

Case Number  
4732

Application

Transcripts

Small Exhibits

ETC.

2/22/84

Talked with Danny  
Powell. Hold!

may require a hearing  
or the commingling  
may be disallowed  
because of additional  
production from additional  
opened pay zones

WPP

J1  
HO

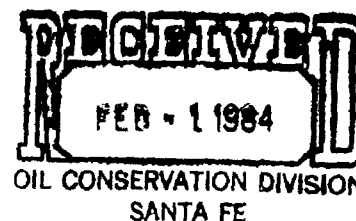
Wed - Jerry called (he'll be  
away this  
Conoco notified <sup>afternoon</sup>  
us - it has happened

Joe had let  
the way  
in the  
past  
before + Jerry doesn't  
think we need to do  
anything about being over  
the allowable - they'll be  
down again in a  
month or so



Mark K. Mosley  
Division Manager  
Production Department  
Hobbs Division  
North American Production

Conoco Inc.  
P.O. Box 460  
726 E. Michigan  
Hobbs, NM 88240  
(505) 393-4141



January 27, 1984

New Mexico Oil Conservation Division  
P. O. Box 2088  
Santa Fe, NM 87501

Gentlemen:

The Skaggs B No. 5, Unit C, Section 12-20S-37E, is downhole commingled in the Skaggs Drinkard, East Weir Blinebry, and Skaggs Glorieta pools under the authority of DHC Order R-4364. Conoco requests that this order be amended to revise the percentages for allocating production to each zone.

In September 1983, work was completed to open additional pay in the well. At the time this work was done, our swab tests in the individual zones indicated that the allocation percentages should be as follows:

|                    | <u>OIL</u> | <u>GAS</u> |
|--------------------|------------|------------|
| Skaggs Drinkard    | 60%        | 75%        |
| East Weir Blinebry | 30%        | 12.5%      |
| Skaggs Glorieta    | 10%        | 12.5%      |

Attached is a tabulation of the swab tests from which the above percentages were calculated. The gas percentages are based on estimates of production while swabbing.

If you have further questions, please contact Danny Powell of this office. Thank you for your assistance in this matter.

Yours very truly,

DDP:cyp  
Enc.

*Making 48 BOPD as of 2/24/84*

SKAGGS B No. 5  
September, 1983 Swab Tests

|                        |   |
|------------------------|---|
| Lower Drinkard: 9-2-83 | 40 BF/5 hrs<br>(last hr 4.5 BF/20% oil) = .9 BOPH    3.6 BWPH |
| Upper Drinkard: 9-8-83 | 51 BF/6 hrs<br>(last hr 7 BF/30% oil) = 2.1 BOPH    4.9 BWPH  |
| Blinebry: 9-9-83       | 60 BF/6 hrs<br>(last hr 3 BF/50% oil) = 1.5 BOPH    1.5 BWPH  |
| Glorieta: 9-11-83      | 41 BF/7 hrs<br>(last hr 1 BF/80% oil) = .8 BOPH    .2 BWPH    |

|          | <u>BOPH</u> | <u>%</u> | <u>BWPH</u> | <u>%</u> |
|----------|-------------|----------|-------------|----------|
| Drinkard | 3.0         | 60       | 8.5         | 80       |
| Blinebry | 1.5         | 30       | 1.5         | 15       |
| Glorieta | <u>0.8</u>  | 10       | <u>0.2</u>  | 5        |
|          | 5.3         |          | 10.2        |          |



JIM BACA  
COMMISSIONER



Commissioner of Public Lands  
July 11, 1983

P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

Conoco, Inc.  
P. O. Box 460  
Hobbs, New Mexico 88240

Re: Application for Permission to  
Downhole Commingle Vacum Abo,  
and Vacum Wolfcamp Zones in  
State H-35 Well No. 9  
Lea County, New Mexico

ATTENTION: Mr. Mark K. Mosley

Gentlemen:

Reference is made to your letter dated June 16, 1983 wherein you have requested approval to allow downhole commingling of the Vacum Abo, North and Vacum Wolfcamp Zones in the State H-35 No. 9 Well.

You are hereby given approval to the above request. Any deviation from your proposed request will be reason to cancel our approval. This approval is subject to like approval and all requirements of the New Mexico Oil Conservation Division.

Your filing fee in the amount of Ten (\$10.00) Dollars has been received.

Very truly yours,

JIM BACA  
COMMISSIONER OF PUBLIC LANDS

BY:  
RAY D. GRAHAM, Director  
Oil and Gas Division  
AC 505/827-5744

JB/RDG/pm  
encls.

cc: OCD-Santa Fe, New Mexico  
OGAD-Santa Fe, New Mexico  
State of New Mexico Lease No. B-3196

State of New Mexico



JIM BACA  
COMMISSIONER



Commissioner of Public Lands

September 13, 1983

P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

Conoco Inc.  
P. O. Box 460  
Hobbs, New Mexico 88240

Re: Application for Permission to  
Downhole Commingle Tubb and Drinkard  
pools in State 10 Well No. 3  
Lea County, New Mexico

ATTENTION: Mr. Mark K. Mosley

Gentlemen:

Reference is made to your letter dated August 24, 1983, wherein you have requested approval to allow downhole commingling of the Tubb and Drinkard pools in the State 10 Well No. 3, located 990' FNL and 840' FWL of Section 10, Township 21 South, Range 37 East.

You are hereby given approval to the above request. Any deviation from your proposed request will be reason to cancel our approval. This approval is subject to like approval and all requirements of the New Mexico Oil Conservation Division.

Please remit a Ten (\$10.00) Dollar filing fee.

Very truly yours,

JIM BACA  
COMMISSIONER OF PUBLIC LANDS

BY:  
FLOYD O. PRANDO, Assistant Director  
Oil and Gas Division  
AC 505/827-5744

JB/FOP/pm  
encls.  
cc:

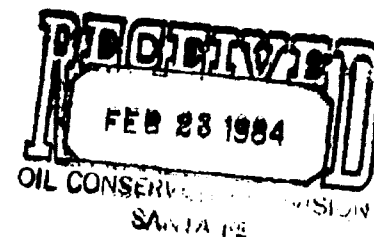
OCD-Santa Fe, New Mexico  
OGAD-Santa Fe, New Mexico  
State of New Mexico Lease No. B-11349



Mark K. Mosley  
Division Manager  
Production Department  
Hobbs Division  
North American Production

Conoco Inc.  
P.O. Box 460  
726 E. Michigan  
Hobbs, NM 88240  
(505) 393-4141

February 14, 1984



New Mexico Oil Conservation Division  
P. O. Box 1980  
Hobbs, NM 88240

Attention: Jerry Sexton

Gentlemen:

By NMOCD order R-4364 dated September 6, 1972, our Skaggs B No. 5 well, Unit C, Section 12, T-20S, R-37E was downhole commingled in the Weir Blinebry East, Skaggs Drinkard and Skaggs Glorieta pools. In September 1983, in the Skaggs Drinkard pool the existing lower Drinkard perforations were acidized and new perforations were opened, acidized and fractured in the Upper Drinkard. We opened new perforations in the lower Skaggs Glorieta and acidized both old and new perforations. The Blinebry perforations were acidized.

After completing this work the well tested 48 BO, 52 BW and 241 MCF in 24 hrs on 11-10-83. In a more recent test on February 8, 1984 it tested 46 BO, 44 BW and 186 MCF. The allowable for this depth (6000' - 6999') is 40 BOPD for downhole commingled wells. Since it is anticipated that production will be declining somewhat, approval is requested to continue producing this well as downhole commingled.

Your assistance in this matter will be very greatly appreciated.

Yours very truly,

MMS:cyp

cc: Joe Ramey - NMOCD - Santa Fe





STATE OF NEW MEXICO  
**ENERGY AND MINERALS DEPARTMENT**  
OIL CONSERVATION DIVISION

TONY ANAYA  
GOVERNOR

POST OFFICE BOX 2088  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO 87501  
(505) 827-5800

February 29, 1984

Conoco Inc.  
P.O. Box 460  
726 E. Michigan  
Hobbs, New Mexico 88240

Attention: Mark K. Mosley

Re: Order R-4364  
Downhole Commingling  
Production Allocation  
Percentage Changes

Dear Mr. Mosley:

Your request for a change in the allocation of production percentages for the Skaggs Drinkard, East Weir Blinebry and the Skaggs Glorieta Pools, is hereby granted approval.

The following production allocation percentages are hereby in effect and should replace the current percentages:

| <u>POOL</u>        | <u>NEW ALLOCATION PERCENTAGES</u> |            |
|--------------------|-----------------------------------|------------|
|                    | <u>OIL</u>                        | <u>GAS</u> |
| Skaggs Drinkard    | 60%                               | 75%        |
| East Weir Blinebry | 30%                               | 12.5%      |
| Skaggs Glorieta    | 10%                               | 12.5%      |

Approval of your request was granted despite the fact that total oil production exceeds the 40 BOPD allowable limit at these depths. This came about because anticipated decline in production over the next six months is expected to drop total production below the 40 BOPD maximum limit.

Should production remain fairly steady and not drop below the maximum limit in six months, the District offices of the OCD should be contacted and a re-evaluation of the situation will be conducted to determine if a hearing will be necessary in order to continue commingling production.

If you have any questions, call me at 827-5807.

Sincerely,

*Gilbert P. Quintana*

GILBERT P. QUINTANA  
Petroleum Engineer

GPQ/dp

cc: Hobbs District Office  
Joe D. Ramey  
Case File 4732

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
CONFERENCE ROOM, STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO  
July 12, 1972

EXAMINER HEARING

IN THE MATTER OF:

Application of Continental Oil  
Company for downhole comingling  
Lea County, New Mexico.

Case No. 4732

BEFORE: Richard L. Stamets,  
Examiner.

TRANSCRIPT OF HEARING

1 MR. STAMETS: Case 4732.

2 MR. HATCH: Case 4732: Application of Continental  
3 Oil Company for downhole comingling, Lea County, New  
4 Mexico.

5 MR. KELLAHIN: Jason Kellahin of Kellahin and Fox,  
6 Santa Fe, appearing on behalf of the Applicant. We have  
7 one witness we would like to have sworn.

8 MR. STAMETS: Are there other appearances in this  
9 case?

10 (No response)

11 VICTOR T. LYON,  
12 was called as a witness, and after being duly sworn,  
13 testified as follows:

14 DIRECT EXAMINATION

15 BY MR. KELLAHIN:

16 Q Will you state your name, please?

17 A Victor T. Lyon, L-y-o-n.

18 Q By whom are you employed and in what position, Mr. Lyon?

19 A Continental Oil Company as a conservation coordinator  
20 in the Hobbs District Office.

21 Q Have you testified before the Oil Conservation Commission  
22 and made your qualifications as an engineer a matter  
23 of record?

24 A Yes, I have.

25 MR. KELLAHIN: Are the witness' qualifications

1 acceptable?

2 MR. STAMETS: They are.

3 Q (By Mr. Kellahin) Are you familiar with the application  
4 of Continental in the case before the Commissioner at  
5 this time?

6 A Yes, sir.

7 Q Will you state briefly what it is about?

8 A Case 4732 is an application seeking authority to  
9 comingle production from the Skaggs-Glorietta, East  
10 Weir-Blinebry and Skaggs-Drinkard Pool in the well  
11 bore of the Skaggs-"B" Number Five, located 990  
12 feet from the north line and 1,700 feet from the west  
13 line of Section 12, Township 20 South, Range 37  
14 East, Lea County, New Mexico.

15 Q Referring to what has been marked as Applicant's  
16 Exhibit Number One, will you identify that exhibit?

17 A Exhibit Number One is a plat showing the Skaggs-"B"  
18 lease and the immediate surrounding area. The lease  
19 is outlined in red and is described as being in the  
20 North half of the Northwest quarter of the Northwest  
21 quarter of the Northeast quarter of Section 12, Township  
22 20 South, Range 37 East. The well which is the subject  
23 of this application is Well Number Five, which is  
24 circled in red and located 990 feet from the North line  
25 and 1,700 feet from the West line of Section 12, Township

dearnley, meier &amp; mc cormick

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691, ALBUQUERQUE, NEW MEXICO 87103  
1215 FIRST NATIONAL BANK BLDG. EAST, ALBUQUERQUE, NEW MEXICO 87108

20 South, Range 37 East. It also shows the ownership and location of the wells in the immediately surrounding area.

Q Referring you to Exhibit Number Two, will you discuss the information shown on that exhibit?

A Exhibit Two is a tabulation showing the status of the three different zones in this well prior to the work leading to the downhole comingling. The first section shows the completion data. The three zones were completed in April and May of 1963, and the initial potential for barrels of oil, barrels of water, and MCF of gas are shown.

This well was triply completed under the provisions of Order R-2434. The second section shows the status just prior to the downhole comingling operation and the Glorietta was producing twenty-eight barrels of oil and twenty-seven barrels of water and the accumulative production as of January 1st, 1972 was 64,431 barrels.

The Blinebry was shut in in June, 1966; the Drinkard was shut in in June, 1968. The Blinebry had produced as of that time 7,643 barrels of oil and the Drinkard 20,223 barrels of oil.

The last section shows the work which was begun on April 24th of this year where we removed from the

1 well all of the individual producing equipment and  
2 treated the Drinkard perforation with 2,500 gallons  
3 of acid and the Glorietta perforation with 3,000 barrels  
4 of acid. Then we began testing the zones.

5 Q Are the results of those tests shown on Exhibit Three?

6 A Yes, sir. Exhibit Three is a tabulation of the  
7 indicated productivity of the zones in the well. The  
8 Glorietta was tested individually for twenty-nine  
9 barrels of oil and fifty-seven barrels of water and  
10 seven MCF of gas. Then the Glorietta-Blinebry was  
11 tested on a combined basis, and by subtracting what  
12 we determined to be the Blinebry production, we  
13 determined that the Blinebry was producing no liquids  
14 and thirty-seven MCF of gas per day. Then the Glorietta-  
15 Blinebry and the Drinkard were produced and the well  
16 produced thirty-four barrels of oil and 130 barrels of  
17 water and seventy-eight MCF of gas. By the subtraction  
18 method, we educed that the Drinkard produced eleven  
19 barrels of oil and seventy-seven barrels of water and  
20 thirty-seven MCF of gas. Based on that data, we  
21 recommended that production between the zones be  
22 allocated as follows: seventy-two percent of the oil  
23 to the Glorietta and twenty-eight percent to the  
24 Drinkard. The gas was allocated on a basis of nine  
25 percent to the Glorietta, forty-six percent to the

1 Blinebry, and forty-five percent to the Drinkard.

2 Q Now, has there been any loss of value as a result of  
3 comingling the fluids in this well?

4 A There should not be because when the three zones were  
5 producing, they produced through a common A.T.C. unit  
6 common storage so there would be no reduction.

7 Q Now, is it necessary to comingle production from this  
8 well in order to get the greatest ultimate recovery  
9 from the three separate zones?

10 A Well, as you can see, the Blinebry and Drinkard are  
11 extremely marginal, and if there is any repair work  
12 required, I do not believe that we can afford to produce  
13 either of those zones, and it would be necessary to  
14 abandon them. On a comingled basis, we can recover  
15 the producible reserves in those formations.

16 Q Would that also prolong the life of the well as far as  
17 good production is concerned?

18 A Yes.

19 Q Can you give us some information on the pressures which  
20 are shown on Exhibit Three?

21 A The estimated bottom hole pressure in the Glorietta is  
22 five hundred pounds; in the Blinebry, it is 1,120 pounds;  
23 and in the Drinkard, it is seven hundred pounds. I  
24 believe that is the same data which was introduced by  
25 Texaco earlier this morning.



1 Q In their comingling case?

2 A Yes, sir.

3 Q And they are comingling the same zones, or proposing to,  
4 is that correct?

5 A Correct.

6 Q Do you have anything to add to your testimony, Mr. Lyon?

7 A , sir.

8 Q Were Exhibits One, Two and Three prepared by you or  
9 under your supervision?

10 A Yes.

11 MR. KELLAHIN: At this time, I would like to offer  
12 in evidence Exhibits One, Two, and Three.

13 MR. STAMETS: Is there any objection to the  
14 entering of these exhibits?

15 (No response)

16 MR. STAMETS: They will be admitted into evidence.

17 (Whereupon Applicant's Exhibits One through Three  
18 were admitted in evidence.)

19 MR. KELLAHIN: That's all I have.

20 \* \* \* \*

21 CROSS EXAMINATION

22 BY MR. STAMETS:

23 Q Why were the Blinebry and Drinkard Zones shut in?

24 A They were non-commercial.

25 Q Production has declined?

1 A Yes, sir.

2 Q Was the Blinebry making oil when it was shut in?

3 A The last Blinebry test in June of 1966 showed nine  
4 barrels of oil, zero water, and 9.1 MCF of gas.

5 Q I am somewhat concerned here that you lost six barrels  
6 of oil when the Glorietta and Blinebry was combined  
7 in the well bore. Do you have an explanation of that  
8 that shows that that does not include loss of oil  
9 underground?

10 A The three formations together were tested for six days  
11 and then the Glorietta and Blinebry were tested  
12 together for six days and the Glorietta was tested for  
13 five days in arriving at these estimates, and the  
14 well was not completely pumped down during these tests.  
15 so that we could make an estimate of the capacity which  
16 was above the ability of the pump to produce during  
17 those tests. Now, I feel that the fluid level will  
18 come on down so that we will be getting all of the  
19 fluids that come into the well bore.

20 Q Well, do you feel that the Blinebry will actually  
21 contribute some oil to this triple completion?

22 A All the indications are that it will continue to  
23 contribute gas.

24 Q In order for there not to be Glorietta oil going into  
25 the Blinebry Zone, you would need to keep the well

1 pumped down below the Blinebry formation, is that  
2 correct?

3 A That's right. I might add that the Blinebry evidenced  
4 the highest bottom hole pressure of any of the zones,  
5 so there is less likelihood of fluids entering that  
6 formation than there would be with some others.

7 Q Yet it seems to have done it?

8 A Well, you might infer that from the data, but I don't  
9 actually believe that is what is happening in the well.

10 Q This well will be produced with a tubular pump?

11 A Yes.

12 Q Where will the pump be set?

13 A We tested the three zones together, and the pump was  
14 set at 6,815 feet, and I would assume that the pump  
15 will be set at about that level.

16 Q What are the lowest-most perforations in the well?

17 A The Drinkard perforation is 6,777 to 6,940.

18 Q That is roughly the midpoint of the Drinkard perforation;  
19 is that right?

20 A Right.

21 Q If I understand this test correctly, you produced all  
22 the zones together to begin with and then you left out  
23 the Drinkard and produced the Glorietta and Blinebry,  
24 and then you left out the Blinebry and produced the  
25 Glorietta only, is that right?

1 A That's right.

2 Q It would appear somehow or another that you lost six  
3 barrels of oil per day and thirty barrels of water  
4 per day when the Glorietta and Blinebry were together.

5 A Our estimated capacity with the three zones is forty-  
6 five barrels of oil, 135 barrels of water, and 103 MCF  
7 of gas. There were approximately 4,000 feet of pump  
8 submerged during that test so that the fluid level  
9 was at about 2,800 feet.

10 Q To accurately gauge the production, the percentage of  
11 production coming from the East Zone, wouldn't it be  
12 necessary to merely have this well pumped down so that  
13 the pressure of the fluid column would have no affect  
14 on perforation?

15 A That would be desirable, but the time involved was  
16 really the limiting factor. We were trying to get  
17 a reasonable determination of what the productivity  
18 was and still get the work done in time to present  
19 this as early as possible so that we could get the well  
20 filed properly and our records straightened out with  
21 the Commission.

22 Q I don't feel that I have any particular question over  
23 the advisability of such an installation, but I'm  
24 somewhat concerned about this test and the indication  
25 that we have that the Blinebry could accept fluid

1 from at least one of the other zones under production.

2 What do you think the feeling would be on running this  
3 test over again and pumping the well down?

4 A If the Commission requested it, we will certainly do it.

5 MR. STAMETS: Any other questions of this witness?--

6 I have one more myself.

7 Q (By Mr. Stamets) Were these fluids comingled at the  
8 surface before?

9 A Yes.

10 Q So there is no problem as to the value of the comingled  
11 stream or the compatibility of the fluids?

12 A That's correct. That was set up under administrative  
13 order PC-145.

14 MR. STAMETS: Any other questions of this witness?

15 (No response)

16 MR. STAMETS: If not, the witness may be excused.

17 (Witness excused.)

18 MR. STAMETS: Is there any additional testimony  
19 in this case?

20 MR. KELLAHIN: That' all we have.

21 MR. STAMETS: Any statements?

22 (No response)

23 MR. STAMETS: Case 4732 will be taken under  
24 advisement.

25

dearnley, meier & mc cormick

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6891, ALBUQUERQUE, NEW MEXICO 87103  
1216 FIRST NATIONAL BANK BLDG. EAST, ALBUQUERQUE, NEW MEXICO 87108

1 STATE OF NEW MEXICO )  
2 ) ss  
3 COUNTY OF BERNALILLO )

4 I, RICHARD E. McCORMICK, a Certified Shorthand Reporter,  
5 in and for the County of Bernalillo, State of New Mexico  
6 do hereby certify that the foregoing and attached Transcript  
7 of Hearing before the New Mexico Oil Conservation Commission  
8 was reported by me; and that the same is a true and correct  
9 record of the said proceedings to the best of my knowledge,  
10 skill and ability.

11 *Richard E. McCormick*  
12 CERTIFIED SHORTHAND REPORTER

23 I do hereby certify that the foregoing is  
24 a verbatim report of the proceedings in  
25 the hearing held on July 12, 1977,  
New Mexico Oil Conservation Commission

|    |                                    |                 |                |
|----|------------------------------------|-----------------|----------------|
| 1  | <u>I N D E X</u>                   |                 |                |
| 2  | <u>WITNESS</u>                     |                 | <u>PAGE</u>    |
| 3  | VICTOR T. LYON                     |                 |                |
| 4  | Direct Examination by Mr. Kellahin |                 | 3              |
| 5  | Cross Examination by Mr. Stamets   |                 | 8              |
| 6  |                                    |                 |                |
| 7  |                                    |                 |                |
| 8  |                                    |                 |                |
| 9  |                                    |                 |                |
| 10 |                                    |                 |                |
| 11 | <u>E X H I B I T S</u>             |                 |                |
| 12 | <u>APPLICANT'S</u>                 | <u>ADMITTED</u> | <u>OFFERED</u> |
| 13 | Exhibit 1                          | 8               | 4              |
| 14 | Exhibit 2                          | 8               | 5              |
| 15 | Exhibit 3                          | 8               | 6              |
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dearnley, meier & mc cormick recording service, inc.

209 SIMMS BLDG., P.O. BOX 1092, PHONE 243-6691, ALBUQUERQUE, NEW MEXICO 87103  
1216 FIRST NATIONAL BANK BLDG. EAST, ALBUQUERQUE, NEW MEXICO 87106

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| 6  | IN THE MATTER OF:                     |               |
| 7  | The Application of Continental        |               |
| 8  | Oil Company for downhole commingling, | CASE NO. 4732 |
| 9  | Lea County, New Mexico.               |               |
| 10 |                                       |               |
| 11 | BEFORE: Daniel Nutter                 |               |
| 12 | Examiner                              |               |
| 13 |                                       |               |
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TRANSCRIPT OF HEARING



1 MR. NUTTER: Case No. 4732.

2 MR. HATCH: Application of Continental Oil Company  
3 for downhole commingling, Lea County, New Mexico.

4 MR. NUTTER: We have been asked to continue this  
5 Case until June 28th.

6 MR. KELLAHIN: We are still gathering data on  
7 Case No. 4732 and wish the Case to be continued.

8 MR. HATCH: We can still get that on the docket.

9 MR. NUTTER: We'll continue the Examiner's  
10 Hearing scheduled at the same place on June 28, 1972.

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1 STATE OF NEW MEXICO )  
2 ) ss  
3 COUNTY OF BERNALILLO )


4 I, ROSALIE E. CLAUSSEN, a Shorthand Reporter, in and for  
5 the County of Bernalillo, State of New Mexico, do hereby  
6 certify;

7 That the foregoing and attached Transcript of Hearing  
8 before the New Mexico Oil Conservation Commission was reported  
9 by me;

10 That the same is a true and correct record of the said  
11 proceedings to the best of my knowledge, skill and ability.

12   
13 ROSALIE E. CLAUSSEN

14 Dated at Albuquerque, New Mexico,  
15 this 31st day of July 1972.

16  
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21  
22 I do hereby certify that the foregoing is  
23 a true and correct record of the proceedings in  
24 the hearing of Case No. 4732  
25 on 6/7 1972  
  
New Mexico Oil Conservation Commission



# OIL CONSERVATION COMMISSION

**STATE OF NEW MEXICO**  
**P. O. BOX 2088 - SANTA FE**  
**87501**

**September 6, 1972**

**GOVERNOR  
BRUCE KING  
CHAIRMAN  
LAND COMMISSIONER  
ALEX J. ARMIJO  
MEMBER  
STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY - DIRECTOR**

Mr. Jason Kellahin  
Kellahin & Fox  
Attorneys at Law  
Post Office Box 1769  
Santa Fe, New Mexico

Re: Case No. 4732  
Order No. R-4364  
Applicant:  
Continental Oil Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. Porter, Jr.  
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC           x            
Artesia OCC                             
Aztec OCC                           

Other \_\_\_\_\_

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE NO. 4732  
Order No. R-4364

APPLICATION OF CONTINENTAL OIL  
COMPANY FOR DOWNHOLE COMMINGLING,  
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 12, 1972,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 6th day of September, 1972, the Commission,  
a quorum being present, having considered the testimony, the  
record, and the recommendations of the Examiner, and being  
fully advised in the premises,

FINDS:

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

(2) That the applicant, Continental Oil Company, is the  
owner and operator of the Skaggs "B" Well No. 5, located in  
Unit C of Section 12, Township 20 South, Range 37 East, NMPM,  
Lea County, New Mexico.

(3) That the applicant seeks authority to commingle produc-  
tion from the Skaggs-Glorieta, East Weir-Blaine and Skaggs-  
Drinkard Pools in the wellbore of the above-described well and  
to produce the commingled production through a single string of  
tubing.

(4) That from the Skaggs-Glorieta zone, the subject well  
is capable of marginal production only.

(5) That from the East Weir-Blaine zone, the subject well  
is capable of low marginal production only.

(6) That from the Skaggs-Drinkard zone, the subject well  
is capable of low marginal production only.

(7) That the proposed commingling may result in the recovery  
of additional hydrocarbons from each of the subject pools, there-  
by preventing waste, and will not violate correlative rights.

-2-

CASE NO. 4732  
Order No. R-4364

(8) That the reservoir characteristics of each of the subject zones is such that underground waste would not be caused by the proposed commingling provided that the well is not shut-in for an extended period.

(9) That to afford the Commission the opportunity to assess the potential for waste and to expeditiously order appropriate remedial action, the operator should notify the Hobbs district office of the Commission any time the subject well is shut-in for 7 consecutive days.

(10) That the commingled oil production and commingled gas production should be allocated to the various zones based on a production test approved and witnessed by a representative of the Hobbs district office of the Commission.

(11) That such production test should be commenced not sooner than 15 days and the results reported to the Commission no later than 30 days after the subject well has been placed on production.

(12) That Commission Order No. R-2434 should be superseded.

IT IS THEREFORE ORDERED:

(1) That the applicant, Continental Oil Company, is hereby authorized to complete its Skaggs "B" Well No. 5, located in Unit C of Section 12, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, in such a manner as to commingle in the wellbore the production from the Skaggs-Glorieta, East Weir-Blinebry, and Skaggs-Drinkard Pools and to produce said commingled production through a single string of tubing until further order of the Commission.

(2) That the Commission will establish a formula for allocating the commingled oil production and the commingled gas production to the various zones of the subject well based on a production test approved and witnessed by a representative of the Hobbs district office of the Commission.

(3) That such production test shall be commenced not sooner than 15 days and the results reported no later than 30 days after the subject well has been placed on production.

(4) That the operator of the subject well shall immediately notify the Commission's Hobbs district office any time the well has been shut-in for 7 consecutive days and shall concurrently present, to the Commission, a plan for remedial action.

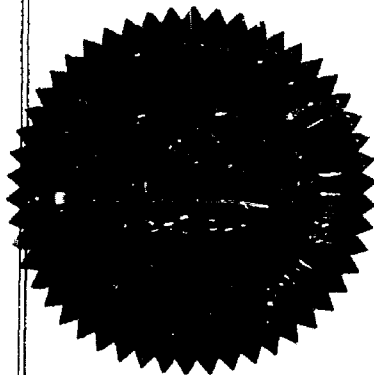
(5) That Commission Order No. R-2434 is hereby superseded.

-3-

CASE NO. 4732  
Order No. R-4364

(6) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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



STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

*Bruce King*  
BRUCE KING, Chairman

*Alex J. Armijo*  
ALEX J. ARMILJO, Member

*A. L. Porter Jr.*  
A. L. PORTER, Jr., Member & Secretary

S E A L

dr/

(Case 4729 continued)

of Federal, State and Fee lands in Sections 19, 20, 21, 28, 29, 30, 31, 32, and 33, Township 21 South, Range 25 East, Eddy County, New Mexico.

CASE 4730: Application of Stoltz, Wagner & Brown for salt water disposal, Lea County, New Mexico. Applicants, in the above-styled cause, seek authority to dispose of produced salt water into the Devonian formation in the interval from 11224 to 11234 feet in their Soldier Hill State AE Well No. 1 located 800 feet from the North line and 1800 feet from the West line of Section 23, Township 12 South, Range 32 East, East Caprock Devonian Pool, Lea County, New Mexico.

CASE 4731: Application of Continental Oil Company for rededication of acreage and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dedicate a standard 640-acre gas proration unit comprising all of Section 14, Township 20 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to its Sanderson "A" Wells Nos. 12 and 13 located, respectively, in Units P and G of said Section 14. Applicant further seeks authority to produce the allowable for the unit from either well in any proportion. Applicant further seeks the establishment of a procedure whereby the allowable for the above-described proration unit may be produced by any or all Eumont gas wells located within said unit without the necessity of notice and hearing.

CASE 4732: Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Skaggs-Glorieta, East Weir-Blaine, and Skaggs-Drinkard Pools in the wellbore of its Skaggs "B" Well No. 5 located 990 feet from the North line and 1700 feet from the West line of Section 12, Township 20 South, Range 37 East, Lea County, New Mexico.

CASE 4709: (Continued from the May 5, 1972, Examiner Hearing)

Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Eumont Gas Pool and the Penrose Skelly Oil Pool in the wellbore of its Lockhart A-17 Well No. 1 located in Unit L of Section 17, Township 21 South, Range 37 East, Lea County, New Mexico.

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 7, 1972

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before DANIEL S. NUTTER, Examiner,  
or ELVIS A. UTZ, Alternate Examiner:

CASE 4716 (Readvertised):

Application of Union Oil Company of California for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its Owens Well No. 2, having a surface location in Unit I of Section 34, Township 14 South, Range 35 East, East Morton-Wolfcamp Pool, Lea County, New Mexico. Applicant proposes to set a whipstock at approximately 7200 feet and to directionally drill to bottom the well in the Wolfcamp formation within 100 feet of a point in Unit H 1730 feet from the North line and 560 feet from the East line of said Section 34. Applicant proposes to dedicate the E/2 NE/4 of Section 34 to the well. In the absence of objection an order will issue based upon testimony received in this case on May 17, 1972.

CASE 4726: Application of Shenandoah Oil Corporation for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg-San Andres formations through one well located in the SE/4 NW/4 of Section 27, Township 18 South, Range 31 East, Shugart Pool, Eddy County, New Mexico.

CASE 4727: Application of Harper Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle oil production from the Blinebry, Drinkard, and Wantz-Abo Pools in the wellbore of its S. J. Sarkey Well No. 2 located in Unit H of Section 26, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 4728: Application of Texaco Inc. for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the East Weir-Tubb Pool, Lea County, New Mexico, including provisions for 80-acre proration units and a limiting gas-oil ratio limitation of 4000 cubic feet of gas per barrel of oil.

CASE 4729: Application of American Trading and Production Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Round Mountain Unit Agreement comprising 5,757 acres, more or less,



- CASE 4733: Application of David Fasken for pool contraction and creation of a new gas pool, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the horizontal limits of the Indian Basin-Morrow Gas Pool, Eddy County, New Mexico, by the deletion therefrom of all of Sections 4 and 5, Township 21 South, Range 24 East. Applicant further seeks the creation of a new gas pool with horizontal limits comprising all of said Section 4 and 5 for the production of gas from the Morrow formation.
- CASE 4734: Application of Hanagan Petroleum Corporation for pool extension, non-standard spacing unit, and unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order extending the horizontal limits of the Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico, to include all of Section 24, Township 21 South, Range 25 East and all of Section 19, Township 21 South, Range 26 East. Applicant further seeks approval of a 636.38-acre non-standard gas spacing unit comprising all of said Section 19 to be dedicated to its Nan-Bet Well No. 1 located at an unorthodox location for said pool 1980 feet from the North line and 660 feet from the West line of said Section 19.
- CASE 4735: Application of El Paso Natural Gas Company for capacity production, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rules 14 (A) 15 (A), and 15 (B) of the General Rules and Regulations for the prorated gas pools of Northwest New Mexico, to produce six wells located in Sections 29, 30, 31, and 32 of Township 32 North, Range 8 West and Section 36, Township 32 North, Range 9 West, Blanco-Mesaverde Pool, San Juan County, New Mexico, at full capacity for approximately one year from February 1, 1972.
- Applicant further seeks authority to offset any overproduction accrued to the above-described six wells during the one-year period by underproduction attributable to any underproduced wells or marginal wells located within the participating area of the San Juan 32-9 Unit.
- CASE 4736: Application of Dalport Oil Corporation for an exception to Order No. R-3221, as amended, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, to dispose into an unlined surface pit water produced from its Todhunter-Federal Well No. 1 located in the SE/4 NW/4 of Section 22, Township 15 South, Range 29 East, Double L Field, Chaves County, New Mexico.

CASE 4759: Application of Atlantic Richfield Company for a special gas-oil ratio limitation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks as an exception to Rule 506 of the Commission Rules and Regulations, a limiting gas-oil ratio limitation of 6,000 cubic feet of gas per barrel of oil in the Justis Tubb-Drinkard Pool, Lea County, New Mexico.

CASE 4732: (Continued from the June 7, 1972, Examiner Hearing)  
Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Skaggs-Glorieta, East Weir-Blinebry, and Skaggs-Drinkard Pools in the wellbore of its Skaggs "B" Well No. 5 located 990 feet from the North line and 1700 feet from the West line of Section 12, Township 20 South, Range 37 East, Lea County, New Mexico.

CASE 4760: Application of Anadarko Production Company for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to institute a waterflood project by the injection of water into the Penrose-Skelly Pool by the injection of water through its R. E. Cole Well No. 3 located in the SW/4 SW/4 of Section 16 and its E. W. Walden Well No. 6 located in the SE/4 SW/4 of Section 15, Township 22 South, Range 37 East, Lea County, New Mexico.

Applicant further seeks establishment of a procedure whereby the conversion of additional wells to injection may be approved administratively.

CASE 4761: Application of Shell Oil Company for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill a well at an unorthodox location 1980 feet from the South line and 660 feet from the East line of Section 33, Township 23 South, Range 34 East, Antelope Ridge-Devonian Gas Pool, Lea County, New Mexico.

CASE 4762: Application of Shell Oil Company for an unorthodox location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to deepen its Antelope Ridge Well No. 4 to the Antelope Ridge-Morrow Gas Pool at an unorthodox location 990 feet from the North line and 2310 feet from the East line of Section 4, Township 24 South, Range 34 East, Lea County, New Mexico, which location is approximately 800 feet from its Antelope Ridge Well No. 2 located 660 feet from the North line and 1650 feet from the East line, same pool, township and range. Applicant proposes to simultaneously dedicate the N/2 of said Section 4 to the two wells.

CASE 4763: Application of Black River Corporation for compulsory pooling and non-standard proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the E/2 of Section 3, Township 26 South, Range 24 East, adjacent to the Washington Ranch-Morrow Gas Pool, Eddy County, New Mexico, comprising, approximately, a 409.22-acre non-standard proration unit. Said acreage to be dedicated to its Cities "3" Federal Well No. 2 located 2212 feet from the North line and 1998 feet from the East line of said Section 3.

DOCKET: EXAMINER HEARING - WEDNESDAY - JULY 12, 1972

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,  
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

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The following cases will be heard before Richard L. Stamets, Examiner, or Elvis A. Utz, Alternate Examiner:

- CASE 4753: Application of Roger C. Hanks for a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre non-standard oil proration unit in the East Shoe Bar-Devonian Pool comprising the NW/4 SW/4 and the SW/4 NW/4 of Section 29, Township 16 South, Range 36 East, Lea County, New Mexico, to be dedicated to a well to be drilled 1980 feet from the South line and 660 feet from the West line of said Section 29.
- CASE 4754: Application of Texaco Inc. for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to complete its C. H. Lockhart (NCT-1) Well No. 3 located in Unit O of Section 18, Township 22 South, Range 38 East, Lea County, New Mexico, in such a manner as to produce oil from the Paddock and Blinebry Pools through one string of tubing and the Tubb Pool through a parallel string of tubing.
- CASE 4755: Application of Texaco Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks as an exception to Rule 303 of the Commission Rules and Regulations, authority to commingle production from the Skaggs-Drinkard, Skaggs-Glorieta, and East Weir-Blinebry Pools in the wellbore of its C. H. Weir "B" Well No. 5 located in Unit G of Section 11, Township 20 South, Range 37 East, Lea County, New Mexico.
- CASE 4756: Application of Blackrock Oil Company for the creation of a new gas pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of gas from the Delaware formation for its Jennings Federal Well No. 1 located in Unit O of Section 33, Township 25 South, Range 32 East, Lea County, New Mexico. The Commission will also consider whether or not an associated pool should be created for the above-described well.
- CASE 4757: Application of Beard Oil Company for a unit agreement, Sierra County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Jornada Del Muerto Unit Area comprising 115,180 acres, more or less, of Federal, State, and Fee lands in Townships 13, 14, and 15 South, Ranges 1 East and 1 West, Sierra County, New Mexico.
- CASE 4758: Application of Amoco Production Company for allowable transfer, San Juan County, New Mexico. Applicant, in the above-styled cause, proposes to conduct 90-day shut-in and pressure build-up tests on its Gallegos Canyon Unit Com "H" Well No. 180 and its Unit Com "E" Well No. 161 located, respectively, in Unit J of Section 28, Township 29 North, Range 12 West, and Unit O of Section 23, Township 29 North, Range 13 West, Basin-Dakota Pool, San Juan County, New Mexico. Applicant seeks authority to transfer the allowable from the two wells during said period to its Unit Well No. 202 located in Unit B of Section 33, Township 29 North, Range 12 West, during said test period or to some other well or wells suitable to the Commission.

(Case 4767 continued)

Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation and actual operating costs, and the establishment of charges for supervision of said well.

CASE 4768: Application of Alice Ballard, Amelia Miller, Thurman Mayes, and John A. Mayes for compulsory pooling, Eddy County, New Mexico. Applicants, in the above-styled cause, seek an order pooling all mineral interests underlying the N/2 of Section 10, Township 26 South, Range 24 East, adjacent to the Washington Ranch-Morrow Gas Pool, Eddy County, New Mexico. Said acreage to be dedicated to a well to be drilled 660 feet from the North line and 1980 feet from the West line of said Section 10.

Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CASE 4723: (THIS CASE WILL BE CONTINUED TO THE FIRST EXAMINER HEARING IN JANUARY, 1973).

Application of Black River Corporation for pool abolishment, creation of two new gas pools, and a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the abolishment of the Washington Ranch-Morrow Gas Pool, Eddy County, New Mexico, and the creation of the Washington Ranch-Upper Morrow and Washington Ranch-Lower Morrow Gas Pools for the production of gas from the upper and lower Morrow formations. Applicant further seeks approval of the dual completion (conventional) of its Cities 3 Federal Well No. 1 located in Unit F of Section 3, Township 26 South, Range 24 East, to produce the lower Morrow through tubing and the upper Morrow through the casing-tubing annulus.

(Case 4763 continued)

Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CASE 4764: Application of Black River Corporation for compulsory pooling, and non standard proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the W/2 of Section 3, Township 26 South, Range 24 East, adjacent to the Washington Ranch-Morrow Gas Pool, Eddy County, New Mexico, comprising, approximately, a 407.20-acre non-standard proration unit. Said acreage to be dedicated to its Cities "3" Federal Well No. 1 located 1980 feet from the North line and 1980 feet from the West line of said Section 3.

Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CASE 4765: Application of Alice Ballard, Amelia Miller, Thurman Mayes, John A. Mayes for compulsory pooling and non-standard proration unit, Eddy County, New Mexico. Applicants, in the above-styled cause, seek an order pooling all mineral interests underlying the W/2 of Section 3, Township 26 South, Range 24 East, adjacent to the Washington Ranch-Morrow Gas Pool, Eddy County, New Mexico comprising, approximately, a 407.20-acre non-standard proration unit. Said acreage to be dedicated to a well to be drilled 1980 feet from the South line and 1980 feet from the West line of said Section 3.

Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of actual operating costs, and the establishment of charges for supervision of said well.

CASE 4766: Application of Michael P. Grace and Corinne Grace for compulsory pooling and a non-standard proration unit, Eddy County, New Mexico. Applicants, in the above-styled cause, seek an order pooling all mineral interests underlying the W/2 of Section 4, Township 26 South, Range 24 East, adjacent to the Washington Ranch-Morrow Gas Pool, Eddy County, New Mexico comprising approximately a 402-acre non-standard proration unit. Said acreage to be dedicated to a well to be drilled 1980 feet from the North line and 1980 feet from the West line of said Section 4. Also to be considered will be the costs of drilling said well, a charge for the risk involved, a provision for the allocation of charges for supervision of said well.

CASE 4767: Application of Alice Ballard, Amelia Miller, Thurman Mayes, and John A. Mayes for compulsory pooling, Eddy County, New Mexico. Applicants, in the above-styled cause, seek an order pooling all mineral interests underlying the E/2 of Section 9, Township 26 South, Range 24 East, adjacent to the Washington Ranch-Morrow Gas Pool, Eddy County, New Mexico. Said acreage to be dedicated to a well to be drilled 1980 feet from the North line and 660 feet from the East line of said Section 9.

OIL CONSERVATION COMMISSION

P. O. BOX 2088  
SANTA FE, NEW MEXICO 87501

Case 4732

May 18, 1973

C  
O  
P  
Y  
  
Continental Oil Company  
P. O. Box 460  
Hobbs, New Mexico 88240

Attention: Mr. Paul Thompson

Downhole Commingling  
Skaggs "B" Well No. 5  
Commission Order No. R-4364 ✓

Gentlemen:

Reference is made to Commission Order No. R-4364, which authorized downhole commingling of Glorieta, Blinebry, and Drinkard production in the well-bore of your Skaggs Well No. 5, and provided that the Commission would, upon completion of certain tests on the well, provide a formula to allocate the production and allowable to each of the three commingled zones.

Based on the data which you have submitted, we concur with your determination that the oil allowable and production should be allocated 55 percent Glorieta, 30 percent Blinebry, and 15 percent Drinkard, and the gas production should be allocated 15 percent Glorieta, 20 percent Blinebry, and 65 percent Drinkard.

Very truly yours,

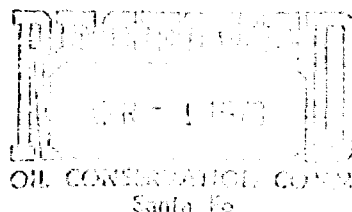
A. L. PORTER, Jr.  
Secretary-Director

ALP/DSN/dr

cc: Oil Conservation Commission - Hobbs



L. P. Thompson  
Division Manager  
Production Department  
Hobbs Division



Western Hemisphere Petroleum Division  
Continental Oil Company  
P.O. Box 460  
1001 North Turner  
Hobbs, New Mexico 88240  
(505) 393-4141

April 2, 1973

New Mexico Oil Conservation Commission ✓  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Attention: Mr. A. L. Porter, Jr.  
Secretary-Director

Gentlemen:

Order No. R-4364 - Skaggs "B" Well No. 5

Order No. R-4364 authorized the down-hole commingling of oil production from the Skaggs-Glorieta, East Weir-Blinebry and Skaggs-Drinkard pools in the Continental Skaggs "B" Well No. 5. Paragraph 2 of the order states that the Commission will establish a formula for allocating the commingled oil production and gas production based on production tests. Our records reflect that the testing was accomplished and that such tests were witnessed by Commission personnel, but do not reflect that the testing data was submitted to the Commission nor that the Commission has established the formula for allocation of commingled production. /

Pending establishment of the allocation formula, we have been producing the well from the Glorieta formation only. Based on the data obtained during the individual zone testing, we are proceeding to secure a larger pumping unit to insure that all fluids are lifted from the well. Since this work is to be completed in the near future, we should like to proceed with the arrangement necessary to commingle to production from the three zones.

The attached data sheet shows the results of the testing which was performed during the period August 31 to October 3. These tests indicate that the Glorieta production would be approximately 22 barrels oil, 44 barrels water and 8.8 MCF gas based on GOR of 400 cubic feet per barrel. The Blinebry is indicated to produce approximately 12 barrels oil, negligible water and 12 MCF gas. The Drinkard production averages about 6 barrels oil, 20 barrels water and 42 MCF gas, based on a GOR of 7,000.

You will note that the Glorieta fluid level was approximately 850 feet above the pump on the last test. The stabilized rate of this formation should be slightly higher than the tests indicate. At the same time, the Blinebry and Drinkard were pumping below a packer which would decrease

New Mexico Oil Conservation Commission  
Page 2  
April 2, 1973

the pump efficiency for those zones. It is believed that the handicap imposed by the above-described conditions are of approximately equal magnitude. It would, therefore, be assumed that the combined production of all three zones with adequate lift equipment would be greater than the volumes indicated by the tests but in approximately the same proportions. It is recommended that the oil be allocated to the three zones on the basis of 55 percent to the Glorieta, 30 percent to the Blinebry and 15 percent to the Drinkard. The gas production is recommended to be allocated 15 percent to the Glorieta, 20 percent to the Blinebry and 65 percent to the Drinkard.

It is respectfully requested that your permission be given to proceed with the down-hole commingling authorized by Order No. R-4364 on the allocation basis recommended above or other basis you consider appropriate.

Yours very truly,



cl

Enc

Copy + Enc: Joe Ramey  
New Mexico Oil Conservation Commission  
P. O. Box 1978  
Hobbs, New Mexico 88240



SKAGGS B NO. 5

GLORIETA ZONE

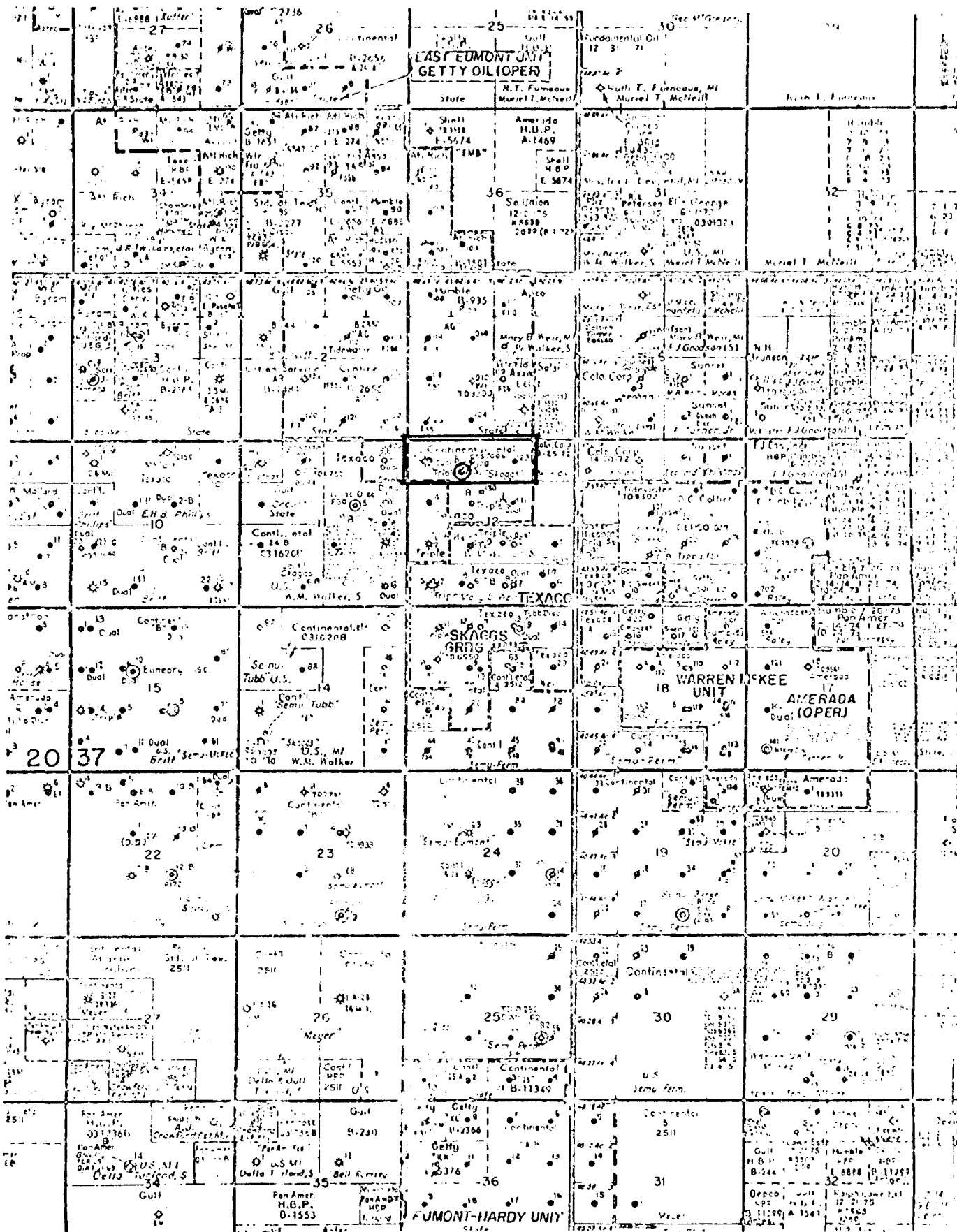
| <u>Date</u> | <u>BOPD</u> | <u>BWPD</u> | <u>GOR</u> | <u>Fluid Level</u> | <u>Pump Submergence</u> | <u>Csg. Press.</u> |
|-------------|-------------|-------------|------------|--------------------|-------------------------|--------------------|
| 8-31        | 5           | 78          | Est. 400   | 3615'              | 1685'                   | 40                 |
| 9-1         | 9           | 71          |            | 3615'              | 1685'                   |                    |
| 9-2         | 17          | 50          | (48 hrs)   | 3430'              | 1870'                   |                    |
| 9-6         | 35          | 90          |            | 4048'              | 1252'                   |                    |
| 9-10        | 20          | 44          |            | 4203'              | 1097'                   |                    |
| 9-11        | 20          | 43          |            | 4264'              | 1036'                   |                    |
| 9-12        | 20          | 43          |            | 4325'              | 975'                    |                    |
| 9-13        | 22          | 44          |            | 4450'              | 850'                    |                    |
|             |             |             |            |                    |                         | 40                 |

BLINEBRY ZONE

|      |    |    |      |         |          |
|------|----|----|------|---------|----------|
| 9-17 | 12 | 11 |      | UNKNOWN | (Packer) |
| 9-18 | 13 | 1  |      | "       | "        |
| 9-19 | 11 | 0  | 1000 | "       | "        |
| 9-20 | 13 | 0  | 846  | "       | "        |
| 9-21 | 10 | 0  | 1000 | "       | "        |
| 9-22 | 13 | 3  | 955  | "       | "        |

DRINKARD ZONE

|      |    |    |      |         |          |
|------|----|----|------|---------|----------|
| 9-26 | 14 | 50 | 1214 | UNKNOWN | (Packer) |
| 9-27 | 8  | 32 | 4140 | "       | "        |
| 9-28 | 16 | 66 | 2590 | "       |          |
| 9-29 | 6  | 24 | 5333 | "       |          |
| 9-30 | 5  | 15 | 6000 | "       |          |
| 10-1 | 6  | 22 | 6000 | "       |          |
| 10-2 | 6  | 20 | 7350 | "       |          |
| 10-3 | 6  | 21 | 7000 | "       |          |



BEFORE EXAMINER STAMETS  
OIL CONSERVATION COMMISSION

EXHIBIT NO. 1

CASE NO. 4732

Submitted by Continental Oil Co

Filing Date July 12, 1972

**CONOCO**

PRODUCTION DEPARTMENT

HOBBS DIVISION

LEA COUNTY, NEW MEXICO

SCALE  
0' 1000' 2000'

CONTINENTAL OIL COMPANY

SKAGGS "B" NO. 5

*Top of well  
100 ft*

Completion Data

| <u>Zone</u> | <u>Completion Date</u> | <u>IP Barrels Oil</u> | <u>Barrels Water</u> | <u>MCF Gas</u> |
|-------------|------------------------|-----------------------|----------------------|----------------|
| Glorieta    | 4-25-63                | 96                    | 96                   | 18.1           |
| Blindbry    | 4-22-63                | 52                    | 10                   | 30             |
| Drinkard    | 5-4-63                 | 53                    | 40                   | 141            |

Status Prior to DHC

|          |                 |                                 |        |
|----------|-----------------|---------------------------------|--------|
| Glorieta | 28 80, 27 BU    | Cumulative Production to 1-1-72 | 64,431 |
| Blindbry | Shut-in 6-17-66 | Cumulative Production           | 7,663  |
| Drinkard | Shut-in 6-1-63  | Cumulative Production           | 20,243 |

Work Done in DHC

*Why 5 IV*

4-24-72 Rigged up, pulled numps, rods, tubing and packers. Treated Drinkard perforations with 2500 gallons 28% acid. Treated Glorieta perforations with 3000 gallons 15% acid. Tested for productivity of individual zones.

BEFORE EXAMINER STAMETS  
OIL CONSERVATION COMMISSION

EXHIBIT NO. 2

CASE NO. 4732

Submitted by Continental Oil Co.

July 12, 1972

CONTINENTAL OIL COMPANY

SKAGGS "B" NO. 5

Glorieta Indicated Production 9 29 Oil 56 Water 7 MCF Gas 72  
 Glorieta & Blinebry Combined Production 46 23 26 43  
     Blinebry Production (by subtraction) 0 0 36  
 Glorieta, Blinebry & Drinkard Combined Production 45 34 103 78 28  
     Indicated Drinkard Production (by subtraction) 11 77 35

Recommended Allocation Basis

|          | Oil     |         | Gas     |         |
|----------|---------|---------|---------|---------|
|          | Barrels | Percent | MCF Gas | Percent |
| Glorieta | 29      | 72      | 7       | 9       |
| Blinebry | 0       | 0       | 36      | 46      |
| Drinkard | 11      | 28      | 35      | 45      |
| TOTAL    | 40      |         | 78      |         |

BHP: (Estimated)

Glorieta 500  
 Blinebry 1,120  
 Drinkard 700

BEFORE EXAMINER STAMETS  
OIL CONSERVATION COMMISSION

EXHIBIT NO. 3

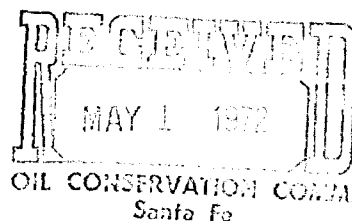
CASE NO. 4732

Submitted by Continental Oil Co

Hearing Date July 12, 1972



L. P. Thompson  
Division Manager  
Production Department  
Hobbs Division



Western Hemisphere Petroleum Division  
Continental Oil Company  
P. O. 460  
1001 North Turner  
Hobbs, New Mexico 88240  
(505) 393-4141

May 12, 1972

New Mexico Oil Conservation Commission  
P. O. Box 2038  
Santa Fe, New Mexico 87501

*Case 4732*

Attention Mr. A. L. Porter, Jr.  
Secretary Director

Gentlemen:

Application for Downhole Commingling - Skaggs "B" No. 5 - C-20-37 -  
Lea County, New Mexico

We forward herewith, in triplicate, our application for authority to  
commingle in the wellbore, production from the Skaggs Glorieta, East  
Weir Blinebry, and Skaggs Drinkard pools in our Skaggs "B" No. 5.  
Please set this matter for hearing on the June 7, 1972, Examiner Docket.

Yours very truly,

rw  
Enc  
CC:  
RLA: JJB: JWK:

DOCKET MARKED

Date 6-30-72

DOCKET MARKED

Date 5-24-72

BEFORE THE OIL CONSERVATION COMMISSION

OF THE

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF  
CONTINENTAL OIL COMPANY FOR AUTHORITY  
TO COMMINGLE IN THE WELLBORE, PRODUCTION  
FROM THE SKAGGS GLORIETA, EAST WEIR BLINE-  
BRY, AND SKAGGS DRINKARD OIL POOLS IN ITS  
SKAGGS "B" WELL NO. 5, LOCATED IN SECTION  
12, TOWNSHIP 20 SOUTH, RANGE 37 EAST, LEA  
COUNTY, NEW MEXICO

*Case 4732*

A P P L I C A T I O N

Applicant, Continental Oil Company, hereby requests authority to commingle in the wellbore, production from the Skaggs Glorieta, East Weir Blinebry, and Skaggs Drinkard oil pools in its Skaggs "B" Well No. 5, located in Section 12, Township 20 South, Range 37 East, Lea County, New Mexico, and in support thereof would show:

1. Applicant is operator and co-owner of the Skaggs "B" Lease consisting of N/2 NW/4 and NW/4 NE/4 Section 12, Township 20 South, Range 37 East.
2. Applicant drilled and completed in 1963, its Skaggs "B" Well No. 5 at a location 990' from the north line and 1700' from the west line of said Section 12 as a triple completion under the authority of Order No. R-2434, in the Skaggs Glorieta, East Weir Blinebry, and Skaggs Drinkard oil pools.
3. Said well has declined in productivity to the extent that it is no longer economically feasible to continue to produce the well on a segregated basis.
4. Oil and gas from the three zones can be recovered on a commingled basis, which otherwise would not be recovered.
5. That the granting of this application will result in the prevention of waste and will not impair correlative rights.

WHEREFORE, Applicant respectfully requests that this matter be set before the Commission's duly appointed Examiner and that upon hearing an order be entered authorizing commingling in the wellbore, production from the Skaggs Glorieta, East Weir Blinebry, and Skaggs Drinkard pools in its Skaggs "B" Well No. 5 as described above.

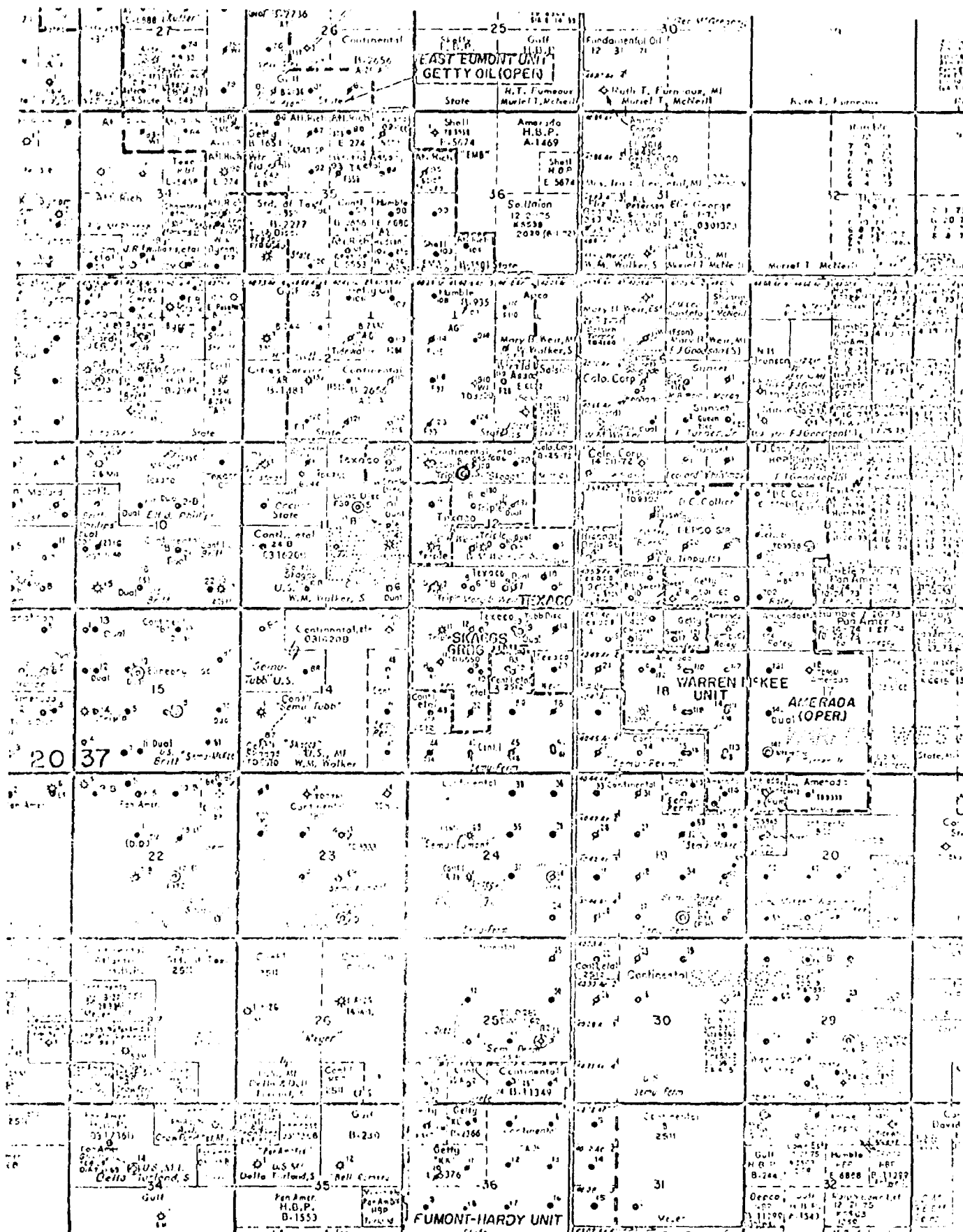
Respectfully submitted,


CONTINENTAL OIL COMPANY

A handwritten signature in cursive script, appearing to read "L. P. Thompson".

L. P. Thompson

rw

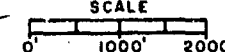




PRODUCTION DEPARTMENT
HOBBS DIVISION

LEA COUNTY, NEW MEXICO

Case 4732

SCALE




DRAFT

GMH/dr

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION OF NEW MEXICO FOR  
THE PURPOSE OF CONSIDERING:

CASE No. 4732

Order No. R- 4364

APPLICATION OF CONTINENTAL OIL  
COMPANY FOR DOWNHOLE COMMINGLING,  
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 12, 1972,  
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this September day of July, 1972, the Commission, a  
quorum being present, having considered the testimony, the record,  
and the recommendations of the Examiner, and being fully advised  
in the premises,

FINDS:

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

(2) That the applicant, Continental Oil Company, is the  
owner and operator of the Skaggs "B" Well No. 5, located in  
Unit C of Section 12, Township 20 South, Range 37 East, NMPM,  
Lea County, New Mexico.

(3) That the applicant seeks authority to commingle produc-  
tion from the Skaggs-Glorieta, East Weir-Blaine and Skaggs-  
Drinkard Pools in the wellbore of the above-described well and  
to produce the commingled production through a single string of  
tubing.

R34317

-2-  
CASE NO. 4732  
Order No. R-

(4) That from the Skaggs-Glorieta zone, the subject well is capable of ~~low~~ marginal production only.

(5) That from the East Weir-Blinebry zone, the subject well is capable of low marginal production only.

(6) That from the Skaggs-Drinkard zone, the subject well is capable of low marginal production only.

8 (7) That the reservoir characteristics of each of the subject zones is such that underground waste would not be caused by the proposed commingling, *provided that the well is not shut-in for an extended period.*

7 (8) That the proposed commingling may result in the recovery of additional hydrocarbons from each of the subject pools, thereby preventing waste, and will not violate correlative rights.

(9) That to afford the Commission the opportunity to assess the potential for waste and to <sup>expeditiously</sup> order ~~necessary~~ appropriate <sup>remedial</sup> ~~corrective~~ action, ~~measures~~ the operator ~~shall~~ should notify the Hobbs district office of the Commission any time the subject well is shut-in for 7 consecutive days.

(10) That the commingled oil production and commingled gas production should be allocated to the various zones based on a production test approved and witnessed by a representative of the Hobbs district office of the Commission.

(11) That such production test ~~shall~~ should be commenced not sooner than 15 days ~~after the subject well has been placed on production~~ and the results reported to the Commission no ~~later~~ later than

(2) That the Commission will establish ~~an allocation~~ formula for allocating the commingled oil production and the commingled gas production to the various zones of the subject well based on a production test ~~of~~ approved ~~the~~ and witnessed by a representative of the Hobbs district office of the Commission.

(3) That such production test shall be commenced not sooner than 15 days and the results reported no later than 30 days after the subject well has been placed on production.

(2) That \_\_\_\_\_ of the commingled oil production shall be allocated to the Skaggs-Glorieta zone, \_\_\_\_\_ of the commingled oil production shall be allocated to the Skaggs-Drinkard zone, and 100% of the commingled casinghead gas production to the \_\_\_\_\_ zone.

~~4. (b) That this order shall become effective upon approval of said downhole commingling by the Director of the United States Geological Survey.~~

(5) ~~(4.5)~~ <sup>Commission</sup> That ~~Administrative~~ Order N.R. 2434 is hereby superseded.

(6) ~~(5)~~ That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

(4) That the operator of the subject well shall immediately notify the Commission's Hobbs district office anytime the well has been shut-in for 7 consecutive days and shall concurrently present, to the Commission, a plan for remedial ~~corrective~~ action.