

Entered January 17, 1978
JSP

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 6115
Order No. R-5622

APPLICATION OF MERRION & BAYLESS
FOR DOWNHOLE COMMINGLING, SANDOVAL
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on January 4, 1978, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 17th day of January, 1978, the Commission, a quorum being present, 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 Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Merrion & Bayless, is the owner and operator of the Jicarilla 428 Wells Nos. 3, 4, and 5, located respectively, in Unit M of Section 29, Unit C of Section 32, and Unit D of Section 31, all in Township 23 North, Range 4 West, NMPM, Sandoval County, New Mexico.
- (3) That the applicant seeks authority to commingle Picture Cliffs and Chacra production within the wellbore of each of the above-described wells.
- (4) Applicant further seeks blanket approval for downhole commingling of said formations in other wells it proposes to drill in Sections 29 through 32, Township 23 North, Range 4 West, and Sections 22 through 26 and 36, Township 23 North, Range 5 West, NMPM, all in Sandoval County, New Mexico.
- (5) That from the Chacra zone, each of the subject wells, as is the case in other wells in the area, is capable of low marginal production only.
- (6) That the Pictured Cliffs formation in the subject well as in other wells in the area, appears to vary in productivity, there being low marginal, medium quality, and "good" Pictured Cliffs wells in the area.

(7) That there is no great dissimilitude in the pressures encountered in the Pictured Cliffs formation and the pressures encountered in the Chacra formation in the subject wells, or in other wells in the area, and no thieving of gas from one zone to the other should occur as the result of downhole commingling.

(8) That the Chacra zone in the subject wells, as in other wells in the area, produces water which tends to load up the wells and prevent them from producing, and the commingling of this wet production with the production from the Pictured Cliffs formation in the subject wells may enable the Chacra zone to produce gas which otherwise could not be produced, thereby preventing waste.

(9) That the downhole commingling of Pictured Cliffs and Chacra production in the wellbores of applicant's Jicarilla 428 Wells Nos. 3, 4, and 5, located as described in Finding No. (2) above, will not impair correlative rights and should be approved.

(10) That in order to allocate the commingled production to each of the commingled zones in the aforesaid wells, 15 MCF per day should be attributed to the Chacra zone in Wells Nos. 3 and 5, and the actual Chacra test production after fracture treatment to the Chacra formation in Well No. 4; and that the balance of the production from each well should be attributed to the Pictured Cliffs formation.

(11) That the applicant should be permitted to complete additional wells on its Jicarilla 428, Jicarilla 429, and Jicarilla 430 Leases in Sections 29 through 32, Township 23 North, Range 4 West, NMPM, and Sections 22 through 26, and Sections 35 and 36, Township 23 North, Range 5 West, NMPM, Sandoval County, New Mexico in such a manner as to commingle Pictured Cliffs and Chacra production in the wellbore of said wells, provided however, that should the pressure in either of the zones in any such well be less than 50 percent of the pressure in the other zone of such well, or in the event that a producing potential of more than 200 MCF/day be established for each zone in any such well, the operator should notify the Secretary-Director of the Commission of such fact, and the Secretary-Director should order such action taken as he deems advisable, including the requirement for separation of the zones by dual completion equipment.

(12) That the actual test production after fracture treatment of the zone should be attributed to the Chacra zone in any commingled well completed on the above-described lands, and the balance of the well's production should be attributed to the Pictured Cliffs zone.

(13) That the downhole commingling of Pictured Cliffs and Chacra production in wells located on the above-described lands and subject to the above conditions will not cause but may prevent waste, and will not impair correlative rights and should be approved.

IT IS THEREFORE ORDERED:

(1) That the applicant, Merrion & Bayless, is hereby authorized to commingle Pictured Cliffs and Chacra production within the wellbores of its Jicarilla 428 Wells Nos. 3, 4, and 5, located respectively, in Unit M of Section 29, Unit C of Section 32, and Unit D of Section 31, all in Township 23 North, Range 4 West, NMPM, Sandoval County, New Mexico.

(2) That 15 MCF per day shall be attributed to the Chacra zone in Wells Nos. 3 and 5, and the actual test production after fracture treatment of the zones shall be attributed to the Chacra zone in Well No. 4; that the balance of production in each of the aforesaid wells shall be attributed to the Pictured Cliffs zone in each of said wells.

(3) That the applicant is hereby authorized to commingle Pictured Cliffs and Chacra production within the wellbore of any well it completes on its Jicarilla 428, Jicarilla 429, and Jicarilla 430 Leases on the following-described lands in Sandoval County, New Mexico:

TOWNSHIP 23 NORTH, RANGE 4 WEST, NMPM
Sections 29 through 32: All

TOWNSHIP 23 NORTH, RANGE 5 WEST, NMPM
Sections 22 through 26: All
Sections 35 and 36: All

(4) That should the formation pressure in either the Pictured Cliffs zone or the Chacra zone in any well commingled pursuant to Order No. (3) above be less than 50 percent of the formation pressure in the other zone, or should both zones in any such well be calculated to have a producing potential in excess of 200 MCF per day, the operator shall notify the Secretary-Director of the Commission of such fact, and the Secretary-Director shall order such action taken as he may deem advisable, including the requirement for separation of the zones by conventional dual completion equipment.

(5) That the actual test production after fracture treatment of the zone shall be attributed to the Chacra formation in any well commingled pursuant to Order No. (3) above, and that the balance of the well's production shall be attributed to the Pictured Cliffs formation.

(6) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

-4-

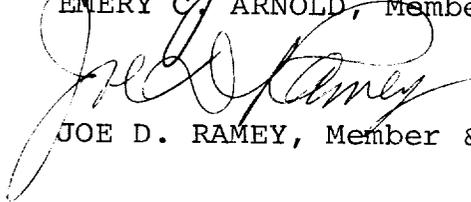
Case No. 6115
Order No. R-5622

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman


EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

S E A L

jr/