MERIDIAN OIL

OFL COMOTO - FOR DIVISION

'90 DIG 5 AN 8 43

December 3, 1990

Mr William J. LeMay N. M. Oil Conservation Division P. O. Box 2088 Santa Fe, N.M. 87501-2088

> Re: Commingling Application McClanahan #20E DK 1840' FNL; 1660' FWL Section 13, T28N R10W San Juan County, N. M.

Dear Mr. LeMay:

Meridian Oil Inc. is applying for an administrative downhole commingling order for the referenced well in the Armenta Gallup and Basin Dakota fields. The ownership of the zones to be commingled is common. All of the offsetting drilling blocks are operated by Meridian Oil. The Bureau of Land Management will receive notification of this proposed downhole commingling.

This well was completed on 11-13-80 in the Dakota interval. It has a present cumulative production of 497 MMCF & 4,497 BO since first delivery to SUG on 2-26-81. Its current capacity is 60 MCF/D & 0.5 BOPD. This well is listed as "marginal" in the State Proration Schedule.

In 1982 and 1983, Union Texas Petroleum and Amoco Production Company conducted extensive Gallup drilling in Kutz Canyon. Although drilling was suspended by these two companies during 1983 due to poor economics, most of the wells were first delivered to pipeline thus have been producing for about seven years.

Meridian Oil recently completed a study of these Armenta Gallup wells and concluded that although substantial oil and gas reserves are present in this Gallup reservoir, they definitely do not provide economic justification to drill. In addition, the necessity of pumping equipment also discourages Gallup development. The recompletion of an existing Dakota well in the Gallup could result in a dual completion with the upper producing interval being pumped. This option is not advisable from an operations point of view, the operating risk is too high.

We believe that the only possible way to economically develop the Gallup reserves in this area is to commingle

Commingling Application -- McClanahan #20E Gal/Dk Page 2

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the Gallup with an existing Dakota well. Recompletion rather than drilling is much more economical and the addition of the Dakota gas to the Gallup oil and gas should eliminate that expensive cost of pumping equipment. Included with this application are the production curves of four recently commingled Armenta Gallup / Basin Dakota wells. These total well production curves all show a production increase when the wells were commingled. These wells all produce by plunger lift systems. Also included with this application is a cross section from one of these recently commingled wells, Pierce A #2E GL/DK (E 34 29 10) to show the continuity of the Gallup and Dakota to the referenced well. Granting this application will be in the best interest of conservation, the prevention of waste, and the protection of correlative rights.

We plan to commingle the subject well by pulling the Dakota tubing and setting a retrievable bridge plug above the Dakota perforations. The Gallup will be perforated, stimulated, and tested. The bridge plug will then be retrieved and a single string of tubing run to the lower producing interval.

The reservoir characteristics of each of the subject zones are such that underground waste would not be caused by the proposed downhole commingling. The fluids from each zone are compatible and no precipitates will be formed to cause damage to either reservoir. See the attached fluid analyses. In addition, none of the four nearby commingled Gallup / Dakota wells has experienced any fluid compatibility problems due to commingling. The daily production will not exceed the limit of Rule 303c, Section 1a, Part 1.

The shut-in bottom hole pressures for the Gallup and Dakota are 484 psi and 584 psi, respectively. The Gallup BHP was taken from the nearest Gallup well, Zachry #41 (0 12 28 10). The Dakota in the referenced well makes no water, and the Gallup in the nearby wells makes less than 1/2 barrel per day.

The District Office in Aztec will be notified anytime the commingled well is shut-in for seven (7) consecutive days.

To allocate the commingled production to each of the zones, Meridian will consult with the District Supervisor of the Aztec District Office of the Division to determine an allocation formula for each of the productive zones. This will be done using flow tests from the Gallup during recompletion operations.

Included with this letter is a copy of the letter to the

Commingling Application -- McClanahan #20E Gal/Dk Page 3

BLM, wellbore diagrams both before and after commingling, production curves from the referenced well, the nearest Gallup well, and the four nearby recently commingled gallup / Dakota wells, pertinent data sheet, cross section, a map of nearby Gallup wells, and nearby Dakota wells, and a detailed report of fluid compatibility.

Yours truly,

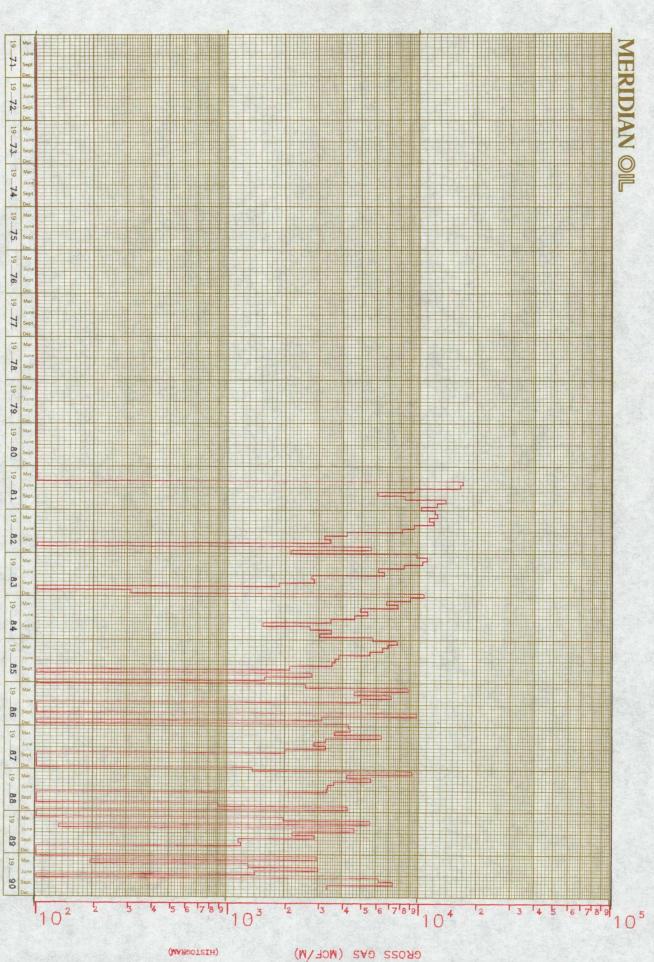
P. M. Pippin

Sr. Production Engineer

PMP:pmp

attachments

cc: Frank Chavez - OCD



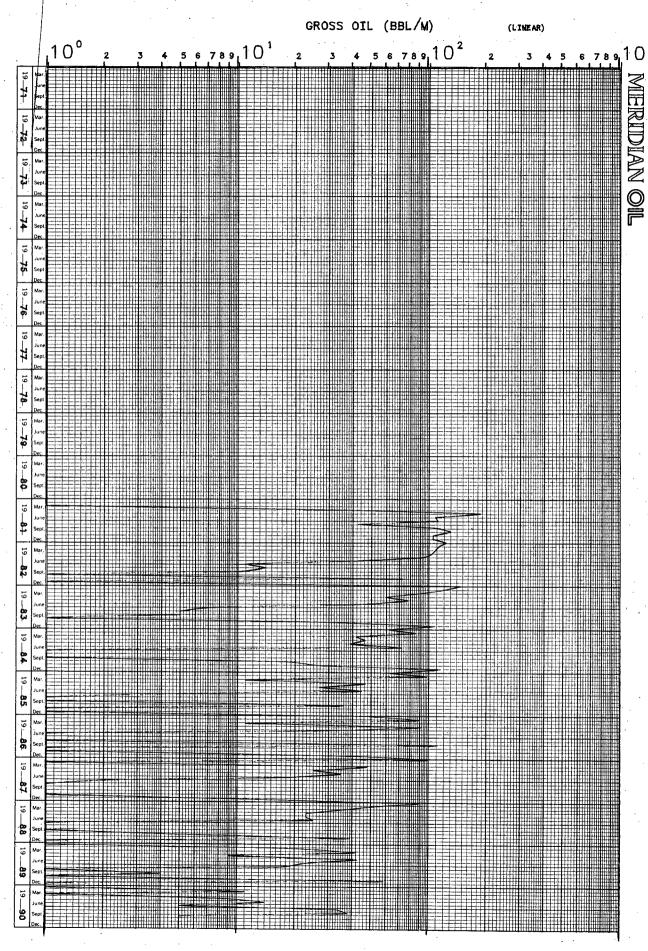
PROJECT: NEW MEXICO STATE: NEW MEXICO COUNTY: SAN JUAN LOCATION: 13F28N 10W PAGE NUMBER: 0000001-A

DWIGHTS NUMBER
LEASE/WELL NAME:
RESERVOIR
FIELD
OPERATOR

20E

30428N10W13F00DK MCCLANAHAN

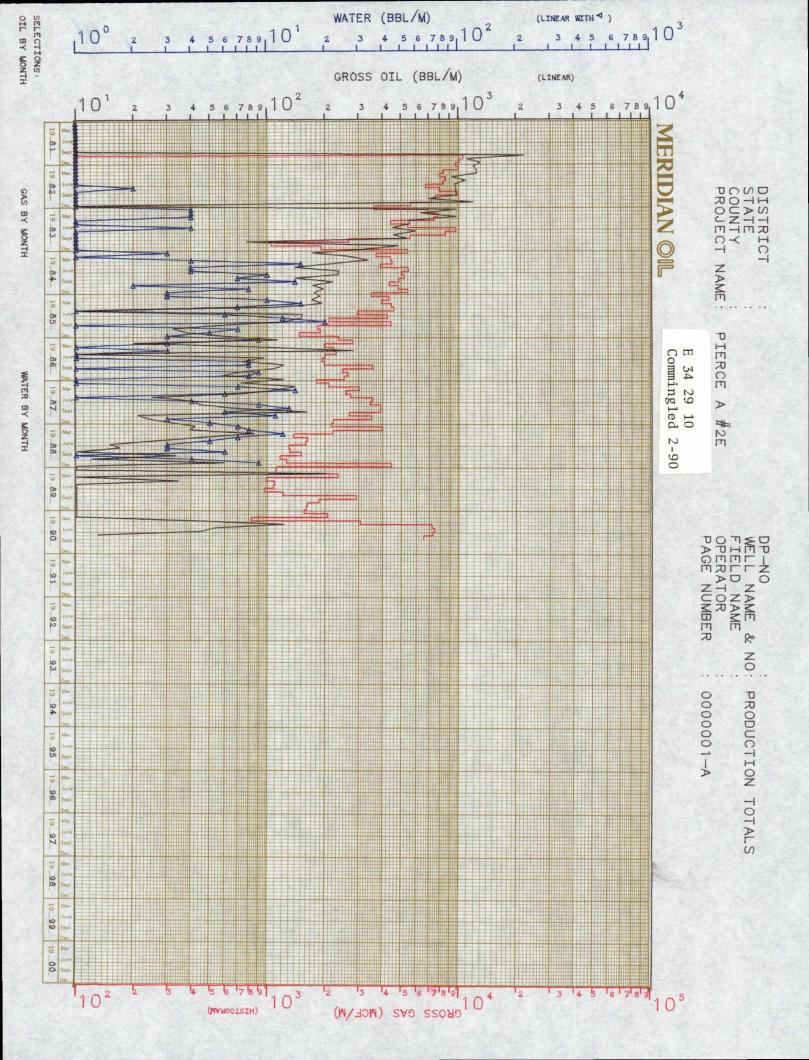
BASIN DAKOTA (PRORATED GAS) SOUTHLAND ROYALTY CO

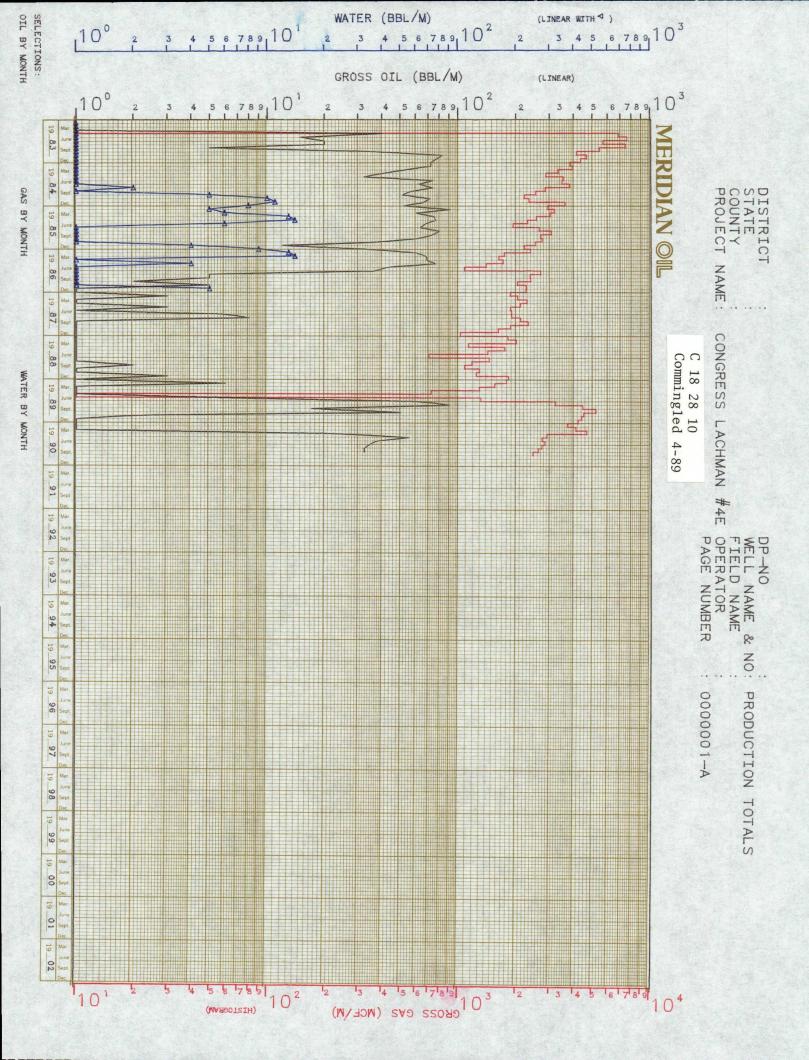


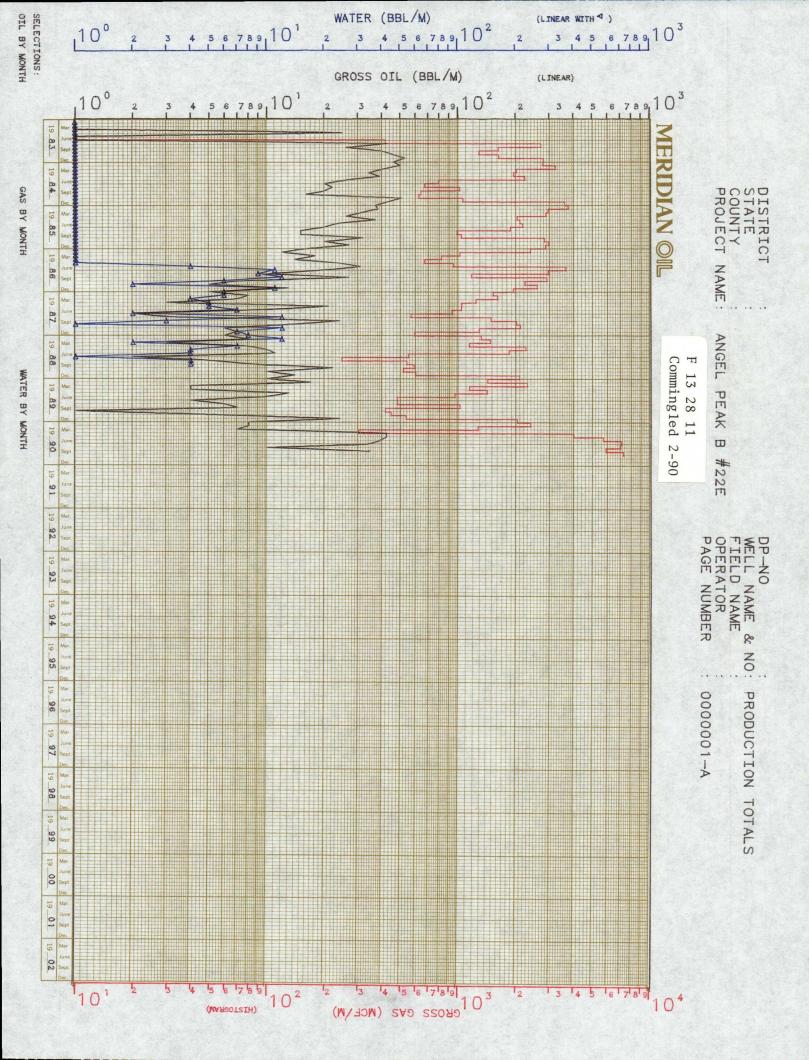
DWIGHTS NUMBER : LEASE/WELL NAME: RESERVOIR : FIELD : OPERATOR : 30428N10W13F00DK MCCLANAHAN

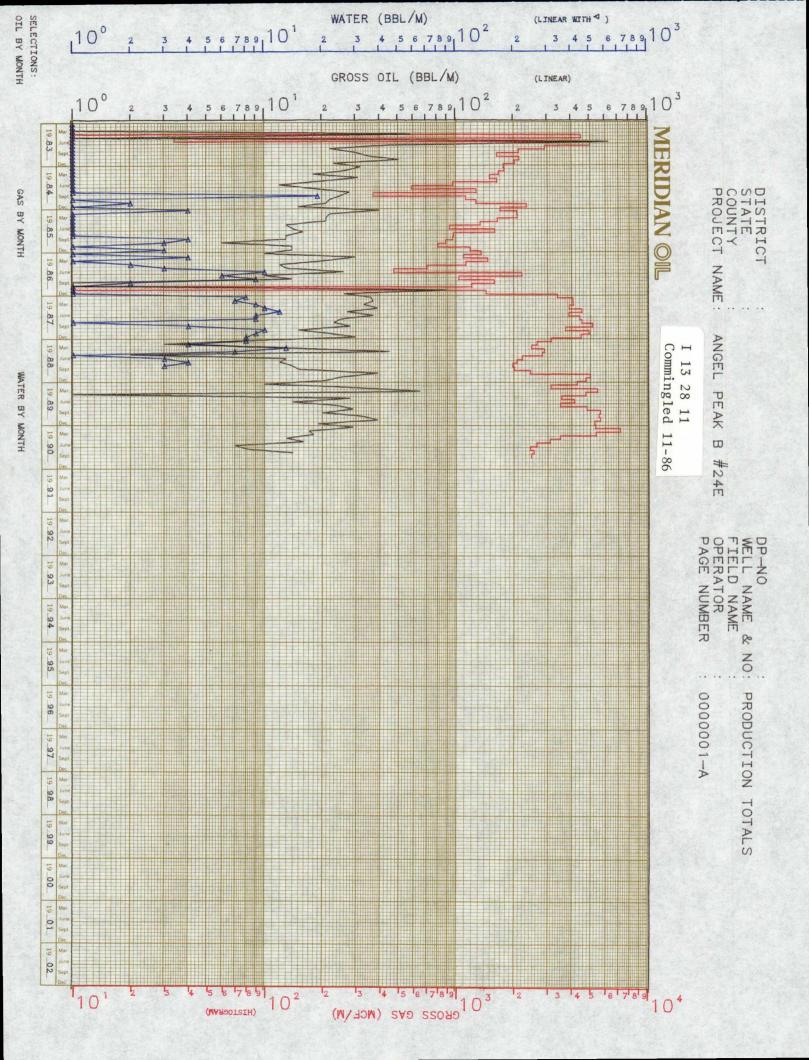
PROJECT: NEW MEXICO STATE SAN JUAN COUNTY SAN JUAN LOCATION: 13F28N 10W PAGE NUMBER: 0000001-A

BASIN DAKOTA (PRORATED GAS) SOUTHLAND ROYALTY CO









MERIDIAN OIL

December 3, 1990

Bureau of Land Management 1235 La Plata Hwy. Farmington, N. M. 87401

Gentlemen:

Meridian Oil, Inc. is in the process of applying for a downhole commingling order for their McClanahan #20E GAL/DK well located 1840' FNL 1660' FWL, Section 13 T28N R10W, N.M.P.M., San Juan County, New Mexico, in the Armenta Gallup and Basin Dakota.

The purpose of this letter is to notify you of such action. If you have no objections to the proposed commingling order, we would appreciate your signing the attached copy of this letter and returning it to this office.

Your prompt attention to this matter would be appreciated.

Yours truly,

P. M. Pippin

Sr. Production Engineer

PMP:pmp

The above downhole commingling request is hereby approved:

Date:_____

Pertinent Data Sheet - McCLANAHAN #20E DK

Location: 1840'FNL 1660' FWL, SEC.13, T28N R10W, SAN JUAN COUNTY, N.M.

Field: Basin Dakota <u>Elevation:</u> 5777'GL

12'KB

<u>TD:</u> 6634' <u>PBTD:</u> 6588'

GWI:

<u>Completed:</u> 11-13-80

NKI

<u>Initial Potential:</u>

DK: SICP≈ 1013 psi

Casing Record:

Hole Size	Csq. Size	Wt. &	<u>Grade</u>	<u>Depth Set</u>	<u>Cement</u>	Top/Cmt.
12-1/4"	8-5/8"	24#	K-55	208'	140 sx	circ. cmt
7-7/8"	5-1/2"	15.5#	K-55	6634'	220 sx	5276'(CBL)
·	•			Stg tool @ 4710'	240 sx	4685'(CBL)
				Stg tool @ 2193'	160 sx	1914'(CBL)

<u>Tubing Record:</u> 2-3/8" 4.7# J-55 6211' (201 jts) S.N. @ 6180'

Formation Tops:

Ojo Alamo	1310'	Gallup	5442'
Fruitland	1715'	Greenhorn	6208'
Pictured Cliffs	1950'	Graneros	6267'
Mesaverde	3585'	Dakota	6386'
Point Lookout	4260'		

Logging Record: Induction, Density, CBL, TDT

Stimulation:

Perfed Dk w/1/spf @ 6329', 34', 93', 98', 6404', 09', 14', 45', 71', 84', 97'. Total 11 holes. Fraced w/74,800# sand in 30# gel.

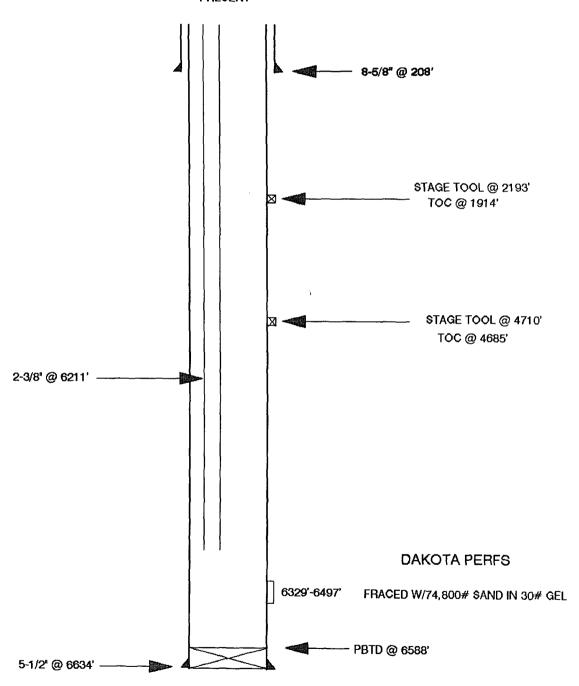
Workover History: None

<u>Production History:</u> First delivered to SUG on 2-26-81. DK cum = 497 MMCF & 4,497 BO. See attached production curves. Cathodic protection installed 5-27-82.

McCLANAHAN #20E DK

UNIT F SECTION 13 T28N R10W SAN JUAN COUNTY, NEW MEXICO

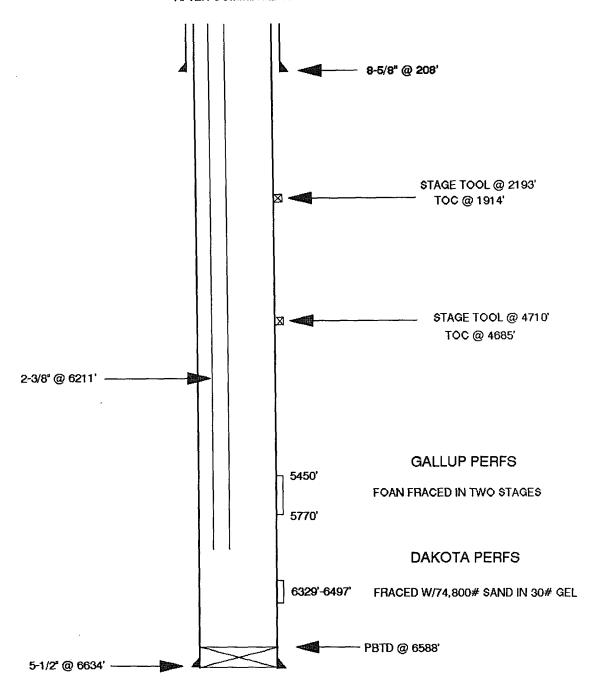




McCLANAHAN #20E DK

UNIT F SECTION 13 T28N R10W SAN JUAN COUNTY, NEW MEXICO

AFTER COMMINGLING



		R-9-₩		R-10-W	70
MELLNAME IMHSIP-MHSIP-YEAR MCF/D-PWP FLOM-CUM (MWCF). BTU CONTENT AS OF 8-1-90.					MCCLANAHAN A #2 MCCLANAHAN A #2E
FIRST DELIVERY	REID #21E	REID #21 [19]	[24] MCCLANAHAN #17E	MCCLANAHAN #16	[23]
LEGEND				MCCLANAHAN #14E MCCLANAHAN #16E	MCCLANAHAN #14 MCCLANAHAN #14
	REID #20		MCCLANAHAN #17		
			AN #20	MCCLANAHAN #20	MCCLANAHAN #15E * *
28 T		[18] REID #18 *	[13]		[14]
			MCCLANAHAN #20E	MCCLANA *	MCCLANAHAN #19E MCCLANAHAN #19
		REID #19 *	MCCLANAHAN #18		
	 		Ì		
			#19 ZACHRY #19E	ZACHRY #19	ZACHRY #18 ZACHRY #18E
LOCATION UNIT: F SEC: 13 THN: 28 RNG: 10	ži	[7] REID #22R *	[12]		[11]
DATE: OCTOBER 26, 1990					



LABORATORY INVESTIGATION

OF

ZACHRY 41, MCCLANAHAN 20E

DAKOTA AND GALLUP FLUIDS COMPATIBILITY

OCTOBER 30, 1990

PREPARED FOR:

PREPARED BY:

MERIDIAN OIL, INC MIKE PIPPIN PETROLEUM ENGINEER BRIAN P. AULT PETROLEUM ENGINEER WESTERN COMPANY OF NORTH AMERICA

SERVICE POINT FARMINGTON, NEW MEXICO 505-327-6222

MERLABII

SUMMARY OF RESULTS

- 1. No precipitation of materials was observed from either admixture of fluids.
- 2. Emulsion testing was performed. There should be no serious concern over the formation of a stabilized emulsion at well bore temperatures.
- 3. The cloud point of oil mixtures dropped or remained the same upon mixing of fluids.
- 4. According to calculations not enough cool down from gas expansion will occur to alter paraffin deposition significantly.

On Tuesday, October 30, 1990, a request for laboratory work was placed by Mike Pippin, Petroleum Engineer of Meridian Oil, Inc.

PURPOSE

Two oil samples were received of Mr. Pippin with the request we investigate the concern of potentially detrimental effects due to commingling of Gallup and Dakota fluids in the McClanahan 20 E wellbore.

INVESTIGATION

- 1. Background information current wellbore.
 - a. Figure 1
 - b. Figure 2
 - c. BHST Gradient: 1.375° f/100 ft.
 - d. Current production problems are primarily due to paraffin deposition from surface down to more/less 1000' depth.
 - e. Commingling Order Mixture Requirements:

The commingling requests present the mixing of McClanahan 20 E Dakota fluids with Zachry 41 Gallup fluids.

The tests performed simulated the mixture of fluids that may result from this commingling Each oil component was analyzed for API gravity, paraffin, pour point and cloud point. Each water component was analyzed for dissolved solids, pH, specific gravity and The mixture of oils addressed resistivity. the potential increase in precipitation of materials and the potential increase paraffin content by a synergistic effect of oils of different constitution. Emulsion tests simulated the mixing environment of the wellbore where the water component of fluid could be tied up in a resulting emulsion without the ability to break out and allow separation of the oil and water constituents. The emulsion test results

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McCLANAHAN #20E DK

UNIT F SECTION 13 T28N R10W SAN JUAN COUNTY, NEW MEXICO

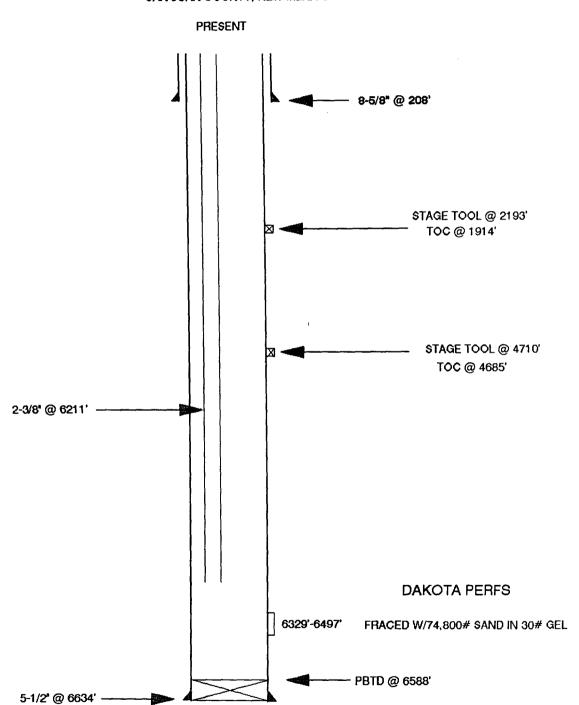


FIGURE 1

McCLANAHAN #20E DK

UNIT F SECTION 13 T28N R10W SAN JUAN COUNTY, NEW MEXICO

AFTER COMMINGLING

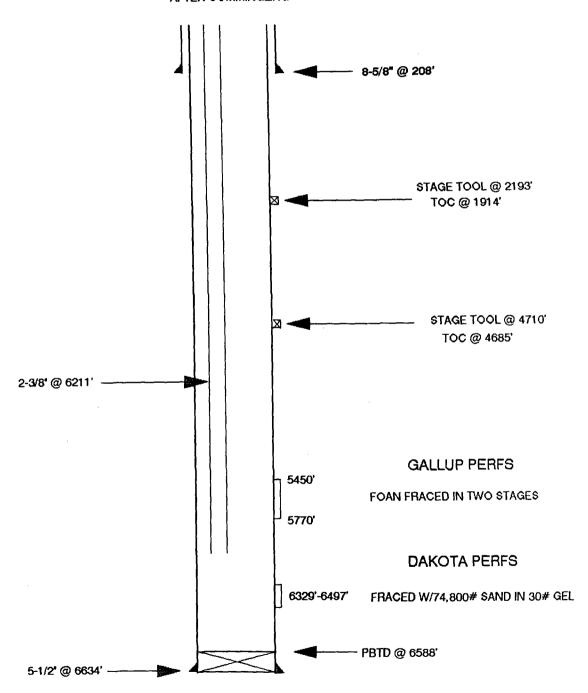


FIGURE 2

present the number of ml (% of mixture) of water breakout at listed time intervals. The volume of test sample (mixture) used in the emulsion tests is 100 ml.

- 2. Concerns to address in analysis:
 - a. The precipitation of materials produced by the admixture of oils of potentially different constitution.
 - b. The creation of emulsions due to the admixture of different fluids.
 - c. Increased paraffin deposition by additive properties of oils.
 - d. Increased paraffin deposition due to the reduction of temperature accompanying gas expansion.
- 3. Steps taken in analysis
 - a. API Analysis of oils including: API Gravity
 Pour Point
 Cloud Point
 Paraffin Content
 - b. Discussion with Mr. Pippen regarding the well bore production environment, e.g., mode of hydrocarbon production, pump type and operation, water components of production fluids, current paraffin problems, etc.
 - c. Mixing of oils in appropriate cases with additional cloud point testing to determine resulting fluid characteristics.
 - d. API Water Analysis
 - e. Emulsion tendency testing via mixing of fluids in appropriate cases.

DATA

SAMPLE #1 - MCCLANAHAN 20 E	
ZONE	GALLUP
API GRAVITY @ 60° F	51.9°
CLOUD POINT	22° F*
POUR POINT	<18° F
PARAFFIN CONTENT	0%
SAMPLE #2 - ZACHRY 41	
ZONE	DAKOTA
API GRAVITY @ 60° F	41.90°
CLOUD POINT	50° F
POUR POINT	<18° F
PARAFFIN CONTENT	0.97%
SAMPLE #3 50:50 MIX OF FLUIDS	
ZONE	50:50 MIX GAL/DK
API GRAVITY @ 60° F	47.30°
CLOUD POINT	42°*
POUR POINT	<18° F
PARAFFIN CONTENT	.49%
*UNABLE TO ACCURATELY DETERMINE DUE TO THE SAMPLE.	THE DARK COLOR OF

CALCULATIONS

Cool down effects due to gas expansion:

Reference: Perry's Handbook of Chemical Engineering

RE: Adiabatic Expansion of Etimne, Methane

$$T_s + T_r \stackrel{P}{\underset{r}{(-\frac{s}{s})}} \stackrel{(K-1)}{\underset{K}{(-\frac{s}{s})}}$$
 , where

T = Surface Temperature

T_r = Reservoir Temperature

P = Surface Pressure

P = Reservoir Pressure

K = Specific heat at constant pressure
Specific heat at constant volume

Assumed values for maximum cool down due to gas expansion:

T = Unknown

$$T_r = 160^{\circ} F$$

$$P_s = 500 \text{ psi}$$

$$P_r = 2000 \text{ psi}$$

$$K = 1.2$$

$$T_s = 160 \ (\frac{500}{2000})$$

$$T_s = 127^{\circ}F$$

NOTE:

A total cooldown of 33° F would be expected

Analysis	No.	54	-06-90
Date	11-16) - 90	

The Western Company

Oil Analysis

Operator Moridian Well Zachry 41	Date Sampled 10-39-90 Date Received 11-05-90
Field	Submitted By MIKE PIPPIN
Formation Gallup Depth	Sample Description 187 ml dqrk
State	brown oil + Iml Free Hao
API Gravity 4).9 ° at 60°F *Paraffin Content .97 % by weight *Asphaltene Content — % by weight Pour Point 418 °F Cloud Point ≈ 50 °F	
Comments:	

Cloud Point only an estimate due to dark color of sample.

Analyst	Llee
---------	------

^{*}Report calculations and data on back.

ANALYSIS	NO.	54-	18-	90	
					_

8:40 am

API FORM 45-1

DISSOLVED SOLIDS

FIELD RECEIPT NO.

API WATER ANALYSIS REPORT FORM

Company Mor	idian		Sample No.	Date Sampled
Field	Legal Desc	ription	County or Pa	
Lease or Unit	Well Zochry	-시 Depth	Formation Gallup	Water, B/D
Type of Water (Pro	duced, Supply, etc.)	ampling Point		Sampled By

CATIONS Sodium, Na (calc.) Solium, Sa (calc.) Mg/l 10.74

 Calcium. Ca
 4
 .32

 Magnesium. Mg
 3
 .38

 Barium. Ba
 +
 5
 .13

Iron. Fe (total)

Sulfide, as HaS

Total Dissolved Solids (calc.) 790

O,O ppm

Noo

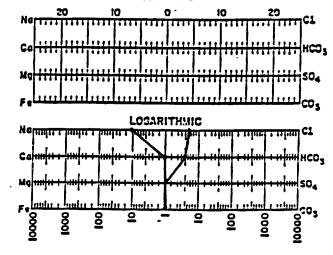
REMARKS & RECOMMENDATIONS:

OTHER PROPERTIES

pH
Specific Gravity, 60/60 F.
Resistivity (ohm-meters) 76 F.
Total hardness

WATER PATTERNS - me/l

STANDARD



ANALYST: Lloe

THE WESTERN COMPANY OF NORTH AMERICA, FARMINGTON. NM (505) 327-6222

Please refer any questions to: BRIAN AULT . District Engineer

Zachry 11 - Gallup

Dark brown oil

187 ml + .690 (≈ 1 ml) stee H20

 $5.6. = \frac{8.12}{10.0}$ @ 71° = .812

141.5 - 131.5 = 42.761 OAPI@71°F

Temp. Correction: 42.76 - .905 = 41.855 or 41.9 °API@ 60°F

tunnel: 103.25 q

103.25

watchglass + Papers: 73.519

73.53

£.61055: 76.159

76.15

252919

952939

Sample: 3.079

% Paraffin:

353.93 - 353.91 ×100 = .97% Parassin

Cloud Pt: ~ 50°F

Pour Pt: < 18°7

Analysis Date	No.	54	-	05-90	
Date	11-18	-9	0		

The Western Company

Oil Analysis

Operator Moridian Well McClanghan 20E	Date Sampled 10-35-90 Date Received 11-05-90
Field	Submitted By MIKO PIPPIN
Formacion Dakota	Worked By LLQQ
Depth	Sample Description 170 ml clear
County	yellowish brown oil + 0%
State	Free HaO.
API Gravity 51.9 ° at 60°F *Paraffin Content O % by weight *Asphaltene Content — % by weight Pour Point 418 °F Cloud Point 22 °F	
Comments:	

Analyst MU

^{*}Report calculations and data on back.

McClanahan 20x - Dakota

170 ml clear yellowish brown oil + 0% Free H₂0 $5.6 = \frac{7.64}{10.0}$ @ 78° = .764

41.5 - 131.5 = 53.71 OAPI@ 78°7

103.259

73.579

Temp. Correction: 53.71 - 1.81 = 51.9 ° API@ 60° F

Funnol: 103.259

watchglass + Papers: 73.529

E. Glass: 76.16 252.939

Sample: a.olg

cloud Pt: 22°7

Pour Pt: <18°F

% Paraffin: (252.93 - 252.93 x 100 = 0% Paraffin 2,01

Analysis	No.	51	1-07	7-90
Datel	1-a) - C	0	

The Western Company

Oil Analysis

Operator Mondian	Date Sampled 10-35-90 / 10-39-90						
well McClanghan 20 E/Zachry 41	Date Received 11-05-90						
Field	Submitted By MIKE PIPPIN						
Formacion Dahota / Gallup	Worked By LLQQ						
Depth	Sample Description 50:50 mlX						
County	of McClanghan 20 E oil +						
State	Zachry 41 OI						
API Gravity 47.3 ° at 60°F *Paraffin Content .49 % by weight *Asphaltene Content — % by weight Pour Point 48 °F Cloud Point 43 °F							
Comments:	-						

Analyst_ XXCO

^{*}Report calculations and data on back.

50:50 mix (Zochry MI: McClanahan 20E)

 $\frac{7.87}{10.0}$ @ $70^{\circ}F = .787$

141.5 - 131.5 = 48.397 API@ 70°7

Temp. Correction: 48.30 - .966 = 47.3 °API@60°7

Funnel: 103.25 g

Walchglass + Papers: 42.99

E. 61095: 76.16

232.49

43.00 g 176.16 g 222,41 g

103.25

Sample: 2.05g

% Parassin: 332.41-232.4 × 100 = .49 % Parassin

Cloud Pt: 470°7
Pour Pt: < 18°7

water Fig. 1 ACID-OIL EMULSION TESTS DATA SHEET

OPERATOR: MORIDIAN WELL: McClanahan 20E/

Zachry 41 FIELD:

FORMATION: Dahota / Gallup

DEPTH: COUNTY: SUBMITTED BY: MIKE PIPPIN

SOURCE OF SAMPLE:

DATE SAMPLED: 10.25.90/10.29.90

DATE RECEIVED: 11.05.90

API GRAVITY OF OIL: 47.3 0 API

26% Dakota OII, TYPE & CONC. OF FLUID:

38% Callup Oil 7 TYPE & CONC. OF INHIBITOR: 46% Gallup water TITE & CONC. OF SOLIDS:

TEST TEMPERATURE: 73°F

OTL/TREATMENT TLUID RATTO:

ANALYSIS BY: 1700

PERCENTAGE OF ORIGINAL ACTO SEPARATED AT VARIOUS TIME INTERVALS AFTER EMULSIFYING

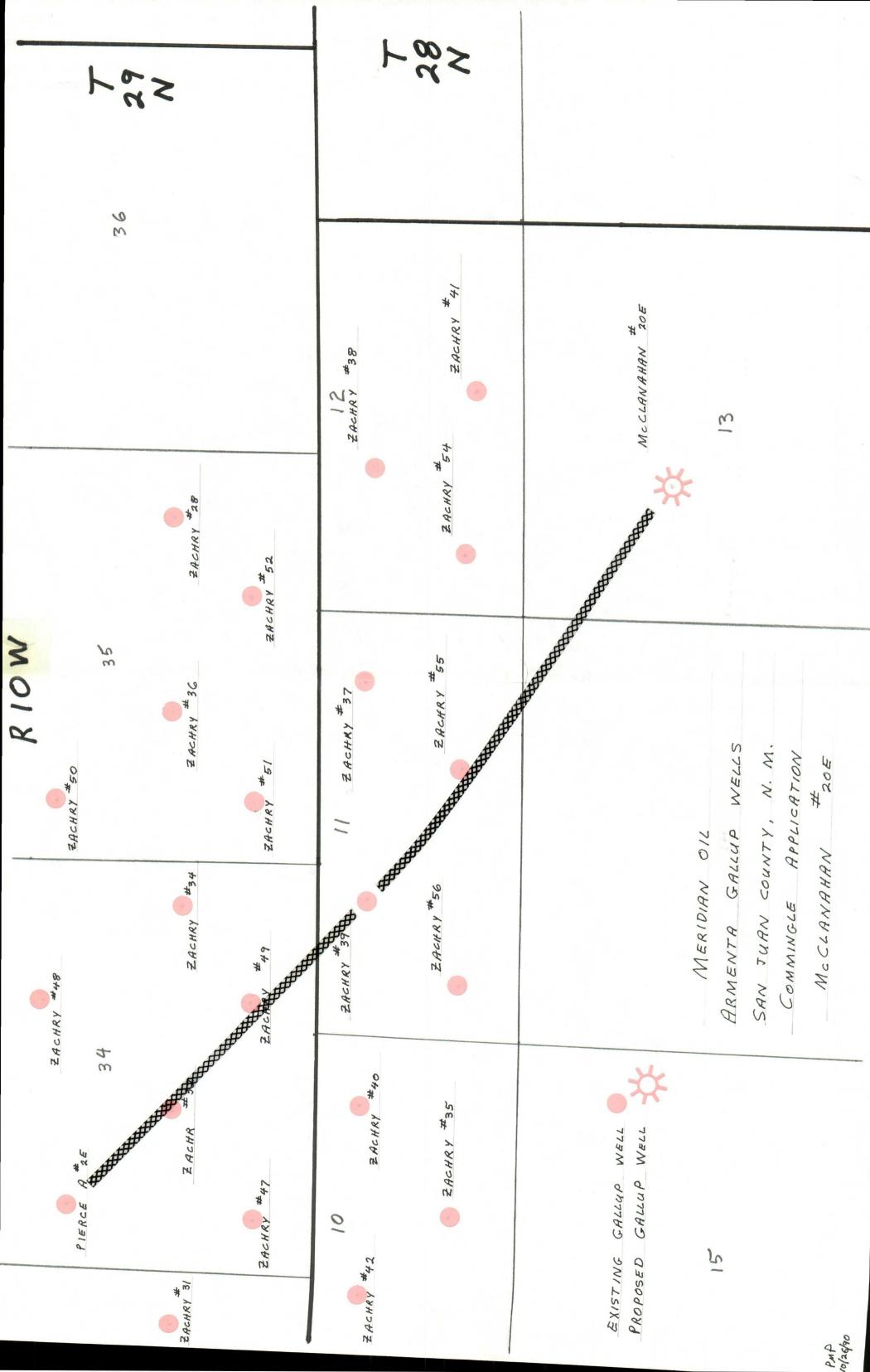
Test Number	1				1											
Additives & Concentration, Gal/1000 Gal																
Elapsed Time	Time	Vol	Time	Vol	Time	Vol	Time	Vol	Time	Vol	Time	Vol	Time	Vol	Time	Vol
l min	1	25	2		3		4		5.		6		7		8	
:	2	43	3		4		5		6		7		8		9	
3	3	46	4		5		6		7		8		9		10	
4	4		5		6		7		8		9		10		11	
5	5		6		7		8		9		. 10		11		12	
6	6		7		8		9		10		11		12		13	
7	7		8		9		10		11		12		13		14	
8	8		9		10		11		12		13		14		15	
y	9		~13		11		12		13		14		15		16	
10	10		11	_	12		13		14		15		16		1.7	
20	20		21		22		23		24		25		26		27	
30	30		31		32		33		. 34		35		36		37	,
Cotal Vol (mi)		46														
Vol. Emulsion / Sludge		0												<u>-</u>		
Sclids*																
Interface**				-												
Vol. Sediment		j	1								j		j		1	

abmi Dakota McClanahan aof oil + ab mi Gallup Zachry 41 oil

+ 46 ml Gallup Zachry 41 water

^{*} Preferential vetting of solids: OB=oil-wet bottom; OO=oil-wet oil phase; WB=water-wet bottom; WO=water-wet oil phase: UB=water-wet bottom; WO=water-wet oil phase: VE-water-wet interface: VE-water-wet interface

^{**} Interface: F=Fluid; S=Solid; V=Viscous



INTENTIONAL OMISSIONS

The following document(s) have been intentionally omitted from this file due to the indicated reasons.							
FILE# DHC 783							
DESCRIPTION OF OMITTED DO	CUMENTS						
·							
OMITTED DOCUMENT	REASON OMITTED						
Strat i graphic Class Soction Graph (M)	p) 100 LARGE						



STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION ON SERVICE OF THE RESERVED.

AZTEC DISTRICT OFFICE

GARREY CARRUTHERS GOVERNOR

'90 DEC 12 AM 9 221000 RIO BRAZOS ROAD (505) 334-6178