

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. 10908  
ORDER NO. R-10084

APPLICATION OF SNYDER OIL CORPORATION 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 February 17, 1994, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 17th day of March, 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, Snyder Oil Corporation, is the owner and operator of the Con Hale Well No. 2-E (API No. 30-045-25983), located 1040 feet from the South line and 884 feet from the West line (Unit M) of Section 15, Township 26 North, Range 8 West, NMPM, San Juan County, New Mexico.

(3) The applicant seeks authority to commingle gas production from the Gallup formation and Basin-Dakota Pool within the wellbore of the above-described well.

(4) Said well was originally drilled by Consolidated Oil & Gas, Inc. in mid-1984 to a total depth of 7070 feet and was dually completed in late-1985 in both the Basin-Dakota Pool and Gallup formation.

(5) According to the evidence submitted by the applicant production from the Gallup formation has ceased and the Basin-Dakota interval is capable of only low marginal production. Further, the applicant contends that the Gallup formation can no longer be economically produced independent of the Dakota

formation and downhole commingling is necessary to permit any continued production from the Gallup formation. The proposed commingling may result in the recovery of additional hydrocarbons from each of the subject intervals, thereby preventing waste.

(6) 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 well is not shut-in for an extended period.

(7) No offset operator or interest owner appeared at the hearing in opposition to this application.

(8) 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 the subject well is shut-in for seven consecutive days.

(9) The following allocation for the commingled production from the two zones was presented by the applicant and was determined by estimating the reserves from each formation using actual production histories. The liquids and gas reserves for each zone were then used to establish the contribution of each formation to the total recovery from the well. This ratio should remain the same for the life of the well:

|                    | Gas | Oil |
|--------------------|-----|-----|
| Basin-Dakota Pool: | 42% | 28% |
| Gallup formation:  | 58% | 72% |

IT IS THEREFORE ORDERED THAT:

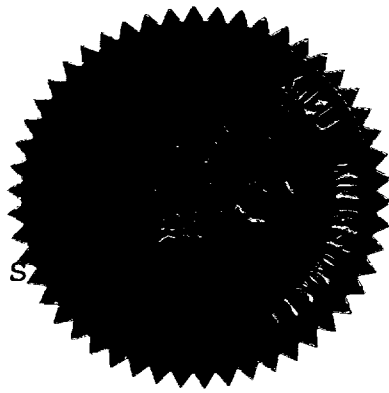
(1) The applicant, Snyder Oil Corporation, is hereby authorized to commingle Basin-Dakota Pool and Gallup formation production within the wellbore of its Con Hale Well No. 2-E (API No. 30-045-25983), located 1040 feet from the South line and 884 feet from the West line (Unit M) of Section 15, Township 26 North, Range 8 West, NMPM, San Juan County, New Mexico.

(2) Twenty-eight percent of the commingled oil/condensate production and forty-two percent of the commingled gas production shall be allocated to the Basin-Dakota Pool. Seventy-two percent of the commingled oil/condensate production and fifty-eight percent of the commingled gas production shall be allocated to the Gallup formation.

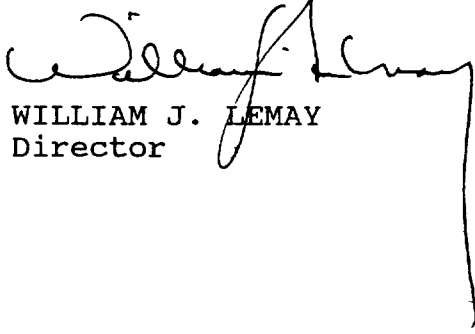
(3) The operator of the subject well shall immediately notify the Division's Aztec District Office any time the well has been shut-in for seven consecutive days and shall concurrently present to the Division a plan for remedial action.

(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

  
WILLIAM J. LEMAY  
Director