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1288

Southern

Rockies

Business

Unit

May 29, 1996

Mr. William J. LeMay, Director  
New Mexico Oil Conservation Division  
2040 S. Pacheco Street  
P. O. Box 6429  
Santa Fe, NM 87505

**Application for Exception to Rule 303-C - Downhole Commingling  
Payne A #1E Well  
Unit N Section 19-T29N-R10W  
Basin Dakota, Otero Chacra and Blanco Mesaverde Pools  
San Juan County, New Mexico**

Enclosed please find an administrative application form (C-107-A) and attachments for downhole commingling for the captioned well. By copy of this application by certified mail, return receipt requested, Amoco is notifying all offset operators in the formations captioned above as well as all affected interest owners if the ownership of those formations is not common. The Division Director may approve the proposed downhole commingling in the absence of a valid objection from any offset operator or any interest owner in those instances where ownership is not common in the zones to be commingled within 20 days after the receipt of the application if, in his opinion, waste will not result thereby, and correlative rights will not be violated.

Should there be questions concerning this matter, please contact me at (303) 830-5344.

Sincerely,

Pamela W. Staley

5072 BILL HAWKINS

Enclosures

- cc: Steve Webb
- Gail Jefferson
- Wellfile
- Proration File

Frank Chavez, Supervisor  
NMOCD District III  
1000 Rio Brazos Road  
Aztec, NM 87410

DHONG 3 ZONES  
2 ARE SUPPOSED TO BE  
DHCS ALREADY - NEED  
ORDER NUMBER INDICATING  
SUCH.

OIL CONSERVATION DIVISION

APPROVAL PROCESS:

DISTRICT II  
811 South First St., Artesia, NM 88210-2835

2040 S. Pacheco  
Santa Fe, New Mexico 87505-6429

Administrative  Hearing

DISTRICT III  
1000 Rio Brazos Rd. Aztec, NM 87410-1693

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE  
 YES  NO

Amoco Production Company P.O. Box 800 Denver, CO 80201

Operator PAYNE A Well No. 1E Address N-19-29N-10W Unit Ltr. - Sec Twp - Rge San Juan County

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 000778 Property Code 000948 API NO. 3004524444 Federal State (and/or) Fee x

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	OTERO CHACRA 82329	BLANCO MESAVERDE 72319	BASIN DAKOTA 71599
2. Top and Bottom of Pay Section (Perforations)	2793' - 2810'	3370' - 4117'	6106' - 6246'
3. Type of production (Oil or Gas)	GAS	GAS	GAS
4. Method of Production (Flowing or Artificial Lift)	FLOWING COMMINGLED WITH MESAVERDE	FLOWING COMMINGLED WITH CHACRA	FLOWING
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated or Measured Original	a. (Current) 620 PSI (EST) COMMINGLED	a. 620 PSI (EST) COMMINGLED	a. 685 PSI
	b. (Original) 1200 PSI	b. 1286 PSI	b. 2458 PSI
6. Oil Gravity (" API) or Gas BTU Content	1000 BTU	1164 BTU	1000 BTU
7. Producing or Shut-In?	PRODUCING	PRODUCING	PRODUCING
Production Marginal? (yes or no)	YES	YES	YES
• If Shut-In, give data and oil/gas/water rates of last production  Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data	Date: Rates:	Date: Rates:	Date: Rates:
• If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: Rates:	COMMINGLED WITH CK Date: Rates: 77 MCFD .003 BCPD 1 BWP (5/96)	Date: Rates: 5/96 17 MCFD .003 BCPD 2 BWP
8. Fixed Percentage Allocation Formula -% for each zone	Oil: 0 % Gas 3 %	Oil: 50 % Gas 79 %	Oil: 50 % Gas 18 %

NOTE: ALLOCATIONS FOR CHACRA/MESAVERDE ARE CURRENTLY GAS - 96%MV, 4%CK OIL - 100% MV THESE ARE INCORPORATED HEREIN

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.
10. Are all working, overriding, and royalty interests identical in all commingled zones?  Yes  No  
If not, have all working, overriding, and royalty interests been notified by certified mail?  Yes  No  
Have all offset operators been given written notice of the proposed downhole commingling?  Yes  No
11. Will cross-flow occur?  Yes  No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable.  Yes  No (If No, attach explanation)
12. Are all produced fluids from all commingled zones compatible with each other?  Yes  No
13. Will the value of production be decreased by commingling?  Yes  No (If Yes, attach explanation)
14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application.  Yes  No
15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S) \_\_\_\_\_
16. ATTACHMENTS:  
\* C-102 for each zone to be commingled showing its spacing unit and acreage dedication.  
\* Production curve for each zone for at least one year. (If not available, attach explanation.)  
\* For zones with no production history, estimated production rates and supporting data.  
\* Data to support allocation method or formula.  
\* Notification list of all offset operators.  
\* Notification list of working, overriding, and royalty interests for uncommon interest cases.  
\* Any additional statements, data, or documents required to support commingling.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Pamela W. Staley TITLE REGULATORY AFFAIRS REP DATE 5/29/96  
TYPE OR PRINT NAME PAMELA W. STALEY TELEPHONE NO. ( 303 ) 830-5344

# OIL CONSERVATION DIVISION

STATE OF NEW MEXICO  
OIL AND MINERALS DEPARTMENT

P. O. BOX 2088  
SANTA FE, NEW MEXICO 87501

Form C-107  
Revised 10-1-78

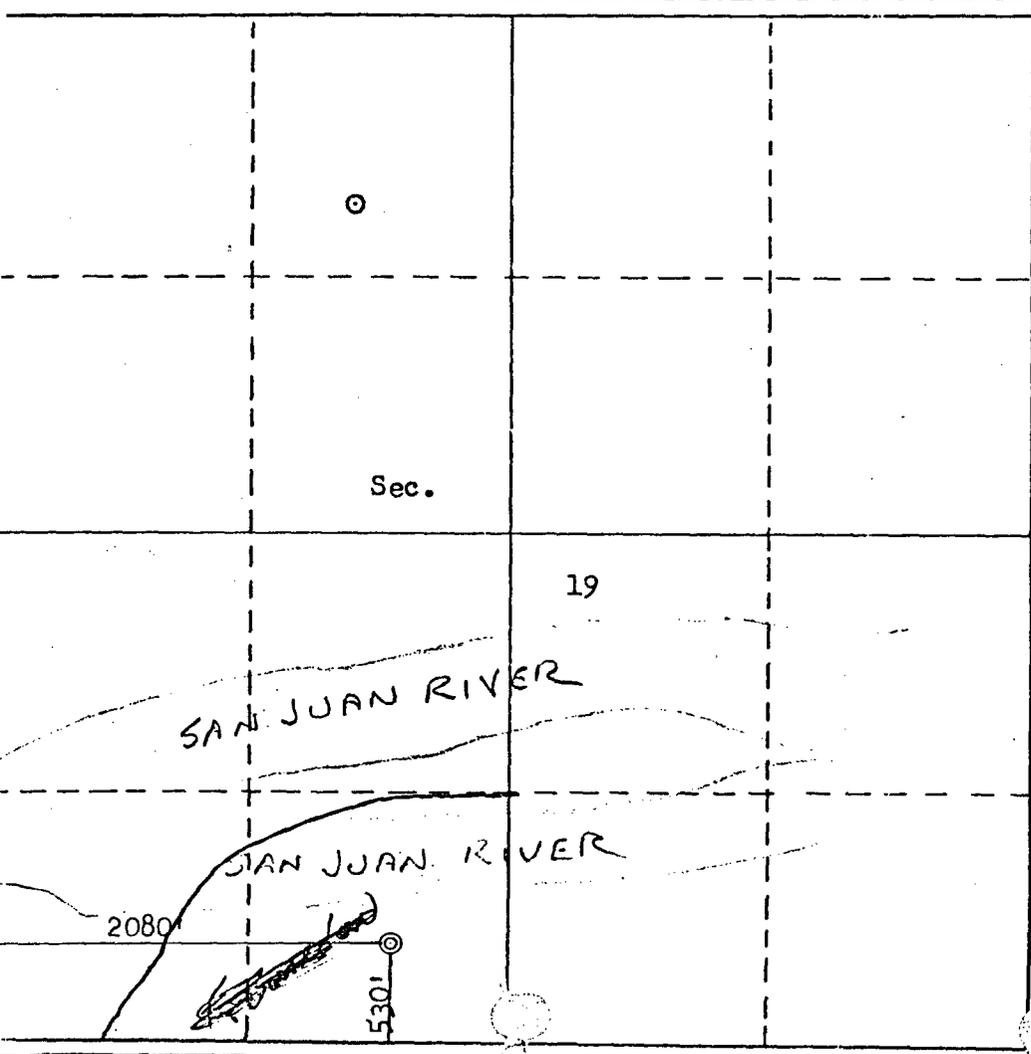
*All distances must be from the outer boundaries of the Section.*

Operator <b>VENNECO OIL COMPANY</b>			Lease <b>ELVIN J. PAYNE GAS UNIT "A"</b>			Well No. <b>1-E</b>		
Section Letter <b>N</b>	Section <b>19</b>	Township <b>29N</b>	Range <b>10W</b>	County <b>San Juan</b>				
Well Location Location of Well: <b>530</b> feet from the <b>South</b> line and <b>2080</b> feet from the <b>West</b> line								
Ground Level Elev. <b>5476</b>	Producing Formation			Pool			Dedicated Acreage:  Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?  
  
 Yes     No    If answer is "yes," type of consolidation \_\_\_\_\_

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

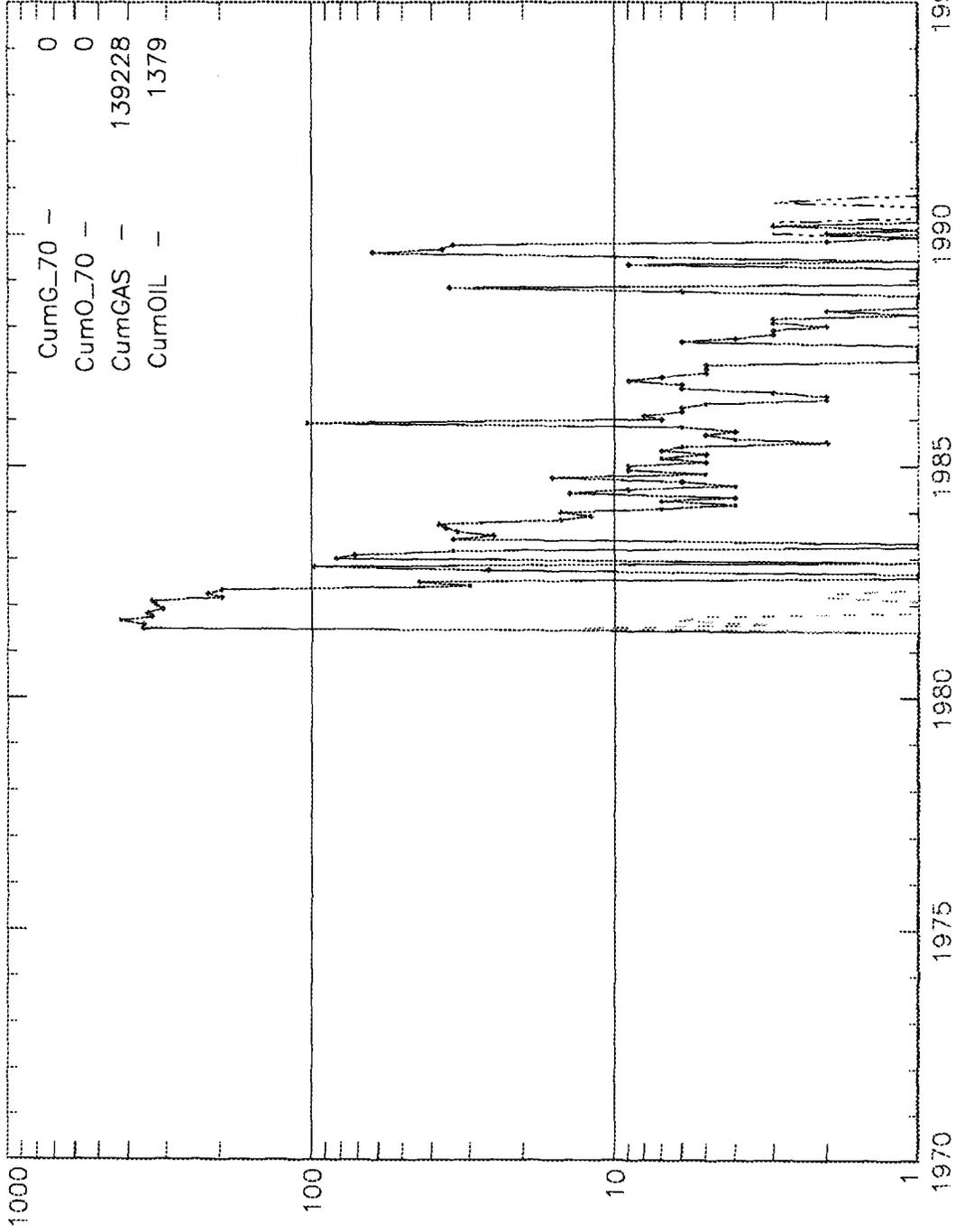


<b>CERTIFICATION</b>
<i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>
Name
Position
Company
Date
<i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.</i>
Date Surveyed <b>September 1979</b>
Registered Professional Engineer and/or Land Surveyor <i>Fred B. Kerr</i> <b>Fred B. Kerr</b>
Certificate No. <b>178</b>

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Engr: zdws22

PAYNE A 1E  
30045244400DK N192910-001EDK Operator- AMOCO PRODUCTION CO  
APC\_WI - 0.50000000

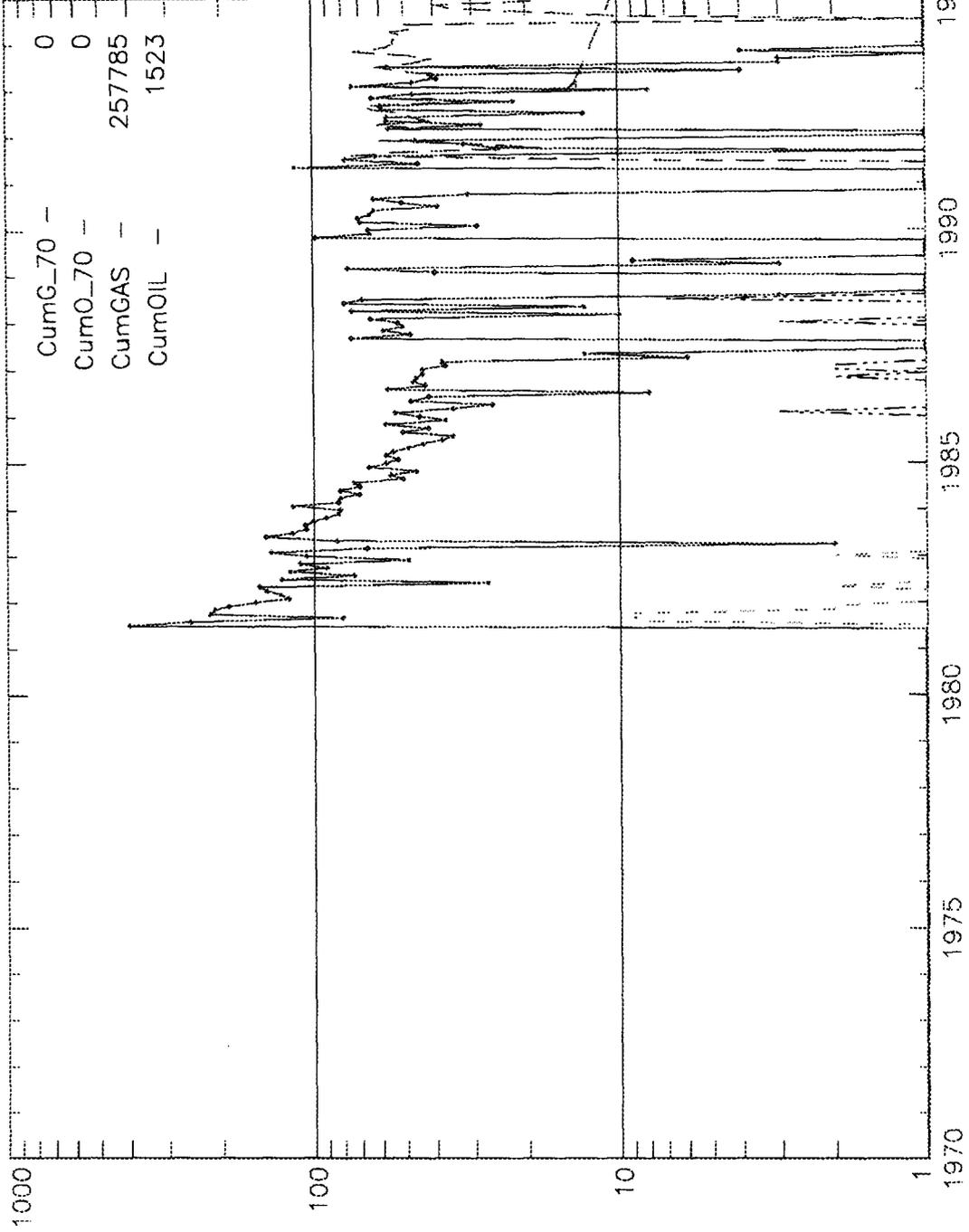


Curr\_Fit  
DCLN NA  
CurrQ NA  
RemRes NA  
EUR NA  
Fit\_date NA

New\_fit  
DCLN  
CurrQ  
RemRes  
EUR  
Fit\_date

Engr: zdws22

PAYNE A 1E  
300452444400CM N192910-001ECM Operator-- AMOCO PRODUCTION CO  
APC\_WI - 0.50000000



CumG\_70 - 0  
CumO\_70 - 0  
CumGAS - 257785  
CumOIL - 1523

Curr\_Fit  
DCLN 0.154  
CurrQ 14  
RemRes 16590  
EUR 274375  
Fit\_date 1993 8

New\_fit  
DCLN  
CurrQ  
RemRes  
EUR  
Fit\_date

69847700 00001 617000 00 AMOCO PRODUCTION COMPANY P O BOX 591 TULSA	ZJAM63  OK 74102-0591	69827000 00001 948649 00 PHILLIP MICHAEL GILLETT 3940 W CAPOVILLA LAS VEGAS	ZJAM63  NV 89118-5146
69827000 00001 924757 00 FORREST AND ELLA BEARDEN JOINT TENANTS 6 ROAD 4901 BLOOMFIELD	ZJAM63  NM 87413-9613	69827000 00001 922562 00 EDWARD M HARTMAN 1002 TRAMWAY LANE NE ALBUQUERQUE	ZJAM63  NM 87122-1317
69827000 00001 939657 00 REBECCA CHILDERS 2500 WEST APACHE NO 2204 FARMINGTON	ZJAM63  NM 87401-3286	69827000 00001 948647 00 DEBORAH JOYCE HOCKMAN 33309 SANTIAGO ROAD SUITE NO.223 ACTON	ZJAM63  CA 93510-1413
69827000 00001 939654 00 DAVID W CRAWFORD 388 LA ENTRADA ROAD LOS LUNAS	ZJAM63  NM 87031-7616	69827000 00001 948646 00 KIM KATHLEEN KELLEY 1131 NORTH CURRIER STREET SIMI VALLEY	ZJAM63  CA 93065-5103
69847700 00001 750737 00 EL PAMCO INC P O BOX 14738 ALBUQUERQUE	ZJAM63  NM 87191-4738	69827000 00001 948648 00 DANA MARIE GILLETT KENNEDY 7665 SPANISH BAY DRIVE LAS VEGAS	ZJAM63  NV 89113-1397
69827000 00001 682456 00 MARGUERITE SULLIVAN FRAME ESTATE PAULA JAKUBANIS CONSERVATOR C/O SANDY ELLIOT HUTCHISON, HUGINS AND FREDERICK P O BOX 2250 DURANGO	ZJAM63  CO 81302-2250	69827000 00001 923636 00 FLOYD E LEADERS JR 9529 ASH HOLLOW PLACE GAITHERSBURG	ZJAM63  MD 20879-1239
69827000 00001 435232 00 ELOISE GARRETT N H 21 LAKE CHEROKEE LONGVIEW	ZJAM63  TX 75603	69827000 00001 939656 00 LAURIE L LEWIS P O BOX 955 BLOOMFIELD	ZJAM63  NM 87413-0955
69827000 00001 948650 00 RICHARD ELIAS GILLETT 3940 WEST CAPOVILLA LAS VEGAS	ZJAM63  NV 89118-5146	69827000 00001 599039 01 MANANA GAS INC 2520 TRAMWAY TERRACE CT NE ALBUQUERQUE	ZJAM63  NM 87122-2317
		69827000 00001 903560 00 HORACE F MCKAY JR AND ELMYRA K TRUST U/T/A DATED 12/19/88 HORACE F JR AND ELMYRA K MCKAY TRUSTEE P O BOX 14738 ALBUQUERQUE	ZJAM63  NM 87191-4738

69827000 00001 ZJAM63  
924794 00  
WILLIAM L AND MARIAN R NOBLES  
6759 HWY 64  
BLOOMFIELD NM 87413-9564

69827000 00001 ZJAM63  
119632 00  
ELIZABETH M RANSOM  
503 WHITE AVENUE  
AZTEC NM 87410-2335

69827000 00001 ZJAM63  
925640 00  
GLEN A RANSOM  
HWY 550 RD 4475  
AZTEC NM 87410

69827000 00001 ZJAM63  
925538 00  
PAUL W RANSOM  
611 EAST 2ND STREET  
NIXON TX 78140-3263

69847700 00001 ZJAM63  
116322 00  
FAVIANA SANCHEZ  
#17 RD 4904  
BLOOMFIELD NM 87413-9616

69827000 00001 ZJAM63  
948645 00  
SHERRY LYN SMITH  
1131 NORTH CURRIER STREET  
SIMI VALLEY CA 93065-5103

69827000 00001 ZJAM63  
682455 00  
R BRUCE SULLIVAN  
MARY HELENE SULLIVAN SIKES ATTY-N-FACT  
P O BOX 400  
BLOOMFIELD NM 87413-0400

RAYMOND J RANSOM  
645 AUSTIN AVENUE  
BOX 1613  
ALAMO TX 78516

**OFFSET OPERATORS**  
**Payne A #1E**

Meridian Oil, Inc.  
P.O. Box 4289  
Farmington, NM 87499

Texaco E&P Inc.  
P.O. Box 2100  
Denver, Colorado 80201

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. 6847  
Order No. R-6313

APPLICATION OF TENNECO OIL COMPANY  
FOR DUAL COMPLETIONS AND 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 March 26, 1980, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 15th day of April, 1980, 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, Tenneco Oil Company, seeks authority to dually complete, in such a manner as to produce gas from the Dakota formation and commingled Chacra and Mesa-verde production through parallel strings of tubing, ten proposed wells to be located as follows:

in Township 29 North, Range 10 West: Unit C, Section 19; Unit N, Section 19; Unit A, Section 30; and Unit D, Section 30; in Township 29 North, Range 11 West: Unit G, Section 24; Unit O, Section 24; Unit A, Section 25; Unit D, Section 25; Unit M, Section 25; and Unit P, Section 25.

(3) That at the hearing the applicant amended the subject application to eliminate the request for dual completion of the commingled Chacra/Mesaverde zones with the Dakota zone for five of the proposed wells to be located as follows:

in Township 29 North, Range 10 West: Unit C, Section 19 and Unit D, Section 30; in Township 29 North, Range 11 West: Unit O, Section 24; Unit D, Section 25; and Unit P, Section 25.

(4) That the Chacra and Mesaverde zones in each of the ten wells proposed to be drilled are expected to be capable of low rates of production.

(5) 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.

(6) 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 any such well is not shut-in for an extended period.

(7) 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 any of the subject wells is shut-in for 7 consecutive days.

(8) 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.

(9) That the mechanics of the proposed dual completions are feasible and in accord with good conservation practices.

(10) That approval of the subject application will prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the applicant, Tenneco Oil Company, is hereby authorized to commingle Chacra and Mesaverde production within the wellbore of ten proposed wells to be located as follows:

in Township 29 North, Range 10 West: Unit C, Section 19; Unit N, Section 19; Unit A, Section 30; and Unit D, Section 30; in Township 29 North, Range 11 West: Unit G, Section 24; Unit O, Section 24; Unit A, Section 25; Unit

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D, Section 25; Unit M, Section 25; and Unit P, Section 25; all in San Juan County, New Mexico.

(2) That the applicant is further authorized to dually complete in such a manner as to produce gas from the commingled Chacra and Mesaverde zones and gas from the Dakota zone five of said wells located as follows:

in Township 29 North, Range 10 West: Unit N, Section 19; Unit A, Section 30; in Township 29 North, Range 11 West: Unit G, Section 24; Unit A, Section 25; and Unit M, Section 25, each of said wells being equipped with parallel strings of tubing and a packer between the commingled zones and the Dakota.

PROVIDED HOWEVER, that the applicant shall complete, operate, and produce said wells in accordance with the provisions of Rule 112-A of the Division Rules and Regulations insofar as said rule is not inconsistent with this order;

PROVIDED FURTHER, that the applicant shall take packer leakage tests upon completion and annually thereafter during the Deliverability Test Period for gas wells in Northwest New Mexico.

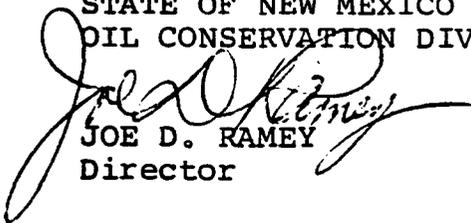
(3) That the applicant shall consult with the Supervisor of the Aztec district office of the Division and determine an allocation formula for the allocation of production to each zone in each of the subject wells.

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

(5) 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  
fd/