

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. 9963
ORDER NO. R-9285

APPLICATION OF STEVENS & TULL, 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 June 13, 1990, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 19th day of September, 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) At the time of the hearing this case was consolidated with Division Case No. 9962 for the purpose of testimony.
- (3) The applicant, Stevens & Tull, Inc., is the owner and operator of the "DK" Lease covering the E/2 of Section 25, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico.
- (4) The applicant seeks blanket authority to commingle either Undesignated Blinebry Oil and Gas Pool or Undesignated Terry-Blinebry Pool, Undesignated Warren-Tubb Gas Pool, either Undesignated East Warren-Drinkard Pool or Undesignated DK-Drinkard Pool, and Undesignated DK-Abo Pool production within the wellbores of any wells currently completed and all wells to be drilled on said lease.

(5) There are currently three producing DK-Abo oil wells within the E/2 of said Section 25 and all three are marginal producers.

(6) Within this general area, there are several wells currently commingling production downhole from these four zones in various combinations.

(7) Evidence presented at the hearing indicates that other wells within this general area are capable of low marginal production from all four zones.

(8) The proposed commingling may result in the recovery of additional hydrocarbons from each of the subject pools, thereby preventing waste and protecting correlative rights.

(9) The reservoir characteristics of each of the subject zones are such that underground waste would not be caused by the proposed commingling provided that any well therein is not shut-in for an extended period of time.

(10) No offsetting operators appeared at the hearing to object to this application.

(11) Provision should be made whereby the applicant would consult with the supervisor of the Hobbs district office of the Division and determine an allocation formula for the allocation of production to each zone in each well commingled pursuant to this order.

(12) The operator of any well so commingled should immediately notify the Division's Hobbs district office any time any such well commingled under terms of this order has been shut-in for seven consecutive days and should concurrently present to the Division a plan for remedial action.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Stevens & Tull, Inc., is hereby authorized to commingle either Undesignated Blinebry Oil and Gas Pool or Undesignated Terry-Blinebry Pool, Undesignated Warren-Tubb Gas Pool, either Undesignated East Warren-Drinkard Pool or Undesignated DK-Drinkard Pool, and Undesignated DK-Abo Pool production within the wellbores of all producing wells and all wells to be drilled on its DK Lease underlying the E/2 of Section 25, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico.

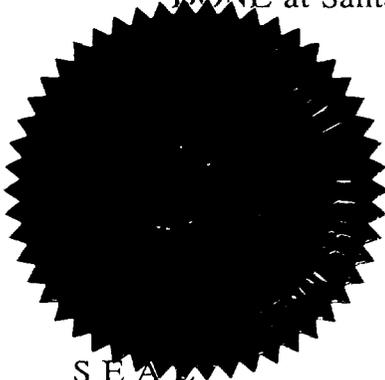
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(2) The applicant shall consult with the supervisor of the Hobbs district office of the Division and determine an allocation formula for the allocation of production to each zone in each of the subject wells.

(3) The operator of the subject wells shall notify the Division's Hobbs district office any time any of the subject wells have been shut-in for seven consecutive days and shall concurrently present to the Division a plan for remedial action.

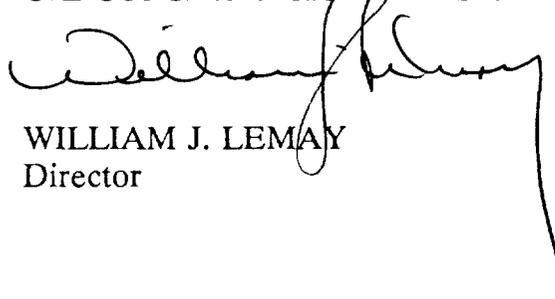
(4) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read 'William J. Lemay', written over the printed name and title.

WILLIAM J. LEMAY
Director