

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. 9922
Order No. R-9182

APPLICATION OF HEAFITZ ENERGY
MANAGEMENT INC. FOR DOWNHOLE
COMMINGLING, LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on May 2, 1990, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 30th day of May, 1990, 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, Heafitz Energy Management Inc., seeks approval to commingle gas production from the Arena Roja-Pennsylvanian Gas Pool and Wildcat Siluro-Devonian Pool within the wellbore of the Falcon Engineering Company Inc. Mexico "P" Federal Well No. 1 located 1980 feet from the North and West lines (Unit F) of Section 21, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico.

(3) The subject well was originally drilled in 1968, was completed in the Arena Roja-Pennsylvanian Gas Pool in January, 1969, and has produced from said pool to the present time.

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(4) The applicant has recently perforated and tested the Siluro-Devonian formation within the subject well and has encountered commercial gas production from said formation.

(5) Testimony by the applicant indicates that the remaining gas reserves within the Arena Roja-Pennsylvanian Gas Pool do not economically justify the installation of dual production and separation equipment.

(6) The proposed downhole mechanical configuration, according to evidence presented, is such that cross flow between the Atoka and Siluro-Devonian formations should not occur within the subject well thereby assuring that waste or formation damage is precluded.

(7) The subject well is located within the applicant's Tres Amigos Unit Area, approved by Division Order No. R-9021 on October 19, 1989.

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

(9) Approval of the proposed downhole commingling will result in the recovery of additional gas reserves from the Arena Roja-Pennsylvanian Gas Pool, thereby preventing waste, and will not violate correlative rights.

(10) The applicant should consult with the supervisor of the Hobbs district office of the Division in order to determine an allocation formula for the allocation of production to each zone in the subject well.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Heafitz Energy Management Inc, is hereby authorized to commingle the Arena Roja-Pennsylvanian Gas Pool and Wildcat Siluro-Devonian Gas Pool production within the wellbore of its Falcon Engineering Company Inc. Mexico "P" Federal Well No. 1 located 1980 feet from the North and West lines (Unit F) of Section 21, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico.

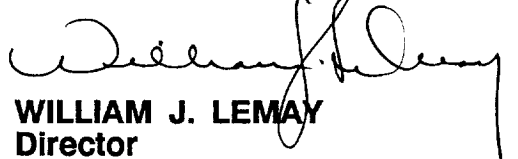
(2) The applicant shall consult with the supervisor of the Hobbs district office of the Division in order to determine an allocation formula for the allocation of production to each zone in the subject well.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

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