

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 11645
ORDER NO. R-10769

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

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on November 7, 1996 at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 20th day of February, 1997 the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) The applicant in this matter, Amoco Production Company, is the operator of a standard 321.26-acre gas spacing and proration unit ("GPU") in both the Blanco-Mesaverde and Basin-Dakota Pools that comprise Lots 1, 2, 7, 8, 9, 10, 15, and 16 (the E/2 equivalent) of Section 28, Township 30 North, Range 10 West, NMPM, San Juan County, New Mexico. Blanco-Mesaverde gas production is currently dedicated to its Stewart "LS" Well No. 3 (**API No. 30-045-09239**), located at a standard gas well location 990 feet from the North and East lines (Lot 1/Unit A) of said Section 28. Basin Dakota gas production is currently dedicated to its Stewart "LS" Well No. 6 (**API No. 30-045-09207**), located at a standard gas well location 1650 feet from the North line and 990 feet from the East line (Lot 8/Unit H) of said Section 28.
- (3) Amoco seeks approval to downhole commingle Blanco-Mesaverde Pool gas production with gas production from the Basin-Dakota Pool within the wellbore of its

Stewart "LS" Well No. 6-M (API No. 30-045-29380), located within the aforementioned 321.26-acre GPU at a standard "infill" gas well location for both intervals 800 feet from the South line and 1165 feet from the East line (Lot 16/Unit P) of Section 28, Township 30 North, Range 10 West, NMPM, San Juan County, New Mexico.

(4) All mineral interests in both the Basin Dakota and Blanco-Mesaverde Pools underlying said GPU, including working, royalty, and overriding, are common.

(5) The applicant demonstrated through its evidence that:

(a) gas production from both zones should be marginal in nature,

(b) gas streams from both zones are expected to be compatible with the other;

(c) neither zone is considered to be fluid sensitive and past commingling in the immediate area has not shown any indications of fluid compatibility problems;

(d) downhole commingling of both intervals should serve to extend the economic life of both aforementioned intervals thereby preventing waste;

(e) bottomhole pressures of both intervals are as follows:

	Current	Initial
Blanco-Mesaverde	1032	1293
Basin-Dakota	1835	2113;

(f) although these pressures exceed the requirements set forth in Division Order 303.C(1)(b)(ii) the differences are such that reservoir fracturing should not occur;

(g) such pressure differential however will cause the crossflow of Mesaverde hydrocarbons into the Dakota interval, however this resulting crossflow will not result in the permanent loss of reserves; and,

(h) the value of the commingled production is not less than the sum of the values of the individual production.

(6) No offset operator or interest owner appeared at the hearing in opposition to this application.

(7) The following allocation for the commingled production from the two zones was presented by the applicant and was determined from production from offset production:

	Gas	Condensate
Basin-Dakota Pool:	52%	100%
Blanco-Mesaverde:	48%	0%.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Amoco Production Company, is hereby authorized to downhole commingle Blanco-Mesaverde Pool gas production with gas production from the Basin-Dakota Pool within the wellbore of existing Stewart "LS" Well No. 6-M (API No. 30-045-29380), located at a standard "infill" gas well location for both intervals 800 feet from the South line and 1165 feet from the East line (Lot 16/Unit P) of Section 28, Township 30 North, Range 10 West, NMPM, San Juan County, New Mexico.

(2) Gas production from both intervals is to be simultaneously dedicated to the existing standard 321.26-acre gas spacing and proration unit ("GPU") that comprise Lots 1, 2, 7, 8, 9, 10, 15, and 16 (the E/2 equivalent) of Section 28, Township 30 North, Range 10 West, NMPM, San Juan County, New Mexico. Blanco-Mesaverde gas production is currently dedicated to its Stewart "LS" Well No. 3 (API No. 30-045-09239), located at a standard gas well location 990 feet from the North and East lines (Lot 1/Unit A) of said Section 28. Basin Dakota gas production is currently dedicated to its Stewart "LS" Well No. 6 (API No. 30-045-09207), located at a standard gas well location 1650 feet from the North line and 990 feet from the East line (Lot 8/Unit H) of said Section 28.

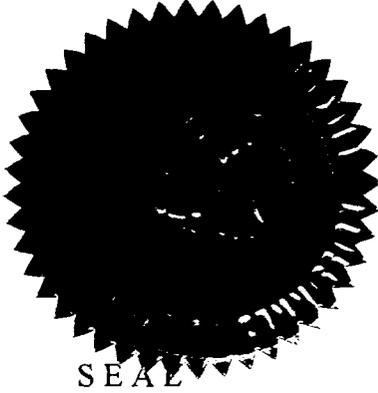
(3) The following allocation formula shall be applied to the total production attributed to this well:

	Gas	Condensate
Basin-Dakota Pool:	52%	100%
Blanco-Mesaverde:	48%	0%.

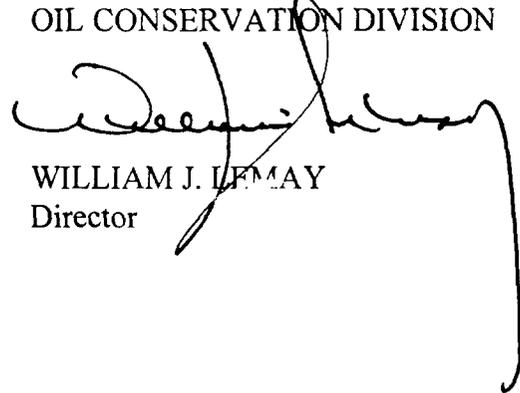
(4) The operator of the subject well shall immediately notify the Division's Aztec District Office any time the well has been shut-in for seven consecutive days and shall concurrently present to the Division a plan for remedial action.

(5) 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



WILLIAM J. LEMAY
Director