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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF :
GULF OIL CORPORATION for the promul- :
gation of a General Order permitting :
and controlling production from more :
than one horizon through a single well :
bore. :

A P P L I C A T I O N

COMES NOW THE GULF OIL CORPORATION, hereinafter called the applicant, and shows to the Honorable Oil Conservation Commission of the State of New Mexico that:

1. Gulf Oil Corporation is incorporated in the State of Pennsylvania and is duly authorized to do business in the State of New Mexico.

2. Gulf Oil Corporation is actively engaged in the exploration, development and production of oil and gas in the State of New Mexico, and that Gulf Oil Corporation is one of the larger producers of crude oil in that state.

3. There is no provision in existing general rules or orders governing the production from more than one horizon through a single well bore except Order No. 4, Rule No. 6, which is quoted as follows: "Before any oil or gas well is completed as a producer, all oil, gas and water strata above the producing horizon shall be sealed or separated, in order to prevent their contents from passing into other strata".

4. Developments in drilling and completion practice over the past several years have proven the feasibility of producing, without comingling, more than one horizon through a single well bore. With increased drilling depths and greater drilling costs, such multiple completion practice provides, in many areas, a means for more economical drilling and completing, and in some cases will undoubtedly permit the exploitation of horizons which could not or probably would not otherwise be produced or explored, thereby increasing economic recovery.

5. It is the opinion of the applicant that production of more than one horizon through a single well bore, where feasible, and subject to proper control would be a conservation measure and in the public interest. It is further considered that such completion practice should be controlled in order to protect correlative rights. The following measures are suggested as being reasonable and adequate:

(a) Production of more than one horizon through a single well bore shall be permitted, in any specified pool or area, only on order of the Commission after hearing. Subsequent to approval by the Commission, and subject to general rules and such specific regulations as may be established at a hearing, applications for completions in more than one horizon, within the specified pool or area, may be approved by the Director.

(b) There shall be no comingling of oil from different horizons, within a single well bore, except as specifically authorized by the Commission. Where such comingling is authorized, the maximum allowable shall be the same as that of non-marginal individual wells producing from the highest horizon. Except where comingling is specifically authorized, wells shall be maintained and operated at all times in such manner as to prevent subsurface comingling of fluids from the separate horizons and that the Director be authorized to require such tests as he may deem necessary to assure segregation.

(c) Applications for completion in more than one horizon shall show the name and location of the producing horizons, casing plan, location of packer or packers, location of perforations, proposed method of production and any other pertinent data. Not more than one horizon shall be produced from uncased hole.

(d) Completion record (Form C-105) shall show all details of the completion including name and depth of each producing horizon, casing records, depth of perforations, type of packer or packers and depth set, method of producing each horizon, initial production from each horizon and all other pertinent data.

(e) Each producing horizon of a well producing from more than one horizon shall be subject, in so far as applicable, to all general rules and regulations applying to individual wells producing from only one horizon.

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