

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 8150
Order No. R-7508

APPLICATION OF UNION TEXAS PETROLEUM
CORPORATION FOR DOWNHOLE COMMINGLING,
RIO ARriba COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on April 11, 1984, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 20th day of April, 1984, 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, Union Texas Petroleum Corporation, is the owner and operator of the Jicarilla "H" Well No. 7-E located 790 feet from the North line and 790 feet from the West line of Section 19, Township 26 North, Range 4 West, NMPM, Rio Arriba County, New Mexico.

(3) That the applicant seeks authority to commingle Mesaverde, Gallup and Dakota production within the wellbore of the above-described well.

(4) That from the Mesaverde zone, the subject well is capable of low rates of production only.

(5) That from the Gallup zone, the subject well is capable of low rates of production only.

(6) That from the Dakota zone, the subject well is capable of low rates of production only.

(7) 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.

(8) 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.

(9) 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.

(10) 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.

(11) That applicant also seeks an administrative procedure for downhole commingling in the subject pools under its Jicarilla H lease without a public hearing.

(12) That said Jicarilla H lease consists of Sections 17, 18, 19, and 20 of Township 26 North, Range 4 West, NMPM, Rio Arriba County, New Mexico.

(13) That the applicant should be permitted to receive administrative approval for the downhole commingling of the Mesaverde, Gallup, and Dakota formations under the terms and conditions of Rule 303-C (or any general downhole commingling rule subsequently adopted) of the Division Rules and Regulations.

IT IS THEREFORE ORDERED:

(1) That the applicant, Union Texas Petroleum Corporation, is hereby authorized to commingle Mesaverde, Gallup and Dakota production within the wellbore of the Jicarilla "H" Well No. 7-E located 790 feet from the North line and 790 feet from the West line of Section 19, Township 26 North, Range 4 West, NMPM, Rio Arriba County, New Mexico.

(2) 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 the subject well.

(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.

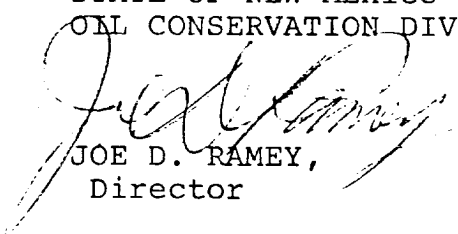
(4) That the applicant is hereby authorized to downhole commingle production from the Mesaverde, Gallup, and Dakota formations for its wells located in Sections 17, 18, 19, and 20 of Township 26 North, Range 4 West, NMPM, Rio Arriba County, New Mexico.

PROVIDED HOWEVER, that administrative approval for such downhole commingling must be obtained by filing under the terms and conditions of Rule 303-C (or any general downhole commingling rule subsequently adopted) of the Division Rules and Regulations.

(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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