

Entered October 22, 1974
A.H.R.

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. 5288
Order No. R-4879

APPLICATION OF MERRION & BAYLESS
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 October 2, 1974, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 22nd day of October, 1974, 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, Merrion & Bayless, is the owner and operator of the Keeling Federal Well No. 1, located in Unit B of Section 20, Township 25 North, Range 8 West, NMPM, San Juan County, New Mexico.

(3) That the applicant seeks authority to commingle undesignated Gallup and Dufer's Point-Dakota Oil Pool production within the wellbore of the above-described well.

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

(5) That from the Dakota formation, the subject well is capable of low marginal production only.

(6) That an insignificant amount of production may also be coming from the Greenhorn formation, which is also open in the wellbore of said well.

(7) 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.

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(8) That the reservoir characteristics of each of the subject formations 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.

(9) 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.

(10) That in order to allocate the commingled production to each of the commingled zones in the subject well, 50 percent of the commingled production should be allocated to the Gallup formation and 50 percent of the commingled production to the Dufer's Point Dakota Oil Pool.

IT IS THEREFORE ORDERED:

(1) That the applicant, Merrion & Bayless, is hereby authorized to commingle hydrocarbon production from the top of the Gallup formation at 5434 feet to the base of the Dakota formation at 6570 feet within the wellbore of the Keeling Federal Well No. 1, located in Unit B of Section 20, Township 25 North, Range 8 West, NMPM, San Juan County, New Mexico.

(2) That 50 percent of the commingled production shall be allocated to the Gallup formation and 50 percent of the commingled production shall be allocated to the Dufer's Point Dakota Oil Pool.

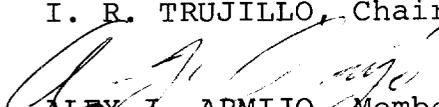
(3) That the operator of the subject well shall immediately notify the Commission's Aztec District Office any time the well has been shut-in for 7 consecutive days and shall concurrently present, to the Commission, a plan for remedial action.

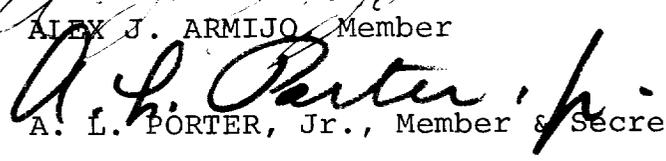
(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

I. R. TRUJILLO, Chairman


ALEX J. ARMIJO, Member


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

S E A L
jr/