

/ CASE 7397: BELCO PETROLEUM CORPORATION *in*
FOR DOWNHOLE COMMINGLING, EDDY COUNTY,
NEW MEXICO

DOCKET MAILED

Date 10/23/81

Case No.

7397

Application

Transcripts.

Small Exhibits

ETC



POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

November 19, 1981

Applicant:

Belco Petroleum Corporation

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD	x
Artesia OCD	x
Aztec OCD	

Other

Memo

From

R. L. STAMETS
Technical
Support Chief

To

Strawn - Atoka DHC
approved.

Formation names
changed to Atoka-Morrow.

Same intervals as
approved. Advised
date entry this was
OK.

OIL CONSERVATION DIVISION SANTA FE

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. 7397
Order No. R-6815

APPLICATION OF BELCO PETROLEUM
CORPORATION FOR DOWNHOLE COMMINGLING,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 4, 1981, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 18th day of November, 1981, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Belco Petroleum Corporation, is the owner and operator of the Kimbley Well No. 1, located in Unit G of Section 21, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico.

(3) That the applicant seeks authority to commingle Strawn and Atoka production within the wellbore of the above-described well.

(4) That from the Atoka zone, the subject well is capable of low marginal production only.

(5) That from the Strawn zone, the subject well is capable of low marginal production only.

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

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-2-
Case No. 7397
Order No. R-6815

(7) That 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.

(8) That to afford the Division the opportunity to assess the potential for waste and to expeditiously order appropriate remedial action, the operator should notify the Artesia district office of the Division any time the subject well is shut-in for 7 consecutive days.

(9) That in order to allocate the commingled production to each of the commingled zones in the subject well, 24 percent of the commingled production should be allocated to the Strawn zone, and 76 percent of the commingled production to the Atoka zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, Belco Petroleum Corporation, is hereby authorized to commingle Strawn and Atoka production within the wellbore of the Kimbley Well No. 1, located in Unit G of Section 21, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico.

(2) That 24 percent of the commingled production shall be allocated to the Strawn zone and 76 percent of the commingled production shall be allocated to the Atoka zone.

(3) That the operator of the subject well shall immediately notify the Division's Artesia district office any time the well has been shut-in for 7 consecutive days and shall concurrently present, to the Division, a plan for remedial action.

(4) That 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 herein-
above stated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

W.N.M.C.F.



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NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date

NOVEMBER 4, 1981

Time: 9:00 A.M.

W.N.M.C.F.



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NAME	REPRESENTING	LOCATION
J.P. MILLER	BELCO PETROLEUM	HOUSTON
Carl M. Hoyer	Belco Petroleum	Houston Tex
W.S. Keller	Keller Keller	Santa Fe
R.J. Anthony	Texaco Inc	Hobbs, NM
J.M. WOLIVER	TEXACO INC.	MIDLAND, TX.
Wm. P. Aycock	Wm. P. Aycock Assoc, Inc	Midland TX
William F. Cain	Campbell Fluid Services	Midland
L. H. Brooks	EL Paso Exp Co	"
R.D. Tanssen	El Paso Exp Co	"
Randy Click	TXO Production Corp.	"
Jack Newman	"	"
Tom Myers	TXO Prod. Corp	MIDLAND, TX
Dick R. ...	"	BROOKS, TX
DAVID T. BIRLSON	El Paso Exploration CO.	CE 1600, TX
GARY R. KILPATRICK	MONTGOMERY ANDREWS	SANTA FE
Harold M. Lebrun	MGF Oil Corp.	Midland, TX
Jack Burham	MGF Oil Corp	Midland TX
Hugh Bost	"	"

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date

NOVEMBER 4, 1981

Time: 9:00 A.M.

W.N.M.C.F.



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NAME	REPRESENTING	LOCATION
B. L. Stokely	Arco Oil & Gas Co.	Midland
Allen H. Britt	Montgomery & Andrews	Santa Fe
W. Lancaster	Shell Oil	Houston
S. M. Kuhlha	Shell Oil	Houston
J. C. Stevens	Shell Oil	Houston
A. J. Fore	Shell Oil	Houston
Bob Huber	Byram	Santa Fe
Ken Bateman	White Kirk Kelly & McElroy	Santa Fe
Joe Lara	USGS	Albuquerque
George Scott	Carl Schellinger	Roswell
Emil L. Padilla	" "	Santa Fe
Roger L. Copple	" "	"
Charles Joy	Carl Schellinger	Artesia
JIM LAM	NEW MEXICO STATE LAND OFFICE	SANTA FE
R. W. Adams	Morris R. Adams	Hobbs
Scott Northrup	Morris R. Adams	Hobbs

W.N.M.C.F.



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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
4 November 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Belco Petroleum
Corporation for downhole commingling,
Eddy County, New Mexico.

CASE
7397

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

W. Perry Pearce, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

W. Thomas Kellahin, Esq.
KELLAHIN & KELLAHIN
500 Don Gaspar
Santa Fe, New Mexico 87501

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I N D E X

CARL HOUSER

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E X H I B I T S

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Applicant Exhibit Eleven, Document 15

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MR. NUTTER: Call now Case Number 7397.

MR. PEARCE: Application of Belco Petroleum Corporation for downhole commingling, Eddy County, New Mexico.

MR. KELLAHIN: If the Examiner please, I'm Tom Kellahin of Santa Fe, New Mexico, appearing on behalf of the applicant, and I have one witness.

(Witness sworn.)

CARL HOUSER

being called as a witness and being duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Mr. Houser, would you please state your name and occupation?

A Carl Houser.

Q Will you spell your last name, sir?

A H-O-U-S-E-R.

Q And by whom are you employed?

A I'm employed by Belco Petroleum Corporation out of the Houston office.

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1
2 Q In what capacity is that, Mr. Houser?
3 A Production Superintendent.
4 Q Are you a petroleum engineer, sir?
5 A Yes, sir.
6 Q When and where did you obtain your degree?
7 A I obtained my degree from Texas A&M in
8 1949.
9 Q Subsequent to graduation, Mr. Houser,
10 would you summarize your employment background as a petroleum
11 engineer?
12 A Yes. I worked for Amerada Petroleum
13 Corporation for twenty-one years as a junior engineer, district
14 engineer, and area production superintendent.
15 Then I went with Kenton Oil Company as
16 a district engineer and a division engineer.
17 Transferred to HNG Oil Company as a
18 division production manager in Houston area, and I've worked
19 for -- when they moved the office I went to work for Belco
20 Petroleum Corporation.
21 Q Pursuant to your employment as a petro-
22 leum engineer, Mr. Houser, have you made a study of the facts
23 surrounding this application?
24 A Yes, I have.
25 MR. KELLAMIN: We tender Mr. Houser as

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1 an expert petroleum engineer.

2 MR. NUTTER: Mr. Houser is qualified.

3 Q Mr. Houser, would you turn to what we've
4 marked as Exhibit Number One and describe generally what
5 Belco is seeking to accomplish by this application?

6 A Exhibit Number One shows the well and
7 the well name and number, the Kimberly No. 1. It also shows
8 its location. It shows the zones from which we propose to
9 commingle. It shows the perforations of these intervals.

10 We will be commingling the North Loving
11 Strawn and the undesignated Atoka.

12 Q All right, sir, and what is the proration
13 unit assigned to this well?

14 A 320.

15 Q And is that what portion of the section?

16 A It will be the north portion.

17 Q All right, let's turn to the Exhibit
18 Number Two, which is a plat of this area.

19 All right, Mr. Houser, would you direct
20 our attention to the location of the subject well?

21 A Yes, the subject well is shown with a
22 red arrow pointing to the Kimberly No. 1, located in Section
23 21, Township 23 South, Range 28 East.

24 Q Mr. Houser, is the ownership common be-
25

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tween the Atoka and Strawn formations?

A. Yes, it is.

Q. Would you identify for us any other wells -- well, explain the color coding.

A. All right.

Q. I think that will identify the wells.

A. On the color coding the Bone Springs wells are shown in red. The Strawn producing wells in the area are shown in blue. The Atoka producers are shown in green, with the Morrow producers being shown in yellow.

The figure below each well shows the producing capacity of that well for the month of July, as taken from the New Mexico statistical reports. That's daily production.

Q. All right, sir, let me direct your attention to Township 24 South, Range 28 East, to Section 2, to the northwest quarter. There is a well indicated by a yellow symbol. What is that well?

A. That is a Phillips Petroleum Corporation No. 2-A, which commingling has been approved for the Atoka and the Morrow.

Q. That's approved for the Atoka and the Morrow.

A. That is correct, downhole commingling.

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Q All right. Are there any downhole commingled wells that have been approved for the Atoka and the Strawn formations?

A No, sir, there is not, but there is a Strawn well that produced from Section 17 in 23, 28, that was closed in in 1980, and then they tried to -- and then Gulf in Section 16 tried to complete the well there in the Strawn, also, but it has been closed in, also.

Q All right, sir. So this is the first well in the area that will commingle both of these formations

A That is correct.

Q Let's go to Exhibit Number Three and have you identify that.

A Okay, Exhibit Number Three are tests taken on the Atoka zone. This exhibit shows the date, the initial fluid level, the final fluid level obtained, the barrels of fluid recovered, and the load they recovered, the flowing tubing pressure, and remarks.

Now the well towards the end of the period from the 8-28th clear on down to through the 29th, it shows the initial fluid level as being constant at 10,600 feet, the swab depth being 11,400.

Also shown in the closed in tubing pressure it shows that the pressures would build up in this

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zone from 1200 to a maximum of about 1600 in 14-1/2 to 13 hours.

Q In your opinion, Mr. Houser, what would be a presentative pressure for the Atoka zone?

A For the Atoka zone, this zone was quite high initially in the field.

Q Yes, sir, can you give me a pressure number from the test information that in your opinion indicates what you believe to be the pressure for that formation?

A The best exhibit we would have on that would be our build-up test, which will be referred to later in the exhibits.

Q All right, sir. The fluid, barrels of fluid recovered, what kind of fluids are we talking about here?

A We're talking about acid water on this. We never did recover the full load water.

Q All right, this is not formation fluid?

A Not formation fluid, no, sir.

Q All right, sir. Let's go then to Exhibit Number Four.

A Okay, on Exhibit Number Four there, that is Strawn zone testing. Again it shows the same columns represent the same. After acidizing of the Strawn on the

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1
2 9th and 3rd, the swab test revealed that we had broken fluid
3 levels of all day swabbing with the swabbing to a maximum
4 depth of 10,800.

5 Again we have our closed in pressures.
6 The closed in pressure there at 62 hours was 1450 pounds,
7 which is approximately equivalent to what we were attaining
8 in the Atoka.

9 Q Based upon your studies, Mr. Houser,
10 in your opinion could you produce either one of these zones
11 economically without commingling?

12 A. No, we cannot.

13 Q All right, sir, let's go to Exhibit
14 Number Five then.

15 A. Exhibit Number Five is still just a
16 tabulation showing the Atoka and Strawn zones commingled.

17 Q These are tests of the zones commingled?

18 A. Commingled tests, right.

19 Q Are you producing these into a pipeline
20 yet?

21 A. No, sir.

22 Q All right, sir.

23 A. It's just strictly being tested.

24 Q All right, summarize for me what the
25 test of the commingled zones tells you.

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1
2 A. The commingled zones tests do show us
3 that we can recover some gas from the two of them put together.
4 As you can see on the remarks column, our volumes that have
5 been recovered. Then when we went into this only two times
6 during the blow of the well after being closed in did we pro-
7 duce any fluids at the surface. The rest was swabbing and
8 then on the 9th we became a plus on our load water to be re-
9 covered and the volumes are shown there in the righthand column.

10 Then turning back over and on the next
11 sheet it shows where we swabbed down to the 17th with the
12 maximum swab depth of 7000 feet with a fluid level being
13 pulled down to 8800 feet.

14 During this time we obtained bottom --
15 or shut-in pressure would vary from 1450 there on this parti-
16 cular page on down to a maximum of 2000 feet at 48 hours.

17 Q All right, sir, if you'll look at the
18 entry on October 17th, '81, and if you'll look at the fourth
19 column over on the left, it indicates a +119. What does that
20 number represent?

21 A. We were 119 barrels overload at that
22 point in the swabbing.

23 MR. NUTTER: What was that? 119 barrels
24 of what?

25 A. Of load water, no condensate.

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MR. NUTTER: Well, hadn't you already gotten your load water back and you're on the plus side?

A. We are on -- that's total plus water up to that point.

Q. That's what I'm trying to understand, Mr. Houser, -119, does that represent formation water or is that --

A. Formation water, pardon me.

Q. All right.

A. I said load water. We got all the load water. We were a plus on the 10th and 9th.

MR. NUTTER: How about the hydrocarbon liquids?

A. None.

MR. NUTTER: None.

Q. Do you have an opinion of what the source is of the formation water indicated on the test?

A. I believe it's from both zones, we're getting a small quantity from both zones, liquid.

Q. In your opinion will the production of this water pose any adverse effect upon downhole commingling?

A. No, sir.

Q. Exhibit Number Five?

A. Six.

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12

1

Q Six. What is Six?

2

A Six is a Guard Forxo Log.

3

Q All right, sir, let's -- let's skip the log for a minute and go on to Exhibit Number Seven. It's your schematic.

4

5

6

A Exhibit Number Seven would be the Compensated Density Dual Spaced.

7

8

Q Yes, sir, if you'll skip that log also --

9

A Okay.

10

Q -- and go to your schematic.

11

A Okay, Number Eight

12

Q All right, sir, would you summarize the information contained on the schematic?

13

14

A Yes. This is a schematic showing the proposed downhole commingling in the Kimberly No. 1. As shown on this schematic, RTTF packer set at 11,174. This shows the Strawn perforation to be from 11,360 to 11,312.

15

16

17

18

It shows an Otis WB packer set at 11,475.

19

During the time that the zones were being tested separately we had an XN plug set in the N nipple at 11,508.

20

21

It also shows the Atoka perforations that we currently have open. It shows how the Morrow zone was plugged off.

22

23

24

Now during the commingling of this we

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1
2 were unable to pull the XN nipple -- plug, rather, from the
3 N nipple, so the interval -- we perforated the extension from
4 11,501-1/2 to 11,502-1/2 with five shots so we could test the
5 two intervals.

6 Q If downhole commingling is approved, Mr.
7 Houser, would you continue to produce the two zones commingled
8 through those perforations in this packet?

9 A That is correct, sir.

10 Q In your opinion is that still an effective
11 and efficient means of producing these wells?

12 A Yes, it is.

13 Q All right. All right, let's go to Ex-
14 hibit Number Nine and have you tell me what that is.

15 A Exhibit Number Nine is a bottom hole
16 pressure build-up that was taken with the two zones commingled.
17 This exhibit shows that the above zone shows very tight forma-
18 tion. At no point in this can I see anything in this that
19 represents crossflow between the two zones.

20 Also, at the top of the build-up here
21 it appears that we are beginning to get breakover. We did
22 not attain breakover during the 47 hours that the test was
23 run, but it appears that we are beginning to get some break-
24 over there.

25 And, like I say, I can see nothing that

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would represent crossflow between the intervals on this build-up.

Q Mr. Houser, can you tell me in your opinion what you estimate to be the bottom hole pressure for each of these formations?

A I estimated, using -- on calculation, about 5400 for the Atoka and about 5150 for the Strawn.

MR. NUTTER: This was a total of 47 hours shut-in on this?

A Yes, sir.

Q Mr. Houser, do you have a recommendation to the Examiner as to a percentage allocation between the two formations?

A Yes. Based on what I could calculate from the logs, assuming the full 320 acres productive, I would give 24 percent to the Strawn with the 76 percent to the Atoka.

Q In your opinion is that an accurate and reasonable method from which to make an allocation of production between the two formations?

A Yes, since we did not obtain good tests on the -- what I would say would be valid tests to allocate back from a swab test. This would be the most accurate way of allocating the production to the well.

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Q All right, sir, let's go on to Exhibit Number Ten and have you identify that.

A Number -- Exhibit Number Ten is a gas analysis of the commingling stream. It shows the methane content to be 91.036 percent, and looking at the gas analysis that we have produced in the wells in the immediate area of this, this would be representative of the commingled stream.

Q All right, sir, let's go to Exhibit Number Eleven.

A Exhibit Number Eleven shows the proration unit we proposed if this is approved. This would be the north half of the section.

Q Mr. Houser, were Exhibits One through Eleven prepared by you or compiled under your direction and supervision?

A Yes, they were.

Q And in your opinion will approval of this application be in the best interests of conservation, the prevention of waste, and the protection of correlative rights?

A Yes.

MR. KELLAHIN: We move the introduction of Exhibits One through Eleven.

MR. NUTTER: Exhibits One through Eleven

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will be admitted in evidence.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Houser, what did the well finally make on potential test, or have you ever run a potential test on --

A We haven't run a potential test. We've just been testing it and trying to get what data we could out of it, if any.

Q Now, apparently those individual flow tests that you took on the two zones indicate that it's going to be a small producer at any rate.

A It's going to be a very marginal producer, sir.

Q Now, do you have an estimate on the bottom hole pressure from either zone individually?

A Yes, sir, what I used to base it on, about 5400 for the Atoka and 4150. Now this is from the build-up.

Now going back and looking at the Strawn well, which was in -- up in Section 17, that well had 7200 pounds on completion. The wells there in the Culebra Bluffs producing from the Atoka were approximately the same

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1 at the time they were drilled in '78, but all of these wells,
2 going back and looking at the data, have dropped off consider-
3 ably in bottom hole pressure but the closed in pressure right
4 now, I took the highest well I could find from the statistical
5 reports for '80, and calculated out what the bottom hole pres-
6 sure would be, and it was approximately 2500 pounds, in those
7 particular areas.
8

9 Q Well, I notice during your individual
10 zones shut-ins and flows, or swabs, that you had quite a
11 variation in build-up -- or pressure build-up on those zones
12 from one test to the other. Is this because of the amount
13 of liquids that remain in the wellbore, or why would you have
14 that big variation in the pressure build-up on a closed shut-
15 in tubing pressure?

16 A I think the Strawn has a better -- not
17 Strawn, pardon me, but the Atoka has a better permeability.

18 Q Well, I mean variations in shut-in pres-
19 sures on individual zones,

20 For instance, you take --

21 A Back on the Atoka?

22 Q -- the Atoka. Now one time you shut it
23 in for 11 hours, you got 1460 shut-in tubing pressure. The
24 next time you shut it in for 13 hours you got 1600. The next
25 time you shut it in for 14 hours and it only built up to 1200.

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1
2 Would this be because of the accumulation
3 of liquids in the wellbore that the pressure didn't build up
4 the same or what?

5 A. That would be my only explanation for it,
6 sir, would be some accumulation there, but yet on our swabbing
7 we did hit the fluid level, but of course, swabbing depths
8 are--

9 Q And then the only thing I see as to -- as
10 to potential on the well was that at one time you opened it
11 up on a choke and got 140 declining to 100 Mcf per day; that
12 was combined flow.

13 Another time it flowed 60. Most of the
14 other times it's just reported as to the length of the flare
15 when the gas -- when the gas was vented.

16 A. On the --

17 Q Do you have an estimate as to what the
18 total capacity of the well is going to be from both zones?
19 In Mcf per day?

20 A. I believe right now, yesterday I was
21 able to get about 25 Mcf out of the two zones.

22 Q I see.

23 A. And I believe by more or less stop-cocking
24 this and putting it on some kind of flow where we could stop-
25 cock it, we will be able to produce some place between 25 and

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1
2 maybe 40 to 50 Mcf, and this is the way the well is going to
3 have to be produced.

4 Q And it won't make hydrocarbon liquids,
5 you don't think?

6 A We have not had any hydrocarbon liquids
7 out of it.

8 Q Okay.

9 MR. NUTTER: Are there any further ques-
10 tions of Mr. Houser?

11 MR. KELLAHIN: No, sir.

12 MR. NUTTER: He may be excused.

13 Do you have anything further, Mr. Kella-
14 hin?

15 MR. KELLAHIN: No, sir.

16 MR. NUTTER: Does anyone have anything
17 they wish to offer in Case Number 7397?

18 We'll take the case under advisement.

19
20 (Hearing concluded.)
21
22
23
24
25

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a correct and true copy of the proceedings in the hearing before the Oil Conservation Division, Case No. 1397, held by me on 11/4 1981.

[Signature], Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

BELCO PETROLEUM CORPORATION
KIMBLEY No. 1
Sec. 21, T-23-S, R-28-E
Eddy Co., New Mexico

Energy and Mineral Department
Oil Conservation Division
Case No. 7397

BELCO PETROLEUM CORPORATION

KIMBLEY NO. 1

EDDY CO., NEW MEXICO

1. Lease Name: KIMBLEY
2. Well No: 1
3. Well Location: Unit G, 1830' FWL & 2061' FEL
Sec. 21, T-23-S, R-28-E
Eddy Co., New Mexico
4. Upper Zone: North Loving (Straw))
5. Completion Intervals: Perfs. 11,300 - 312
11,322 - 366 & 11,360 - 367
6. Lower Zone: Undesignated (Atoka)
7. Completion Intervals: Perfs. 11,657 - 660
11,666 - 670, 11,836 - 850
11,949 - 956 & 12,150 - 558

W.N.M.C.F.



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24% Strawn
76% Atoka

BEFORE EXAMINER NUTTER	
OIL CONSERVATION DIVISION	
Belco	7397

Exhibit No.
Case No. 7397

BELCO PETROLEUM CORPORATION

KIMBLEY NO. 1

EDDY CO., NEW MEXICO

Atoka Zone Testing

Perforations: 11,657' - 60', 11,666' - 70'
11,836' - 50', 11,949' - 56', 12,150' - 58'

Date	Initial Fluid Level	Final Fluid Level	Bbls. Fluid Recovered	Load to Recovery	Closed-in Tbg. Press.	Remarks
8/22/81	8500'	10,800'	11 <i>acid with</i>	--	--	Perf'd 2' Flare after swbg.
8/23/81					460 (14 hrs)	CIFWE
8/24/81					640 (36 hrs)	CIFWE
8/25/81	10,700'	11,400'	3	--	640 (60 hrs)	Bled down in 15 mins.
8/26/81	11,400'	7,500' 4,500' after acid.	64	150	1460 (11 hrs)	Acidized w/7500 gals.
8/27/81	2,100'	11,400'	38	112	1600 (13 hrs)	Fluid to surf. flwd. 1-1/4 hrs. Fair gas blow.
8/28/81	10,600'	11,400'	16	96	1200 (14 hrs)	Fair gas blow.
8/29/81	10,600'	11,400'	13	83	1350 (14 1/2 hrs)	Bled to zero in 20 mins. Fair gas blow during swbg.
8/30/81					1425 (16 1/2 hrs)	Bled to zero in 20 mins. Set XN plug @ 11,508'.

*ALL closed in
pressure*

BEFORE EXAMINER BUTTER
OIL CONSERVATION DIVISION
Bulco EXHIBIT NO. *3*
CASE NO. *7397*

Exhibit No.
Case No. 7397

W.N.M.C.F.



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BELCO PETROLEUM CORPORATION

KIMBLEY NO. 1

EDDY CO., NEW MEXICO

Strawn Zone Testing

Perforations: 11,300'-312', 11,322'-26', and 11,360'-67'

W.N.M.C.F.



BEST AVAILABLE COPY

Date	Initial Fluid Level	Final Fluid Level	Bbls. Fluid Recovered	Load to Recovery	Closed-in Tbg. Press.	Remarks
9/2/81	5,500'	10,800'	8	--	--	Perf'd. Had 2' flare
9/3/81	2,100'	10,800'	27	97	240	Acidized w/5000 gals.
9/4/81	Broken	10,800'	18	79	650(13 hrs)	Flare 1'
9/5/81	Broken	10,800'	11	68	450(14 hrs)	Had 4' flare aft run, decreasing to 1'
9/6/81	Broken	10,800'	10	58	400(14 hrs)	Had flare after each run.
9/7/81						Closed-in
9/8/81						Closed-in
9/9/81	Broken	10,800'	19	39	1450(62 hrs)	Flare 3-4' after run, declining to 1'.
9/10/81	Broken	10,800'	6	33	375(15 hrs)	Attempted to pull XN plug.

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION

Belco EXHIBIT NO. *4*
CASE NO. *7397*

Exhibit No.
Case No. 7397

BELCO PETROLEUM CORPORATION

KIMBLEY NO. 1

EDDY CO., NEW MEXICO

Belco

WELL NO. 5

CASE NO. 2372

Atoka & Strawn Zones Commingled

Strawn Perforations: 11,300'-312', 11,322'-26' and
11,360'-67'

Atoka Perforations: 11,657'-60', 11,666'-70', 11,836'-50',
11,949'-56', 12,150'-58'.

W.N.M.C.F.



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Date	Initial Fluid Level	Final Fluid Level	Bbls. Fluid Recovered	Load to Recovery	Closed-in Tsbgs. Press.	Remarks
9/16/81	1,000'	6,700'	34	82	--	Zones Commingled
9/17/81	5,700'	10,800'	19	63	1250(14 hrs)	Had 4' flare decreasing to 2' between runs
9/18/81	7,100'	10,800'	15	48	1525(14 hrs)	--
9/19/81	9,000'	10,800'	11	37	1175(14 hrs)	Had 5' flare decreasing to 2' between runs
9/20/81	-	-	-	37	1175(15 hrs)	CIFWE
9/21/81	-	-	-	37	--	--
9/22/81	-	-	-	37	3250(63 hrs)	Opened on 3/64 chk. Gas vol 140-100 MCF/D FTP-2950-650. Closed-in
9/23/81	-	-	-	37	-	Released Swbs Unit. Report 1 day late.
9/24/81	-	-	-	37	-	-
9/25/81	-	-	-	37	-	-
9/26/81	-	-	0	37	1750(48 hrs)	Flwd 60 MCF/D in 24 hrs. FTP 180# LP-180#
9/27/81	-	-	-	37	-	-

W.N.M.C.F.



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9/28/81	-	-	0	37	2375(48 hrs)	Opened on 3/64" chk.
9/29/81	-	-	0	37	-	Flwd 59 MCF/D FTP-150# LP-150#
9/30/81	-	-	0	37	1800#(24 hrs)	Opened on 3/64" chk.
10/1/81	-	-	0	37	-	FTP-180 LP-180 Increased chk to 10/64". Started unloading.
10/2/81	-	-	3	34	-	Flwd ARO 45 MCF/D for 3 hrs. Closed-in
10/3/81	-	-	5	29	1550(24 hrs)	Opened on 25/64 chk. Bled down increased chk to 3/4" started unloading wtr.
10/4/81	-	-	0	29	-	Closed-in
10/5/81	-	-	0	29	1900(24 hrs)	
10/6/81	-	-	0	29	2225(48 hrs)	Opened to pit on 3/4". Prod 0 BF.
10/7/81	-	-	-	-	-	Increased chk to 10/64. Flwd ARO 40-17 MCF/D.
10/8/81	-	-	-	-	-	Gas vol 15 MCF/D 10/64" chk. FTP-70# LP-70#
10/9/81	1,500	11,000	31	+ 2	-	Turned to system @ 5:30 P.M., 10/64 chk 14 hrs Flwd ARO 140 MCF/D 10/64" chk. FTP-100# LP-100# Flare 2-3
10/10/81	5,400	11,000	21	+23	-	14 hrs Flwd ARO 71 MCF/D 10/64 " chk FTP-45# LP 5#, Flare 2'-3'.
10/11/81	7,200	11,000	17	+ 40	-	24 hrs-Flwd 71 MCF/D FTP-45# LP-0
10/12/81	-	-	-	+40	-	

load well from here no liquid hydrocarbons

W.N.M.C.F.



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10/13/81	7,200	11,000	17	+57	-	14 hrs Flwd 15 MCF/D on 3/4" chk. FTP-90# LP-90 Flare 2'-3'
10/14/81	8,300	11,000	18	+75	-	14 hrs Flwd 14 MCF/D on 10/64 FTP-60# LP-40# Flare 2'-3'
10/15/81	8,400	11,000	17	+92	-	14 hrs Flwd AR 11 MCF/D 12/64 FTP-50# LP-40# Flare 2'-3'
10/16/81	8,400	11,000	17	+109	-	14 hrs Flwd 13 MCF/D on 13/64 chk. FTP-60# LP-60# Flare 3'
10/17/81	8,800	11,000	10	+119	1450(19 hrs)	CI 12:00 Noon
10/18/81	-	-	-	-	1920(43 hrs)	Opened on 3/4" chk.
10/19/81	-	-	-	-	-	24 hrs Flwd 19 MCF/D on 3/4" chk. FTP-100# LP-60. CI
10/20/81	-	-	-	-	1350(24 hrs)	-
10/21/81	-	-	-	-	2000(48 hrs)	Opened on 3/4 chk.
10/22/81	-	-	-	-	-	24 hrs Flwd 92 MCF/D FTP-90#
10/23/81	-	-	-	-	1050(17½ hrs)	TIM W/BHP Gauge for build-up.
10/24/81	-	-	-	-	1675(46 hrs)	TOH W/BHP gauge @ 11:30 Ran gradients & opened to system
10/25/81	-	-	-	-	-	FTP-90# CI Gas vol 16 MCF
10/26/81	-	-	-	-	-	24 hrs CITP- 1275 #

10/27/81

48 hrs CITP
1700#.

Exhibit No.
Case No. 7397

PROPOSED DOWNHOLE CONFIGURATION

Kimbley No. 1
Eddy Co., New Mexico

W.N.M.C.F.



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BEFORE EXAMINER NOTIFIER
OIL CONSERVATION DIVISION
Belco EXHIBIT NO. 8
CASE NO. 7397

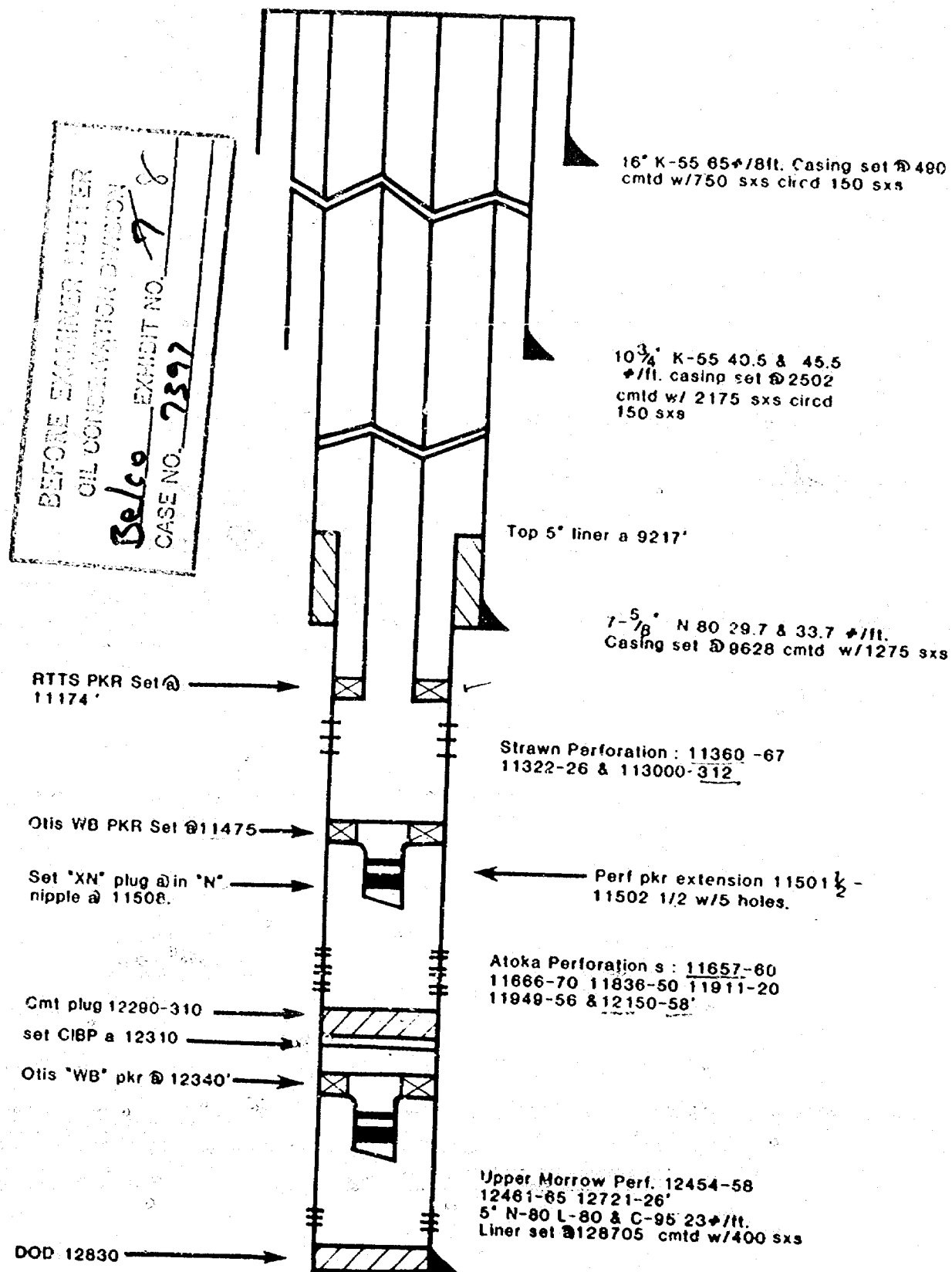


Exhibit No. 8
Case No. 7397

NO. 100R-1310 DIETZGEN GRAPH PAPER
SEMI-LOGARITHMIC
10 CYCLES X 10 DIVISIONS PER INCH

JAREL SERVICES, INC.

DIETZGEN CORPORATION
MADE IN U.S.A.

ORATION

BELCO PETROLEUM CORPORATION
KIMBLEY #1
EDDY CO., NEW MEXICO
Q, 21, T-23-S, R-28-E

BOTTOM HOLE PRESSURE @ (-8719) 11759 PSIG

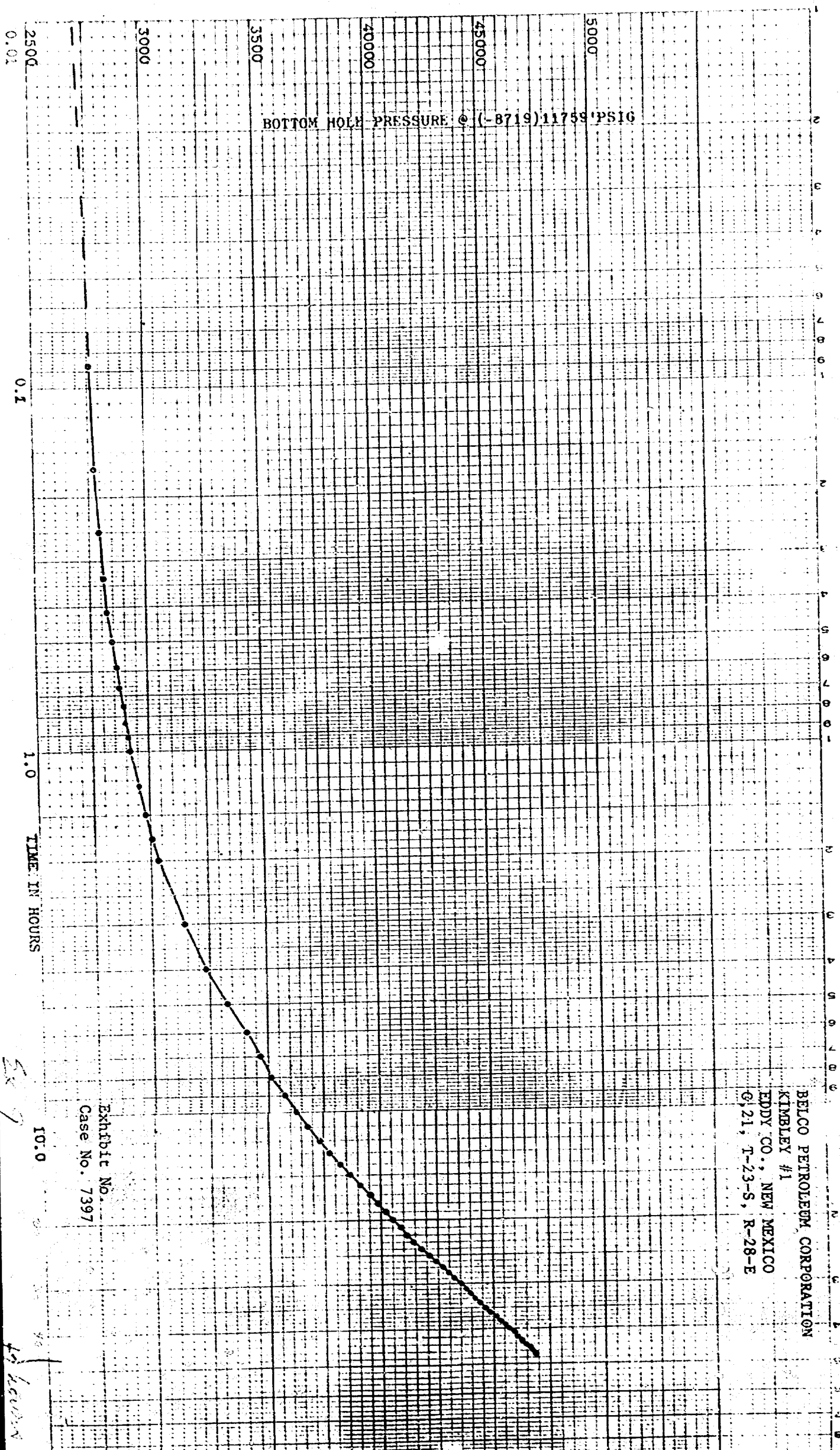


Exhibit No.
Case No. 7397

W.N.M.C.F.



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**NEW-TEX
LAB**
P. O. BOX 1161
HOBBS, N.M. 88240

CERTIFICATE OF ANALYSIS

No. 5739
Run No. _____
Date of Run 10-3-81
Date Secured 10-2-81

A Sample of Kimberly #1
Secured from Belco Petroleum Corp.
At 10000 Old Katy Rd. Secured by _____
Houston, Tx 77055 Time _____ Date _____
Sampling conditions _____ Press _____
Temp. _____

FRACTIONAL ANALYSIS

Percentage Composition

	MOL %	LIQ. %	G.P.M.
Carbon Dioxide	1.030		
Air			
Nitrogen	1.967		
Oxygen			
Hydrogen sulfide			
Hydrogen			
Methane	91.036		
Ethane	4.014	1.071	
Propane	.892	.245	
Butanes			
Iso-Butane	.181	.059	
N-Butane	.219	.065	
Pentanes			
Iso-Pentane	.088	.032	
N-Pentane	.053	.019	
Hexanes	.526	.216	
Heptanes			
Octanes			
TOTAL	100.000	1.711	

Calc. Sp. Gr. — 0.6214
Calc. A.P.I. — _____
Calc. Vapor Press. — _____ PSIA
Sp. Gr. _____
Mol. Wt. 17.99

LIQUID CONTENT (GAL/MCF)

Propane Calc. G.P.M. .245
Butanes Calc. G.P.M. .128
Pentanes Plus. G.P.M. .267
Ethane Calc. G.P.M. 1.071
RVP Gasoline G.P.M. _____

B.T.U./Cu. Ft. @ 14.696 P.S.I.A.
Dry Basis 1058
Wet Basis 1039

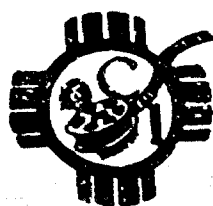
Sulfur Analysis by Titration
Gr./100 Cu. Ft. _____
Hydrogen Sulfide _____
Mercaptans _____
Sulfides _____
Residual Sulfur _____
Total Sulfur _____

Run by R.H. Hamilton Checked by Deane Simpson Approved by Deane Simpson

Additional Data and Remarks

Exhibit No. 9
Case No. 7397

W.N.M.C.F.



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NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section.

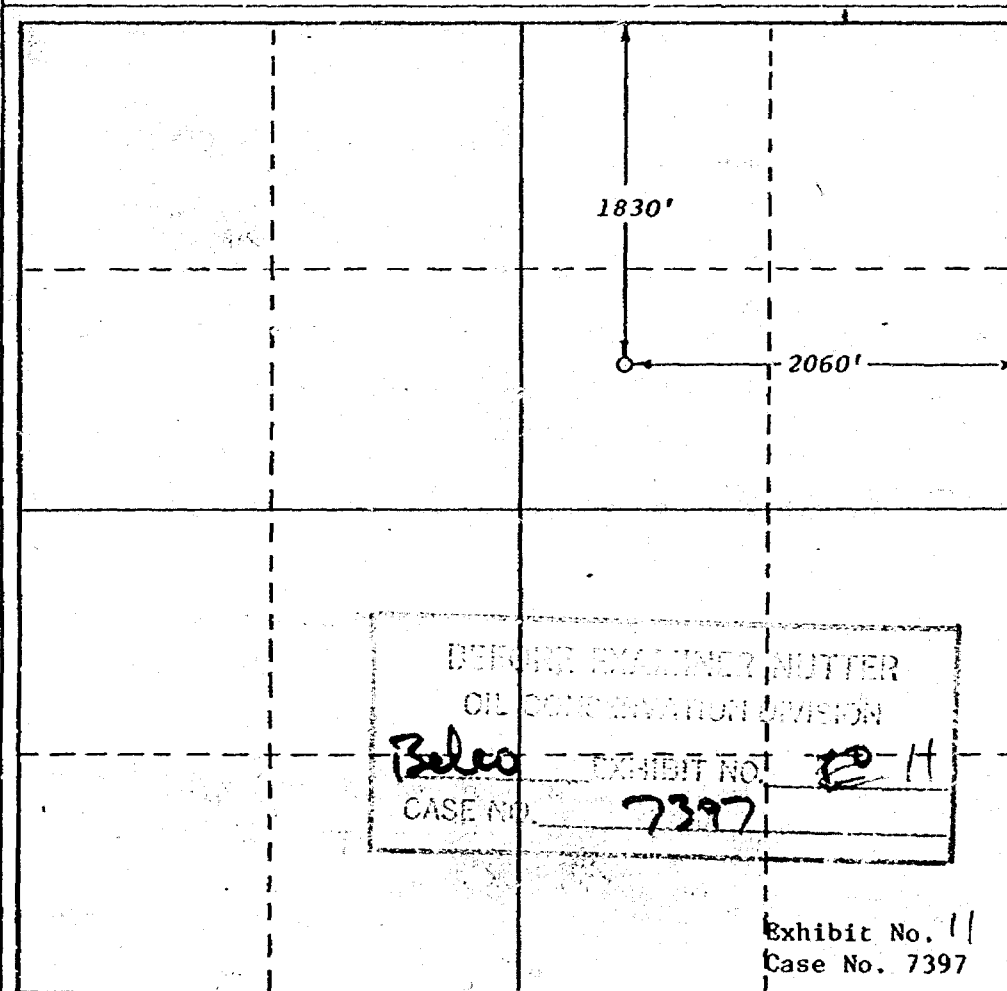
Operator BELCO PETROLEUM CORPORATION			Lease Kimbley		Well No. 1
Unit Letter G	Section 21	Township 23-S	Range 28-E	County Eddy	
Actual Footage Location of Well:					
1830'		feet from the North	line and	2060'	feet from the East
Ground Level Elev. 3026'	Producing Formation Morrow		Pool Und North Loving Morrow		Dedicated Acreage: 320 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☒ Yes ☐ No If answer is "yes," type of consolidation Voluntary Pooling

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) Please see attached.

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

M.E. Moore
Name

M.E. Moore
Position
District Engineer

Company
Belco Petroleum Corporation

Date
October 22, 1980

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

October 17, 1980

Date Surveyed
Gary O. Boswell

Registered Professional Engineer
and/or Land Surveyor

Gary O. Boswell
Certificate No.
6689

W.N.M.C.F.



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Dockets Nos. 36-81 and 37-81 are tentatively set for November 19 and December 4, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 4, 1981

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner or Richard L. Stamets, Alternate Examiner:

CASE 7396: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Sentry Oil Exploration Company and Lawyers Surety Corporation to appear and show cause why Farr Well No. 1, located in Unit G of Section 6, Township 31 North, Range 34 East, Union County, New Mexico, should not be ordered plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7380: (Continued and Readvertised)

Application of Bird Oil Corporation for an unorthodox location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox Entrada location of a well to be drilled 2110 feet from the North line and 1120 feet from the East line of Section 10, Township 22 South, Range 9 West, the SE/4 NE/4 of said Section 10 to be dedicated to the well.

CASE 7397: Application of Belco Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Atoka and Strawn production in the wellbore of its Kimbley Well No. 1, located in Unit G of Section 21, Township 23 South, Range 28 East.

CASE 7398: Application of El Paso Natural Gas Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Wolfcamp-Penn well, to be drilled 660 feet from the South and West lines of Section 23, Township 26 South, Range 30 East, Ross Draw Area, the S/2 of said Section 23 to be dedicated to the well.

CASE 7399: Application of Texaco, Inc. for a Unit Agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the North Vacuum Abo West Unit Area, comprising 2000 acres, more or less, of state lands in Township 17 South, Range 34 East.

CASE 7400: Application of Texaco, Inc. for a pressure maintenance project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project in its North Vacuum Abo West Unit Area by the injection of water into the Abo formation through 13 wells located in Sections 15, 21, 22, 27, 28 and 34, Township 17 South, Range 34 East, North Vacuum-Abo Pool.

CASE 7401: Application of Morris R. Antweil for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 2410 feet from the North line and 330 feet from the West line of Section 21, Township 18 South, Range 38 East, Hobbs Grayburg-San Andres Pool, the SW/4 NW/4 of said Section 21 to be dedicated to the well.

CASE 7394: (Continued from October 21, 1981, Examiner Hearing)

Application of Morris R. Antweil for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the NE/4 SW/4 of Section 5, Township 20 South, Range 38 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7402: Application of MGF Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Strawn formation underlying the NW/4 NW/4 of Section 5, Township 20 South, Range 39 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7403: Application of Arco Oil and Gas Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of the Jalmat and Langlie Mattix production in the wellbore of its E. L. Steeler Wm Well No. 5, located in Unit J of Section 19, Township 23 South, Range 37 East.

CASE 7359: (Continued from October 7, 1981, Examiner Hearing)

Application of Energy Reserves Group for creation of a new gas pool and an unorthodox location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks creation of a new Cisco gas pool for its Miller Com Well No. 1, located in Unit M of Section 12, Township 6 South, Range 33 East.

Applicant further seeks approval for an unorthodox location for its Miller "A" Well No. 1-Y, to be drilled 1800 feet from the South line and 1700 feet from the East line of Section 11 of the same township. The S/2 of said Section 11 to be dedicated to the well.

CASE 7383: (Continued from October 21, 1981, Examiner Hearing)

Application of Amoco Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Upper Pennsylvanian formation underlying the NW/4 of Section 19, Township 19 South, Range 25 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7404: Application of TXO Production Corporation for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of an infill well to be drilled 2000 feet from the North line and 660 feet from the East line of Section 18, Township 21 South, Range 26 East, Catclaw Draw-Morrow gas pool.

CASE 7405: Application of Carl Schellinger for dual completion and an unorthodox location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of his Campbell Station Unit Well No. 1, to produce gas from the Abo and Pennsylvanian formations. Applicant further seeks approval of the unorthodox Pennsylvanian location of said well 660 feet from the South and West lines of Section 34, Township 8 South, Range 27 East, the S/2 of said Section 34 to be dedicated to the Pennsylvanian and the SW/4 to the Abo.

CASE 7406: Application of Depco, Inc. for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through the Abo formation underlying the SE/4 of Section 23, Township 5 South, Range 24 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7407: Application of Mesa Petroleum Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Abo formation underlying the NE/4 of Section 23, Township 5 South, Range 24 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7408: Application of Doyle Hartman for directional drilling, a non-standard proration unit, an unorthodox well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill his Justis Well No. 10, the surface location of which is 1940 feet from the North line and 120 feet from the West line of Section 20, Township 25 South, Range 37 East, in such a manner as to bottom said well in the Jalmat Gas Pool at an unorthodox location 1980 feet from the North line and 330 feet from the East line of Section 19, Township 25 South, Range 37 East. Applicant further proposes to simultaneously dedicate said well and the Bettis, Boyle and Stovall Justis Well No. 1 to an 80-acre non-standard proration unit comprising the E/2 NE/4 of said Section 19.

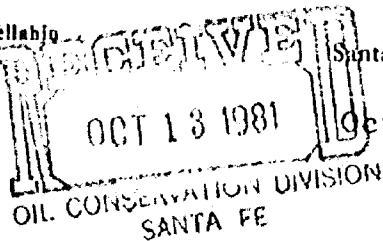
KELLAHIN and KELLAHIN

Attorneys at Law

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

500 Don Gaspar Avenue
Post Office Box 1769
Santa Fe, New Mexico 87501

Telephone 982-4285
Area Code 505



October 9, 1981

Mr. Joe D. Ramey
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

Case 7397

RE: Belco

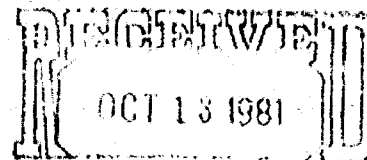
Dear Joe:

Please set the enclosed application for the examiner hearing on November 4, 1981.

Very truly yours,

W. Thomas Kellahin

WTK:jm
cc: Mr. Pat Miller



STATE OF NEW MEXICO

SANTA FE

DEPARTMENT OF ENERGY AND MINERALS

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION
OF BELCO PETROLEUM CORPORATION FOR
APPROVAL TO DOWNHOLE COMMINGLE
PRODUCTION, EDDY COUNTY NEW MEXICO.

No. 7397

A P P L I C A T I O N

COMES NOW BELCO PETROLEUM CORPORATION and applies to the Oil Conservation Division of New Mexico for approval to downhole commingle production from Atoka and Strawn formations in its Kimbley No. 1 well located in Unit G, Section 21, T23S, R28E, NMPM, Eddy County New Mexico and in support thereof would show:

1. Applicant is the operator of the Kimbley No. 1 well located in Unit G, Section 21, T23S, R28E, NMPM, Eddy County, New Mexico.
2. The subject well is capable of producing dry gas from both the Strawn and Atoka formations in the approximate amount of 60 MCF/day, per formation.
3. That commingling is necessary to increase ultimate recovery.
4. The pressure differential between the two zones is such that no crossflow will occur.
5. The ownership between the two zones is common.
6. The approval of the application will prevent waste and will not impair correlative rights.

WHEREFORE, Applicant requests that this application be set for hearing and that after notice and hearing, the application be granted as requested.

KELLAHIN & KELLAMIN

By 

W. Thomas Kellahin

P.O. Box 1769

Santa Fe, New Mexico 87501

(505) 982-4285

dr/

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. 7397

Order No. R-6815

APPLICATION OF BELCO PETROLEUM CORPORATION
FOR DOWNHOLE COMMINGLING, EDDY
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 4,
19 81, at Santa Fe, New Mexico, before Examiner Daniel S.
Nutter.

NOW, on this _____ day of November, 19 81, the
Division Director, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully
advised in the premises,

FINDS:

(1) That due public notice having been given as required
by law, the Division has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, Belco Petroleum Corporation, is
the owner and operator of the Kimbley Well No. 1,
located in Unit 6 of Section 21, Township 23 South,
Range 28 East, NMPM, Eddy County, New Mexico.

(3) That the applicant seeks authority to commingle
Atoka Shawnee and Atoka production
within the wellbore of the above-described well.

W.N.M.C.F.



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W.N.M.C.F.



BEST AVAILABLE COPY

(4) That from the Atoka zone, the subject well is capable of low marginal production only.

(5) That from the Strawn zone, the subject well is capable of low marginal production only.

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

(7) That 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.

(8) That to afford the Division the opportunity to assess the potential for waste and to expeditiously order appropriate remedial action, the operator should notify the Artesia district office of the Division any time the subject well is shut-in for 7 consecutive days.

(9) That in order to allocate the commingled production to each of the commingled zones in the subject well, 24 percent of the commingled ~~production~~ production should be allocated to the ~~Atoka~~ Strawn zone, and 76 percent of the commingled ~~production~~ production to the ~~Strawn~~ Atoka zone.

(ALTERNATE)

(9) That in order to allocate the commingled production to each of the commingled zones in the wells, applicant should consult with the supervisor of the Artesia district office of the Division and determine an allocation formula for each of the production zones.

IT IS THEREFORE ORDERED:

(1) That the applicant, Belco Petroleum Corporation, is hereby authorized to commingle Alaska SO2 and Strawn Alaska production within the wellbore of the Kimbley Well No. 1, located in Unit G of Section 21, Township 23 South, Range 28 East, NMPM, Eddy County, New Mexico.

(2) That the applicant shall consult with the Supervisor of the Artesia district office of the Division and determine an allocation formula for the allocation of production to each zone in each of the subject wells.

(ALTERNATE)

(2) That 24 percent of the commingled Strawn production shall be allocated to the Alaska SO2 zone and 76 percent of the commingled Strawn production shall be allocated to the Alaska zone.

(3) That the operator of the subject well shall immediately notify the Division's Artesia district office any time the well has been shut-in for 7 consecutive days and shall concurrently present, to the Division, a plan for remedial action.

(4) That 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.

W.N.M.C.F.



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