

CASE 5188: Appli. of CONTINENTAL
OIL CO. FOR DOWNHOLE COMMINGLING,
LEA COUNTY, NEW MEXICO.

CASE No.

5/88

Application,

Transcripts,

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 13, 1974

EXAMINER HEARING

IN THE MATTER OF:

Application of Continental Oil
Company for downhole commingling,
Los County, New Mexico.

Case No. 5188

BEFORE: Richard L. Stamets, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

William Carr, Esq.
Legal Counsel for the
Commission
State Land Office Bldg.
Santa Fe, New Mexico

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
228 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 567-0386

CASE 5188

Page.....2.....

MR. STAMETS: We will call the next Case, 5188.


MR. CARR: Case 5188. Application of Continental Oil Company for downhole commingling, Lea County, New Mexico.

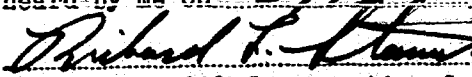
Mr. Examiner, we have received a request from the Applicant that this Case be continued until the March 27 Examiner Hearing.

MR. STAMETS: Case 5188 will be continued until the March 27th Examiner Hearing.

STATE OF NEW MEXICO)
)
COUNTY OF SANTA FE) SS.

I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.


RICHARD L. NYE, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5188, heard by me on 3/13/74, 1974.

Richard L. Nye, Examiner
New Mexico Oil Conservation Commission

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 27, 1974

EXAMINER HEARING

IN THE MATTER OF:

Application of Continental Oil Com-
pany for downhole commingling, Lea
County, New Mexico.

Case No. 5188

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission

William Carr, Esq.
Legal Counsel for the
Commission
State Land Office Bldg.
Santa Fe, New Mexico

For the Applicant:

Jason Kellahin, Esq.
Kellahin & Fox
500 Don Gaspar
Santa Fe, New Mexico

CASE 5188

Page 2

I N D E X

V.T. LYON

PAGE

Direct Examination by Mr. Kellahin
Cross Examination by Mr. Nutter

3
10

E X H I B I T S

Marked

Admitted

Continental's Exhibits Nos.
1 and 2

10

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0366

LYON-DIRECT

CASE 5188

Page.....3

MR. NUTTER: The first case, Case No. 5188.

MR. CARR: Case 5188, continued from the March 13 1974, Examiner Hearing. Application of Continental Oil Company for downhole commingling, Lea County, New Mexico.

MR. KELLAHIN: Jason Kellahin of Kellahin & Fox appearing for the Applicant. I have one witness I would like to have sworn.

(Witness sworn.)

V.T. LYON

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A V.T. Lyon.

Q By whom are you employed and in what position?

A I'm employed by Continental Oil Company as Conservation Coordinator in the Hobbs Division Office located in Hobbs, New Mexico.

Q Have you testified before the Oil Conservation Commission and made your qualifications a matter of record?

LYON-DIRECT

CASE 5188

Page 4

A Yes, I have.

MR. KELLAHIN: Are the Witness' qualifications acceptable?

MR. NUTTER: Yes, they are.

BY MR. KELLAHIN:

Q Mr. Lyon, are you familiar with the Application of Continental Oil Company in Case 5188?

A Yes, sir.

Q What is proposed by the Applicant in this case?

A Case No. 5188 is the Application of Continental Oil Company for authority to commingle in the wellbore production from the Drinkard and Blinebry pools in its Lockhard B-1 Well No. 8 located in Unit H of Section 1, Township 22 South, Range 36 East, Lea County, New Mexico.

Q Referring to what has been marked as Conoco's Exhibit No. 1 would you identify that Exhibit?

A Exhibit No. 1 is a plat showing the Lockhart B-1 Lease outlined in red and the immediately surrounding area in the ownership and location of wells, to the best of our knowledge. The Well under discussion, No. 8, is so encircled in red. The Lease consists of the S/2 N/2 and SE/4 of Section 1, Township 22 South, Range 36 East. Well No. 8 is located 1980 feet from the North, 660 feet from

the East lines of Section 1. Immediately one location to the west is Well No. 7, which is currently completed in both the Drinkard and Blinebry formations and with production commingled in the wellbore under the authority of Order No. R-4492. One location to the south is Well No. 9 which is currently testing in the Drinkard formation. There are two Eumont gas wells on the lease, No. 6 and No. 4, which is a dual completion in the Eumont and Arrowhead. The other wells on lease are Arrowhead oil well completions.

Q Referring now to what has been marked Exhibit No. 2, would you identify that Exhibit?

A Exhibit No. 2 is a copy of the pertinent sections of the compensated neutron formation density log which was run in this well. The upper section shows the Blinebry interval and perforations in it are shown by the small arrows in the center section of the log. These are essentially the same intervals which were perforated in Well No. 7. The bottom part of the log shows the Drinkard interval and the perforations in it. Again, the single-shot perforations are shown by the small arrows. The two sections at the bottom, shown by the brackets, are intervals which were perforated two shots per foot.

Q Would you discuss the history of this Well and its completion?

A The well was spudded October 9th, 1973, and drilled to a total depth of 6860. 5½-inch casing was set at total depth. The Lower Drinkard was perforated and tested for approximately 30 days and then the Upper Drinkard was perforated and treated. The entire Drinkard interval was produced for approximately 60 days and then, on February 11th, was tested for 45 barrels of oil, 27 barrels of water, 256 mcf in gas per day. A retrievable bridge plug was then set at 5810 and the Blinebry was perforated as shown on the log. The well was fraced and was tested on the pump. On the last test, which was taken March 15, the well produced 42 barrels of oil, 80 barrels of water, 385 mcf gas, and the fluid level was measured at the pump inlet, or near there, so we consider it to be a reasonably stabilized rate on test. Assuming that the Blinebry will decline at about the same rate that the Drinkard did, and this test was 13 days after the well began pumping, and the Drinkard had been tested for 60 days, we think that probably after 60 days this well would be producing in the order of 35 barrels of oil per day. Therefore, we expect the two zones together to

LYON-DIRECT

CASE 5188

Page.....7.....

produce approximately 80 barrels of oil, 100 barrels of water, and about 600 mcf of gas within 60 days after the well was placed on production on a commingled basis. The Drinkard we expect to contribute approximately 60 percent of the oil and about 40 percent of the gas, and considering the relative values, and so forth, if the Commission would prefer to have 1 percentage for both fluids for allocation purposes, we would suggest 55 percent to the Drinkard and 45 percent to the Blinebry.

Q Have you run any bottomhole pressures on this Well?

A Yes, sir. Just before plugging the Well back to open the Blinebry a bottomhole pressure survey was run on the Drinkard. After 216 hours the bottomhole pressure was measured at 1511 pounds and it was still building.

Q Which one was that?

A The Drinkard. (Continuing) The Blinebry was shut-in on March 18, and a bottomhole pressure run on it. After 72 hours the pressure was measured at 1662 pounds and it was still building.

Q Would you consider the bottomhole pressures of the two zones, then, comparable?

A Yes, I think they're very near, at least in the

same order of magnitude, and our preliminary calculations project the stabilized bottomhole pressure to be in the order of 2000 pounds, both formations.

Q What would be the advantages of commingling production in this Well?

A Well commingling of production in the well will eliminate the necessity of running additional tubular goods at considerably greater expense; it would require additional tubing string, at least, and a packer, since both zones are pumped, the short string would have to be anchored. It would have to have a dual head. Then we would be faced with inefficiencies of pumping the Well below a packer. I really doubt that there is room to install a gas-vent string in there because the casing would already be pretty crowded with two strings of tubing in it.

Q Are tubular goods scarce and hard to get today?

A Very.

Q And this would make additional tubular goods available for some other well then?

A This is true. Tubular goods we exclude from this Well can be used for other wells.

Q Now, would the two wells together produce the

LYON-DIRECT

CASE 5188

Page.....9

allowable that would be assigned to a single well?

A On the oil we do not expect the production from both zones together to equal the allowable of either zone. As to the gas, the Drinkard daily gas limit will not be exceeded; the Blinebry gas limit will probably be exceeded for a few months. After a few months we expect both the oil and gas to be below top allowable for either zone.

Q Now what about the ownership for the two different zones? Is it identical?

A Yes, sir, this is a Federal lease and the ownership is identical in both zones.

Q So correlative rights will be protected in your opinion?

A In my opinion there would be no impairment of correlative rights.

Q And in your opinion will it prevent waste, the approval of this Application?

A Down commingling will increase the ultimate recovery just by the simple economics of operating one completion as opposed to two, as well as conserving the tubular goods that would be required for a conventional dual.

MR. KELLAHIN: At this time I would like to

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

LYON-CROSS

CASE 5188

Page 10

offer into evidence Exhibits 1 and 2.

MR. NUTTER: Continental's Exhibits Nos. 1 and 2 will be admitted into evidence.

MR. KELLAHIN: That's all I have on direct examination, Mr. Nutter.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Lyon, what did the Well originally start out as, as a Drinkard Well?

A It was projected as a Drinkard and Blinebry downhole-commingled well. Due to the experience we had in No. 7 we expected that it would not be a top well.

Q This No. 7, what was it originally?

A It was projected to be a dual completion conventional, and when we had tested both zones it just appeared that there was really not enough justification to run the dual equipment.

Q Oh. What was the potential on it from each of the two zones?

A I believe it was projected in the order of 100 barrels.

Q Total production?

A Total production, yes.

Q When was this Order R-4492 issued?

A In February or March of last year.

Q About a year ago?

A Yes, sir.

Q Your test after 13 days here in the Blinebry gives you 42 barrels of oil and 385 mcf of gas which gives you a ratio of somewhere in the neighborhood of 9000 to 10,000. Is there any possibility that this Well may start producing more gas, less fluids from the Blinebry and would be classified as a Blinebry gas well? If it were a single completion, I mean?

A I don't think it would, again based on performance of the No. 7.

Q Well, of course we can't really tell about No. 7 because it's commingled with Drinkard.

A Right.

Q After 60 days the Drinkard here tested 45 barrels of oil?

A Right.

Q Now you mentioned that the bottomhole pressure on the Drinkard was 1511 and still building. That was after 72 hours?

A No, that was after 214 -- nine days.

LYON-CROSS

CASE 5188

Page 12

Q I see. Nine day's shut-in?

A Yes, sir, 216 hours.

Q And the other one was 1662 and building after 72?

A Yes, sir.

Q But you anticipate that if they were left shut-in long enough that they'd stabilize at about 2000 in both zones?

A Yes, it would appear that way.

Q What size casing do you have in this well?

A 5½ inch.

MR. NUTTER: Are there any other questions of the Witness? He may be excused.

(Whereupon, a discussion was held off the record.)

MR. NUTTER: Does anyone have anything else to offer in Case 5188? We'll take the Case under advisement.

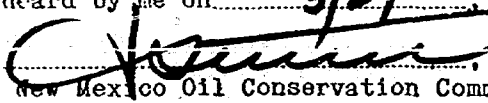
CASE 5188

Page..... 13

STATE OF NEW MEXICO)
COUNTY OF SANTA FE) SS.

I, RICHARD L. NYE, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.


RICHARD L. NYE, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5188, heard by me on 3/27, 1974.
, Examiner
New Mexico Oil Conservation Commission

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date MARCH 27, 1974 TIME: 9 A.M.

NAME	REPRESENTING	LOCATION
V. T. Lyon	Continental Oil Co	Hobbs NM
Wm. P. Aycock	Felmont Oil Corp	Midland
J. L. Moseley	Skelly Oil Co.	Midland
E. E. Blodgett	" " "	Tulsa
E. M. Scholl	Monsanto Co.	Midland
Jason Kellakin	Kellakin & Fox	Santa Fe
<i>[Signature]</i>	Jennings, Christy, Copple	Roswell
C. R. Appleborn	Wm. G. Ross	Santa Fe
Wm. G. Ross		Midland, TX
H. L. Kendrick	El Paso Natural Gas	El Paso
James H. Hinkle	Monuments & Parks	Roswell
W. J. Cooley	Humboldt Oil Co.	Farmington NM
John Cooley	Kimberly Oil Co	"
CRAIG HINRICH S	Texaco INC.	HOBBS, N.M.
L. O. Van Ryan	El Paso Natural Gas	Farmington, N.M.
Boyle Kelly	White Kels Kelly & Mc	BFE
		SF.

DAN NUTTER

Cont 1 Lockhart B-1 8

N - 1-22-36

B1 - Dr

	Arrowhead	B1	Dr
Mar	not listed	Not listed	16447863293 53
Apr	not listed	Not listed P.1	1046353-3553 34
May	575-1255 1173 18	Not listed	No prod rep.

Mar 15 42



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

I. R. TRUJILLO
CHAIRMAN
LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER
STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

July 16, 1974

Mr. Jason Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: CASE NO. 5188

ORDER NO. R-4824

Applicant:

Continental Oil Company

Dear Sir:

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

Very truly yours,

A. L. Porter, Jr.

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x
Artesia OCC _____
Aztec OCC _____

Other _____

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5188
Order No. R-4824

APPLICATION OF CONTINENTAL OIL COMPANY
FOR DOWNHOLE COMMINGLING, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 27, 1974, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 16th day of July, 1974, the Commission, a quorum being present, 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 Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Continental Oil Company, is the owner and operator of the Lockhart B-1 Well No. 8, located in Unit H of Section 1, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico.

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

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

(5) That from the Drinkard 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.

-2-

Case No. 5188
Order No. R-4824

(8) That to afford the Commission the opportunity to assess the potential for waste and to expeditiously order appropriate remedial action, the operator should notify the Hobbs district office of the Commission 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, 30 percent of the commingled oil production should be allocated to the Blinebry zone and 70 percent of the commingled oil production to the Drinkard zone and that 50 percent of the commingled gas production should be allocated to the Blinebry zone and 50 percent of the commingled gas production to the Drinkard zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, Continental Oil Company, is hereby authorized to commingle Blinebry and Drinkard oil and gas production within the wellbore of the Lockhart B-1 Well No. 8, located in Unit H of Section 1, Township 22 South, Range 36 East, Blinebry Oil and Gas Pool and Drinkard Pool, Lea County, New Mexico.

(2) That 30 percent of the commingled oil production shall be allocated to the Blinebry zone and 70 percent of the commingled oil production shall be allocated to the Drinkard zone and 50 percent of the commingled gas production shall be allocated to the Blinebry zone and 50 percent of the commingled gas production shall be allocated to the Drinkard zone.

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

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


I. R. TRUJILLO, Chairman


ALEX J. ARMIJO, Member

A. L. PORTER, Jr., Member & Secretary


dr/

Lockhead B-1 No 8

12-12-73 opened in Dr

prod 20 days in Dec total 1980 bbls 99 BPD

Jan prod 31 days from Dr

made 1428 bbls or 46 BPD

next to
11 Feb last day of Dr prod made 45 BD 27 BW 286 MCF
~~Feb 12 SI for BHP~~

Dr prod 12 days in Feb made 591 bbls or 49 BPD
SI BHP test 2/13

opened in Bl 2/27

1st prod Bl 3/1

Mar 4 Test 106 Bl

Mar 9 Test 61 Bl

Mar 15 test 42 Bl

total March prod 28 days 1644 bbls 59 BPD

April 30 days Bl prod 1066 bbls 36 BPD

May 31 days Bl prod 565 bbls 18 BPD

Vic testified 55% Dr 45% Bl allocation

Soderstrom recommends 70% Dr 30% Bl
because of rapid fall off in Bl.

Docket No. 8-74

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 27, 1974

9 A.M. - OIL CONSERVATION COMMISSION 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 5188: (Continued from the March 13, 1974, Examiner Hearing)

Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Drinkard and Blinbry production in the wellbore of its Lockhart B-1 Well No. 8 located in Unit H of Section 1, Township 22 South, Range 36 East, Lea County, New Mexico.

CASE 5194: Application of Kersey & Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Queen-Grayburg formation through one well on its Creek Lease in Section 23, Township 18 South, Range 30 East, Leo Pool, Eddy County, New Mexico.

CASE 5195: Application of J. M. Huber Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests, including those of Harry V. Allen or his devisees, underlying the E/2 of the SE/4 of Section 21, Township 12 South, Range 37 East, Southwest Gladiola-Devonian Pool, Lea County, New Mexico. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5196: Application of Kimbell Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling in the wellbore of Blanco-Mesa-verde and Basin-Dakota gas production in its Warren Federal Well No. 3 located in Unit P of Section 26 and in its Salazar Federal Well No. 3 located in Unit H of Section 27, and Otero-Gallup Oil and Basin-Dakota gas production in its Warren-Salazar Well No. 2 located in Unit M of Section 26, all in Township 25 North, Range 6 West, Rio Arriba County, New Mexico.

CASE 5197: Application of Skelly Oil Company for a waterflood project and a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Seven Rivers-Queen formation in its J. C. Johnson Well No. 4 located in Unit D of Section 20, Township 23 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico. Applicant further seeks authority to dually complete said well for water injection and for the production of gas from the Jalmat Gas Pool. Applicant also seeks an administrative procedure for said project for approval of additional injection wells without notice and hearing.

- CASE 5198: Application of Texaco Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Grayburg formation in the perforated interval from 3815 feet to 4068 feet in its V. M. Henderson Well No. 3 located in Unit H of Section 30, Township 21 South, Range 37 East, Penrose Skelly Pool, Lea County, New Mexico.
- CASE 5199: Application of Wm. G. Ross for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the Atoka-Pennsylvanian Gas Pool Rules, authority to drill a gas well 1650 feet from the South line and 660 feet from the East line of Section 10, Township 18 South, Range 26 East, Atoka-Pennsylvanian Gas Pool, Eddy County, New Mexico, the E/2 of said Section 10 to be dedicated to the well.
- CASE 5200: Application of Monsanto Company for a triple completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the triple completion (conventional) of its Wilderspin Well No. 1 located in Unit F of Section 11, Township 21 South, Range 27 East, Burton Flats Field, Eddy County, New Mexico, in such a manner as to produce gas from the Wolfcamp, Strawn, and Morrow formations through three parallel strings of tubing.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 27, 1974

9 A.M. - OIL CONSERVATION COMMISSION 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 5188: (Continued from the March 13, 1974, Examiner Hearing)

Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Drinkard and Blinebry production in the wellbore of its Lockhart B-1 Well No. 8 located in Unit H of Section 1, Township 22 South, Range 36 East, Lea County, New Mexico.

CASE 5194: Application of Kersey & Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Queen-Grayburg formation through one well on its Creek Lease in Section 23, Township 18 South, Range 30 East, Leo Pool, Eddy County, New Mexico.

CASE 5195: Application of J. M. Huber Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests, including those of Harry V. Allen or his devisees, underlying the E/2 of the SE/4 of Section 21, Township 12 South, Range 37 East, Southwest Gladiola-Devonian Pool, Lea County, New Mexico. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5196: Application of Kimbell Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling in the wellbore of Blanco-Mesa-verde and Basin-Dakota gas production in its Warren Federal Well No. 3 located in Unit P of Section 26 and in its Salazar Federal Well No. 3 located in Unit H of Section 27, and Otero-Gallup Oil and Basin-Dakota gas production in its Warren-Salazar Well No. 2 located in Unit M of Section 26, all in Township 25 North, Range 6 West, Rio Arriba County, New Mexico.

CASE 5197: Application of Skelly Oil Company for a waterflood project and a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Seven Rivers-Queen formation in its J. C. Johnson Well No. 4 located in Unit D of Section 20, Township 23 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico. Applicant further seeks authority to dually complete said well for water injection and for the production of gas from the Jalmat Gas Pool. Applicant also seeks an administrative procedure for said project for approval of additional injection wells without notice and hearing.

CASE 5198: Application of Texaco Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Grayburg formation in the perforated interval from 3815 feet to 4068 feet in its V. M. Henderson Well No. 3 located in Unit H of Section 30, Township 21 South, Range 37 East, Penrose Skelly Pool, Lea County, New Mexico.

CASE 5199: Application of Wm. G. Ross for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the Atoka-Pennsylvanian Gas Pool Rules, authority to drill a gas well 1650 feet from the South line and 660 feet from the East line of Section 10, Township 18 South, Range 26 East, Atoka-Pennsylvanian Gas Pool, Eddy County, New Mexico, the E/2 of said Section 10 to be dedicated to the well.

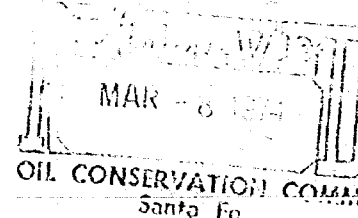
Felmont
William Aycock

CASE 5200: Application of Monsanto Company for a triple completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the triple completion (conventional) of its Wilderspin Well No. 1 located in Unit F of Section 11, Township 21 South, Range 27 East, Burton Flats Field, Eddy County, New Mexico, in such a manner as to produce gas from the Wolfcamp, Strawn, and Morrow formations through three parallel strings of tubing.



L. P. Thompson
Division Manager
Production Department
Hobbs Division
Western Hemisphere Petroleum Division

Continental Oil Company
P.O. Box 460
1001 North Turner
Hobbs, New Mexico 88240
(505) 333-4141



March 5, 1974

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention Mr. A. L. Porter, Jr., Secretary-Director

Gentlemen:

Case No. 5188 March 13, 1974 Examiner Docket

Case No. 5188 is Continental Oil Company's application for authority to commingle in the wellbore production from Blinbry and Drinkard formations in our Lockhart B-1 Well No. 8. We find that the information which we intend to introduce in evidence at that hearing will not be completed by the scheduled hearing date. It is respectfully requested that the subject case be continued to the March 27, 1974 hearing.

Yours very truly,

VTL:reh
CC:
RLA: WER: JMK

DOCKET MAILED

Date 3-14-74

Docket No. 6-74

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 13, 1974

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

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

- ALLOWABLE:**
- (1) Consideration of the allowable production of gas for April, 1974, from seventeen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico;
 - (2) Consideration of the allowable production of gas from five prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for April, 1974.

CASE 5179: Application of HNG Oil Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Dogie Draw Unit Area comprising 5,122 acres, more or less of State, Federal, and fee lands in Township 26 South, Range 36 East, Lea County, New Mexico.

CASE 5180: Application of Amoco Production Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Rock Lake Unit Area comprising 5760 acres, more or less, of State and fee lands in Township 22 South, Range 35 East, Lea County, New Mexico.

CASE 5181: Application of Amoco Production Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Trail Canyon Unit Area comprising 5758 acres, more or less, of State, Federal and fee lands in Township 24 South, Range 23 East, Eddy County, New Mexico.

CASE 5182: Application of Perry R. Bass for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 15, Township 21 South, Range 27 East, adjacent to the Burton Flats Field, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location in the W/2 of said Section 15. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

- CASE 5183:** Application of Amini Oil Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the North Vacuum Abo Pool rules, authority to drill its Pennzoil State Well No. 2 at an unorthodox location for said pool 1780 feet from the South line and 460 feet from the West line of Section 36, Township 16 South, Range 34 East, Lea County, New Mexico.
- CASE 5184:** Application of Mountain States Petroleum Corporation for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the Buffalo Valley-Pennsylvanian Pool rules, approval for an unorthodox gas well location for a well to be drilled at a point 990 feet from the South and West lines of Section 36, Township 14 South, Range 27 East, Chaves County, New Mexico.
- CASE 5185:** Application of Rice Engineering & Operating, Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Abo formation in the open-hole and perforated interval from 8442 feet to 9150 feet in its Abo SWD Well No. 2 located in Unit C of Section 2, Township 17 South, Range 36 East, Lovington Abo Pool, Lea County, New Mexico.
- CASE 5186:** Application of Amerada Hess Corporation for an unorthodox oil well location and two non-standard oil proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the Bagley Siluro-Devonian Pool rules, the formation of two non-standard proration units in Section 35, Township 11 South, Range 33 East, Lea County, New Mexico, the first being a 40-acre unit comprising the NW/4 SE/4 to be dedicated to applicant's State BTD Well No. 2, and the second being an 80-acre unit comprising the SE/4 SW/4 and the SW/4 SE/4 to be dedicated to applicant's State BTD Well No. 1, proposed to be drilled at an unorthodox location for said pool 660 feet from the South line and 1900 feet from the East line of said Section 35.
- CASE 5187:** Application of Inexco Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying Section 17, Township 21 South, Range 26 East, Eddy County, New Mexico, adjacent to the Catclaw Draw-Morrow Gas Pool, to be dedicated to a well to be drilled at a standard location for said pool. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5188: Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Drinkard and Blinebry production in the wellbore of its Lockhart B-1 Well No. 8 located in Unit II of Section 1, Township 22 South, Range 36 East, Lea County, New Mexico.

CASE 5189: Application of Craig Folsom for an unorthodox oil well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well proposed to be drilled at a point 1340 feet from the South line and 1300 feet from the East line of Section 12, Township 13 South, Range 31 East, Caprock-Queen Pool, Chaves County, New Mexico.

CASE 5190: Application of Union Oil Company of California for pool creation and special rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new Morrow gas pool for its Pipeline Deep Unit Well No. 1 located in Unit J of Section 17, Township 19 South, Range 34 East, Lea County, New Mexico, and for the promulgation of special rules therefor including a provision for 640-acre spacing.

CASE 5191: Application of Murphy Minerals Corporation for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water through two wells into the Grayburg-San Andres formation on its Gissler "B" lease in Sections 11 and 12, Township 17 South, Range 30 East, Square Lake Pool, Eddy County, New Mexico.

CASE 5192: In the matter of the application of the Oil Conservation Commission of New Mexico upon its own motion for the extension of the following pools in Lea County:

Antelope Ridge-Morrow Gas Pool
EK Yates-Seven Rivers-Queen Pool
House-San Andres Pool
Humble City-Atoka Pool
North Shoe Bar-Wolfcamp Pool
Tres Papalotes-Pennsylvanian Pool
Wantz-Granite Wash Pool

CASE 5124: (Continued from the February 13, 1974 Examiner Hearing)

Application of Belco Petroleum Corporation for compulsory pooling and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests underlying the S/2 of Section 30, Township 20 South, Range 33 East, South Salt Lake-Morrow Gas Pool, Lea County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South line and 1300 feet from the East line of said Section 30. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

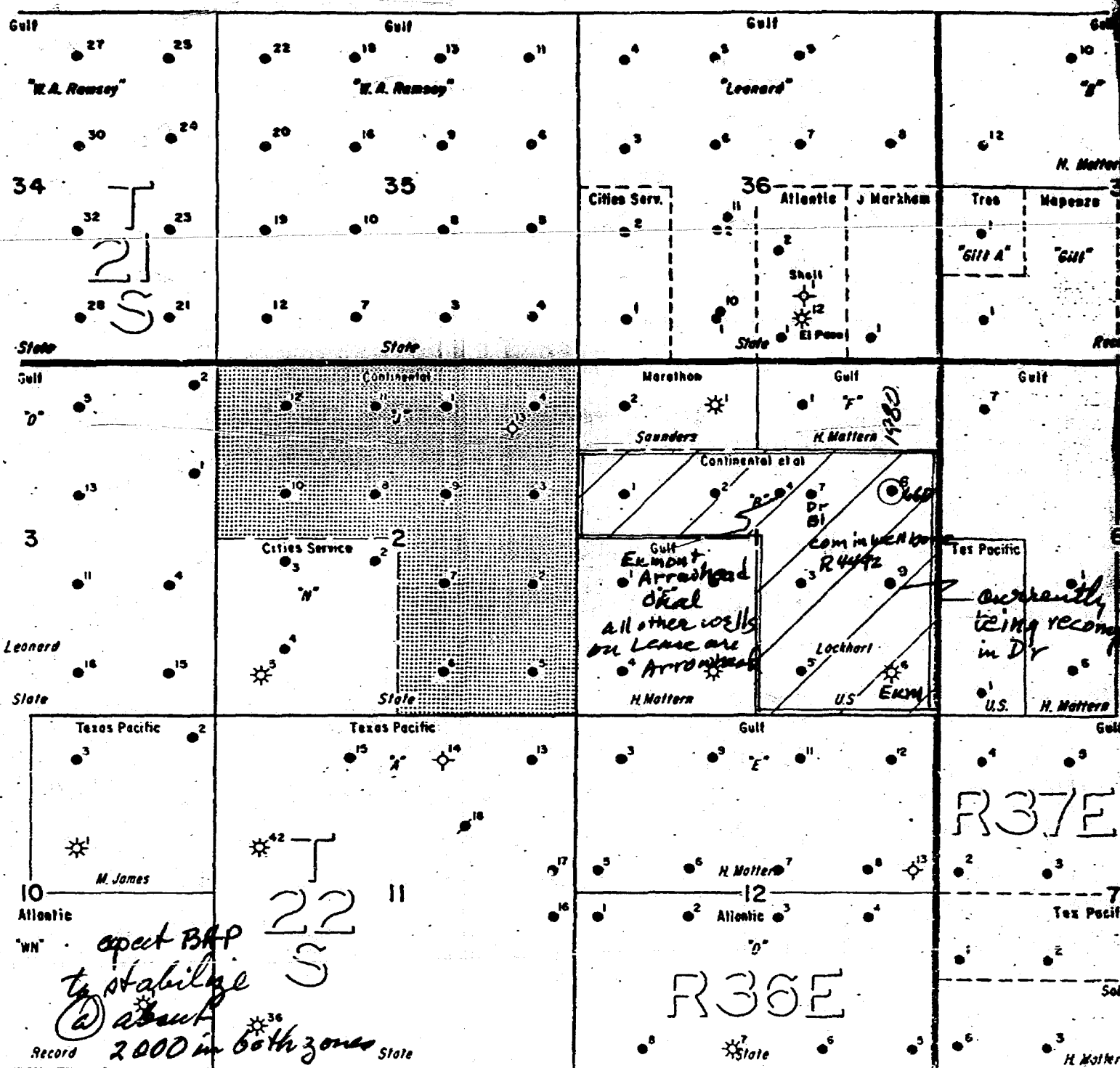
CASE 5140: (Continued from the February 13, 1974, Examiner Hearing)

Application of Pierce & Dehlinger for compulsory pooling, Vada-Pennsylvanian Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Vada-Pennsylvanian Pool underlying the NW/4 of Section 24, Township 9 South, Range 33 East, Lea County, New Mexico, to be dedicated to the King Resources Sheridan Well No. 1-A located in Unit C of said Section 24. Also to be considered is designation of the applicant as operator of the NW/4 of said Section 24 and the well located thereon, provision for allocation of actual operating costs and charges for supervision, and allocation of costs for reworking said well including a 200% charge attributable to any non-consenting working interest owner's pro rata share of said workover costs, for the risk involved in said workover.

CASE 4956: (Reopened) (Continued from the February 13, 1974, Examiner Hearing)

Application of Pierce & Dehlinger for a determination of well costs, Lea County, New Mexico. Applicant, as operator of the Sheridan Well No. 1 located in Unit M of Section 13, Township 9 South, Range 33 East, Lea County, New Mexico, to which well is dedicated the SW/4 of said Section 13, all mineral interests in the Vada-Pennsylvanian Pool thereunder having been pooled by Commission Order No. R-4560, seeks the determination of reasonable well costs attributable to applicant and to King Resources, including, but not limited to, the costs of reworking and placing said Sheridan Well No. 1 back on production and attorneys fees in connection therewith. Applicant further seeks an order assessing, as a charge for the risk involved in the reworking of the well, 120% of the pro rata share of the reasonable well costs attributable to the working interest of King Resources.

BEFORE EXAMINER NUTTER
 OIL CONSERVATION COMMISSION
Conaco EXHIBIT NO. 1
 CASE NO. 5188



H 1-22-36
 expect combined
 80 BO
 100 BW
 600 MCF
 40% oil } expect from
 40% gas } Drinkard
 or about 55% total prod from Dr & 45%



CONTINENTAL OIL COMPANY	
PRODUCTION DEPARTMENT—HOBBS DIVISION	
LEA COUNTY, NEW MEXICO	
LOCKHART B-1 LEASE	
SCALE 0 1000 2000	

CASE NO. 5188 EXHIBIT NO. 1



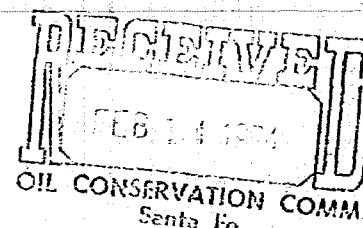
Case No. 5188

L. P. Thompson
Division Manager
Production Department
Hobbs Division

Western Hemisphere Petroleum Division
Continental Oil Company
P. O. 460
1001 North Turner
Hobbs, New Mexico 88240
(505) 393-4141

February 11, 1974

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501



Attention Mr. A. L. Porter, Jr., Secretary-Director

Gentlemen:

Application for Downhole Commingling of Blinbry and Drinkard Oil
in Lockhart B-1 Well No. 8

Forwarded herewith in triplicate is our application for permission to
commingle in the wellbore Blinbry and Drinkard production in our
Lockhart B-1 Well No. 8 located in Unit H of Section 1, T-22S, R-36E,
Lea County, New Mexico. Please set this matter for hearing on the
earliest Examiner Docket.

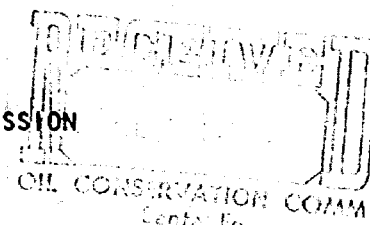
Yours very truly,

VTL:reh
CC:
RLA: WER: JWK

DOCKET MAILED

Date 2-1-74

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO



IN THE MATTER OF THE APPLICATION OF
CONTINENTAL OIL COMPANY FOR AUTHORITY
TO COMMINGLE IN THE WELLBORE PRODUCTION
FROM THE BLINEBRY AND DRINKARD POOLS
IN ITS LOCKHART B-1 WELL NO. 8
LOCATED 1980' FNL and 660' FEL OF
SECTION 1, T-22S, R-36E, LEA COUNTY
NEW MEXICO

A P P L I C A T I O N

Applicant, Continental Oil Company, hereby respectfully requests authority to commingle in the wellbore production from the Drinkard and Blinebry pools in its Lockhart B-1 Well No. 8 located 1980' FNL and 660' FEL of Section 1, T-22S, R-36E, Lea County, New Mexico and in support thereof would show:

1. Applicant is the operator and co-owner of the Lockhart B-1 Lease consisting of the S/2 N/2 and SE/4 Section 1, T-22S, R-36E, Lea County, New Mexico.
2. Applicant has drilled and completed wells on said lease in the Arrowhead, Eumont, Blinebry and Drinkard pools.
3. Applicant has drilled and tested the Blinebry and Drinkard formations in its Lockhart B-1 Well No. 8 located 1980' FNL and 660' FEL of said Section 1.
4. Production tests indicate that the two zones are incapable of producing top allowable rates produced either separately or commingled.
5. Commingling of the production in the wellbore will conserve tubular goods, and will increase the recoverable oil from the well and thus prevent waste without the impairment of correlative rights.

WHEREFORE applicant respectfully requests that this matter be set for hearing before the Commission's duly appointed Examiner and, upon hearing, an order be entered approving the commingling of Blinebry and Drinkard production in the wellbore as described above.

Respectfully submitted,
CONTINENTAL OIL COMPANY


L. P. Thompson
Division Manager

reh

DRAFT

dr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5188

APPLICATION OF CONTINENTAL OIL
FOR DOWNHOLE COMMINGLING, LEA
COUNTY, NEW MEXICO.

Order No. R-4824

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on ²⁷ March ~~13~~, 1974
at Santa Fe, New Mexico, before Examiner ~~Richard L. Stanets DSN~~.

NOW, on this ^{April} day of ~~March~~ July, 1974, the Commission,
a quorum being present, 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 Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Continental Oil Company, is the
owner and operator of the Lockhart B-1 Well No. 8, located in
Unit H of Section 1, Township 22 South, Range 36 East, NMPM,
Lea County, New Mexico.

-2-

Case No. 5188

Order No. R-

(3) That the applicant seeks authority to commingle ^{Blaine}Blaine and ^{Drinkard}Drinkard production within the wellbore of the above-described well.

(4) That from the ^{Blaine}Blaine zone, the subject well is capable of low marginal production only.

(5) That from the ^{Drinkard}Drinkard 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 Commission the opportunity to assess the potential for waste and to expeditiously order appropriate remedial action, the operator should notify the Hobbs district office of the Commission 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, 30 percent of the commingled oil production should be allocated to the ^{Blaine}Blaine zone and 70 percent of the commingled oil production to the ^{Drinkard}Drinkard zone and that 50 percent of the commingled gas production should be allocated to the ^{Blaine}Blaine zone and 50 percent of the commingled gas production to the ^{Drinkard}Drinkard zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, Continental Oil Company, is hereby authorized to commingle ^{Blaine}Blaine and ^{Drinkard}Drinkard oil and gas production within the wellbore of the Lockhart B-1 Well No. 8, located in Unit H of Section 1, Township 22 South, Range 36 East, Blaine and Drinkard Pool, Lea County, New Mexico.

-3-

Case No. 5188
Order No. R-

(2) That 30 percent of the commingled oil production shall be allocated to the ~~Drinkard~~^{Blinebry} zone and 70 percent of the commingled oil production shall be allocated to the ~~Blinebry~~^{Drinkard} zone and 50 percent of the commingled gas production shall be allocated to the ~~Drinkard~~^{Blinebry} zone and 50 percent of the commingled gas production shall be allocated to the ~~Blinebry~~^{Drinkard} zone.

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

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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