

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. 10879
Order No. R-10033

APPLICATION OF TEXACO EXPLORATION AND
PRODUCTION INC. FOR AN EXCEPTION TO
DIVISION GENERAL RULE 303-A TO PERMIT
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 December 2, 1993, at Santa Fe, New Mexico, before Examiner Jim Morrow.

NOW, on this 10th day of December, 1993, 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, Texaco Exploration and Production, Inc. (Texaco), seeks approval to downhole commingle Jalmat and Langlie Mattix oil production within seven certain wells (two existing and five to be drilled) in its Cooper Jal Unit located in Sections 13 and 24, Township

to downhole commingle Jalmat and Langlie Mattix oil production within seven certain wells (two existing and five to be drilled) in its Cooper Jal Unit located in Sections 13 and 24, Township 24 South, Range 36 East and Section 19, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico. Locations for the seven wells are shown in Exhibit "A" attached.

(3) Offset operators were notified of Texaco's application as required by Division General Rules.

(4) Waterflood operations have been conducted on the Cooper Jal Unit since the early 1970's. Applicant recently received Division approval to redevelop the flood and apply for Enhanced Oil Recovery Act tax credit (Division Order R-9983).

(5) Ownership (both working interest and royalty interest) of the Jalmat and Langlie Mattix zones is common throughout the Cooper Jal Unit.

(6) The Jalmat Pool produces from the Tansill and Yates formations and the upper portion of the Seven Rivers. The Langlie Mattix produces from the lower portion of the Seven Rivers formation and the Queen.

(7) Waterflood operations for the Jalmat and Langlie Mattix intervals utilize common surface production and injection facilities. Both zones are commingled and open to injection in several injection wells. Texaco plans to equip the remaining injection wells in this manner as they redevelop the project.

(8) Fifteen producing wells in the flood are currently producing with downhole commingling of the Jalmat and Langlie Mattix intervals.

(9) Bottomhole pressure information submitted by the applicant indicates that pressure is approximately 450 psia in the lower formation (Langlie Mattix) and approximately 380 psia in the upper (Jalmat).

(10) No cross flow between formations is expected to occur due to the nearly equal bottomhole pressures and applicant's intent to keep all producing wells pumped down.

(11) No compatibility problems have been encountered and none are expected from mixing waters from the two producing intervals.

(12) Texaco proposes to allocate production in each well as follows:

- (a) Obtain a stabilized Jalmat test prior to commingling.
- (b) Obtain a stabilized test of both zones after commingling.
- (c) Calculate an allocation percentage for oil and a separate allocation percentage for gas for each well based on the above tests.

(13) Texaco's witness testified that they cannot economically justify the drilling of the five wells proposed in this application if downhole commingling is not authorized. The wells are needed to improve ultimate recovery of the project.

(14) No interested party appeared at the hearing and objected to the application.

(15) Approval of this application for downhole commingling will prevent waste and will not harm correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Texaco, is hereby authorized to downhole commingle Jalmat and Langlie Mattix oil and gas production within seven wells in its Cooper Jal Unit located in Sections 13 and 24, Township 24 South, Range 36 East and Section 19, Township 24 South, Range 37 East, NMPM, Lea County, New Mexico. Locations for the seven wells are shown in Exhibit "A" attached.

(2) Allocation of commingled production for each well shall be determined using the method set out in Finding Paragraph (12) of this order.

(3) The applicant shall notify the Supervisor of the Hobbs district office prior to conducting the tests to be used in calculating allocation percentages. Complete results of all such tests shall be submitted to both the Hobbs district office and the Division office in Santa Fe.

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

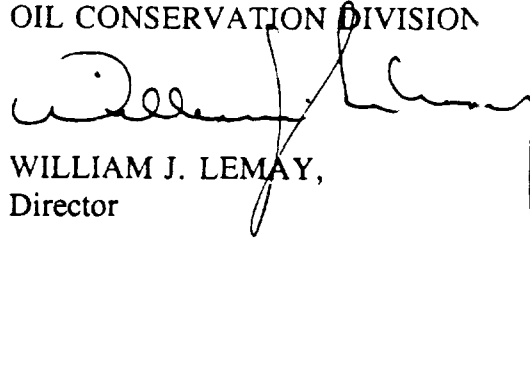
-4-

Case No. 10879

Order No. R-10033

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read 'William J. Lemay', is written over the printed name. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

WILLIAM J. LEMAY,
Director

S E A L

dr/

TEXACO
COOPER JAL UNIT
LEA COUNTY, NEW MEXICO

PROPOSED DOWNHOLE COMMINGLING WELL LOCATIONS

| <u>EXISTING WELLS</u> | <u>LOCATION</u> |
|---------------------------|--|
| No. 113 | 330' FSL and 2310' FWL (Unit M) of Sec. 13 |
| No. 208 | 2310' FNL and 1650' FWL (Unit F) of Sec. 19 |
| <u>PROPOSED WELLS</u> | |
| No. 401 | 2400' FSL and 1130' FWL (Unit L) of Sec. 19, |
| No. 402 | 2150' FSL and 50' FWL (Unit L) of Sec. 19, |
| No. 403 | 150' FNL and 100' FWL (Unit D) of Sec. 19, |
| No. 404 | 510' FNL and 2310' FEL (Unit B) of Sec. 24, |
| No. 405 | 1055' FSL and 1385' FWL (Unit N) of Sec. 19. |

EXHIBIT "A"
Case No. 10879
Order No. R-10033