

**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:**

**CASE NO. 11095
Order No. R-10218**

**APPLICATION OF AMOCO PRODUCTION
COMPANY 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 September 29, 1994, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 14th day of October, 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) Division Case Nos. 11094 and 11095 were consolidated at the time of the hearing for the purpose of testimony.

(3) The applicant, Amoco Production Company, seeks approval to downhole commingle Basin-Dakota and Blanco-Mesaverde Gas Pool production within the wellbore of its Bolack Well No. 2E located 1520 feet from the South line and 1650 feet from the East line (Unit J) of Section 19, Township 28 North, Range 8 West, NMPM, San Juan County, New Mexico.

(4) The E/2 of Section 19 is currently dedicated to the subject well in the Basin-Dakota Gas Pool, and the applicant proposes to dedicate the S/2 of Section 19 to the subject well in the Blanco-Mesaverde Gas Pool forming a standard 320-acre gas spacing and proration unit for said pool.

(5) According to applicant's testimony, the working and royalty interest ownership between the two pools is common, however, due to the different proration units, the overriding royalty interest is not common.

(6) The subject well was drilled in 1981 and completed in the Basin-Dakota Gas Pool at an initial producing rate of approximately 650 MCF gas per day.

(7) The subject well is currently producing from the Basin-Dakota Gas Pool at an average rate of approximately 25 MCF gas per day.

(8) According to applicant's evidence and testimony, the oil and gas reserves in the Mesaverde formation in this area are insufficient to justify the drilling of a stand-alone Mesaverde well.

(9) Further evidence indicates that the construction of the Bolack Well No. 2E precludes a dual completion within the wellbore.

(10) The proposed downhole commingling is necessary in order to economically recover the oil and gas reserves in the Mesaverde formation as well as the remaining oil and gas reserves in the Dakota formation.

(11) The applicant further demonstrated through its evidence and testimony that:

- a) there will be no crossflow between the two commingled pools;
- b) neither commingled zone exposes the other to damage by produced liquids;
- c) the fluids from each zone are compatible with the other;
- d) the bottomhole pressure of the lower pressure zone should not be less than 50 percent of the bottomhole pressure of the higher pressure zone adjusted to a common datum; and,
- e) the value of the commingled production is not less than the sum of the values of the individual production.

(12) No interest owner and/or offset operator appeared at the hearing in opposition to the application.

(13) In the interest of prevention of waste and protection of correlative rights,, the subject application should be approved.

(14) According to applicant's evidence and testimony, it will conduct a 30-60 day production test on the Mesaverde formation after completion in order to gather sufficient data to determine an accurate allocation of production.

(15) Subsequent to conducting said production test, the applicant should consult with the supervisor of the Division's Aztec District Office in order to determine a proper allocation of production from the subject well.

(16) To afford the Division an opportunity to assess the potential of waste and to expeditiously order the 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.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Amoco Production Company, is hereby authorized to downhole commingle Basin-Dakota and Blanco-Mesaverde Gas Pool production within the wellbore of its Bolack Well No. 2E located 1520 feet from the South line and 1650 feet from the East line (Unit J) of Section 19, Township 28 North, Range 8 West, NMPM, San Juan County, New Mexico.

(2) The S/2 of Section 19 shall be dedicated to the subject well in the Blanco-Mesaverde Gas Pool forming a standard 320-acre gas spacing and proration unit for said pool.

(3) The applicant shall conduct a 30-60 day production test on the Mesaverde formation after completion in order to gather sufficient data to determine an accurate allocation of production.

(4) Subsequent to conducting said production test, the applicant shall consult with the supervisor of the Division's Aztec District Office in order to determine a proper allocation of production from the subject well.

(5) The operator shall immediately notify the supervisor of the Aztec District Office of the Division any time the subject well has been shut-in for seven consecutive days and shall concurrently present, to the Division, a plan for remedial action.

(6) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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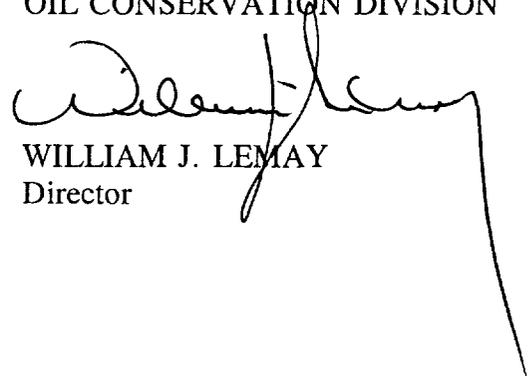
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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director