

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. 8574
Order No. R-7981

APPLICATION OF CAULKINS OIL
COMPANY FOR DOWNHOLE COMMINGLING,
RIO ARriba COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on April 24, 1985, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 11th day of July, 1985, 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) At the time of the hearing Division Case Nos. 8573, 8574, and 8575 were consolidated for the purpose of testimony.

(3) The applicant, Caulkins Oil Company, is the owner and operator of the following described wells:

Breech "E" Well No. 68-E
1980' FSL - 660' FWL
Unit L, Section 4

Breech "E" Well No. 583-M
1925' FSL - 720' FWL
Unit L, Section 5

Breech "A" Well No. 175-E
660' FNL - 1980' FEL
Unit B, Section 8

Breech "A" Well No. 204-M
1980' FSL - 660' FWL
Unit L, Section 9

Breech "A" Well No. 136-E
660' FSL - 1980' FEL
Unit O, Section 10

Breech "C" Well No. 248-E
960' FNL - 860' FWL
Unit D, Section 13

Sanchez Well No. 4
990' FN and WL
Unit D, Section 25

All in Township 26 North, Range 6 West, NMPM, Rio Arriba County, New Mexico.

(4) Subsequent to the hearing the applicant requested and has hereby received approval to delete the Sanchez Well No. 4, as described above, from consideration of this application.

(5) The applicant seeks authority to commingle production from the Otero Chacra Gas Pool, Blanco Mesaverde, and Basin Dakota Gas Pools within the wellbores of each of the above-described wells, with the exception of said Sanchez Well No. 4.

(6) From the Otero Chacra, the subject wells are expected to be capable of low production only.

(7) From the Blanco Mesaverde Gas Pool, the subject wells are expected to be capable of low production only.

(8) From the Basin Dakota Gas Pool, the subject wells are expected to be capable of low production only.

(9) The proposed commingling should result in the recovery of additional hydrocarbons from each of the subject pools, thereby preventing waste, and will not violate correlative rights.

(10) 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 wells are not shut-in for an extended period.

(11) 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 that any of the subject wells is shut-in for 7 consecutive days.

(12) 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 THAT:

(1) The applicant, Caulkins Oil Company, is hereby authorized to commingle production from the Otero Chacra, Blanco Mesaverde, and Basin Dakota Gas Pools within the wellbores of the following described wells:

Breech "E" Well No. 68-E
1980' FSL - 660' FWL
Unit L, Section 4

Breech "E" Well No. 583-M
1925' FSL - 720' FWL
Unit L, Section 5

Breech "A" Well No. 175-E
660' FNL - 1980' FEL
Unit B, Section 8

Breech "A" Well No. 204-M
1980' FSL - 660' FWL
Unit L, Section 9

Breech "A" Well No. 136-E
660' FSL - 1980' FEL
Unit O, Section 10

Breech "C" Well No. 248-E
960' FNL - 850' FWL
Unit D, Section 13

All in Township 26 North, Range 6 West, NMPM, Rio Arriba County, New Mexico.

(2) 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.

(3) The operator shall immediately notify the Division's Aztec district office any time any well downhole commingled

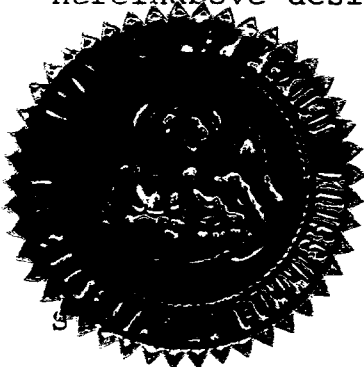
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under the terms of this order has been shut-in for 7 consecutive days and shall concurrently present, to the Division, a plan for remedial action.

(4) 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

A handwritten signature in cursive script, appearing to read "R. L. Stamets", written over the printed name.

R. L. STAMETS,
Director