

CASE 5736: BCO INC. FOR
DOWNHOLE COMMINGLING, RIO ARRIBA
COUNTY, NEW MEXICO

Q. 10-11-1962

44

CASE NO.

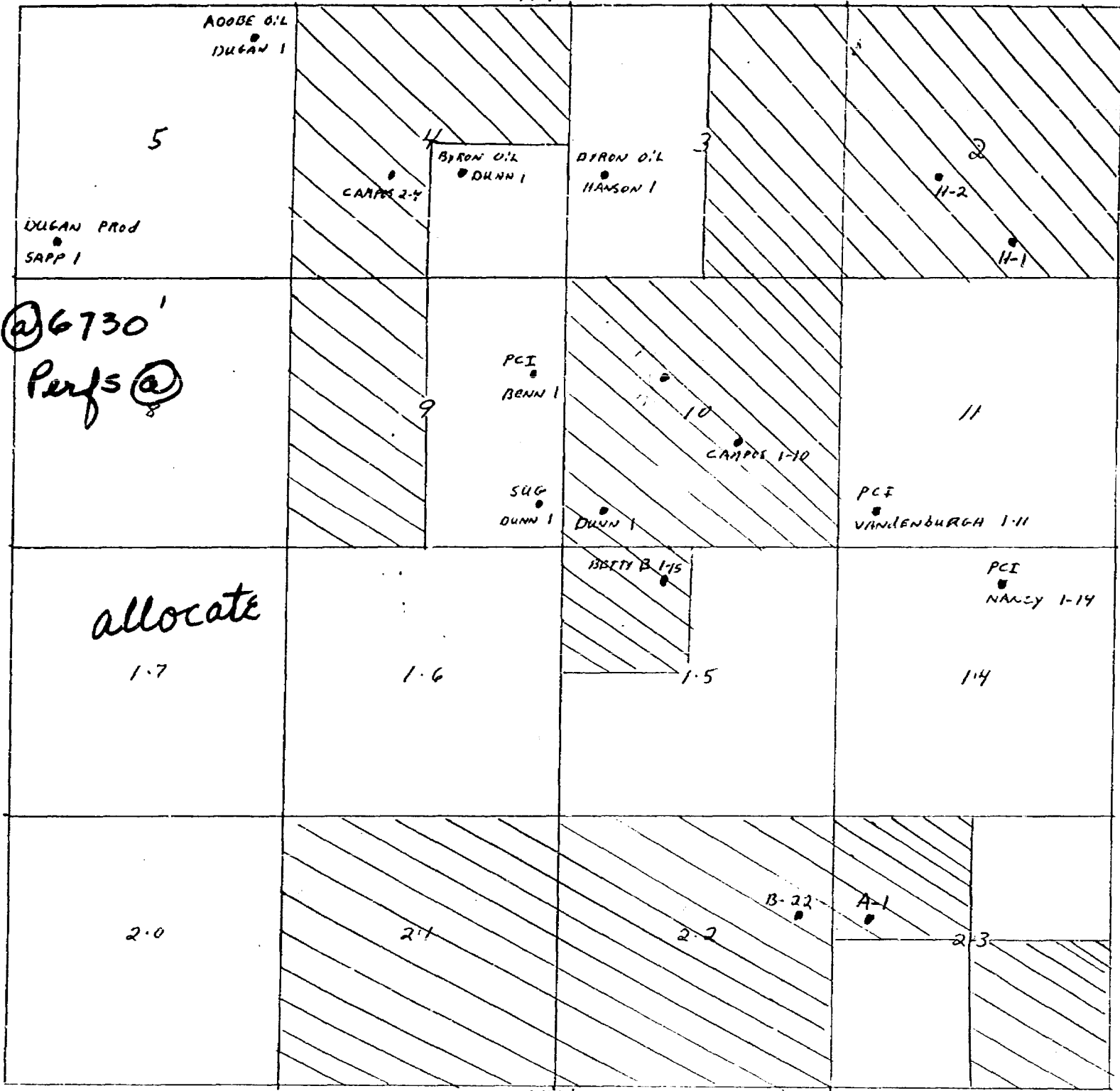
5736

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

Csg @ 6730'
Perfs @

T23N

T23N



R7W

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
B.C.C. & M.C. EXHIBIT NO. 1
CASE NO. 5736

BCO OPERATOR

Dunn #2

Federal Lease SF-078272

Undesignated Greenhorn-Dakota

Rio Arriba County, New Mexico

Ground Elevation 7265

2070' FNL 2260' FWL Sec. 10 T23N R7W NMPM

3-16-76 to 3-17-76

Drilled 12 1/4" hole 142'. Ran 3 joints (142') of 24.70# 8 5/8" surface casing and cemented with 100 sacks Class B cement with 2% Ca Cl.

4-7-76 to 4-20-76

Drilled 7 7/8" hole to 6743 -- Drillers T.D. Deviation results are as follows:

1515 -- 1/4	2490 -- 3/4	3057 -- 1/4
3568 -- 1/2	4085 -- 3/4	4712 -- 3/4
5180 -- 3/4	5480 -- A	5979 -- 1
6439 -- A	6695 -- A	

A -- Test results misplaced. Driller did not mark results on daily report.

4-20-76

Ran the following Schlumberger logs:

Borehole compensated Sonic Log -- Gamma Ray -- Logger T.D. 6737

F-log -- Logger T.D. 6737

Dual Induction -- Laterolog with Linear Correlation

Log. -- Logger T.D. 6738

4-20-76 to 4-21-76

Determined KB TD was 6733'. Ran 6730' 4 1/2" 11.60# K55 casing and cemented as follows:

Stage 1

Cemented 6732 to 5007 with 355 sacks 50/50 Poz, (Class B and Pozmix), with 2% gel. Mixed 14.15 #'s per gallon.

Stage 2

Baker DV Tool set at 5007'. Cemented 5007 to 2512 with 350 sacks 65/35 Halliburton light w/ 10#'s Gilsonite per sack. Mixed 12.1 #'s per gallon.

Stage 3

Baker DV tool set at 2512'/ Cemented 2512 to surface with 350 sacks Halliburton light w/ 10#'s Gilsonite per sack. Mixed 12.1 #'s per gallon.

5-2-76

Drilled out DV tools at 2512' and 5007'. Drilled out float equipment, 3' of cement and 2' of formation. The results of this is 6730 of cased hole and 6730 to 6735 being open hole.

5-3-76

Ran the following Schlumberger logs:

Cement bond log -- logger T.D. 6732'

Dual Spacing Thermal Neutron Decay Time -- Logger T.D. 6734'.

Perforated as follows:

6729-6724 w/4 SPF

6647-6642, 6588-6586, 6556-6551, 6499-6494 and 6487-6485 W/2 SPF

Total shots -- 58

5-4-76

Ran RTTS packer and set at 6702.

Pumped in 6724-6735 (upper Dakota) with 500 gals 15% MCA acid. Tried to frac with 10/20 sand but couldn't. Fracked with 23,270 Gallons water; 15,000 #'s 40/60 sand; 30 gals scale protector LP55; 30 gals HYOflo; 450 #'s WG-6; 4 #'s G2W-3 and 67 sacks KcL. Average treating pressure 4200 #'s, ISIP 2075 #'s, 5 min SIP 1900 #'s.

5-4-76

Swab tested 6724-6735.

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Bco In EXHIBIT NO. 3
CASE NO. 5736

5-6-76

Retrieved Rtts. Set Baker retrievable bridge plug below 6647 and above 6724. Set Baker packer at 6606.

5-7-76

Broke down 6642-6647 (Lower Graneros) at 2600 #'s. Ran 250 gals. 15% MCA acid. Fracked with 26,700 gals. water, 25,000 #'s 20/40 sand, 30 gals. Morflo, 100 #'s Agua, 450 #'s WG-6, 4 #'s GBW-3 and 30 gals. LP 55. Average treating pressure 4050 #'s ISIP 2250 #'s, 5 min SIP 1900 #'s, 15 min. SIP 1700 #'s.

5-7-76

Set Baker retrievable bridge plug below 6588 and above 6642. Set Baker packer at 6512.

Broke down 6551-6588 (Upper Graneros) at 3200 #'s. Ran 250 gals. 15% MCA acid. Fracked with 31,580 gals. water, 10,000 #'s 20/40 sand, 20,000 #'s 10/20 sand, 31 gals. Morflo, 100 #'s Agua, 400 #'s WG-6, and 31 gals. LP 55 scale preventer. Average treating pressure 4150 #'s, ISIP 2150 #'s, 5 min. SIP 2000 #'s, 15 min. SIP 1850 #'s.

5-7-76

Set Baker retrievable bridge plug below 6499 and above 6551. Set Baker packer at 6449.

Broke down 6485-6499, (Greenhorn), at 4500 #'s. Ran 250 gals. 15% MCA and 250 gals. 28% HCL acid. Fracked with 16,360 gals. water, 15,000 #'s 20/40 sand, 5000 #'s 10/20 sand, 20 gals. Morflo, 100 #'s Agua, 350 #'s WG-6, 4 #'s GBW-3, and 20 gals. LP55 scale preventer. Average treating pressure 4550 #'s, ISIP 2800 #'s.

5-8-76 to 5-11-76

Removed retrievable BP and packer. Swab tested well.

5-11-76

Landed 2 3/8 tubing open ended at 6704'.

5-12-76 to 5-24-76

Ran well several times to clean up.

5-25-76

Shut well in for 7 day AOF test.

6-2-76

Deadweight pressures approximately 2017 on casing and 1987 on tubing after 7-day shut in. Tried to run AOF test on 3/4" choke and well logged off in about two hours with 425 #'s on the casing. Shut well in.

6-3-76

22 hour shut in pressures -- casing 1475, tubing 1390.

6-7-76

5 day shut in pressures -- casing 1925, tubing 1860.

6-9-76

Intend to install separator and try to clean well up so a test can be run to determine production capabilities as requested by potential gas purchasers.

9-17-76

Set E-Z drill cement retainer.

Perforated

Bottom Gallup: 5930-5931; 5913-1/2 - 5914-1/2; 5896-5897; 5873-5874; 5853-5854; 5836-5837; 5824-5825; 5802-5803; 5788-5789; 5778-5779; 5771-5772; 5759-5760 W/2 SPF

Mayre: 5715-5725 (5715-5722 W/2 SPF, 5723-5725 W/4 SPF)

Skelly: 5598-5612 W/2 SPF

9-20-76

Broke down bottom Gallup at 950# W/500 gals 15% MCA and 23 balls. ISIP 750; 5 min. SIP 200.

Broke down Mayre at 1000# W/500 gals 15% MCA and 25 balls. ISIP 700; 5 min. SIP 50.

Broke down Skelly at 1600# W/500 gals 15% MCA and 27 balls. ISIP 700#; 5 min. SIP 0.

9-22-76

Fracked bottom Gallup W/22,000# 10-20 sand, 21,900 gals gel water, 24 gals Mor-flo, 100# adomite, 600# WG-6, 7# GBW-3, 24 gals LP55, and 68 KCL. Maximum treating pressure 4900, average 4150. ISIP 800#; 5 min. 750#; 15 min. 700#.

Fracked Mayre W/21,000# 10-20 sand, 20,300 gals gel water, 22 gals Mor-flo, 100# adomite, 250# WG-6, 7# GBW-3, 22 gals LP55, and 40 KCL. Maximum treating pressure 5000, average 4450#. ISIP 1000#; 5 min. 800#, 15 min. 775#.

Fracked Skelly W/21,000# 10-20 sand, 21,700 gals 15# gel water, 24 gals Mor-flo, 350# WG-6, 7# GBW-3, 24 gals LP55 and 25 KCL. Maximum treating pressure 5000#; average 3900#. Sanded off.

9-23-76

to Swabbed well and placed in production.

9-28-76



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
1000 RIO BRAZOS RD. - AZTEC

87410

DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO



STATE GEOLOGIST
EMERY C. ARNOLD

November 23, 1976

Mr. Bob Bigbee
Bco, Inc.
P. O. Box 669
Santa Fe, New Mexico 87501

Re: Order R-5310
Bco, Inc.
Dunn #2
F-10-23N-7W

Case 5736

BB

Dear Mr. Bigbee,

I agree that the allocation of the production for the subject should be as follows:

Lybrook Gallup - 15 BOPD at a GOR of 6000 feet per barrel
Basin Dakota - zero oil and all remaining gas

The Mancos production shall be considered to all come from the Lybrook Gallup and any Greenhorn production shall be considered as Basin Dakota production.

The allocation shall be adjusted semi-annually following GOR tests to be conducted during the months of May and November. The results of such tests shall be filed by the tenth day of the next succeeding month.

Gas-oil ratio tests may be taken at shorter intervals if significant change is noted in the production.

If there are further questions, please contact us.

Yours very truly,

A. R. Kendrick

A. R. Kendrick
Supervisor, District #3

xc: U.S.G.S., Durango
OCC, Santa Fe

ARK:ro

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
September 1, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of BCO, Inc. for downhole) CASE
commingling, Rio Arriba County,) 5736
New Mexico.)
)

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil William F. Carr, Esq.
Conservation Commission: Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant: Jason W. Kellahin, Esq.
KELLAHIN & FOX
Attorneys at Law
500 Don Gaspar
Santa Fe, New Mexico

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

1 MR. NUTTER: We will call Case Number 5736.

2 MR. CARR: Case 5736, application of BCO, Inc. for
3 downhole commingling, Rio Arriba County, New Mexico.

4 MR. KELLAHIN: If the Examiner please, Jason Kellahin
5 appearing for the applicant. Mr. Harry Bigbee who was going
6 to be a witness in this case burned both of his feet rather
7 badly in a fire over on the lease last week and he asks that
8 we try to continue this for thirty days.

9 MR. NUTTER: Mr. Kellahin, we have a hearing
10 scheduled for September 29th which is approximately thirty
11 days, is that satisfactory?

12 MR. KELLAHIN: That would be satisfactory, yes, sir.

13 MR. NUTTER: Case Number 5736 will be continued to
14 the examiner hearing scheduled to be held at this same place
15 at nine o'clock A.M., September 29th, 1976.


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Phone (505) 982-9212

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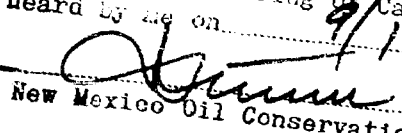
REPORTER'S CERTIFICATE

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I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill and
ability.


Sidney F. Morrish, C.S.R.

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General Court Reporting Service
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Phone (505) 982-9212

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5736
heard by me on 9/1 1976

New Mexico Oil Conservation Commission

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
September 1, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of BCO, Inc. for downhole
commingling, Rio Arriba County,
New Mexico.

CASE
5736

BEFORE: Daniel S. Nutter, Examiner

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Legal Counsel for the Commission
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Jason W. Kellahin, Esq.
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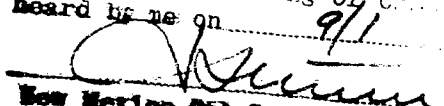
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heard by me on 9/1/76

Examiner
New Mexico Oil Conservation Commission

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. 5736
Order No. R-5310

APPLICATION OF BCO INC. 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 September 29, 1976, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 27th day of October, 1976, 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, BCO Inc., is the owner and operator of the Dunn Well No. 2, located in Unit F of Section 10, Township 23 North, Range 7 West, NMPM, Rio Arriba County, New Mexico.
- (3) That the applicant seeks authority to commingle Lybrook-Gallup, Basin-Dakota, undesignated Greenhorn, and Mancos stringer production within the wellbore of the above-described well.
- (4) That from each of the aforesaid pools and zones, the subject well is 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 and zones, thereby preventing waste, and will not violate correlative rights.
- (6) That the reservoir characteristics of each of the subject pools and 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.
- (7) That to afford the Commission the opportunity to assess the potential for waste and to expeditiously order appropriate

-2-

Case No. 5736
Order No. R-5310

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.

(8) That in order to allocate the commingled production to each of the commingled zones in the subject well, applicant should consult with the supervisor of the Aztec district office of the Commission after completion of the well to determine an allocation formula for the Mancos-Gallup production and the Greenhorn-Dakota production.

IT IS THEREFORE ORDERED:

(1) That the applicant, BCO Inc., is hereby authorized to commingle Lybrook-Gallup, Basin-Dakota, undesignated Greenhorn and Mancos stringer production within the wellbore of the Dunn Well No. 2, located in Unit F of Section 10, Township 23 North, Range 7 West, NMPM, Rio Arriba County, New Mexico.

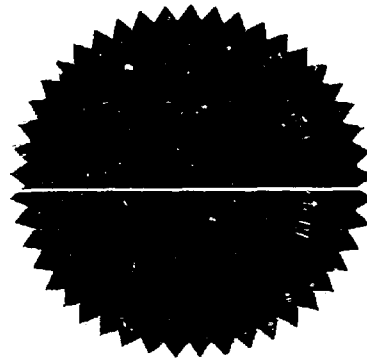
(2) That upon completion of the well, applicant shall consult with the supervisor of the Aztec district office of the Commission and determine an allocation formula for the Mancos-Gallup production and the Greenhorn-Dakota production.

(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.

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
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

S E A L

jr/

CASE 5735: Application of Continental Oil Company to amend Order No. R-1234, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Rule 19 of the Special Rules for the Warren Tubb Gas Pool promulgated by Order No. R-1234, to provide for an increase in the gas-oil ratio limitation for oil wells in said pool to some figure not to exceed 10,000 to one.

CASE 5736: Application of BCO Inc. for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Basin Dakota Gas Pool and Lybrook-Gallup Oil Pool and undesignated Greenhorn and Mancos production in the wellbore of its Dunn Well No. 2, located in Unit F of Section 10, Township 23 North, Range 7 West, Rio Arriba County, New Mexico.

CASE 5737: Application of Howard Boatright Company for amendment of Order No. R-5208, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5208 which authorized salt water disposal into the Delaware formation through applicant's State CS Well No. 1 located in Unit L of Section 17, Township 21 South, Range 27 East, Eddy County, New Mexico. Applicant seeks to increase the maximum wellhead injection pressure for said well from 400 psi to 800 psi.

CASE 5709: Application of Tahoe Oil and Cattle Company for an exception to the provisions of Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to construct and operate an earthen salt water disposal pit in the NE/4 SW/4 of Section 2, Township 20 South, Range 30 East, Eddy County, New Mexico.

CASE 5738: Application of Hayes Oil Company for a non-standard proration unit and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 240-acre non-standard gas proration unit comprising the NE/4 and N/2 SE/4 of Section 18, Township 20 South, Range 26 East, Eddy County, New Mexico, to be dedicated to a Morrow test well proposed to be drilled at an unorthodox location for said unit at a point 1980 feet from the South line and 660 feet from the East line of said Section 18.

CASE 5739: Application of William G. McCoy for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location of its McCord Well No. 1 to be drilled at a point 660 feet from the North and East lines of Section 22, Township 23 South, Range 26 East, South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico.

CASE 5740: Application of Gulf Oil Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying Section 28, Township 24 South, Range 26 East, Eddy County, New Mexico, to be dedicated to applicant's White City Penn Gas Com. Unit No. 3 Well No. 1, to be drilled at a point 2310 feet from the North and West lines of said Section 28. 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. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5741: Application of Gulf Oil Corporation for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the directional drilling of three wells on its Central Drinkard Unit, Drinkard Pool, Lea County, New Mexico, all in Section 33, Township 21 South, Range 37 East, as follows: Well No. 406, surface location 2200 feet from the South line and 1470 feet from the East line, bottom-hole location 2390 feet from the South line and 870 feet from the East line; Well No. 407, surface location 1475 feet from the South line and 1440 feet from the East line, bottom-hole location 1110 feet from the South line and 700 feet from the East line; Well No. 420, surface location 2300 feet from the South line and 1520 feet from the East line, bottom-hole location 1790 feet from the North line and 1030 feet from the East line. All of the above wells would be bottomed within 100 feet of the above-described bottom-hole locations.

CASE 5742: Application of Gulf Oil Corporation for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard Blinbry gas proration unit comprising the S/2 NW/4 and W/2 NE/4 of Section 28, Township 21 South, Range 37 East, Lea County, New Mexico, to be simultaneously dedicated to applicant's Eunice King Wells Nos. 5 and 24, located, respectively, 1874 feet from the North and West lines, and 2086 feet from the North line and 760 feet from the West line of said Section 28. Applicant further seeks authority to later substitute its Eunice King Well No. 15, located 2086 feet from the North and West lines of said Section 28 for the aforesaid Well No. 5 in the above-described simultaneous dedication.

CASE 5743: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit John W. Adams, Executor of Estates of R. W. and June Adams; and Ruth McGahey, Fred McGahey and David McGahey dba Adams & McGahey, American Employers' Insurance Company, and all other interested parties to appear and show cause why the following wells located in Township 21 North, Range 30 East, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program:

Gonzales Well No. 2, located in Unit P of Section 9; Adams & McGahey Well No. 1, located in Unit B of Section 16; and Gonzales "A" Well No. 1, located in Unit H of Section 32.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
September 29, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of BCO, Inc. for downhole
commingling, Rio Arriba County,
New Mexico.

CASE
5736
(Cont'd.)

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

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Conservation Commission:

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Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant:

Jason W. Kellahin, Esq.
KELLAHIN & FOX
Attorneys at Law
500 Don Gaspar
Santa Fe, New Mexico

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General Court Reporting Service
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 Phone (505) 982-9212

I N D E X
Page
HARRY L. BIGBEE

Direct Examination by Mr. Kellahin

3

Cross Examination by Mr. Nutter

13

EXHIBIT INDEX
Offered Admitted

BCO Exhibit One, Map

7

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BCO Exhibit Two, Log

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BCO Exhibit Three, Well Record

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2 MR. CARR: Case 5736, application of BCO, Inc. for
3 downhole commingling, Rio Arriba County, New Mexico.

4 MR. KELLAHIN: If the Examiner please, Jason Kellahin,
5 Kellahin and Fox, Santa Fe, appearing for the applicant and I
6 have one witness to be sworn.

7 (THEREUPON, the witness was duly sworn.)

8

9 HARRY L. BIGBEE

10 called as a witness, having been first duly sworn, was
11 examined and testified as follows:

12

13 DIRECT EXAMINATION

14 BY MR. KELLAHIN:

15 Q Would you state your name, please?

16 A Harry L. Bigbee.

17 Q What is your connection with BCO, Inc.?

18 A I'm the chairman of the board and own all of t
19 stock?

20 Q Mr. Bigbee, in connection with the operations
21 BCO, Inc. do you take an active part in the supervision
22 the drilling, completion and production of the wells owned by
23 this company?

24 A Yes.

25 Q Do you spend time in the field in connection with

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1 this operation?

2 A. Yes, I do.

3 Q. Have you been over there recently?

4 A. Yes, I have. I came back Sunday, I think.

5 Q. Now, are you familiar with the Dunn No. 2 Well?

6 A. Yes, I am.

7 Q. Which is the subject of this hearing?

8 A. Right.

9 Q. Have you ever testified before this Commission?

10 A. It seems like I have.

11 Q. And you qualified as a witness at that time based on
 12 experience, is this correct?

13 A. I would say I qualified as a layman's expert.

14 MR. KELLAHIN: Does the Examiner accept Mr. Bigbee's
 15 qualifications as a layman's expert?

16 MR. NUTTER: Yes, sir, I want to know if he has any
 17 trouble with his board meetings.

18 THE WITNESS: I don't recall any.

19 Q. (Mr. Kellahin continuing.) Now, are you familiar
 20 with the application of BCO, Inc. in Case 5736?

21 A. Yes, sir.

22 Q. What is proposed by the applicant in this case?

23 A. We have previously opened what I call the Upper
 24 Granerous which I think is now called Dakota A and the Lower
 25 Granerous which I believe is called Dakota B and what we

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1 used to call the Upper Dakota which is next to lowest member
2 of the Dakota and we have perforated and sand-water fraced those
3 zones and the Greenhorn. We have recently, and I would say
4 last week, I set a bridge plug at sixty-two hundred feet, had
5 Schlumberger set a bridge plug and we went ahead and perforated
6 and fraced the Gallup and it is in that condition now.

7 Q What have you isolated with that bridge plug?

8 A The Dakota-Greenhorn zone, sir, no longer open, sixty-
9 two hundred feet there below that substantially.

10 Q Now, in connection with this application, do you
11 propose to open those zones to the wellbore?

12 A Yes, that is correct.

13 Q And how will your well be completed?

14 A The well will operate on a piston-drive we
15 anticipate. We roughly brought in the Gallup but it still
16 hasn't cleaned up. We moved the pulling unit off I believe
17 yesterday morning, maybe the morning before and all indications
18 are that the Gallup will be a high ratio gas zone with some
19 fluid and it will operate with a piston-lift drive and that's
20 the way we brought in the Dakota-Greenhorn, so that would be
21 anticipated to drill out that bridge plug, clean up the hole,
22 swab it out and put it on production.

23 Q Now, Mr. Bigbee, in connection with this application,
24 you are going to commingle the Basin-Dakota Gas Pool with other
25 horizons, do you have any information on the pressures in the

1 Basin-Dakota?

2 A. If this is still part of the Basin Dakota, I wasn't
3 sure about that, there is no close Dakota production.

4 Q. I think it's all Basin-Dakota, isn't that right?

5 A. I think somebody told me my two wells where I've
6 got commingled the Dakota Greenhorn Gallup in Section 12, 24,
7 7 are not considered that, I'm not sure about that but
8 regardless of what it is, we did pressure up the shut in for
9 a week and had Teff Keller come out to run a test. We have
10 had about twenty-one hundred pounds of pressure. At that
11 time he didn't get me a bottom-hole test because the piston
12 was stuck in the tubing.

13 Q. That was a surface pressure then?

14 A. That's right, that was a surface pressure. The
15 indications when we ran it was there was very little fluid. I
16 would assume if you would take your twenty-one hundred pounds
17 and add ten pounds a thousand for gas it is some sixty-seven
18 hundred feet and add a hundred pounds, you have twenty-three,
19 twenty-four hundred pounds bottom-hole pressure is what it
20 looks like. I know it's the twenty-one hundred.

21 Q. Now, how about the Gallup?

22 A. Our previous indications in the Gallup have been
23 that you have an initial pressure that will vary between
24 seventeen hundred and nineteen hundred pounds.

25 Q. You don't have a test on that, though?

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1 A. No. I just completed it and it has not cleaned up
2 but I have completed quite a number of wells in the area and
3 they are reasonably uniform. I think generally, I was under the
4 impression and it was accepted that that was your initial
5 pressures.

6 Q. Now, is the Mancos and the Gallup close associated?

7 A. Yes, in fact, there are many people that think that
8 most of the Gallup is just stringers in the Mancos, like the
9 Skelly zone which is the Upper Gallup in this particular
10 area. I think quite a few people think of it as Mancos stringer.
11 Mary zone is a true Gallup and what I call the Bottom Gallup
12 is also in the nature of Mancos stringers.

13 Q. In your opinion, would the pressures then be
14 approximately the same as your Gallup formation?

15 A. Yes, experience is that they are and they will frac
16 together in most places.

17 Q. Well, would the situation be the same as to the
18 Greenhorn and Dakota?

19 A. Yes, the Greenhorn is actually connected with the
20 Dakota and the experience in the area has indicated that when
21 they didn't open the Greenhorn but completed in the Dakota
22 and later came in and opened it they found they had depleted
23 it too.

24 Q. Now referring to what has been marked as Exhibit
25 Numb... One, would you state what is shown on that exhibit?

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1 A Yes, I have marked in red in Section 10 the Dann No. 2.
2 I have marked, at your request, the adjacent wells. As shown,
3 the hatch marked areas is where the operator owns the lease,
4 it shows the adjacent wells. All of the adjacent wells are
5 completed in the Gallup. This is the only Dakota in the area
6 shown. It is, in fact, what might be a Dakota discovery well,
7 I know the closest attempts was the 329 Connie in 24, 7 and
8 they weren't able to complete it. I didn't drill through or
9 into the Bottom Dakota may be the difference. They had a
10 test that indicated, a core that indicated gas. There has
11 also been some Dakota drilled in Section 25 of that Township.
12 I think those are Mesa wells and Section 30, I think that's
13 the Sperling well. Those two, there is one in Section 19 too.
14 I think all of them are plugged off, they haven't applied for
15 commingling orders. It has been marginal production, I assume,
16 at least recent reports do not indicate production from those
17 Dakota zones.

18 Q Now, Exhibit Number Two, is that a log of the subject
19 well?

20 A Yes, it is, it's a dual-induction log.

21 Q What have you marked on it?

22 A I have marked on the two-inch scale the top of the
23 Point Lookout. I have marked at the bottom of the two-inch
24 scale, around forty-five hundred. I don't have it right in
25 front of me, Mr. Nutter. What I considered the bottom of the

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1 Point Lookout. I then marked the area I consider as the
2 Mancos Point Lookout transition zone. I marked the top of
3 the Gallup at where I show the Skelly, which is around
4 fifty-five hundred or in that area. The Mary is at fifty-
5 seven hundred. I've marked it on the map and also the
6 additional zone that I call the Bottom Gallup here.

7 Q Now, Mr. Bigbee, does the Gallup make any great
8 volume of gas?

9 A I believe this will have a rather strong high ratio
10 of gas. I have the well, for instance, in -- the other two
11 wells in Section 10. The Dunn No. 1 is going almost largely,
12 it has become quite high ratio, the 110, they are all
13 operated by --

14 Q Do you have a GOR, gas-oil ratio?

15 A No, but I think I could obtain that information.

16 Q Could you get that and then furnish it to the
17 Examiner?

18 A Yes, I'm under the impression that the Campos 110,
19 I think I can approximate it. I think the Campos 110 produces
20 approximately a hundred thousand a month of gas and about five,
21 four to five barrels of oil.

22 MR. NUTTER: Now, that's from the Gallup?

23 A It's from the Gallup.

24 MR. NUTTER: So it is essentially a gas well then?

25 A It's real marginal, but all of these wells in this

1 area come close, they are still categorized as oil wells so
2 they are a little less than your twenty to one or whatever
3 that breaks out, two thousand to one.

4 Q (Mr. Kellahin continuing.) Now, if you include the
5 Mancos in that would it materially change the production in
6 your opinion, the GOR?

7 A I don't think so. Actually nobody has opened those
8 zones up above that are indicated to have something above
9 the Skelly and I frankly don't know what they would do and
10 I have not opened them for that reason because I know of no
11 one in the area that has opened anything higher than the
12 Skelly. There is one sand north in the Escrito that they
13 call the Lower Mancos, above the Skelly, that I do have open
14 and where I have it opened it is the same pressures.

15 Q Do you have any information on the Dakota, any tests?

16 A Yes, it looks like we were operating that on a
17 piston to clean it up. I wouldn't say it is fully cleaned up
18 because we don't have a gas connection and we had a gas chart
19 there and it was appearing that we were making approximately
20 three hundred thousand cubic feet of gas a day. I would
21 estimate very preliminarily and I know it's probably other
22 than a layman's expert wouldn't estimate what the Gallup is
23 going to do but it's going to do over a hundred thousand a
24 day, I believe, based upon a preliminary spot. I believe
25 the two zones have an expectancy of making about a half a

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1 million a day and probably five, six, seven of oil. If we
2 get any oil it will be out of the Gallup. We get about a
3 barrel a day from the Dakota.

4 MR. NUTTER: Well, now, if your Dakota was making
5 three hundred thousand a day and hadn't cleaned up, what do
6 you think it would ultimately produce after it had a chance
7 to clean up? Would it be up to half a million by itself?

8 A. I don't know that it would but we are pretty close.
9 We started out after we were able to run it on a piston we
10 were doing about two hundred thousand a day and after it
11 leveled out for a few days at three hundred thousand we shut
12 it in. We've been afraid to represent to potential gas
13 purchasers that it would do more.

14 MR. NUTTER: So you figure the two zones together
15 might make the half a million?

16 A. I think the two zones together will make between
17 four and five hundred thousand. I hope I can get that in the
18 line and if they will do that I think it would make it
19 economical to drill out other acreage on the same basis but
20 neither zone alone at this time will economically justify --

21 MR. NUTTER: When was this well drilled, Mr. Bigbee?

22 A. I drilled this well this spring.

23 MR. NUTTER: I noticed the log was dated 4-20 so
24 that is when it was drilled then?

25 A. Yes. That was the day when the dual induction --

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1 that was an open-hole log and that was when it had been
2 completed.

3 Q (Mr. Kellahin continuing.) Is the ownership of these
4 zones common throughout?

5 A Yes, it is.

6 Q Royalty?

7 A Royalty, there is no override on the Dunn No. 2 and
8 it's a Federal lease.

9 Q And BCO owns the entire working interest?

10 A On the west half of Section 10. On the east half
11 of Section 10 BCO is the operator of the Gallup rights only.
12 I think that was initially a farmout from Southern Union
13 production. We do not own the rights on the east half of 10
14 in the Dakota.

15 Q That is not involved in this one?

16 A It is not involved, no.

17 Q Now, for purposes of allocation between the two
18 zones, would you advocate allocation production on the basis
19 of three to one as you've testified as between the Gallup and
20 the Dakota.

21 A Yes, at this time I would. What I would like to do,
22 assuming I was given an order to commingle them, I would like
23 to go ahead and clean up that Gallup and get about as accurate
24 a test as I did on the other one and apply a factor that we'd
25 have, it looks like it would be within that range.

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1 Q Will you furnish the results of that test to the
2 Commission?

3 A Yes, I will.

4 Q Were Exhibits One and Two prepared under your
5 supervision?

6 A Yes, they were.

7 MR. KELLAHIN: At this time I would like to offer
8 into evidence Exhibits One and Two.

9 MR. NUTTER: BCO Exhibits One and Two will be
10 admitted into evidence.

11 (THEREUPON, BCO Exhibits One and Two were
12 admitted into evidence.)
13

14 CROSS EXAMINATION

15 BY MR. NUTTER:

16 Q Mr. Bigbee, where is the pipe set in this well, the
17 long string?

18 A Yes, I can show you a log, peculiarly I've got a
19 log that shows precisely where it's set.

20 Q I'm interested in the location of the perforations
21 too.

22 A Yes, now, on the TDT log, the bottom of the long
23 string is at sixty-seven hundred and thirty feet.

24 Q Okay.

25 A At that point there is a seven-foot joint that we

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1 used to run our cement shoe and so forth on and it is shown on
2 a TDT log that I've got here should that be wanted.

3 I've got a list, I can either read them into the
4 record or I've got a completion report of everything that
5 has been done.

6 Q Maybe that would be satisfactory as an exhibit.

7 A It shows the zones that have been done. At the
8 sixty-seven, thirty what I did, I didn't drill through that
9 Dakota zone, I was suspicious of a fracture at the time to
10 that Bottom Dakota and I drilled just into the top of it
11 about five feet. The TDT log shows almost precisely what I
12 did. I pulled my long string up approximately five feet
13 from the very bottom and then we cemented. We ran a three-
14 stage cement job to the surface. We drilled through that
15 and approximately five feet of open hole above where I had
16 that cement and then we water fraced that zone.

17 Q And then you perforated into the Granerous and the
18 Dakota and that test that you were talking about awhile ago
19 was from those two zones?

20 A It was from those three zones, yes, that Dakota I
21 have open with an open hole, the Lower Dakota, the Lower
22 Granerous, the Upper Granerous and the Greenhorn.

23 Q And now you've got a bridge plug in it?

24 A At sixty-two hundred feet which you will notice
25 is substantially above the Greenhorn and below the Gallup.

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1 Q You have already actually perforated into the Gallup?

2 A Yes, sir, I have perforated and I have fraced.

3 Q And it's trying to clean itself up?

4 A It's trying to clean itself up. I completed the frac
5 just last week.

6 Q And you cleaned it up and got a good test then
7 you would go back in and drill out that bridge plug and throw
8 it all together?

9 A With the permission of the Commission. In fact, when
10 I ran the tubing back in the hole I put a drill bit at the
11 bottom of it.

12 MR. KELLAHIN: Mr. Bigbee, I hand you what has been
13 marked as Exhibit Number Three, is that a record of the
14 completion of the well?

15 A Yes, this is a rather complete record prepared by
16 my son from information I furnished. I was present at all
17 completions.

18 MR. KELLAHIN: You have examined it and in your
19 opinion it is correct?

20 A It is correct.

21 MR. KELLAHIN: I offer into evidence Exhibit Number
22 Three.

23 MR. NUTTER: BCO Exhibit Number Three will be
24 admitted into evidence.

25

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1 (THEREUPON, BCO Exhibit Number Three was
2 admitted into evidence.)

3 MR. NUTTER: Are there any further questions of
4 Mr. Bigbee? He may be excused.

5 (THEREUPON, the witness was excused.)

6 MR. NUTTER: Do you have anything further,
7 Mr. Kellahin?

8 MR. KELLAHIN: No, Mr. Nutter. Thank you.

9 MR. NUTTER: Does anyone have anything to offer in
10 Case Number 5736? We will take the case under advisement
11 and the hearing is adjourned.


12 (THEREUPON, the hearing was adjourned.)
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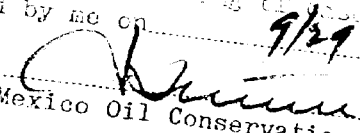
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REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill and
ability.


Sidney F. Morrish, C.S.R.

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5736
heard by me on 9/29, 1976

Examiner
New Mexico Oil Conservation Commission

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
August 18, 1976

EXAMINER HEARING

IN THE MATTER OF:

Application of BCO Inc. for downhole
commingling, Rio Arriba County,
New Mexico.

CASE
5736

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

William F. Carr, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

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1 MR. STAMETS: We will call Case 5736.

2 MR. CARR: Case 5736, application of BCO Inc. for
3 downhole commingling, Rio Arriba County, New Mexico.

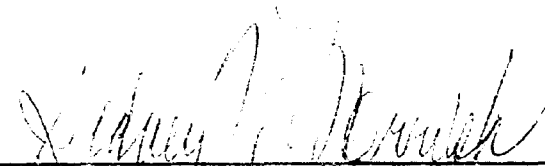
4 Mr. Examiner, we have received a request that this
5 case be continued to the Examiner Hearing to be held at this
6 place on September 1, 1976.

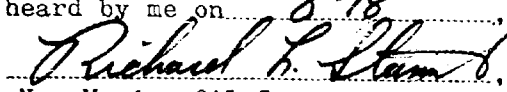
7 MR. STAMETS: The case will be so continued.
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REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill and
ability.


Sidney F. Morrish, C.S.R.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5736,
heard by me on 8-18, 1976.
, Examiner
New Mexico Oil Conservation Commission

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- CASE 5776: Application of Continental Oil Company for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its James Ranch Unit Well No. 9 to be drilled at a point 1930 feet from the North line and 660 feet from the West line of Section 31, Township 22 South, Range 31 East, Los Medanos-Morrow Gas Pool, Eddy County, New Mexico, the N/2 of said Section 31 to be dedicated to the well.
- CASE 5777: Application of Gifford & Mitchell and M. B. Wisenbaker for pool creation, pool rules, and a non-standard gas spacing unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new gas pool for Atoka production for its Horseback Well No. 1 located 1000 feet from the South line and 1930 feet from the East line of Section 33, Township 26 South, Range 36 East, Lea County, New Mexico, the promulgation of pool rules therefor, including a provision for 640-acre spacing and approval for a 589.52-acre non-standard gas spacing unit comprising all of partial Sections 33 and 34 of the aforesaid Township.
- CASE 5778: Application of Gas Company of New Mexico for underground gas storage findings, Eddy County, New Mexico. Applicant, in the above-styled cause, pursuant to Section 65-9-5 NMSA 1953 Comp., seeks a decision from the Commission containing findings as to the propriety of utilization for underground gas storage of the sub-surface strata from the top of the Morrow elastic stratum to the top of the Barnett stratum underlying Sections 15, 16, 17, 20, 21, 22, 27, 28, and 29, Township 16 South, Range 27 East, Eddy County, New Mexico.
- CASE 5779: Application of Agua, Inc. for an extension of time and amendment of Order No. R-4495-A, as amended by R-4495-D, Lea County, New Mexico. Applicant, in the above-styled cause, seeks amendment of Order No. R-4495-A, as amended by Order No. R-4495-D to permit disposal, after the current October 1, 1976, deadline, of produced salt water through perforations from 4230 feet to 4320 feet in its SWD Well No. C-2, located in Unit C of Section 2, Township 22 South, Range 32 East, Lea County, New Mexico. Applicant seeks the amendment of said order to permit such disposal for an additional 30-day period or until it is able to get electrical power to its Blinbry-Drinkard SWD System Well No. A-22, located in Unit A of Section 22, Township 22 South, Range 37 East, Lea County, New Mexico, whichever comes later.
- CASE 5262: (Reopened) (Continued from September 1, 1976, Examiner Hearing)
- In the matter of Case 5262 being reopened pursuant to the provisions of Order No. R-4822-B, which order extended the special pool rules for Southwest Media-Entrada Oil Pool, Sandoval County, New Mexico, including a provision for 160-acre spacing and proration units and a special depth bracket allowable of 750 barrels of oil per day. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing and why the special depth bracket allowable should not be rescinded.
- CASE 5736: (Continued from September 1, 1976, Examiner Hearing)
- Application of BCO Inc. for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Basin Dakota Gas Pool and Lybrook-Gallup Oil Pool and undesignated Greenhorn and Mancos production in the wellbore of its Dunn Well No. 2, located in Unit F of Section 10, Township 23 North, Range 7 West, Rio Arriba County, New Mexico.

Basin DK Pool next limits:

*from the base of the Greenhorn LS
to a point 400' below the base of
acid zone, consisting of the
Graneros, the Dakota, and the
productive upper portion of the Morrison*

Dockets Nos. 25-76 and 26-76 are tentatively set for hearing on September 15 and 29, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 1, 1976

9 A.M. - OIL CONSERVATION COMMISSION 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 5747: Application of Atlantic Richfield Company for a non-standard gas proration unit, unorthodox location, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a previously established 185-acre non-standard Eumont gas proration unit comprising the SW/4 and SW/4 NW/4 of Section 19, Township 21 South, Range 36 East, Lea County, New Mexico, to be simultaneously dedicated to applicant's State "F" DE Wells Nos. 1 and 3, at unorthodox locations in Units E and K, respectively, of said Section 19.
- CASE 5748: Application of TERRAPET Management Corporation for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled at a point 990 feet from the South and West lines of Section 31, Township 14 South, Range 28 East, Buffalo Valley-Pennsylvanian Gas Pool, Chaves County, New Mexico.
- CASE 5749: Application of Southern Union Supply Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Gallagher State "8" Well No. 3, proposed to be drilled at a point 660 feet from the South line and 1980 feet from the East line of Section 8, Township 17 South, Range 34 East, West Vacuum Field, Lea County, New Mexico.
- CASE 5750: Application of Cities Service Oil Company for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Southeast Maljamar G-SA Unit-Tract 1 Well No. 4 to be located 1355 feet from the South line and 1135 feet from the East line of Section 30, Township 17 South, Range 33 East, Maljamar Grayburg-San Andres Pool, Lea County, New Mexico.
- CASE 5751: Application of Phillips Petroleum Company for a special allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a capacity allowable for its U. S. Minerals Well No. 4 located in Unit O of Section 30, Township 17 South, Range 33 East, Maljamar Grayburg-San Andres Pool, Lea County, New Mexico, said well being a direct offset to an active waterflood project.
- CASE 5752: Application of Bettis, Boyle & Stovall for a special allowable, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a capacity allowable for its V. H. Justis Well No. 2 located in Unit D of Section 20, Township 25 South, Range 37 East, Jalmat Oil Pool, Lea County, New Mexico, said well being a direct offset to an active waterflood project.
- CASE 5262: (Reopened)
- In the matter of Case 5262 being reopened pursuant to the provisions of Order No. R-4822-B, which order extended the special pool rules for Southwest Media-Entrada Oil Pool, Sandoval County, New Mexico, including a provision for 160-acre spacing and proration units and a special depth bracket allowable of 750 barrels of oil per day. All interested parties may appear and show cause why said pool should not be developed on 40-acre spacing and why the special depth bracket allowable should not be rescinded.
- CASE 5737: (Continued & Readvertised)
- Application of Howard Boatright for amendment of Order No. R-5208, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5208 which authorized salt water disposal into the Delaware formation through applicant's State CS Well No. 1, located in Unit L of Section 17, Township 21 South, Range 27 East, Eddy County, New Mexico. Applicant seeks to increase the maximum injection pressure for said well from 400 psi to 800 psi, and also to amend the specified packer setting depth from 2975 feet to 2585 feet.
- CASE 5736: (Continued from August 18, 1976, Examiner Hearing)
- Application of BCO Inc. for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Basin Dakota Gas Pool and Lybrook-Gallup Oil Pool and undesignated Greenhorn and Mancos production in the wellbore of its Dunn Well No. 2, located in Unit F of Section 10, Township 23 North, Range 7 West, Rio Arriba County, New Mexico.

EXHIBIT
CASE 5736
SEPTEMBER 29, 1976

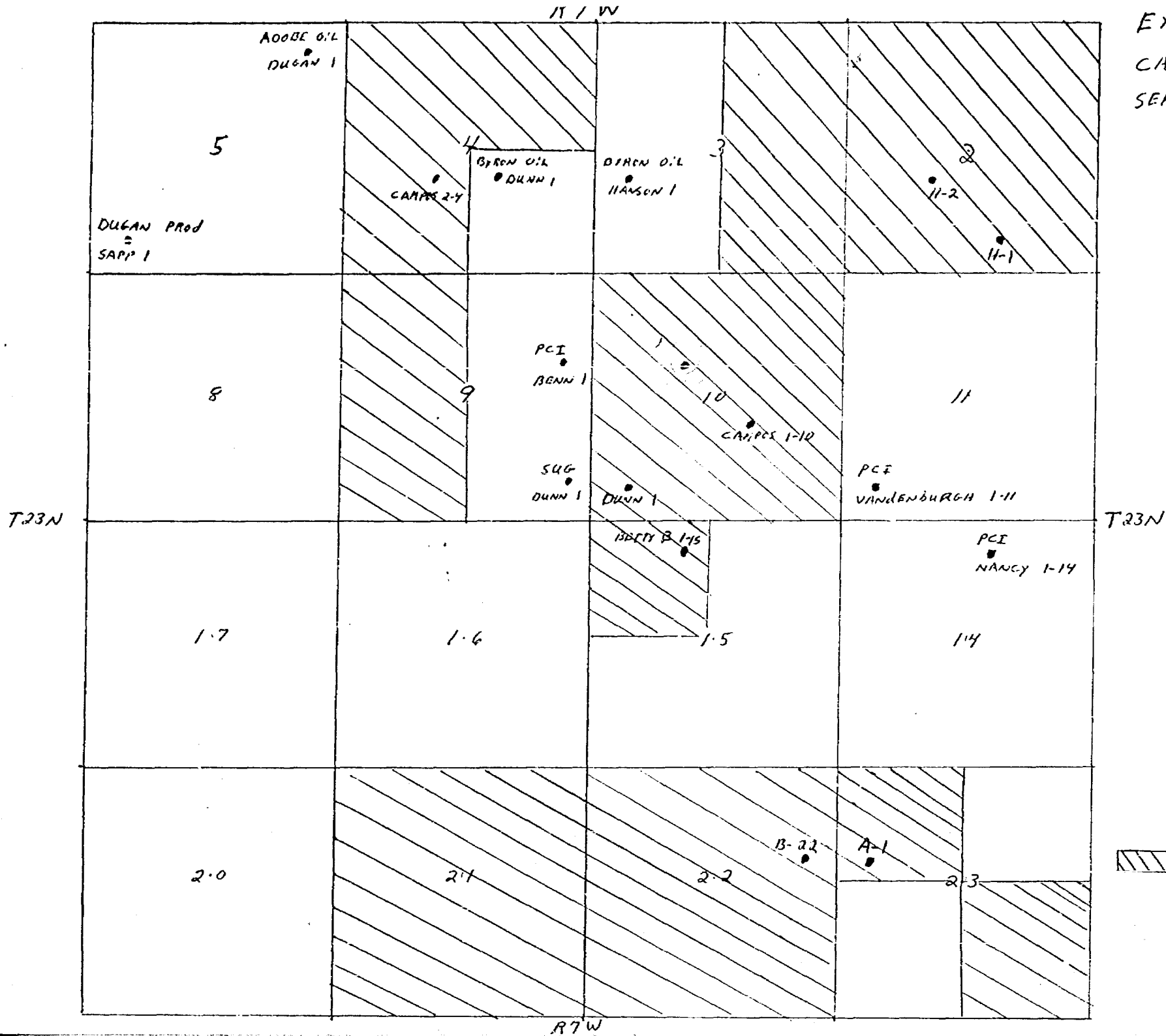


EXHIBIT 1
CASE 5736
SEPTEMBER 29, 1976

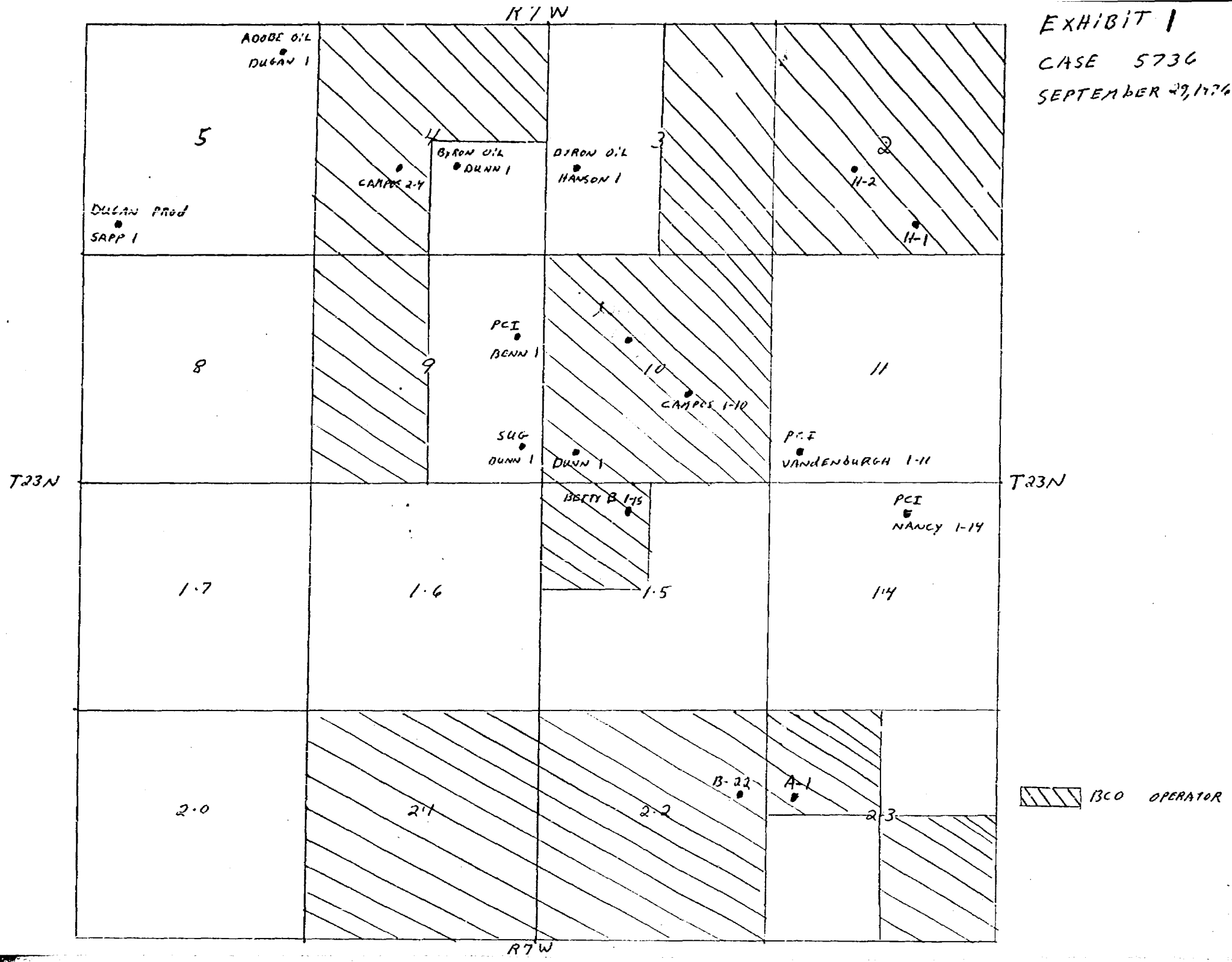
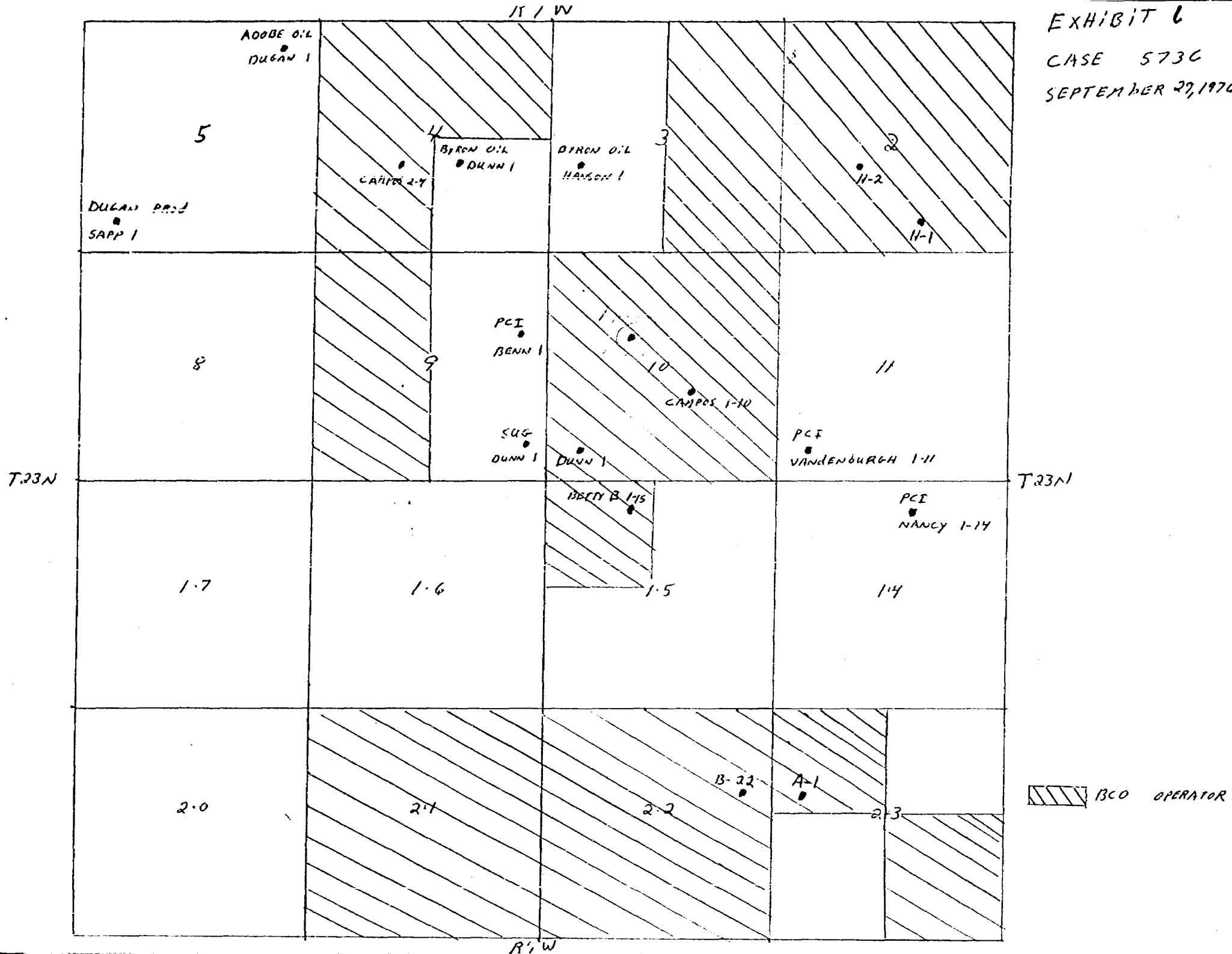


EXHIBIT 6
CASE 5736
SEPTEMBER 27, 1976



Case 5736

RECEIVED
JUL 19 1976
NEW MEXICO OIL CONSERVATION COMMISSION
SANTA FE, NM

JASON W. KELLAHIN
ROBERT E. FOX
W. THOMAS KELLAHIN

KELLAHIN AND FOX
ATTORNEYS AT LAW
500 DON GASPAR AVENUE
POST OFFICE BOX 1769
SANTA FE, NEW MEXICO 87501

TELEPHONE 982-4315
AREA CODE 505

July 16, 1976

Mr. Joe Ramey, Secretary-Director
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Joe:

Enclosed please find the original and two copies
of the application of BCO Inc. for commingling of
production in the well bore, Rio Arriba County.

We would appreciate this being set for hearing on
August 18, 1976.

Yours very truly,

Jason W. Kellahin
Jason W. Kellahin

CC: Mr. Bob Bigbee

JWK:kjf

Enclosure

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF BCO INC., FOR APPROVAL OF
COMMINGLING OF PRODUCTION IN THE
WELL BORE, RIO ARriba COUNTY,
NEW MEXICO

A P P L I C A T I O N

COMES NOW BCO, INC., and applies to the Oil Conservation Commission of New Mexico for approval of commingling of production in the well bore in its Dunn No. 2 well, located 2070 feet from the North line, and 2260 feet from the West line, Section 10, Township 23 North, Range 7 West, N.M.P.M., Rio Arriba County, New Mexico, and in support thereof would show the Commission:

1. Applicant proposes to commingle production from the Basin Dakota Gas Pool, an undesigned Greenhorn pool, and the Mancos formation, which formation includes, among others, the Lybrook-Gallup Pool.
2. Pressures in the different formations are such that no damage will result to any formation as a result of down-hole commingling of production.
3. The correlative rights of all interest owners, including royalty owners will be fully protected, and the correlative rights of offset operators will not be impaired by the proposed commingling.
4. Approval of this application will result in a greater ultimate recovery of hydrocarbons from the formations involved,

and will prevent waste.

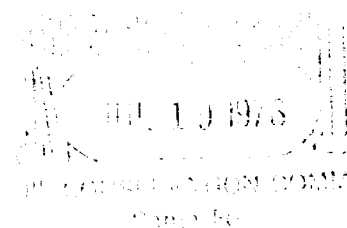
WHEREFORE applicant prays that this application be set for hearing before the Commission or the Commission's duly appointed examiner, and that after notice and hearing as required by law the Commission enter its order approving commingling of production in the well bore as proposed.

Respectfully submitted,

BCO, Inc.

By Jason W. Kellahin
KELLAHIN & FOX
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT



BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF BCO INC., FOR APPROVAL OF
COMMINGLING OF PRODUCTION IN THE
WELL BORE, RIO ARriba COUNTY,
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Respectfully submitted,

BCO, Inc.

By Jason W. Kellahin
KELLAHIN & FOX
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

BEFORE THE
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF BCO INC., FOR APPROVAL OF
COMMINGLING OF PRODUCTION IN THE
WELL BORE, RIO ARriba COUNTY,
NEW MEXICO

A P P L I C A T I O N

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Respectfully submitted,

BCO, Inc.

By Jason W. Kellahin
KELLAHIN & FOX
P. O. Box 1769
Santa Fe, New Mexico 87501

ATTORNEYS FOR APPLICANT

dr/
12

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. 5736

Order No. R- 5310

APPLICATION OF BCO INC.
FOR DOWNHOLE COMMINGLING, RIO ARRIBA
COUNTY, NEW MEXICO.

JAR

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 29,
August 18,
19 76, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter
Richard L. Stamets

NOW, on this September day of August, 19 76, 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, BCO Inc., is the
owner and operator of the Dunn Well No. 2, located
in Unit F of Section 10, Township 23 North, Range
7 West, NMPM, Rio Arriba County, New Mexico.

(3) That the applicant seeks authority to commingle Lybrook-
Gallup, Basin-Dakota,
1 undesignated Greenhorn, and Mancos stringer production
within the wellbore of the above-described well.

(4) That from ^{each of} the fore-said pools and zones, the
subject well is capable of low marginal production only.

~~(5) That from the Mancos 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 ^{and zones,} thereby
preventing waste, and will not violate correlative rights.

Case No. _____
Order No. R- _____

(6) That the reservoir characteristics of each of the subject ^{pools} 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.

(7) 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.

(8) That in order to allocate the commingled production to each of the commingled zones in the subject well, applicant should consult with the Supervisor of the Aztec District Office ~~percent of the commingled production should be allocated~~ of the Commission after completion of the well to determine ~~to the undesignated Greenhorn zone, and percent of the~~ an allocation formula for the Mancos-Gallup production ~~commingled production to the Mancos~~ and the Greenhorn-Dakota production. ~~zone.~~

IT IS THEREFORE ORDERED:

(1) That the applicant, BCO Inc., Lybrook-Gallup, Basin Dakota, is hereby authorized to commingle undesignated Greenhorn and Mancos stringer production within the wellbore of the Dunn Well No. 2, located in Unit F of Section 10, Township 23 North, Range 7 West, NMPM, Rio Arriba County, New Mexico.

(2) That upon completion of the well, applicant shall ~~consult with the Supervisor of the Aztec District Office~~ production shall be allocated to the undesignated Greenhorn ~~of the Commission and determine an allocation formula~~ zone and percent of the commingled ~~for the Mancos-Gallup production and the~~ production shall be allocated to the Mancos ~~Greenhorn-Dakota production.~~ 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.

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