



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

GARREY CARRUTHERS
 GOVERNOR

December 20, 1990

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 SANTA FE, NEW MEXICO 87504
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Mr. William F. Carr
 Campbell & Black
 Attorneys at Law
 Post Office Box 2208
 Santa Fe, New Mexico

Re: CASE NO. 10155
 ORDER NO. R-6375-B

Applicant:

Union Oil Company of California

Dear Sir:

Enclosed herewith are two copies of the above-referenced
 Division order recently entered in the subject case.

Sincerely,

Florene Davidson

FLORENE DAVIDSON
 OC Staff Specialist

Copy of order also sent to:

Hobbs OCD _____ x
 Artesia OCD _____ x
 Aztec OCD _____ x

Other _____

Memo

From
DAVID CATANACH
Petroleum Engineer

To Bill,

I have talked to Bob about sending a letter to El Paso asking them what action they have taken to make sure their interest owners were correctly paid during the time they operated this well. If you have any problem with that please advise.

DAC

CAMPBELL & BLACK, P.A.
LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
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December 11, 1990

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OIL CONSERVATION DIV.
SANTA FE

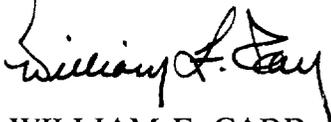
Mr. David R. Catanach
Deputy Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

Re: Oil Conservation Division Case No. 10155; Order No. R-6375-A
Application of Union Oil Company of California for Determination of
Permanent Allocation of Downhole Commingled Production and for
Amendment of Division Order No. R-6375, as Amended, Rio Arriba County,
New Mexico

Dear Mr. Catanach:

Pursuant to your request, enclosed please find the proposed Order of the Division which I have prepared on behalf of Union Oil Company of California.

Very truly yours,



WILLIAM F. CARR
WFC:mlh

cc w/enc.: George Bennett, Esq.
Mr. Bill Hering

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. 10155
Order No. R-6375-A

APPLICATION OF UNION OIL COMPANY OF
CALIFORNIA FOR DETERMINATION OF
PERMANENT ALLOCATION OF DOWNHOLE
COMMINGLED PRODUCTION AND FOR
AMENDMENT OF DIVISION ORDER NO.
R-6375, AS AMENDED,
RIO ARRIBA COUNTY, NEW MEXICO.

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OIL CONSERVATION DIV
SANTA FE

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on November 14, 1990, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this ____ day of December, 1990, 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, Union Oil Company of California, seeks an order amending Order No. R-6375, as amended, to allocate between the Dakota and Gallup formations production which is commingled in the wellbore of the Rincon Unit Well No. 164, located in Unit L of Section 2, Township 26 North, Range 7 West, N.M.P.M. Rio Arriba County, New Mexico.

(3) The Rincon Unit Well No. 164 was drilled by El Paso Natural Gas Company in 1969 to the Dakota formation and was completed in the Gallup formation in 1980. El Paso was authorized by Division Order No. R-6375 dated June 18, 1980 to commingle Basin-Dakota and Largo-Gallup production in the wellbore.

(4) Order No. R-6375 provided that El Paso Natural Gas Company consult with the Supervisor of the Aztec District Office of the Division and determine a formula for the allocation of production to each zone in the well.

(5) By letter dated February 13, 1981, from the Supervisor of the Aztec District Office, the allocation of production between formations in this well were set as follows:

	<u>Gas</u>	<u>Oil</u>
Gallup	69%	87%
Dakota	31%	13%

(6) In 1986, Union Oil Company of California became operator of this well.

(7) Production information from the New Mexico Engineering Committee's Annual Reports suggests that production from the Rincon Unit No. 164 Well was not always allocated between zones in accordance with the District Supervisor's letter. No data is available on how payments were made for production prior to 1986.

(8) In February 1990, Union Oil Company of California individually tested each zone in this well and the results of this test establish that at that time 91% of the gas production and 100% of the oil production from this well was being produced from the Gallup formation and 9% of the gas production and no oil production from the Dakota formation.

(9) The commingled production from the Rincon Unit Well No. 164 should be allocated between the Gallup and Dakota formations in accordance with the February 1990 tests as follows:

	<u>Gas</u>	<u>Oil</u>
Gallup	91%	100%
Dakota	9%	0%

(10) The new allocation of production should be effective as of 7:00 a.m. on March 1, 1990.

IT IS THEREFORE ORDERED THAT:

(1) Order No. R-6375 which authorized the commingling of production from the Gallup formation, Largo Gallup Pool, and the Dakota formation, Basin Dakota Pool, in the wellbore of the Rincon Unit Well No. 164 is hereby amended by rescinding Order Paragraph No. 2 and adopting the following new paragraph:

(2) Production from the subject well shall be allocated effective 7:00 a.m. on March 1, 1990 as follows:

	<u>Gas</u>	<u>Oil</u>
Gallup	91%	100%
Dakota	9%	0%

(2) 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

S E A L