

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. 11119
ORDER NO. R-10266

APPLICATION OF MERIDIAN OIL INC. FOR DOWNHOLE COMMINGLING AND AN
UNORTHODOX GAS WELL LOCATION, SAN JUAN COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 13, 1994, at Santa Fe, New Mexico, before Examiner Jim Morrow.

NOW, on this 30th 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, Meridian Oil Inc., seeks approval to downhole commingle Fulcher Kutz-Pictured Cliffs Gas Pool (NE/4 dedication) with Basin-Fruitland Coal Gas Pool production (E/2 dedication) within the wellbore of its C. M. Morris Well No. 100 to be located at an unorthodox gas well location 1340 feet from the North line and 1450 feet from the East line (Unit G) of Section 10, Township 27 North, Range 10 West, NMPM, San Juan County, New Mexico.
- (3) Administrative Order DHC-1023 dated August 2, 1994 authorized the downhole commingling being requested in this case. Approval was requested and granted because it was believed that ownership was common in both formations. Approval through the hearing process was requested when a difference in ownership was discovered. Since no interest owner appeared at the hearing in opposition to the commingling application, said administrative approval should be validated by this order.

(4) Evidence and testimony presented at the hearing concerning the proposed commingling indicates that the Pictured Cliffs formation will be marginally productive, there will be no cross flow, the two zones are compatible, and no formation damage will occur. Also the bottomhole pressure in the lower pressure zone is expected to be 50% that of the other zone; the value of commingled production will be no less than the combined values of the zones producing separately.

(5) Evidence submitted by Meridian also indicates that the allocation formula approved in Administrative Order DHC-1023 is a fair and reasonable method for allocating production between the interest owners in the two pools.

(6) Administrative Order NSL-3417 approved the unorthodox gas well location being applied for in this case. That portion of the case should therefore be dismissed.

IT IS THEREFORE ORDERED THAT:

(1) The application of Meridian Oil Inc. for approval to downhole commingle Fulcher Kutz-Pictured Cliffs Gas Pool production (NE/4 dedication) with Basin Fruitland Coal Gas production (E/2 dedication) within the wellbore of its C. M. Morris Well No. 100 to be located at an unorthodox gas well location 1340 feet from the North line and 1450 feet from the East line (Unit G) of Section 10, Township 27 North, Range 10 West, NMPM, San Juan County, New Mexico is hereby approved by validating Administrative Order DHC-1023 dated August 2, 1994 as the authorized basis for such commingling.

(2) The portion of this case involving the unorthodox gas well location is hereby dismissed.

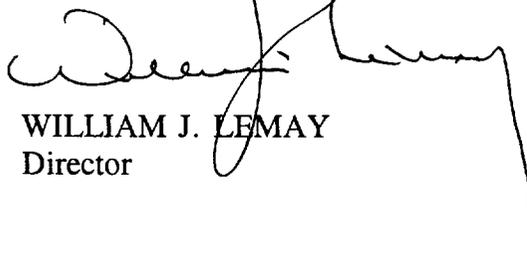
(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director