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7432: Application of Maddox Energy Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through the Bone Spring formation underlying the S/2 SW/4 of Section 27, Township 23 South, Range 28 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

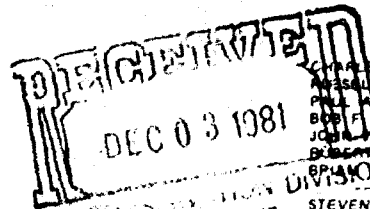
CASE 7421: (Readvertised)

Application of Doyle Hartman for compulsory pooling, unorthodox well location and non-standard spacing unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Eumont Gas Pool underlying a 120-acre non-standard spacing unit consisting of the S/2 SW/4 and the NW/4 SW/4 of Section 3, Township 20 South, Range 37 East, to be dedicated to a well to be drilled at an unorthodox location 2,310 feet from the South line and 330 feet from the West line of Section 3. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

ATWOOD, MALONE, MANN & COOTER

A PROFESSIONAL ASSOCIATION  
LAWYERS

JEFF D. ATWOOD [1883-1960]  
ROSS L. MALONE [1910-1974]



P.O. DRAWER 200 CONDOMINIUM DIVISION  
SECURITY NATIONAL BANK BUILDING SANTA FE  
ROSWELL, NEW MEXICO 88201  
[505] 822-8221

November 30, 1981

Mr. Joe D. Ramey, Director  
Oil Conservation Division  
State Land Office Building  
Santa Fe, New Mexico 87501

Re: Examiner Hearing December 2, 1981  
Case No. 7430

Dear Mr. Ramey:

As we advised your office by telephone today, we enclose an Entry of Appearance by this firm with Gary Paulson, Esquire of Denver, Colorado, in behalf of Amoco Production Company in the case cited above for December 2, 1981.

Thank you and with regards.

Very truly yours,

  
Charles F. Malone

CFM:dh  
Enclosure  
cc (w/encl.) Gary Paulson, Esquire



BEFORE THE OIL CONSERVATION DIVISION  
STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION )  
OF )  
AMOCO PRODUCTION COMPANY for )  
downhole commingling, Gutierrez )  
Gas Com "C" Well No. 1 in NE¼ of )  
Section 4, Township 29 North, )  
Range 9 West, San Juan County, )  
New Mexico. )

Case No. 7430

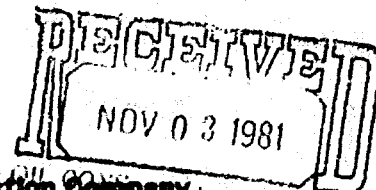
ENTRY OF APPEARANCE

The undersigned hereby enters its appearance herein  
in behalf of Amoco Production Company, with Gary L. Paulson  
of Denver, Colorado.

ATWOOD, MALONE, MANN & COOTER, P.A.

By Charles Malone  
Attorneys for Amoco Production  
Company

P. O. Drawer 700  
Roswell, New Mexico 88201  
Telephone: 505-622-6221



Amoco Production Company

Denver Region  
Amoco Building  
17th & Broadway  
Denver, Colorado 80202  
303-830-4040

October 30, 1981

*Case 7430*

Mr. Joe D. Ramey, Director (3)  
New Mexico Oil Conservation Division  
P.O. Box 2088  
Santa Fe, NM 87501

File: HDM-205-WF

Dear Mr. Ramey:

Application for Downhole Commingling  
Gutierrez Gas Com "C" No. 1  
San Juan County, New Mexico

Amoco Production Company hereby requests, after notice and hearing, approval to downhole commingle gas production from the Fruitland and Pictured Cliffs formations in the Gutierrez Gas Com "C" No. 1 located in the NE/4 Section 4, T29N, R9W, San Juan County.

We respectfully request this matter be placed on the docket for your December 2, 1981, examiner hearing.

Vinton D. Pierce

VDP/vpb

cc: Frank Chavez  
New Mexico Oil Conserv. Div.  
1000 Rio Brazos Rd.  
Aztec, NM 87410

James Simms  
U.S. Geological Survey  
P.O. Box 965  
Farmington, NM 87401

LTR423



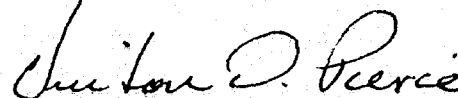
VERIFICATION AND AFFIDAVIT

STATE OF COLORADO                    )  
  : ss.  
COUNTY OF DENVER                    )

Vinton D. Pierce, of lawful age, being first duly sworn on his oath, deposes and says:

That he is employed in an engineering capacity by Amoco Production Company in its Denver, Colorado office; that he has had responsibilities for New Mexico proration matters for a number of years; that Amoco's application for approval to downhole commingle gas production from the Fruitland and Pictured Cliffs formations in Gutterrez Gas Com "C" No. 1 NE/4 Section 4, T29N, R9W, San Juan County, New Mexico, was prepared under his direction and supervision; that the matters and things therein set forth are true and correct to the best of his knowledge and beliefs, and that copies thereof were sent by certified mail on this date to the following offset owner.

Tenneco Oil  
Box 3249  
Englewood, CO 80155

  
Vinton D. Pierce

Subscribed and sworn to before me this 30th day of October, 1981.

  
Notary Public

My Commission expires:

My commission expires July 21, 1984

VDF:vpb

LTR423

HERBIE  
DOG

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

M.S.  
W.P.

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

*[Handwritten signature]*

*[Handwritten signature]*

*[Handwritten signature]*

CASE NO. 7430

Order No. R-6853

APPLICATION OF AMOCO PRODUCTION COMPANY  
FOR DOWNHOLE COMMINGLING, SAN JUAN  
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 2, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this \_\_\_\_\_ day of December, 1981, 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, Amoco Production Company, is the owner and operator of the Gutierrez Gas Com "C" Well No. 1, located in ~~the NE 1/4~~ <sup>Fruit A</sup> of Section 4, Township 29 North, Range 9 West, NMPM, San Juan County, New Mexico.

(3) That the applicant seeks authority to commingle Fruitland and Pictured Cliffs production within the wellbore of the above-described well.

(4) That from the Fruitland zone, the subject well is capable of low marginal production only.

(5) That from the Pictured Cliffs zone, the subject well <sup>expected to be</sup> 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 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) (ALTERNATE) That in order to allocate the commingled production to each of the commingled zones in the subject well, 22 percent of the commingled <sup>oil and gas</sup>

production should be allocated to the Fruitland zone, and 78 percent of the commingled oil and gas production to the Pictured Cliffs zone.

(9) (ALTERNATE) 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.

IT IS THEREFORE ORDERED:

(1) That the applicant, Amoco Production Company, is hereby authorized to commingle Fruitland and Pictured Cliffs production within the wellbore of the Gutierrez Gas Com "C" Well No. 1, located in Unit A ~~the NE 1/4~~ of Section 4, Township 29 North, Range 9 West, NMPM, San Juan County, New Mexico.

~~(2) (ALTERNATE) 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 each of the subject wells.~~

(2) (ALTERNATE) That 22 percent of the commingled oil and gas production shall be allocated to the Fruitland zone and 78 percent of the commingled oil and gas production shall be allocated to the Pictured Cliffs zone.

(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 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