

Entered December 31, 1968
A.S.P.

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. 3932
Order No. R-3656

APPLICATION OF PAN AMERICAN PETROLEUM
CORPORATION 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 November 12, 1968, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 31st day of December, 1968, 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, Pan American Petroleum Corporation, is the owner and operator of the State "AJ" Well No. 6, located in Unit M of Section 30, Township 25 South, Range 38 East, NMPM, Lea County, New Mexico.

(3) That the subject well is presently dually completed for the production of oil from the Justis-Blinebry and Justis-Fusselman Pools through parallel strings of tubing.

(4) That the subject well is presently producing approximately 11 barrels of oil per day from the Justis-Blinebry Pool and approximately 24 barrels of oil per day from the Justis-Fusselman Pool.

-2-

CASE No. 3932

Order No. R-3656

(5) That the applicant proposes to remove the packer and one string of tubing from said well and to produce the marginal production from the subject zones through a single string of tubing.

(6) That the subject well as presently dually completed has a remaining economic life of approximately 7 years as to the Blinebry zone and approximately 3 years as to the Fusselman zone.

(7) That the Blinebry pressure at the Blinebry datum is 435 psi; that the Fusselman pressure at the Fusselman datum is 1158 psi; that whereas the Blinebry pressure extrapolated down to the Fusselman datum would be 1119 psi compared to the Fusselman pressure of 1158 psi, the Fusselman pressure extrapolated back to the Blinebry datum is 556 psi compared to the Blinebry pressure of 435 psi.

(8) That said pressure differential of 556 psi compared to 435 psi could result in the migration of fluids from the Fusselman formation into the Blinebry formation; that said migration of fluids could result in damage to the reservoirs and the waste of oil which has so migrated but is not subsequently recovered; or to further waste as the result of inefficient reservoir operation because of erroneous reservoir statistics and evaluation.

(9) That the Blinebry and Fusselman zones in the subject well should remain separated by a packer.

(10) That the applicant's request to remove the packer in the subject well and to commingle the production from the Blinebry and Fusselman zones in the well-bore should be denied.

(11) That the applicant has experienced mechanical and economic difficulties in producing the Fusselman zone in the subject well as the well is presently completed.

(12) That the installation of a dual-flow downhole choke assembly in the subject well should enable the applicant to avoid much of the mechanical and economic difficulties encountered in producing the Fusselman zone in the well.

(13) That installation of a dual-flow downhole choke assembly may substantially extend the productive lives of each of the subject zones in the subject well.

(14) That the applicant should be authorized to produce and to commingle in a single string of tubing the marginal oil production from the aforesaid pools in the subject well by means of a dual-flow downhole choke assembly without first measuring the production from each zone.

(15) That production tests of either the Blinebry or Fusselman zones in the subject well should be conducted annually and the productivity of each zone established; provided, however, that the Secretary-Director of the Commission may authorize biennial production tests if he determines, on the basis of previous tests, that a stabilized rate of decline and production has been achieved in each zone, and that annual tests are no longer necessary to accurately determine and allocate production from each zone.

IT IS THEREFORE ORDERED:

(1) That the request of Pan American Petroleum Corporation to remove the packer and one string of tubing from its State "AJ" Well No. 6, located in Unit M of Section 30, Township 25 South, Range 38 East, NMPM, Lea County, New Mexico, and to commingle in the well-bore of the subject well the production from the Justis-Blinebry and Justis-Fusselman Pools should be denied.

(2) That the applicant, Pan American Petroleum Corporation, is hereby authorized to complete its State "AJ" Well No. 6, located in Unit M of Section 30, Township 25 South, Range 38 East, NMPM, Lea County, New Mexico, in such a manner as to produce oil from the Justis-Blinebry Pool through perforations from 5172 feet to 5330 feet and from the Justis-Fusselman Pool through perforations from 6862 feet to 6954 feet, commingling the production from each of said zones in a single string of tubing by means of a dual-flow downhole choke assembly, with said zones separated by a packer;

PROVIDED HOWEVER, that said commingling shall continue only so long as the commingled producing capacity does not exceed the top unit allowable for either of the zones in the subject well.

(3) That Rule 112-A of the Commission Rules and Regulations shall apply insofar as said rule is not inconsistent with this order.

(4) That allocation of production to the Blinebry and Fusselman zones shall be by the subtraction method based upon

-4-

CASE No. 3932

Order No. R-3656

production tests of the commingled Blinebry-Fusselman and either the Blinebry or Fusselman zones at stabilized production rates.

(5) That communication tests shall be conducted upon installation of the dual-flow downhole choke assembly.

(6) That production tests of the combined zones and of either the Blinebry or Fusselman zone shall be conducted annually and the productivity of each zone thus established.

(7) That a communication test shall be conducted annually.

(8) That the operator of the well shall notify the District Supervisor, Oil Conservation Commission, Hobbs, New Mexico, of the date and time production tests are to be conducted and shall furnish a complete report of such tests to the Commission's Hobbs District Office.

(9) That the Secretary-Director may authorize biennial production tests if he determines, on the basis of previous tests, that a stabilized rate of decline and production has been achieved in each zone, and that annual tests are no longer necessary to accurately determine and allocate production from each zone.


(10) 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

DAVID F. CARGO, Chairman


GUYTON B. HAYS, Member


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

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