

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. 5196
Order No. R-4810

APPLICATION OF KIMBELL OIL COMPANY
FOR DOWNHOLE COMMINGLING, RIO
ARRIBA COUNTY, NEW MEXICO.



ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 27, 1974, at Santa Fe, New Mexico, before Examiner, Daniel S. Nutter.

NOW, on this 25th day of June, 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, Kimbell Oil Company, is the owner and operator of the Warren Federal Well No. 3 located in Unit P of Section 26, the Salazar Federal Well No. 3 located in Unit H of Section 27, and the Warren-Salazar Well No. 2 located in Unit M of Section 26, all in Township 25 North, Range 6 West, NMPM, Rio Arriba County, New Mexico.

(3) That the applicant seeks authority for the downhole commingling of Mesaverde and Basin-Dakota gas production within the wellbore of its Warren Federal Well No. 3 located in Unit P of said Section 26.

(4) That the applicant seeks authority for the downhole commingling of Mesaverde and Basin-Dakota gas production within the wellbore of its Salazar Federal Well No. 3 located in Unit H of said Section 27.

(5) That the applicant seeks authority for the downhole commingling of Otero-Gallup Oil and Basin-Dakota gas production within the wellbore of its Warren-Salazar Well No. 2 located in Unit M of said Section 26.

(6) That from the Basin-Dakota zone, all of the subject wells are capable of low marginal production only.

(7) That from the Mesaverde zone, the aforesaid Warren Federal Well No. 3 and the Salazar Federal Well No. 3 are expected to be capable of very low marginal production only.

(8) That from the Otero-Gallup zone, the aforesaid Warren-Salazar Federal Well No. 2 is expected to be capable of very low marginal production only.

(9) That the proposed commingling will not violate correlative rights and may result in the recovery of additional hydrocarbons from each of the subject pools, thereby preventing waste.

(10) 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 the wells are not shut-in for an extended period.

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

(12) That upon completion of each of the subject wells, the applicant should discuss the prior rate of production and the new rate of production with the Supervisor of the District Office of the Commission at Aztec in order to allocate the commingled production to each of the commingled zones in the subject wells.

(13) That the authority for downhole commingling in the wellbore of any of the subject wells should be rescinded if other than low marginal production as described in Findings Nos. 7 and 8 above is obtained.

IT IS THEREFORE ORDERED:

(1) That the applicant, Kimbell Oil Company, is hereby authorized to commingle in the wellbore Mesaverde and Basin-Dakota gas production in its Warren Federal Well No. 3 located in Unit P of Section 26 and in its Salazar Federal Well No. 3 located in Unit H of Section 27, and Otero-Gallup Oil and Basin-Dakota gas production in its Warren-Salazar Well No. 2 located in Unit M of Section 26, all in Township 25 North, Range 6 West, NMPM, Rio Arriba County, New Mexico.

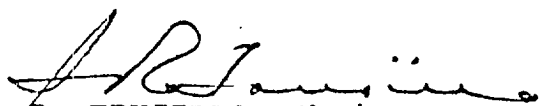
(2) That upon completion of each of the subject wells in the manner described above, the operator thereof shall consult with the supervisor of the Commission District Office at Aztec to determine the formula for allocation of production to each of the zones open to the wellbore.

(3) That the operator of the subject wells shall immediately notify the Commission's Aztec district office any time any of said wells have 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 hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member



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

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