

Shell Western E&P Inc.

A Subsidiary of Shell Oil Company



P.O. Box 576
Houston, TX 77001

June 1, 1987

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87504-2088

Gentlemen:

SUBJECT: APPLICATION TO DOWNHOLE COMMINGLE
SHELL - STATE B NO. 5
660' FNL AND 660' FWL, UNIT LETTER "D"
SECTION 33, T18S, R38E
HOBBS DRINKARD AND HOBBS BLINEBRY OIL AND GAS POOLS
LEA COUNTY, NEW MEXICO

Pursuant to the provisions of Rule 303-C, Shell Western E&P Inc. (SWEPI) respectfully requests administrative approval to commingle production within the wellbore from the Drinkard and Blinebry Oil and Gas Pools for the subject well.

State B No. 5 was drilled and completed in 1969 as a Blinebry producer following abandonment of the Drinkard. The Blinebry zone was abandoned in September of 1974 and the well recompleted to the Paddock formation. It produced from the Paddock until December of 1986 when the well was shut-in due to uneconomic rates. With the indicated marginal production, installation of dual equipment cannot be justified. In the interest of conservation and prevention of waste, we now propose to squeeze the Paddock and reopen the Blinebry and Drinkard.

This well qualifies for administrative approval in accordance with State-wide Rule 303-C; and in support thereof, the following facts are submitted:

1. The attached plat indicates the State B lease.
2. The latest tests are as follows:
Blinebry: (5-27-87) 3 BO + 55 BW + 11 MCFG
Drinkard: (5-27-87) 6 BO + 10 BW + 99 MCFG
3. Neither zone produces more water than the combined oil limit as determined in Rule 303-C, Section 1, paragraph (1).
4. SWEPI has commingled these fluids at the surface on the subject lease and has encountered no incompatibility problems; therefore, downhole commingling is not expected to result in reservoir damage (surface commingling authority: PLC 31)

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5. Surface commingling resulted in no reduction of oil value; therefore, downhole commingling will not reduce oil value.
6. Ownership of the two pools to be commingled is common and correlative rights will not be violated.
7. The bottom-hole pressures at common datum of 6661' are:

<u>Blinebry:</u>	727.7 psig (24 hrs SI)
<u>Drinkard:</u>	851 psig (24 hrs SI)

We do not anticipate crossflow of fluids since the well will be maintained at pumped off conditions.

8. Commingling will not jeopardize the efficiency of future secondary operations in either zone.
9. Recommended oil and gas allotments would be as follows:

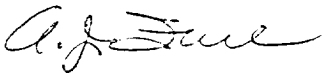
<u>Blinebry</u>		<u>Drinkard</u>
30%	Oil	70%
10%	Gas	90%

10. Copies of this application have been furnished to all offset operators.

Other supporting data attached are resume of the well's history, C-116 for each zone, a schematic of the present and proposed downhole configuration, and a production decline curve of the Blinebry zone.

If additional information is required, please advise.

Yours very truly,



A. J. Fore
 Supervisor Regulatory and Permitting
 Production Administration
 Western Division

JMW:TS

Attachments

cc: State of New Mexico
 Energy and Minerals Department
 Oil Conservation Division
 P. O. Box 1980
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