

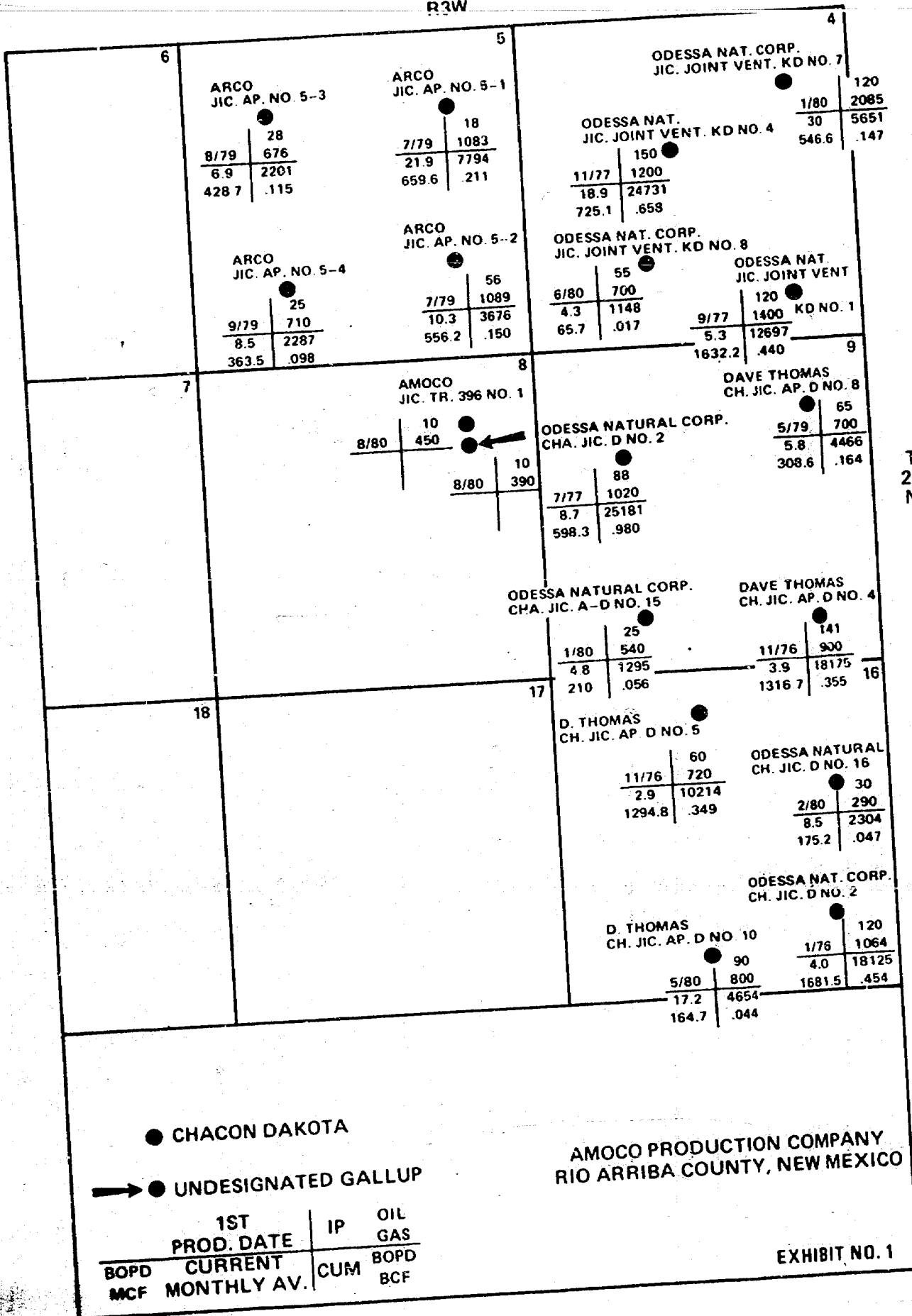
CASE 7216: AMOCO PRODUCTION COMPANY
FOR DOWNHOLE COMMINGLING, RIO ARRIBA
COUNTY, NEW MEXICO

CASE NO.

7216

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

R3W



JICARILLA 396 #1

315 Sx. Ctm.

8-5/8" 24# K-55
CSA 309'

2nd Stage 1250 Sx. Ctm.

DV Tool 5510'

1st Stage 580 Sx. Ctm.

Gallup
Perf 6232 - 6448
Frac 157,000 gal
448,000# 20-40 Sn

Dakota
Perf 7252 - 7370
Frac 72,000 gal
262,000# 20-40 Sn

2-7/8" J55 TBG TSA
7351'

5-1/2" 15.5# K-55
CSA 7615'

EXHIBIT #2
AMOCO PRODUCTION
RIO ARriba COUNTY, NEW MEXICO

Amoco Production Company
 Jicarilla 396 No. 1
 NE/4 Section 8, T23N, R3W
 Rio Arriba County, New Mexico

	Completion Zone	
	Gallup	Dakota
Initial Test Rate - date	12-13-80	10-23-80
- MCFPD	432	1426
- BOPD	26	5
- BHPD	19	2
Test interval - days	8	42
Stabilized Rate - MCFPD	390	456
- BOPD	10	10
- BHPD	3	2
BHP (Seven day shut-in) - psi	1436	1978

Amoco
 Exhibit No. 3

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
8 April 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Amoco Production Com-
pany for downhole commingling, Rio
Arriba County, New Mexico.

CASE
7216

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

Gordon D. Ryan, Esq.
Amoco Production Company
Amoco Bldg.
17th & Broadway
Denver, Colorado 80202

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I N D E X

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VINTON PIERCE

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Direct Examination by Mr. Ryan

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Cross Examination by Mr. Stamets

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E X H I B I T S

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Applicant Exhibit One, Plat

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Applicant Exhibit Two, Diagram

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Applicant Exhibit Three, Data

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MR. PADILLA: Application of Amoco
Production Company for downhole commingling, Rio Arriba County,
New Mexico.

MR. RYAN: Gordon D. Ryan, Denver,
Colorado, appearing for the applicant, Amoco Production Com-
pany, and I'm also appearing in association with Charles
Malone of Atwood and Malone in Roswell, New Mexico.

I have one witness and I ask that he
be sworn.

(Witness sworn.)

VINTON PIERCE

being called as a witness and being duly sworn upon his oath,
testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. RYAN:

Q. Would you please state your name and
spell it?

A. Vinton, V-I-N-T-O-N, Pierce, P-I-E-R-C-E.

Q. Mr. Pierce, have you testified before
this Commission and had your qualifications admitted?

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A. No, I have not.

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I have been in Amoco's Denver office for approximately sixteen years. At the present time, again a variety of assignments, many of which involve petroleum engineering problems in the State of New Mexico, northwestern New Mexico.

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Q. And is this area that's the subject of this application in Rio Arriba County, New Mexico, presently under your jurisdiction?

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A. Yes, it is.

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And are you familiar with the application?

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And in preparation for this hearing have you prepared certain exhibits?

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6 Q Mr. Pierce, what does Amoco seek by
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9 the Dakota, the Chacon Dakota formation, and the Gallup
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11 This well is located in the northeast
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20 of those wells.

21 Q Was notice sent to the offset operators
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8 arrow?

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10 Dakota completions. The one black dot shown by the well in
11 question indicates a Gallup completion. It is the only Gallup
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18 Q As far as the acreage attributed to the
19 subject well, is the ownership common in both these common
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4 shows the perforated intervals for the Gallup formation and
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15 the end of that test period.

16 These tests were obtained on the Dakota
17 producing through the tubing below a packer separating it
18 from the Gallup.

19 Subsequent to that the tubing was
20 pulled, a bridge plug set above the Dakota and the Gallup
21 produced through the tubing.

22 Exhibit Number Three also shows the
23 shut-in bottom hole pressure after seven days of shut-in
24 for each of the two zones.

25 Q Do you have any information on any of

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2 the offset wells to this well?

3 A Yes. The offset wells indicate that
4 productivity can be expected to decline in the Dakota zone.
5 For example, the ARCO Jicarilla Apache Well No. 5-2 in the
6 southeast quarter of Section 5, was initially tested at the
7 rate of one million eighty-nine cubic feet per day with 56
8 barrels of condensate. It is now producing 556 Mcf per day
9 and approximately 10 barrels of condensate.

10 The Odessa Natural Corporation Jicarilla
11 Joint Venture KD No. 8 in the southwest quarter of Section 4
12 was initially produced at the rate of 700 Mcf per day and 55
13 barrels of condensate. It was completed in June of 1980.
14 It is now down to 66 Mcf per day and approximately 4 barrels
15 of condensate.

16 Other wells shown on this plat exhibit
17 production declines in this same range.

18 Q And you will anticipate that the pro-
19 duction of the Amoco well would also decline in a similar
20 manner?

21 A Yes, I would.

22 Q You're seeking to commingle the pro-
23 duction between -- between these two zones in the wellbore?

24 A Yes.

25 Q And do you have a recommendation of how

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3 A. Yes. We would recommend that the pro-
4 duction be allocated based on the stabilized rates shown on
5 Exhibit Number Three. This would result in allocating the
6 Dakota 54 percent of the gas production and the Gallup 46
7 percent of the gas production.

8 On the hydrocarbon liquids we would
9 allocate these 50-50.

10 Q What do you base that on?

11 A. That is based on the rate of 10 barrels
12 of condensate per day from the Gallup and 10 barrels per day
13 from the Dakota.

14 Q And in your opinion will the granting
15 of this application prevent physical waste of the -- of the
16 hydrocarbons from this well?

17 A. Yes, it will. The Gallup would pro-
18 bably not flow up the tubing-casing annulus of the dual
19 completion.

20 Q In your opinion would it be economical
21 to commingle the well?

22 A. Yes.

23 Q Would it extend the life of the well
24 in your opinion?

25 A. Yes, it will.

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3 this application in any way adversely affect correlative
4 rights?

5 A No, it will not.

6 Q Is the well currently shut in?

7 A Yes, it is shut in awaiting approval to
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9 Q Were Exhibits One, Two, and Three pre-
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11 A Yes.

12 MR. RYAN: I'll offer the exhibits into
13 evidence.

14 MR. STAMETS: These exhibits will be
15 admitted.

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17 CROSS EXAMINATION

18 BY MR. STAMETS:

19 Q Mr. Pierce, you show two dots in the
20 northeast quarter of Section 8. Are there actually two wells
21 there or does that just indicate the individual zones in the
22 same hole?

23 A No, there is only one wellbore in the
24 northeast quarter. The symbols were used to designate two
25 different completion zones.

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Are there any other Gallup wells in the

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That is correct.

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And I believe you indicated that the

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interests are the same in both zones.

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That is correct.

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MR. STAMETS: Any other question of this

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witness? He may be excused.

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Anything further in this case?

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The case will be taken under advisement.

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MR. RYAN: Thank you.

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(Hearing concluded.)

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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
tion Division was reported by me; that the said transcript
is a full, true, and correct record of the hearing, prepared
by me to the best of my ability.

Sally W. Boyd CSR.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 7216
heard by me on 4-7-81 19.81.

Richard L. Stamm, Examiner
Oil Conservation Division

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. 7216
Order No. R-6655

APPLICATION OF AMOCO PRODUCTION
COMPANY 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 April 8, 1981,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 14th day of April, 1981, 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, Amoco Production Company, is the
owner and operator of the Jicarilla 396 Well No. 1, located in
the NE/4 of Section 8, Township 23 North, Range 3 West, NMPM,
Rio Arriba County, New Mexico.
- (3) That the applicant seeks authority to commingle Gallup
and Chacon-Dakota production within the wellbore of the above-
described well.
- (4) That from the Gallup zone, the subject well is capable
of low rates of production only.
- (5) That from the Chacon-Dakota zone, the subject well is
capable of low rates of 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.

-2-
Case No. 7216
Order No. R-6655

(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, 46 percent and 50 percent of the commingled gas and oil production, respectively, should be allocated to the Gallup zone, and 54 percent and 50 percent of the commingled gas and oil production, respectively, to the Chacon-Dakota zone.

IT IS THEREFORE ORDERED:

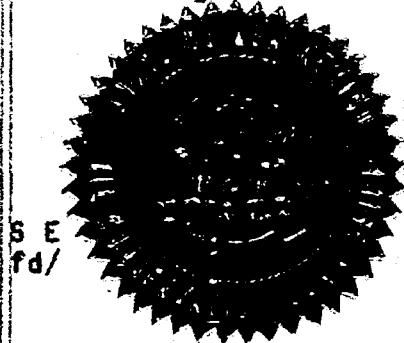
(1) That the applicant, Amoco Production Company, is hereby authorized to commingle Gallup and Chacon-Dakota production within the wellbore of the Jicarilla 396 Well No. 1, located in the NE/4 of Section 8, Township 23 North, Range 3 West, NMPM, Rio Arriba County, New Mexico.

(2) That 46 percent and 50 percent of the commingled gas and oil production, respectively, shall be allocated to the Gallup zone and 54 percent and 50 percent of the commingled gas and oil production, respectively, shall be allocated to the Chacon-Dakota 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.

(4) 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
JOE D. RAMEY
Director

S E
fd/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO

8 April 1981

EXAMINER HEARING

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Santa Fe, New Mexico 87501

For the Applicant:

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VINTON PIERCE

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Q Are there any other Gallup wells in the area?

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Q So we have no idea how quickly the Gallup might decline.

A That is correct.

Q And I believe you indicated that the interests are the same in both zones.

A That is correct.

MR. STAMETS: Any other question of this witness? He may be excused.

Anything further in this case?

The case will be taken under advisement.

MR. RYAN: Thank you.

(Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
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is a full, true, and correct record of the hearing, prepared
by me to the best of my ability.

Sally W. Boyd CSR.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. _____,
heard by me on _____ 19____.

_____, Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

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BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

April 15, 1981

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Mr. Gordon Ryan, Attorney
Amoco Production Company
Amoco Building
17th & Broadway
Denver, Colorado 80202

Re: CASE NO. 7216
ORDER NO. R-6655

Applicant:

Amoco Production Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Division order recently entered in the subject case.

Yours very truly,


JOE D. RAMEY
Director

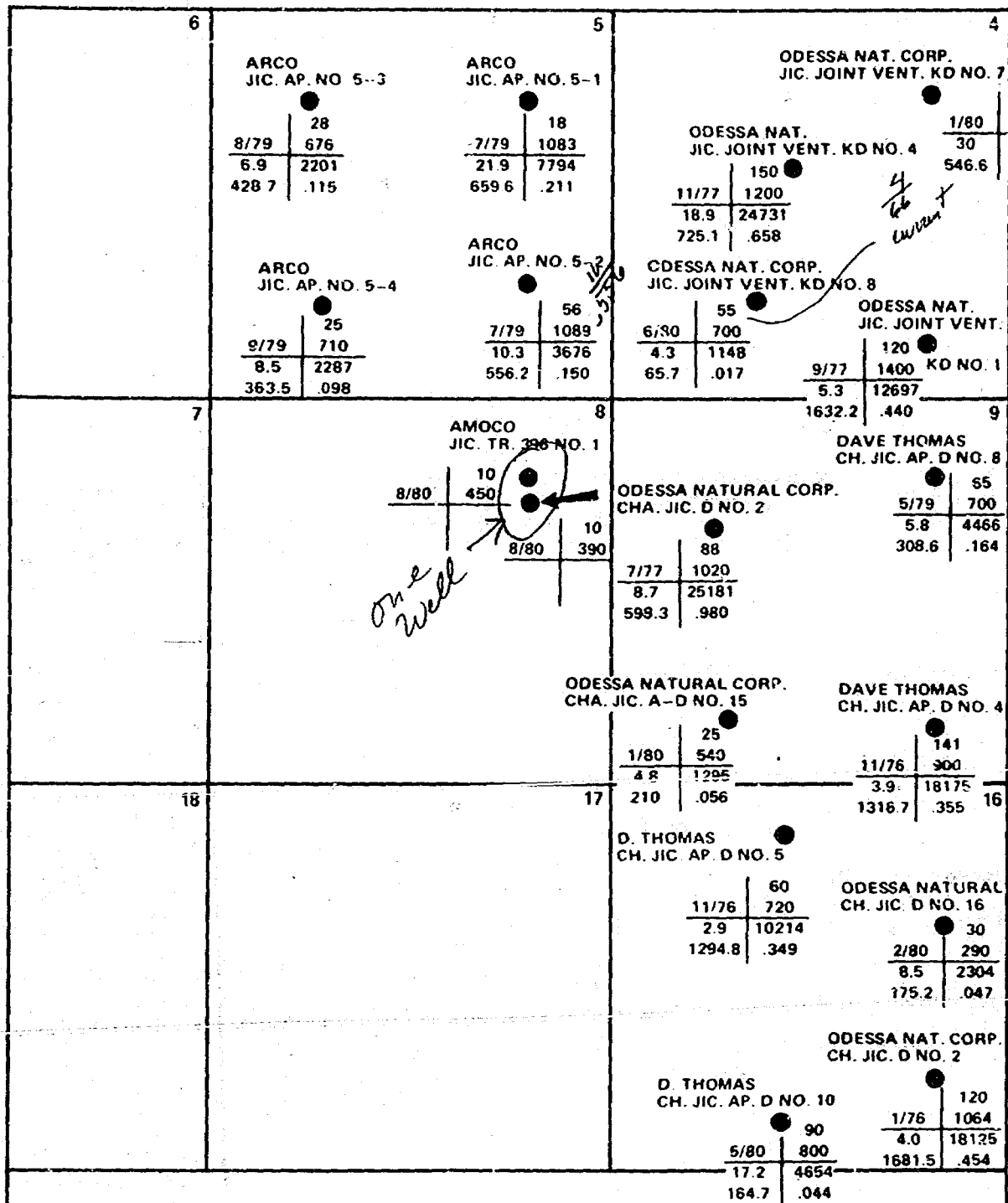
JDR/fd

Copy of order also sent to:

Hobbs OCD X
Artesia OCD X
Aztec OCD X

Other _____

R3W



● CHACON DAKOTA

→ ● UNDESIGNATED GALLUP

AMOCO PRODUCTION COMPANY
RIO ARriba COUNTY, NEW MEXICO

1ST	IP	OIL
PROD. DATE		GAS
BOPD	CURRENT	BOPD
MCF	MONTHLY AV.	BCF

EXHIBIT NO. 1

JICARILLA 396 #1

315 Sx. Ctm.

8-5/8" 24# K-55
CSA 309'

2nd Stage 1250 Sx. Ctm.
DV Tool 5510'

1st Stage 580 Sx. Ctm.

Gallup
Perf 6232 - 6448
Frac 157,000 gal
448,000# 20-40 Sn

Dakota
Perf 7252 - 7370
Frac 72,000 gal
262,000# 20-40 Sn

2-7/8" J55 TBG TSA
7351'

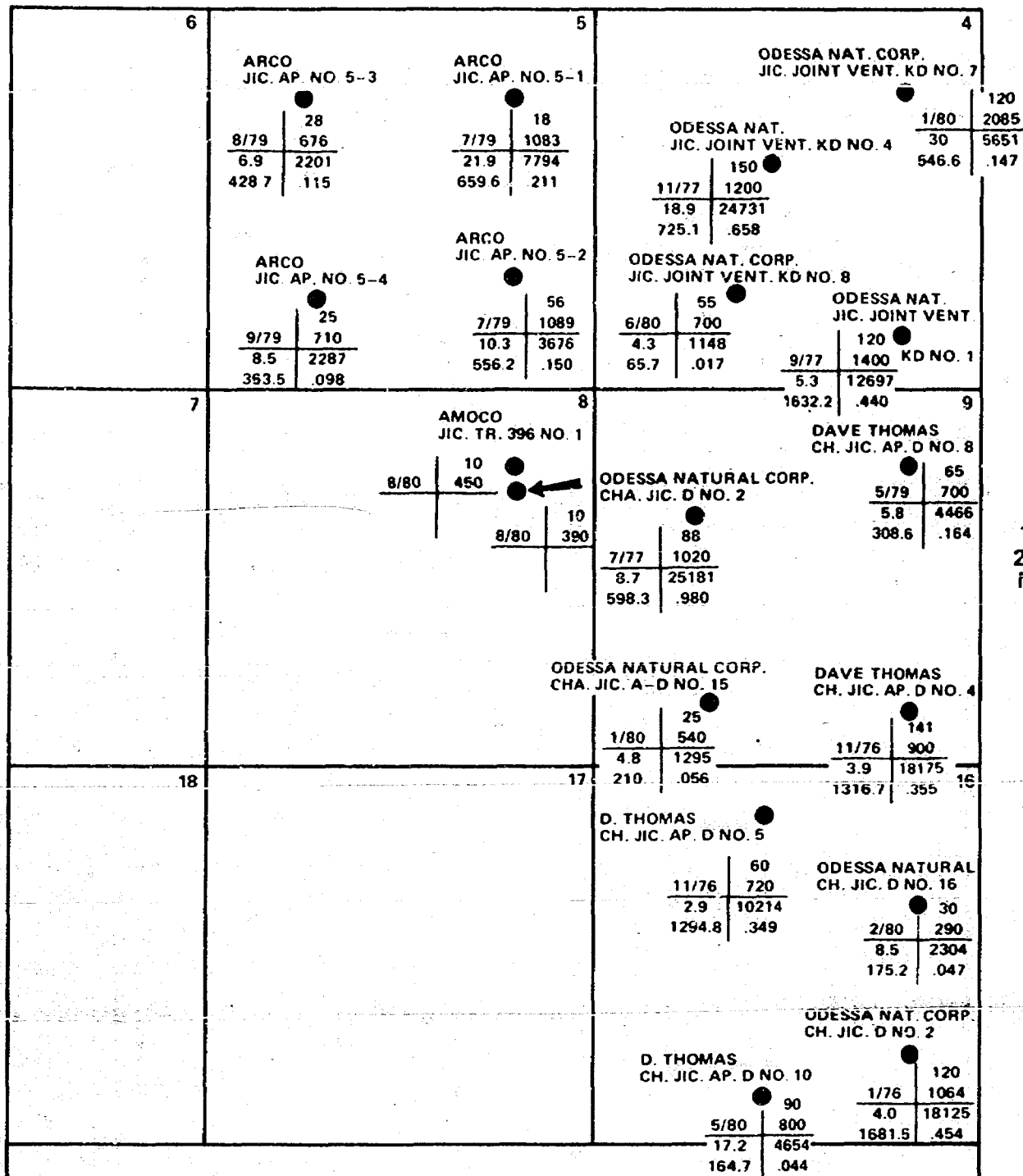
5-1/2" 15.5# K-55
CSA 7615'

EXHIBIT #2
AMOCO PRODUCTION
RIO ARriba COUNTY, NEW MEXICO

Amoco Production Company
 Jicarilla 396 No. 1
 NE/4 Section 8, T23N, R3W
 Rio Arriba County, New Mexico

	Completion Zone	
	Gallup	Dakota
Initial Test Rate - date	12-13-80	10-23-80
- MCFPD	432	1426
- BOPD	26	5
- BHPD	19	2
Test interval - days	8	42
Stabilized Rate - MCFPD	390 46%	456 54%
- BOPD	10 50%	10
- BHPD	3	2
BHP (Seven day shut-in) - psi	1436	1978

R3W



T
23
N

● CHACON DAKOTA

→ ● UNDESIGNATED GALLUP

AMOCO PRODUCTION COMPANY
RIO ARRIBA COUNTY, NEW MEXICO

1ST	IP	OIL
PROD. DATE		GAS
BOPD	CUM	BOPD
MCF	MONTHLY AV.	BCF

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JICARILLA 396 #1

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RIO ARriba COUNTY, NEW MEXICO

Amoco Production Company
 Jicarilla 396 No. 1
 NE/4 Section 8, T23N, R3W
 Rio Arriba County, New Mexico

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Stabilized Rate - MCFPD	390	456
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BHP (Seven day shut-in) - psi	1436	1978

COPY

ATWOOD, MALONE, MANN & COOTER
A PROFESSIONAL ASSOCIATION
LAWYERS

JEFF D. ATWOOD [1883-1960]
ROSS L. MALONE [1910-1974]

P. O. DRAWER 700
SECURITY NATIONAL BANK BUILDING
ROSWELL, NEW MEXICO 88201
[505] 622-6221

April 3, 1981

CHARLES F. MALONE
RUSSELL D. MANN
PAUL A. COOTER
BOB F. TURNER
JOHN W. BASSETT
ROBERT E. SABIN
BRIAN W. COPPLE

STEVEN L. BELL
WILLIAM P. LYNCH
RODNEY M. SCHUMACHER

Mr. Joe D. Ramey
Oil Conservation Division
State Land Office Building
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Examiner Hearing April 8

Dear Mr. Ramey:

Please file the enclosed Entry of Appearance in
behalf of Amoco Production Company.

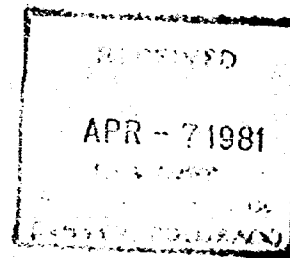
I enjoyed visiting with you at Portales.

Very truly yours,

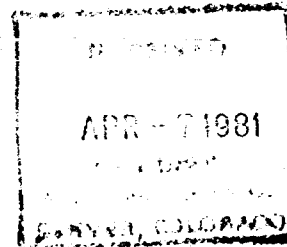
Charles F. Malone
Charles F. Malone

CFM:dh
Enclosure

cc (w/ encl.): Gordon D. Ryan, Esquire



BEFORE THE OIL CONSERVATION DIVISION
STATE OF NEW MEXICO



APPLICATION OF AMOCO)
PRODUCTION COMPANY FOR)
DOWNHOLE COMINGLING IN)
JICARILLA 396 WELL NO. 1,)
NE $\frac{1}{4}$ Section 8, Township 23)
North, Range 3 West, Rio)
Arriba County, New Mexico.)

Case No. 7216

ENTRY OF APPEARANCE

The undersigned Atwood, Malone, Mann & Cooter, P.A.
enters its appearance herein in behalf of Amoco Production
Company with Gordon D. Ryan, Esquire of Denver, Colorado.

ATWOOD, MALONE, MANN & COOTER, P.A.

By

P. O. Drawer 780
Roswell, New Mexico 88201
Telephone: 505-622-6221

Docket Nos. 14-81 and 15-81 are tentatively set for April 22 and May 6, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

Docket No. 12-81

DOCKET: EXAMINER HEARING - WEDNESDAY - APRIL 8, 1981

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

- CASE 7086: (Continued from the January 14, 1981, Examiner Hearing)
Application of Blackwood & Nichols Company, Ltd. for designation of a tight formation, San Juan and Rio Arriba Counties, New Mexico. Applicant, in the above-styled cause, seeks the designation of the Pictured Cliffs formation underlying portions of Townships 30 and 31 North, Ranges 6, 7, and 8 West, containing 33,500 acres, more or less, as a tight formation pursuant to Section 107 of the Natural Gas Policy Act and 18 CFR Section 271.701-705.
- CASE 7210: Application of Gulf Oil Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the East Hat Mesa Unit Area, comprising 2197 acres, more or less, of State and Federal lands in Township 21 South, Range 33 East.
- CASE 7211: Application of Gulf Oil Corporation for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the North Rock Lake State Unit Area, comprising 2880 acres, more or less, of State land in Township 22 South, Range 35 East.
- CASE 7212: Application of Bass Enterprises Production Co. for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Poker Lake Unit Well No. 50 located in Unit C of Section 4, Township 25 South, Range 31 East, to produce gas from the Atoka and Wolfcamp formations through the tubing and casing-tubing annulus, respectively.
- CASE 7213: Application of Exxon Company USA for a dual completion and downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its J. I. Greenwood Well No. 13 located in Unit L of Section 9, Township 22 South, Range 37 East, to produce oil from the Brunson-Fusselman Pool through tubing and commingling Blinberry and Tubbs production through the casing-tubing annulus.
- CASE 7214: Application of Pioneer Production Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Chacra and Basin-Dakota production in the wellbore of its Dustin Well No. 1E located in Unit J of Section 6, Township 29 North, Range 12 West.
- CASE 7215: Application of Amoco Production Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox Wolfcamp-Penn location of its Willow Lake Unit Well No. 4Y to be drilled 1980 feet from the South line and 660 feet from the West line of Section 14, Township 24 South, Range 28 East, the S/2 of said Section 14 to be dedicated to the well.
- CASE 7216: Application of Amoco Production Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gallup and Chacon-Dakota production in the wellbore of its Jicarilla 396 Well No. 1 located in the NE/4 of Section 8, Township 23 North, Range 3 West.
- CASE 7217: Application of Harvey E. Yates Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox Morrow location of its Travis Ohio State Com Well No. 1 to be drilled 660 feet from the South and West lines of Section 13, Township 18 South, Range 28 East, the S/2 of said Section 13 to be dedicated to the well.
- CASE 7218: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox Wolfcamp-Penn location of its Federal "BQ" Well No. 7 to be drilled 660 feet from the North line and 990 feet from the West line of Section 27, Township 17 South, Range 25 East, the N/2 of said Section 27 to be dedicated to the well.
- CASE 7165: (Readvertised)
Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Ellenburger, Strawn, McKee, and Devonian formations, Langley Field, underlying the N/2 of Section 33, Township 22 South, Range 36 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.



March 11, 1981

RECEIVED
MAR 16 1981
Amoco Production Company
OIL CONSERVATION DIVISION
SANTA FE
Denver Region
Amoco Building
17th & Broadway
Denver, Colorado 80202
303-830-4040

Mr. Joe D. Ramey, Director (3)
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87501

File: HDM-114-986.511

Dear Mr. Ramey:

Application for Downhole Commingling
Jicarilla 396 No. 1
Chacon Dakota Field
Rio Arriba County, New Mexico

By this verified application Amoco Production Company requests, after notice and hearing, approval to downhole gas production from the Gallup and Dakota formations in the captioned well. This well is located in the NE/4 Section 8, T23N, R3W, Rio Arriba County and has tested both formations.

We respectfully ask that this application be placed on the docket for your April 8, 1981 examiner hearing.

Yours very truly,

Vinton D. Pierce
Vinton D. Pierce

VDP:kjc

cc: Frank Chavez
New Mexico Oil Conserv. Division
1000 Rio Brazos Rd.
Aztec, NM 87410

James Simms
U. S. Geological Survey
P. O. Box 965
Farmington, NM 87401

Case 7216

VERIFICATION AND AFFIDAVIT

STATE OF COLORADO)

COUNTY OF DENVER)

ss

Vinton D. Pierce, of lawful age, being first duly sworn on his oath, deposes and says:

That he is employed in an engineering capacity by Amoco Production Company in its Denver, Colorado, office; that he has had responsibilities for New Mexico proration matters for a number of years; that Amoco's application for approval to downhole commingle gas production from the Gallup and Dakota formations in Jicarilla 396 No. 1 NE/4 Section 8, T23N, R3W, Rio Arriba County, New Mexico, was prepared under his direction and supervision; that the matters and things therein set forth are true and correct to the best of his knowledge and beliefs, and that copies thereof were sent by certified mail on this date to the following offset owners.

Arco Oil & Gas Company
1860 Lincoln
Denver, CO 80203

Odessa Natural Corp.
Box 3908
Odessa, TX 79760

Vinton D. Pierce
Vinton D. Pierce

Subscribed and sworn to before me this 11th day of March, 1981.

Alvin J. Sauerland
Notary Public

My Commission Expires:

My Commission expires August 1, 1982

VDP:kjc



March 11, 1981

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New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87501

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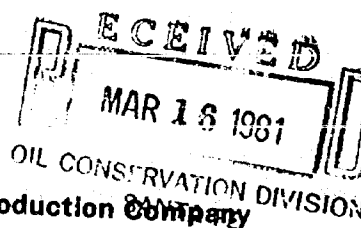
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Amoco Production Company

Denver Region
Amoco Building
17th & Broadway
Denver, Colorado 80202
303-830-4040

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Vinton D. Pierce

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Louis J. Sauerland
Notary Public

My Commission Expires:

My Commission expires August 1, 1982

VDP:kjc



March 11, 1981

RECEIVED
MAR 16 1981
OIL CONSERVATION DIVISION
SANTA FE
Amoco Production Company
Denver Region
Amoco Building
17th & Broadway
Denver, Colorado 80202
303-830-4040

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Santa Fe, NM 87501

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Louis J. Lauerland
Notary Public

My Commission Expires:

My Commission expires August 1, 1982

VDP:kjc

dr/

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. 7216

Order No. R-6655

APPLICATION OF AMOCO PRODUCTION COMPANY

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 April 8
19 81, at Santa Fe, New Mexico, before Examiner Richard L.
Stamets.

NOW, on this _____ day of April, 19 81, 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, Amoco Production Company, is
the owner and operator of the Jicarilla 396 Well No. 1,
the NE/4
located in ~~Unit~~ _____ of Section 8, Township 23 North
Range 3 West, NMPM, Rio Arriba County, New Mexico.

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

(4) That from the Gallup zone, the subject well is capable of low ^{rate of} ~~marginal~~ production only.

(5) That from the Chacon-Dakota zone, the subject well is capable of low ^{rate of} ~~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, ^{46 percent and 50 percent, respectively,} percent of the commingled gas and oil production should be allocated to the Gallup zone, and ^{54 percent and 50 percent, respectively,} percent of the commingled gas and oil production to the Chacon-Dakota zone.

(ALTERNATE)

(9) 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.

IT IS THEREFORE ORDERED:

(1) That the applicant, Amoco Production Company, is hereby authorized to commingle Gallup and Chacon-Dakota production within the wellbore of the Jicarilla 396 Well No. 1, located in ~~xxxx~~ the NE/4 of Section 8, Township 23 North, Range 3 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 each of the subject wells.

(ALTERNATE)

(2) That 44 percent and 50 percent of the commingled gas and oil production, respectively, shall be allocated to the Gallup zone and 54 percent and 50 percent of the commingled gas and oil production, respectively, shall be allocated to the Chacon-Dakota 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.

(4) 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.