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:

RECEIVED
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OIL CON. DIV.
DIST. 3

CASE NO. 11096
ORDER NO. R-10238

APPLICATION OF AMOCO PRODUCTION COMPANY FOR DOWNHOLE COMMINGLING, SAN JUAN COUNTY, NEW MEXICO.

L C Kelly # 3E
H-4-30N-12W

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 27, 1994, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 21st day of November, 1994 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, Amoco Production Company, is the owner and operator of the L. C. Kelly Well No. 3-E (API No. 30-045-25602), located 1710 feet from the North line and 880 feet from the East line (Lot 12/Unit H) of Section 4, Township 30 North, Range 12 West, NMPM, San Juan County, New Mexico.

(3) The applicant seeks authority to commingle Basin-Dakota Pool gas production with Flora Vista-Gallup Pool gas production within the wellbore of the above-described well.

(4) Said well was originally drilled in 1983 to a total depth of 6872 feet and was completed as a single producer in the Basin-Dakota Pool. In June and July of 1994 the applicant dually completed this well such that the Basin Dakota gas was produced through a tubing string and Flora Vista-Gallup gas was produced up the casing/tubing annulus.

(5) According to the evidence submitted by the applicant, build-up of fluids has caused the available marginal gas production from the Gallup interval in the annulus to log-off. Further, the Basin-Dakota interval in the subject well is capable of only low marginal production.

(6) The applicant now proposes to recomplete said well in such a manner as to produce gas, condensate, and associated salt water from both zones through one string of tubing, commingling in the wellbore the production from the Flora Vista-Gallup Pool, in which Lots 5, 6, 11, and 12 (the NE/4 equivalent) of said Section 4 will be dedicated to form a 151.26-acre gas spacing and proration unit, and the Basin-Dakota Pool, in which Lots 6 through 12 (the N/2 equivalent) of said Section 4 will be dedicated to form a 296.05-acre gas spacing and proration unit.

(7) The ownership within the Basin-Dakota Pool and the Flora Vista-Gallup Pool underlying each respective proration unit is not common.

(8) The applicant has notified all working interests owning an interest in either the Gallup and Dakota intervals within the subject proration units of its proposed downhole commingling.

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

(10) Evidence indicates that the reservoir characteristics of the Flora Vista-Gallup and Basin-Dakota 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.

(11) 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 seven consecutive days.

(12) In order to allocate the commingled production in the well to each zone, the applicant should consult with the supervisor of the Aztec district office of the Division and determine an appropriate allocation formula.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Amoco Production Company, is hereby authorized to commingle Basin-Dakota Pool and Flora Vista-Gallup Pool gas production within the wellbore of its L. C. Kelly Well No. 3-E (API No. 30-045-25602), located 1710 feet from the North line and 880 feet from the East line (Lot 12/Unit H) of Section 4, Township 30 North, Range 12 West, NMPM, San Juan County, New Mexico.

(2) The applicant shall consult with the supervisor of the Aztec district office of the Division and determine an appropriate allocation formula for the allocation of production to each zone in the subject well.

(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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