

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 9408
ORDER NO. R-8731

APPLICATION OF J.R. CONE FOR
DETERMINATION OF PERMANENT ALLOCATION
OF DOWNHOLE COMMINGLED PRODUCTION AND
FOR THE AMENDMENT OF DIVISION
ADMINISTRATIVE ORDER DHC-473, LEA
COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 8, 1988, at Santa Fe, New Mexico, before Alternate Examiner Michael E. Stogner.

NOW, on this 6th day of September, 1988, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) The applicant, J.R. Cone, seeks to amend Administrative Order DHC-473, dated June 27, 1984, by determining the permanent allocation of production from the Blinbry, Tubb and Drinkard Pools and for the adjustment of said production allocation retroactive to August 16, 1984 for its Eubanks Well No. 2 located 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 14, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) On June 28, 1977 Division Order No. R-4581 was issued authorizing the downhole commingling of the Tubb and Blinbry Pools in the referenced wellbore.

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(4) On June 27, 1984 Administrative Order DHC-473 was issued covering the referenced well approving the downhole commingling of the Blinebry, Tubb and Drinkard Pools in this well and assigning a temporary allocation of production as follows:

	<u>OIL</u>	<u>GAS</u>
Blinebry Pool	33%	54%
Tubb Pool	17%	40%
Drinkard Pool	50%	6%

(5) This temporary allocation was in error, in that it neglected the relationship between the Blinebry and Tubb allocations provided for in Order No. R-5481, and did not accurately reflect the actual production from each zone. It also failed to consider the last Drinkard production from this well.

(6) The temporary allocation under Order DHC-473 in effect from June 27, 1984 until January 1985 should have been:

	<u>OIL</u>	<u>GAS</u>
Blinebry Pool	35.5%	37%
Tubb Pool	14.5%	27%
Drinkard Pool	50%	36%

(7) By January 1, 1985 production from the three commingled zones had stabilized and the permanent allocation of production from the well since that date should be as follows:

	<u>OIL</u>	<u>GAS</u>
Blinebry Pool	24%	25%
Tubb Pool	10%	18%
Drinkard Pool	66%	57%

(8) As a result of this erroneous allocation of production from the well as of January 1, the Blinebry production has been overallocated by 89,121 MCF of gas; the Tubb production by 55,837 MCF of gas; and the Drinkard was underallocated with 144,958 MCF of gas.

(9) The 144,958 MCF of gas erroneously undercharged to the Drinkard Pool should have been allocated so that 89,121 MCF less was charged to the Blinebry and 55,837 MCF less was charged to the Tubb Pool.

(10) The allocation of production from the well should be reallocated and balanced on an annual basis as shown on Exhibit "A" attached hereto and incorporated by reference herein.

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(11) It creates an unreasonable expense and risk to attempt to separate each of the commingled zones in order to arrive at a current ratio of production among the three pools.

(12) The adoption of a reallocation formula as shown on Exhibit "A" is in the best interests of conservation, the protection of correlative rights and the prevention of waste.

IT IS THEREFORE ORDERED THAT:

(1) The allocation of the downhole commingled production from the Blinebry, Tubb and Drinkard Pools from the J.R. Cone Eubanks Well No. 2 located 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 14, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico shall be as follows:

- (a) For the period from June 27, 1984 to January 1, 1985, Division Administrative Order DHC-473 is hereby corrected as follows:

	<u>OIL</u>	<u>GAS</u>
Blinebry Pool	35.5%	37%
Tubb Pool	14.5%	27%
Drinkard Pool	50%	36%

- (b) From January 1, 1985 forward a permanent allocation is hereby adopted as follows:

	<u>OIL</u>	<u>GAS</u>
Blinebry Pool	24%	25%
Tubb Pool	10%	18%
Drinkard Pool	66%	57%

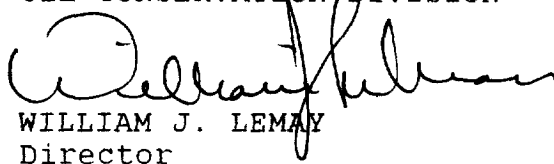
(2) Any pipeline purchaser from this well for the period involved shall submit to the Division revised Division Forms C-111 correcting the allocation as set forth in Exhibit "A" attached hereto and made a part hereof.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L

EXHIBIT "A"
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J.R. Cone Eubanks Well No. 2
Downhole Commingled Production Allocation

	<u>R-5841</u>		<u>TEMPORARY DHC-473</u>		<u>CORRECT TEMPORARY DHC-473</u>		<u>PERMANENT AS OF 7/1/88</u>	
	<u>OIL</u>	<u>GAS</u>	<u>OIL</u>	<u>GAS</u>	<u>OIL</u>	<u>GAS</u>	<u>OIL</u>	<u>GAS</u>
Blinebry Pool	71%	58%	33%	54%	35.5%	37%	24%	25%
Tubb Pool	29%	42%	17%	40%	14.5%	27%	10%	18%
Drinkard Pool	0%	0%	50%	6%	50.0%	36%	66%	57%

	<u>Allocation per DHC-473</u>		<u>Allocated Per Correct DHC-473 to 1/1/85 then Perm Allocation</u>		<u>Net Correction</u>	
	<u>OIL</u>	<u>GAS</u>	<u>OIL</u>	<u>GAS</u>	<u>OIL</u>	<u>GAS</u>
			*	*		
Blinebry	33%	54%	35.5% - 24%	37% - 25%		
Tubb	17%	40%	14.5 - 10%	27% - 18%		
Drinkard	50%	6%	50.0% - 66%	36% - 57%		
<u>1984</u>						
Blinebry	404	6,804	434	4,662	30	(2,142)
Tubb	208	5,040	177	3,402	(31)	(1,638)
Drinkard	611	756	612	4,536	1	3,780
Total	1,223	12,600	1,223	12,600	-0-	-0-
<u>1985</u>						
Blinebry	1,421	39,376	1,033	18,230	(388)	(21,146)
Tubb	732	29,168	431	13,125	(301)	(16,043)
Drinkard	2,153	4,375	2,842	41,564	689	37,189
Total	4,306	72,919	4,306	72,919	-0-	-0-
<u>1986</u>						
Blinebry	1,148	39,627	835	18,346	(313)	(21,281)
Tubb	592	29,353	348	13,209	(244)	(16,144)
Drinkard	1,740	4,403	2,297	41,828	557	37,425
Total	3,480	73,383	3,480	73,383	-0-	-0-
<u>1987</u>						
Blinebry	1,078	54,028	784	25,013	(294)	(29,015)
Tubb	556	40,021	327	18,009	(229)	(22,012)
Drinkard	1,634	6,003	2,157	57,030	523	51,027
Total	3,268	100,052	3,268	100,052	-0-	-0-
<u>Total</u>						
Blinebry	4,051	139,835	3,086	66,251	(965)	(73,584)
Tubb	2,088	103,582	1,283	47,745	(805)	(55,837)
Drinkard	6,138	15,537	7,908	144,958	1,770	129,421
<u>TOTAL</u>	12,277	258,954	12,277	258,954	-0-	-0-

Allocation for purpose of allowable (gas) 9/1/84 - 1/1/88

Blinebry	155,372	66,251	(89,121)
Tubb	103,582	47,745	(55,837)
Drinkard	-0-	144,958	144,958
Total	258,954	258,954	-0-

* NOTE: Correct temp. allocation 9/1/84 - 1/1/85, thereafter perm. DHC-473 allocation