

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. 6739
Order No. R-6229

APPLICATION OF MOBIL OIL CORPORATION
FOR DOWNHOLE COMMINGLING, RIO ARriba
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 28, 1979, at Santa Fe, New Mexico, before Examiner Richard E. Stamets.

NOW, on this 9th day of January, 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, Mobil Oil Corporation, is the owner and operator of the Jicarilla D Well No. 1, located in Unit N of Section 24, Township 26 North, Range 3 West, NMPM, Rio Arriba County, New Mexico.
- (3) That the applicant seeks authority to commingle Gavilan-Pictured Cliffs and Blanco Mesaverde production within the wellbore of the above-described well.
- (4) That from the Gavilan-Pictured Cliffs zone, the subject well is capable of low marginal production only.
- (5) That from the Blanco Mesaverde zone, the subject well is capable of low marginal production only.
- (6) 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.

(7) 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 well is not shut-in for an extended period.

(8) 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 the subject well is shut-in for 7 consecutive days.

(9) That in order to allocate the commingled production to each of the commingled zones in the subject well, 70 percent of the commingled gas production should be allocated to the Gavilan-Pictured Cliffs zone, and 30 percent of the commingled gas production and all of the water production to the Blanco Mesaverde zone.

(10) That the applicant further seeks the establishment of an administrative procedure for approval of downhole commingling of the aforesaid pools in others of its wells in Sections 7, 8, 17, 18, and 19, Township 26 North, Range 2 West, Sections 1, 2, 11 through 14, 23, and 24, Township 26 North, Range 3 West, and Sections 11 through 15, 22 through 27, 35, and 36, Township 27 North, Range 3 West.

(11) That the proposed downhole commingling of the Pictured Cliffs and Mesaverde zones in applicant's wells in said sections may result in the recovery of additional hydrocarbons from each of the subject pools, thereby preventing waste, and will not violate correlative rights provided that no great dissimilitude exists between the productive capacities, bottom hole pressures, liquids production, and ownership between the zones and provided each of the zones is capable of no more than marginal production.

(12) That the Division Director should be authorized to administratively approve the downhole commingling of the Pictured Cliffs and Mesaverde zones for applicant's wells in the sections set out in Finding No. (10) above upon a proper showing of the data set out in Finding No. (11).

IT IS THEREFORE ORDERED:

(1) That the applicant, Mobil Oil Corporation, is hereby authorized to commingle Gavilan-Pictured Cliffs and Blanco Mesaverde production within the wellbore of its Jicarilla D Well No. 1, located in Unit N of Section 24, Township 26 North, Range 3 West, NMPM, Rio Arriba County, New Mexico.

(2) That 70 percent of the commingled gas production shall be allocated to the Gavilan-Pictured Cliffs zone and 30 percent of the commingled gas production and all of the water production shall be allocated to the Blanco Mesaverde zone.

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

IT IS FURTHER ORDERED:

(1) That an administrative procedure is hereby established whereby the Director of the Oil Conservation Division may administratively authorize downhole commingling of the Pictured Cliffs and Mesaverde zones in applicant's wells in Sections 7, 8, 17, 18, and 19, Township 26 North, Range 2 West, Sections 1, 2, 11 through 14, 23, and 24, Township 26 North, Range 3 West, and Sections 11 through 15, 22 through 27, 35, and 36, Township 27 North, Range 3 West.

(2) That qualification and application for and approval of requests for downhole commingling shall be made in accordance with the following rules:

Rule 1. Wells shall qualify for approval for downhole commingling under this order provided that:

- (a) neither zone produces more than 200 MCF of gas per day;
- (b) neither zone produces more than 10 barrels of fluid per day;
- (c) the bottom hole pressure of the lower pressure zone is not less than 50 percent of the bottom hole pressure of the higher pressure zone adjusted to a common datum; and,
- (d) the ownership of the two zones is common (including working interest, royalty interest, and overriding royalty).

Rule 2. Applications for administrative approval of downhole commingling under this order shall include:

- (a) Name and address of the operator.
- (b) Lease name, well number, well location.
- (c) A current (within 30 days) 24-hour productivity test showing the amount of gas, condensate, and water produced from each zone.
- (d) A production decline curve for both zones showing that for a period of at least one year a steady rate of decline has been established for each zone which will permit a reasonable allocation of the commingled production to each zone for statistical purposes. (This requirement may be dispensed with in the case of a newly completed or recently completed well which has little or no production history. However, a complete resume of the well's completion history including description of treating, testing, etc., of each zone, and a prognostication of future production from each zone shall be submitted.)
- (e) Actual or calculated bottom-hole pressure for each zone. A current (within 30 days) bottom-hole pressure for any newly completed zone.
- (f) A description of the fluid characteristics of each zone showing that the fluids will not be incompatible in the wellbore.
- (g) A statement that the ownership of the two zones is common (including working interest, royalty interest, and overriding royalty).
- (h) A statement that all offset operators, the Division's district office at Aztec, and, in the case of a well on Federal land, the United States Geological Survey, have been notified in writing of the proposed commingling.

Rule 3. The Division Director may approve the proposed downhole commingling in the absence of a valid objection within 20 days after the receipt of the application if, in his opinion,

there is no disqualifying disparity of bottomhole pressures of other reservoir characteristics, waste will not result thereby, and correlative rights will not be violated. The 20-day waiting period may be dispensed with upon receipt of waivers of objection from all parties mentioned in Section 2, paragraph (i).

(3) Upon such approval, the well shall be operated in accordance with the provisions of the administrative order which authorized the commingling, and allocation of the commingled production from the well to each of the producing zones shall be in accordance with the allocation formula set forth in the order.

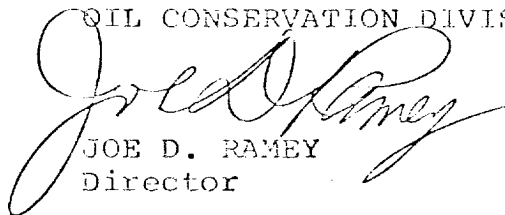
(4) The Division Director may rescind authority to commingle production in the wellbore and require both zones to be produced separately, if, in his opinion, waste or reservoir damage is resulting thereby or if any change of conditions renders the installation no longer eligible for downhole commingling.

(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

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