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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:

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APR 16 1996
OIL CON. DIV.
DIST. 2

CASE NO. 11463
ORDER NO. R-10577

APPLICATION OF ROBERT L. BAYLESS 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 February 8 and March 7, 1996, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 10th day of April, 1996 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, Robert L. Bayless ("Bayless"), is the owner and operator of the Horn Canyon Well No. 1, located 1190 feet from the North line and 1055 feet from the West line (Unit D) of Section 15, Township 28 North, Range 11 West, NMPM, San Juan County, New Mexico.

(3) The applicant seeks authority to commingle Fulcher Kutz-Pictured Cliffs Pool gas production and gas from the Fruitland Sand formation of either the Undesignated Aztec-Fruitland Sand Pool, Undesignated Pinon-Fruitland Sand Pool, or Undesignated Kutz-Fruitland Sand Pool within the wellbore of the above-described well.

(4) Evidence presented by the applicant showed that the Horn Canyon Well No. 1 was originally drilled in July, 1995 to a total depth ("TD") of 1,745 feet, 5-1/2 inch production casing was set and cemented to 1,715 feet. Initially the Pictured Cliffs interval was perforated from 1,562 feet to 1,584 feet and fracture stimulated. A three hour flow test resulted in an absolute open flow of 1,286 MCF per day. The seven day pressure buildup preceding this test was only 120 psi. On October 16, 1995, with the aid of a compressor to buck the 185 psi line pressure, the Pictured Cliffs interval commenced producing. It averaged 330 MCF per day for the 36 days it produced before being shut-in for recompletion. In November, 1995 a bridgeplug was set above the Pictured Cliffs zone and the Fruitland Sand formation was perforated from 1,322 feet to 1,339 feet and fracture stimulated. On December 1, 1995 a three hour flow test was conducted which resulted in an absolute open flow of 1,401 MCF per day with the seven day pressure buildup preceding this test at 380 psi. During the preceding 19 days this well produced an average of 327 MCF per day without the aid of compression.

(5) It is Bayless's intent to reconnect this well to a compressor and produce the commingled gas stream.

(6) It was further evidenced that the quality of gas produced from the Pictured Cliffs and Fruitland Sand formations is similar in this area. Gas gravity for Pictured Cliffs gas in the Horn Canyon Well No. 1 is 0.670 with an average BTU content of 1,157 while Fruitland Sand gas is 0.654 with a BTU value of 1,146. Both intervals are expected to produce only dry gas and no fluid production is anticipated.

(7) Spacing for both intervals is 160 acres, evidence indicates that mineral ownership is identical in both formations.

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

(9) Even though the reservoir pressures between both zones exceeds the Division's standard allowed ratio of 2.0, the evidence presented indicates that the reservoir characteristics of both intervals in the subject well are such that underground waste would not be caused by the proposed commingling in the wellbore. Further, the proposed commingling may result in the recovery of additional hydrocarbons from each of the subject intervals.

(10) The following production allocation for the commingled production from the two zones was presented by the applicant and was determined by using the ratios of

the absolute open flow rates calculated during the flow test on each formation:

	Gas	Condensate (if any)
<i>Fulcher Kutz-Pictured Cliffs Pool:</i>	48%	48%
<i>Fruitland Sand production:</i>	52%	52%

(11) Approval of this application is in the best interest of conservation, will serve to prevent waste, and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Robert L. Bayless, is hereby authorized to commingle Fulcher Kutz-Pictured Cliffs Pool gas and gas from the Fruitland Sand formation of either the Undesignated Aztec-Fruitland Sand Pool, Undesignated Pinon-Fruitland Sand Pool, or Undesignated Kutz-Fruitland Sand Pool within the wellbore of its Horn Canyon Well No. 1, located 1190 feet from the North line and 1055 feet from the West line (Unit D) of Section 15, Township 28 North, Range 11 West, NMPM, San Juan County, New Mexico.

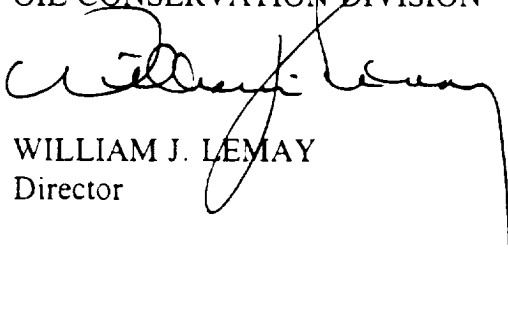
(2) 48 percent of the commingled gas and commingled condensate production shall be allocated to the Fulcher Kutz-Pictured Cliffs Pool. 52 percent of the commingled gas and commingled condensate production shall be allocated to the Fruitland Sand formation.

(3) 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.

(4) 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

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