

**CASE 5307: Appli. of CONTINENTAL  
OIL CO. for downhole commingling,  
Lea County**

[illegible]

CASE No.

5307

Application,

Transcripts,

Small Exhibits

ETC.

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
September 4, 1974

EXAMINER HEARING

IN THE MATTER OF:

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

Case No. 5307

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil  
Conservation Commission:

Thomas Derryberry, Esq.  
Legal Counsel for the  
Commission  
State Land Office Building  
Santa Fe, New Mexico

For the Applicant:

W. Thomas Kellahin, Esq.  
KELLAHIN & FOX  
500 Don Gaspar  
Santa Fe, New Mexico

CASE 5307

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I N D E X

PAGE

VICTOR T. LYON

Direct Examination by Mr. Mollahin

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Cross Examination by Mr. Rutter

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E X H I B I T S

Applicant's Exhibits Nos. 1, 2 and 3

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LYON-DIRECT

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MR. NUTTER: Case 5307.

MR. DERRIBERRI: Case 5307. Application of Continental Oil Company for downhole commingling, Lea County, New Mexico.

MR. KELLAHIN: If the Examiner please, the same appearances on behalf of Continental Oil Company with the same witness. Let the record reflect that the witness is qualified and has previously been sworn.

May the witness be qualified?

MR. NUTTER: Yes, he is qualified.

VICTOR T. LYON

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Mr. Lyon, would you please refer to what has been marked as Exhibit No. 1, identify it, and state what Continental is seeking with this Application?

A Continental is seeking permission to commingle in the wellbore production from the Eunice Monument Grayburg-San Andres and Sumont gas in its Reed "B" Well No. 2 located in Unit H of Section 23, Township 20 South, Range 36 East.

LYON-DIRECT

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Exhibit 1 is a plat showing the outline of the Reed "B" Lease, outlined in red, consisting of the east half and south half, southwest quarter of Section 23, and the southwest quarter of Section 24 in Township 20 South, Range 36 East. Well No. 2 is shown circled in red at a location 1650 feet from the north line and 330 feet from the east line of Section 23. This well was originally completed in the Eunice Monument Grayburg-San Andres Pool in 1938 and was dually completed with the Eumont Gas in 1961 under the provision of Administrative Order DC-1038.

Q Please refer to Exhibit No. 2 and identify it?

A Exhibit No. 2 is a schematic diagram showing the manner in which the well is equipped. The size, setting depth, amount of cement used for each casing string shows the Queen perforations in the overall interval of 3452 to 3662. This is the Eumont Gas completion. It shows a liner set from 3683 to the total depth of 3871. The Grayburg-San Andres was perforated 3835 to 3870. It also shows the depth of fluid in the casing at 2596, and the significance of this will be brought out a little bit later.

Q Please refer to what has been marked as Exhibit 3 and identify it?

LYON-DIRECT

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A Exhibit No. 3 is a decline curve showing the production of Eunice Monument Grayburg-San Andres oil which is the solid black line at the bottom, and the Eunice Monument gas which is the dash line in the middle, and then the Eumont Gas is the solid line at the top.

We have shown for the period 1960 through the middle of 1972, just the annual rates reduced to a daily average basis. Then, beginning in July of 1972, we plotted those figures on a monthly basis. Then by the long dash lines, I have extrapolated the indicated decline rates of the Eumont Gas and Eunice Monument Gas.

Now, upon initial completion of the Eumont Gas, the well was unable to produce into El Paso's gathering system because it wouldn't buck the line pressure at that time. We were able to secure a release of this acreage from the contractor, El Paso, and it was then contracted to Phillips and has been producing into Phillips' casing-head gas line until it ceased to produce in about September of 1973.

Now, the decline rate on these things is almost parallel, but not quite. The total production of the well is approximately 90 percent. It is approaching 90 percent to Eumont Gas and 10 percent to Eunice Monument Gas. For

LYON-DIRECT

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1974, it was 91.8 percent Eumont Gas, and in 1975, it is predicted to be 91.4 percent, so it is approaching 90 percent, and we would suggest that the gas be allocated at 90 percent to Eumont and 10 percent to the Eunice Monument.

Now, the significance of the fluid level, which I mentioned previously, indicates that the annulus is being held back by liquids in the wellbore, and it has a static bottomhole pressure of approximately 460 pounds which is insufficient to unload the liquids. What we propose to do, if you will notice on Exhibit 2, the well is equipped with hollow sucker rods to permit the gas to vent through the annulus and the tubing and the sucker rods. We would like to pull out this equipment and run in conventional pumping equipment to pump the liquids from the well and permit all the gas to be produced through the annulus where it would not be held up because we would be able to remove the liquid by the pumping string.

Q What is the current status of the oil zone?

A Let's see. In April, '74, the oil zone pumped 2.6 barrels of oil per day and 9 barrels of water with a gas-oil ratio of 1304.

Q Would you clarify the oil zone is being in



JAYNE-DIRECT

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stripper stage?

A It is very definitely in the stripper stage.

Q And the gas zone is unable to produce in its current position?

A That is correct. Also, the downhole commingling in the wellbore will eliminate the expense and downtime of conducting packer leakage tests and will reduce some of the economic burden and extend and prolong the producing life of both zones.

Q Is the ownership in the two pools identical?

A Yes, it is.

Q In your opinion, will approval of this Application result in the recovery of additional hydrocarbons from each of the commingled zones which would otherwise not be recovered?

A Yes, it very certainly will.

Q In your opinion, will approval of the Application not impair the correlative rights of others?

A I see no way this could impair correlative rights of any party.

MR. KILPATRICK: If the Examiner please, we move the introduction of Exhibits 1, 2 and 3.

MR. KILPATRICK: Conoco's exhibits 1, 2 and 3 will

LYON-CROSS

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be admitted into evidence.

(Whereupon, Applicant's Exhibits Nos. 1, 2 and 3 were marked for identification and admitted into evidence.)

MR. KELLAHIN: That concludes our direct examination.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Lyon, referring to Exhibit No. 2, these perforations in the Queen from 3442 to 3662, those are Eumont, is this correct?

A Yes, sir.

Q And then the Eunice Monument is perforated 3835 to 3870?

A Yes, sir.

Q As I understand your schematic here, you've got 2-inch tubing set in a packer at 3680 and you are producing the Eunice Monument through that tubing with a string of hollow sucker rods for gas vents, right?

A I believe that the -- well, I am not certain whether the -- where the fluid -- which the oil produces out of. I think that the fluid comes out through the hollow rods and gas is vented through the annulus.

LYON-CROSS

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Q Okay. And then the Eumont is produced through the annulus?

A Yes, sir.

Q Now, this fluid level of 2596, that's the fluid level in the annulus, is this correct?

A Yes, sir.

Q So, it is standing 6, 7 or 800 feet above the perforations, then?

A Yes.

Q And the well won't flow?

A Right.

Q Apparently it loaded up here in the spring of '73. That's when it took this drastic reduction in the Eumont Gas, and it hasn't produced hardly anything since then?

A Right.

Q Now, at that time, it had declined to what, about 40 or 50 MCF a day prior to the loading up?

A It looks like about 50 MCF a day.

Q Now, your Eunice Monument, the gas production on it is running somewhere in the neighborhood of 10 to 15 MCF per day?

A Yes.

LYON-CROSS

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Q At the present time?

A Yes.

Q And the Eunice Monument oil is around 3 and 1/2 barrels per day, right?

A Right.

Q Do you have any idea how much liquid the Eumont would make if it could produce the liquids?

A I don't think a great deal. The volume that is accumulated in there is really not a large volume. It is just that the hydrostatic head is sufficient.

Q Is it hydrocarbon liquids or what?

A The last recovery that we had from there was water. I don't know that there aren't hydrocarbons in there now, but it has had no history of producing hydrocarbons.

MR. NUTTER: Are there any further questions of Mr. Lyon? You may be excused.

(Witness dismissed.)

MR. NUTTER: Do you have anything further, Mr. Kellahan?

MR. KELLAHAN: No, sir.

MR. NUTTER: Does anyone have anything they wish to offer in Case No. 5307. We will take the case under advisement.

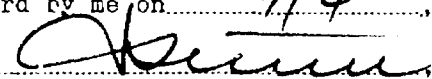
THE NYE REPORTING SERVICE  
STATE-WIDE DEPOSITION NOTARIES  
225 JOHNSON STREET  
SANTA FE, NEW MEXICO 87501  
TEL. (505) 982-0386

STATE OF NEW MEXICO )  
 ) SS.  
 COUNTY OF SANTA FE )

I, RICHARD L. NYE, Court Reporter, do hereby certify  
 that the foregoing and attached Transcript of Hearing  
 before the New Mexico Oil Conservation Commission was  
 reported by me, and the same is a true and correct record  
 of the said proceedings, to the best of my knowledge, skill  
 and ability.

  
 COURT REPORTER

I do hereby certify that the foregoing is  
 a complete record of the proceedings in  
 the Examiner hearing of Case No. 5307  
 heard by me on 9/4, 1974.

  
 Examiner  
 New Mexico Oil Conservation Commission

THE NYE REPORTING SERVICE  
 STATE-WIDE DEPOSITION NOTARIES  
 225 JOHNSON STREET  
 SANTA FE, NEW MEXICO 87501  
 TEL. (505) 982-0386



# OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

**P. O. BOX 2088 - SANTA FE**

**27501**

**September 12, 1974**

**I. R. TRUJILLO**  
**CHAIRMAN**

**LAND COMMISSIONER  
ALEX J. ARMJO  
MEMBER**

**STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY - DIRECTOR**

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

Re: CASE NO. 5307

ORDER NO. R-4954

**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,

N. L. Porter, Jr.

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. 5307  
Order No. R-4854

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 September 4, 1974, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 10th day of September, 1974, 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 operator of its Reed "B" Well No. 2, located in Unit H of Section 23, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks authority to commingle hydrocarbon production from the Eumont Gas Pool and the Eunice Monument Grayburg-San Andres Pool in the wellbore of the above-described well.

(4) That from the Eumont Gas Pool, said well is capable of low marginal production only.

(5) That from the Eunice Monument Grayburg-San Andres Pool, said well is capable of low marginal production only.

(6) 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.

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

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CASE NO. 5307  
Order No. R-4854

(8) That in order to allocate the commingled production to each of the commingled zones in the subject well, 90 percent of the commingled gas production should be allocated to the Eumont Gas Pool, 10 percent of the commingled gas production to the Eunice Monument Grayburg-San Andres Pool, and 100 percent of the commingled liquid hydrocarbon production to the Eunice Monument Grayburg-San Andres Pool.

IT IS THEREFORE ORDERED:

(1) That the applicant, Continental Oil Company, is hereby authorized to commingle hydrocarbon production from the Eumont Gas Pool and the Eunice Monument Grayburg-San Andres Pool within the wellbore of its Reed "B" Well No. 2, located in Unit H of Section 23, Township 20 South, Range 36 East, NMFM, Lea County, New Mexico.

(2) That 90 percent of the commingled gas production shall be allocated to the Eumont Gas Pool and that 10 percent of the commingled gas production and 100 percent of the commingled liquid hydrocarbon production shall be allocated to the Eunice Monument Grayburg-San Andres Pool.

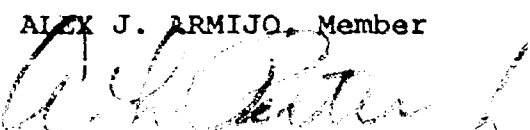
(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

  
I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member

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

S E A L

jr/



Dockets Nos. 27-74 and 29-74 are tentatively set for hearing on September 18 and October 2. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 4, 1974

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 Richard L. Stamets, Alternate Examiner:

CASE 5038: (Reopened)

In the matter of Case No. 5038 being reopened pursuant to the provisions of Order No. R-4620, which order authorized the temporary disposal of produced water in unlined surface pits in the Twin Lakes Field, Chaves County, New Mexico, for a period of one year. All interested parties may appear and show cause why Commission Order No. R-3221 should not apply to this area.

CASE 5304: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Mercury Production Company, American Employers' Insurance Company and all other interested parties to appear and show cause why the Mercury State Well No. 1 located in Unit E of Section 27, Township 10 South, Range 26 East, Chaves County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5305: Application of Continental Oil Company for simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order approving the simultaneous dedication of its Britt B Well No. 17 located in Unit P of Section 10 and its Skaggs B Well No. 7 located in Unit K of Section 11, Township 20 South, Range 37 East, Eumont Gas Pool, Lea County, New Mexico, said wells to be dedicated to a 320-acre non-standard proration unit comprising the SE/4 of said Section 10 and the SE/4 of said Section 11, said unit having previously been approved by Commission Order No. R-908.

CASE 5306: Application of Franklin, Aston & Fair for directional drilling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its Lightcap Well No. 2, the surface location of which is 660 feet from the North line and 1980 feet from the East line of Section 25, Township 17 South, Range 29 East, Chaves County, New Mexico, by setting a whipstock at approximately 5800 feet and bottoming in the Siluro-Devonian formation within a 50-foot radius of a point 361 feet south of the surface location.

CASE 5307: 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 Eunice Monument Grayburg-San Andres Pool in the wellbore of its Reed "B" Well No. 2 located in Unit H of Section 23, Township 20 South, Range 36 East, Lea County, New Mexico.

- CASE 5308: Application of Continental Oil Company for simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order approving the simultaneous dedication of its Lynn B-25 Wells Nos. 1 and 2 located in Units J and M, respectively, of Section 25, Township 23 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, said wells to be dedicated to a 320-acre non-standard proration unit comprising the S/2 of said Section 25, said unit having been previously been approved by Commission Order No. R-2088.
- CASE 5309: Application of C. & K. Petroleum, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests of Pennsylvanian age or older underlying the SW/4 SE/4 of Section 27, Township 16 South, Range 37 East, Lea County, New Mexico, to be dedicated to a wildcat oil well to be drilled to the Strawn, and possibly the Devonian formation, at an orthodox location for said proration unit. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs, as well as actual operating costs and charges for supervision. Also to be considered is the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5310: Application of William C. Russell for directional drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the directional drilling of his Hammond Well No. 1, the surface location of which is 1800 feet from the North line and 1650 feet from the East line of Section 26, Township 27 North, Range 8 West, Largo-Chacra Pool, San Juan County, New Mexico.
- CASE 4548: (Reopened)
- In the matter of Case No. 4548 being reopened pursuant to the provisions of Order No. R-4157-A, which order continued in effect for one year the special temporary rules and regulations for the Catclaw-Draw Morrow Gas Pool, Eddy County, New Mexico. All interested parties may appear and show cause why said gas pool should not be developed on 320-acre spacing.
- CASE 5311: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider extension of the Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico. All interested parties may appear and present geological and engineering data to show whether the boundaries of the Catclaw Draw-Morrow Gas Pool should be extended to the East in Township 21 South, Range 26 East, Eddy County, New Mexico, and if so, to what extent.
- CASE 5303: Southeastern nomenclature case calling for the extension of certain pools in Lea, Eddy and Chaves Counties, New Mexico.

(Case 5303 continued from Page 2)

- (a) Extend the North Benson-Queen Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM  
Section 33: NE/4 NW/4

- (b) Extend the Buffalo Valley-Pennsylvanian Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 27 EAST, NMPM  
Section 13: S/2  
Section 24: N/2

- (c) Extend the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM  
Section 6: All

- (d) Extend the Dos Hermanos-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 30 EAST, NMPM  
Section 21: All

- (e) Extend the East Empire Yates Seven Rivers Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM  
Section 28: SE/4 SE/4

- (f) Extend the Field Ranch-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 11 SOUTH, RANGE 38 EAST, NMPM  
Section 34: S/2 and NE/4

- (g) Extend the West Jal-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 25 SOUTH, RANGE 36 EAST, NMPM  
Section 20: E/2

- (h) Extend the Querecho Plains-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM  
Section 23: SE/4

Examiner Hearing - Wednesday - September 4, 1974

Docket No. 26-74

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(Case 5303 continued from Page 3)

(i) Extend the Wantz-Granite Wash Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM  
Section 1: SW/4

(j) Extend the Winchester-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM  
Section 3: E/2

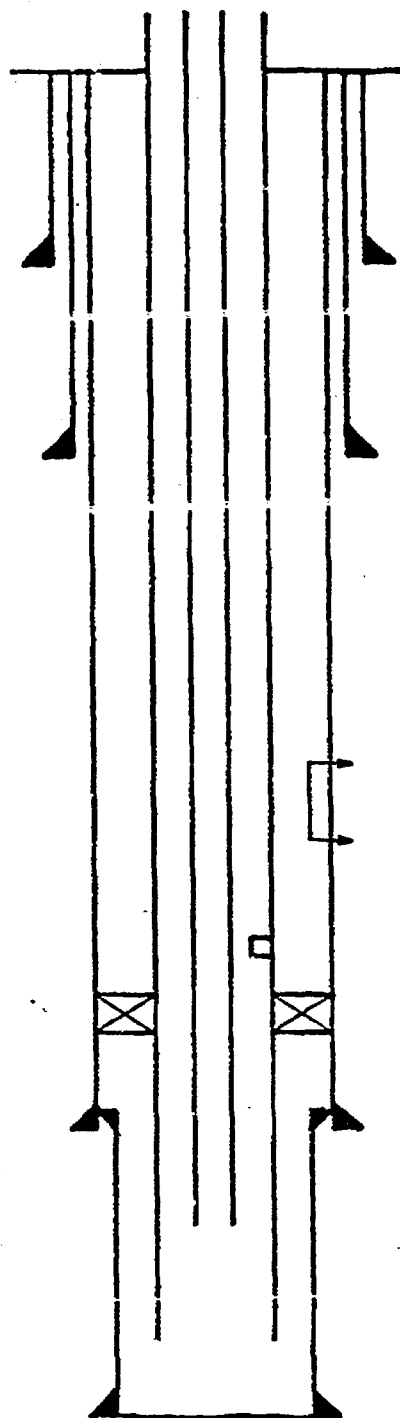


CONTINENTAL OIL COMPANY  
PRODUCTION DEPARTMENT  
HOBBS DIVISION

REED B LEASE  
LOCATION PLAT  
LEA COUNTY, NEW MEXICO

Scale: 1" = 2000'

BEFORE EXAMINER NUTTER  
OIL CONSERVATION COMMISSION  
Conoco EXHIBIT NO. 1  
CASE NO. 5307



REED B NO. 2  
1650 FN & 330' FE 23-20-36  
ELEV: 3571'

10 3/4 @ 251' 250 SX

7 5/8" @ 1293' 425 SX

2390' FLUID LEVEL //1/74 W/45# C.P. NO FLOW TO PHILLIPS GAS SYSTEM

1 1/8" OD HOLLOW RODS

3452' - 3662'  
QUEEN PERFS (OVERALL)

*Eumont perfs*

CIRC VALVE @ 3647' (CLOSED POSITION)

MODEL "D" PKR @ 3680'

4 1/2 LINER TOP 3683' 35 SX  
17# 5 1/2 @ 3740' 425 SX

2" TBG @ 3866' W/CIRC VALVE @ 3837' & SN @ 3829'

3835' - 3870'  
PERFS

*Eumont mon perfs*

*comp in Eumont  
Mon in 1938  
dualled  
in 61  
DC 1038*

TD 3871

- 3/1/38 IP: FLO 1416 BOPD GOR 953  
REMEDIAL WORK ETC.
- 2/13/61 SET LINER TO REDUCE GOR AND DUAL W/EUMONT GAS  
AFTER: TEST P 17 BO & 1 BW  
BEFORE: FL 30 BOPD GOR 17,300 ALLOW 20
- 4/14/61 EUMONT GAS CAOF 920 MCF/D. SIP 663.2
- 11/20/63 COMMENCED EUMONT GAS SALES TO PHILLIPS
- 3/16/65 FOUND SLEEVE @ 3837 CLOSED. OPENED SAME AND SHOT HOLE IN TAIL PIPE 6" ABOVE BULL  
PLUG.
- 4/17/67 UNLOADED 20 BW FROM CSG. IN 12 HRS.

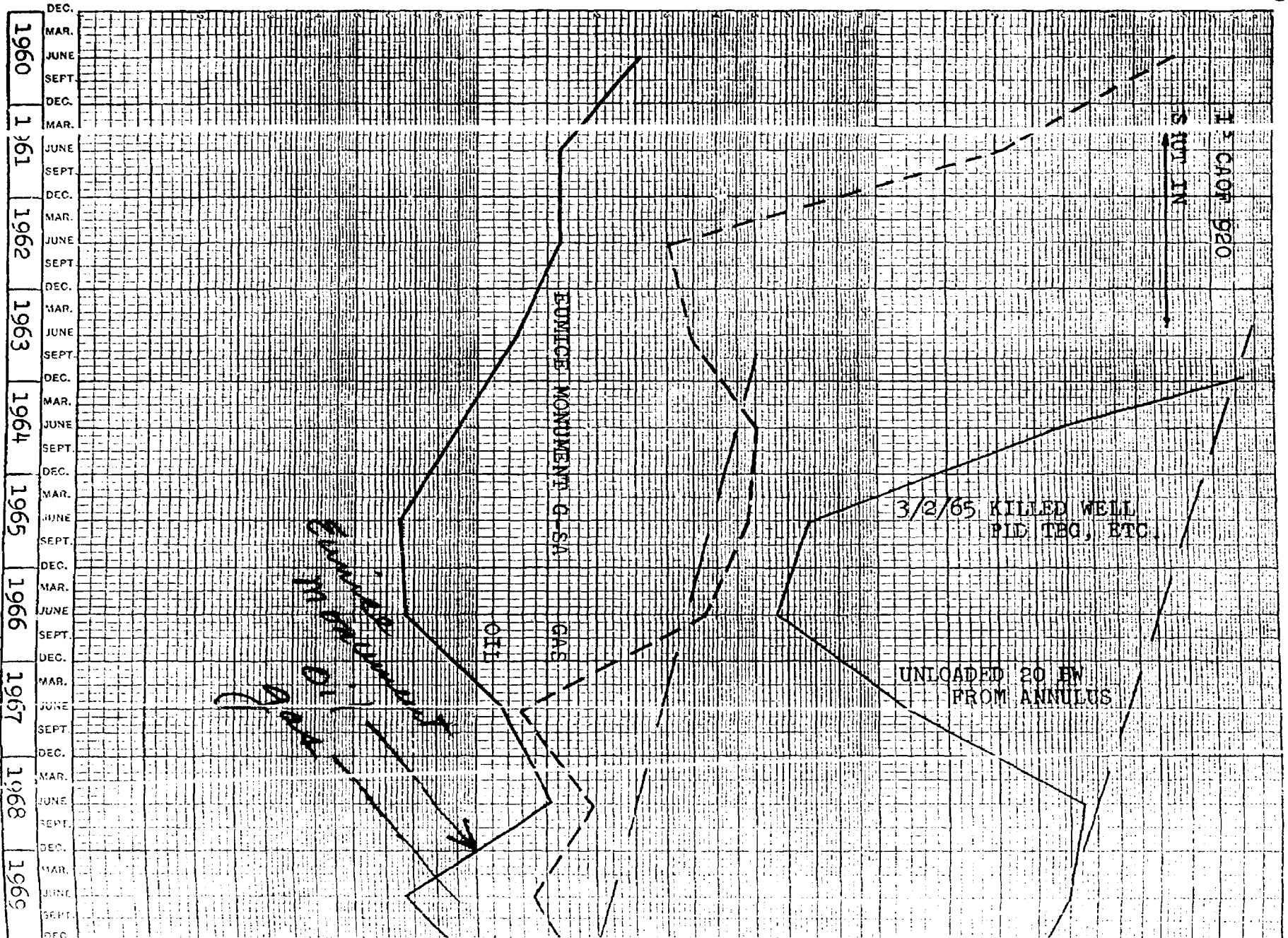
BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
Conoco	EXHIBIT NO. 2
CASE NO. 5307	
EXHIBIT 2	

MCF GAS PER DAY  
BBL. OIL PER DAY

10

100

1000



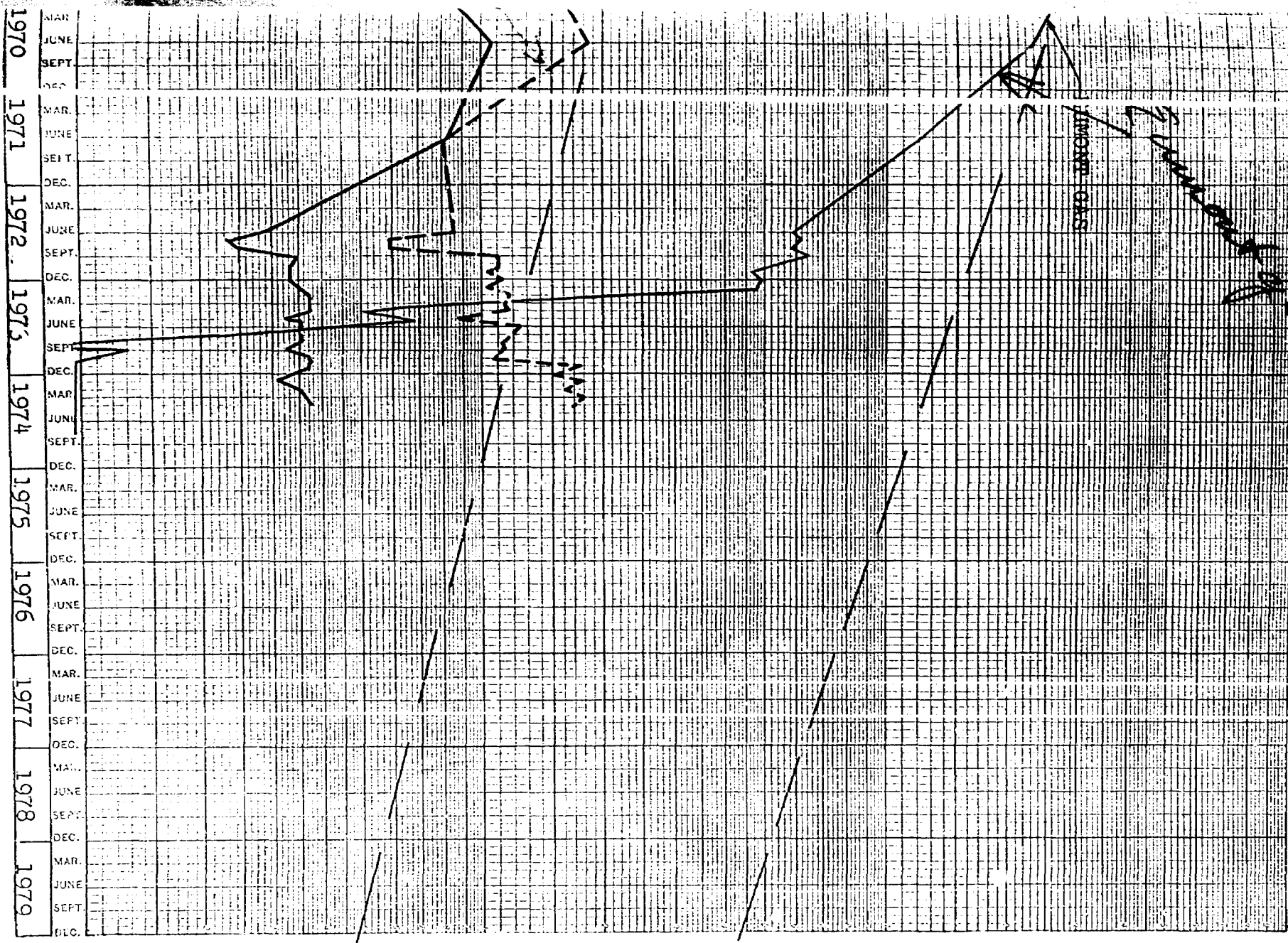


EXHIBIT NO. 3

BEFORE EXAMINER NUTTER  
OIL CONSERVATION COMMISSION  
Conoco EXHIBIT NO. 3  
CASE NO. 5307





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

August 9, 1974

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

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

Gentlemen:

Applications for September 4, 1974 Examiner Hearing

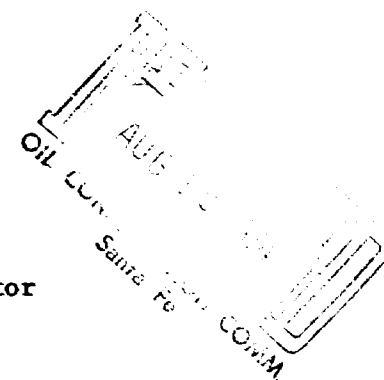
Enclosed in triplicate are applications for hearing as follows:

1. Downhole Commingling Reed "B" No. 2
2. Creation of 8 NSP - units - SEMU-Eumont
3. Joint Allocation of 320-acre Eumont NSP Unit - Britt B Gas Comm.
4. Joint Allocation of 320-acre Jalmat NSP Unit - Lynn B-25.

Please set these cases for hearing on the September 4, 1974 Examiner Docket.

Yours very truly,

reh  
Enc  
CC:  
FEE: FOH: JWK



DOCKET MAILED

8-22-74

Cue 5-307

IN THE MATTER OF THE APPLICATION OF  
CONTINENTAL OIL COMPANY FOR AUTHORITY  
TO COMMINGLE IN THE WELLBORE PRODUCTION  
FROM THE EUMONT GAS POOL AND THE EUNICE  
MONUMENT G-SA OIL POOL IN ITS REED B  
WELL NO. 2 LOCATED IN UNIT H OF SECTION  
23, TOWNSHIP 20 SOUTH, RANGE 36 EAST,  
LEA COUNTY, NEW MEXICO

A P P L I C A T I O N

APPLICANT, Continental Oil Company, respectfully requests authority to commingle in the wellbore production from the Eumont Gas Pool and the Eunice Monument G-SA oil pool in its Reed B No. 2 located in Unit H of Section 23, Township 20 South, Range 36 East, Lea County, New Mexico; and in support thereof would show:

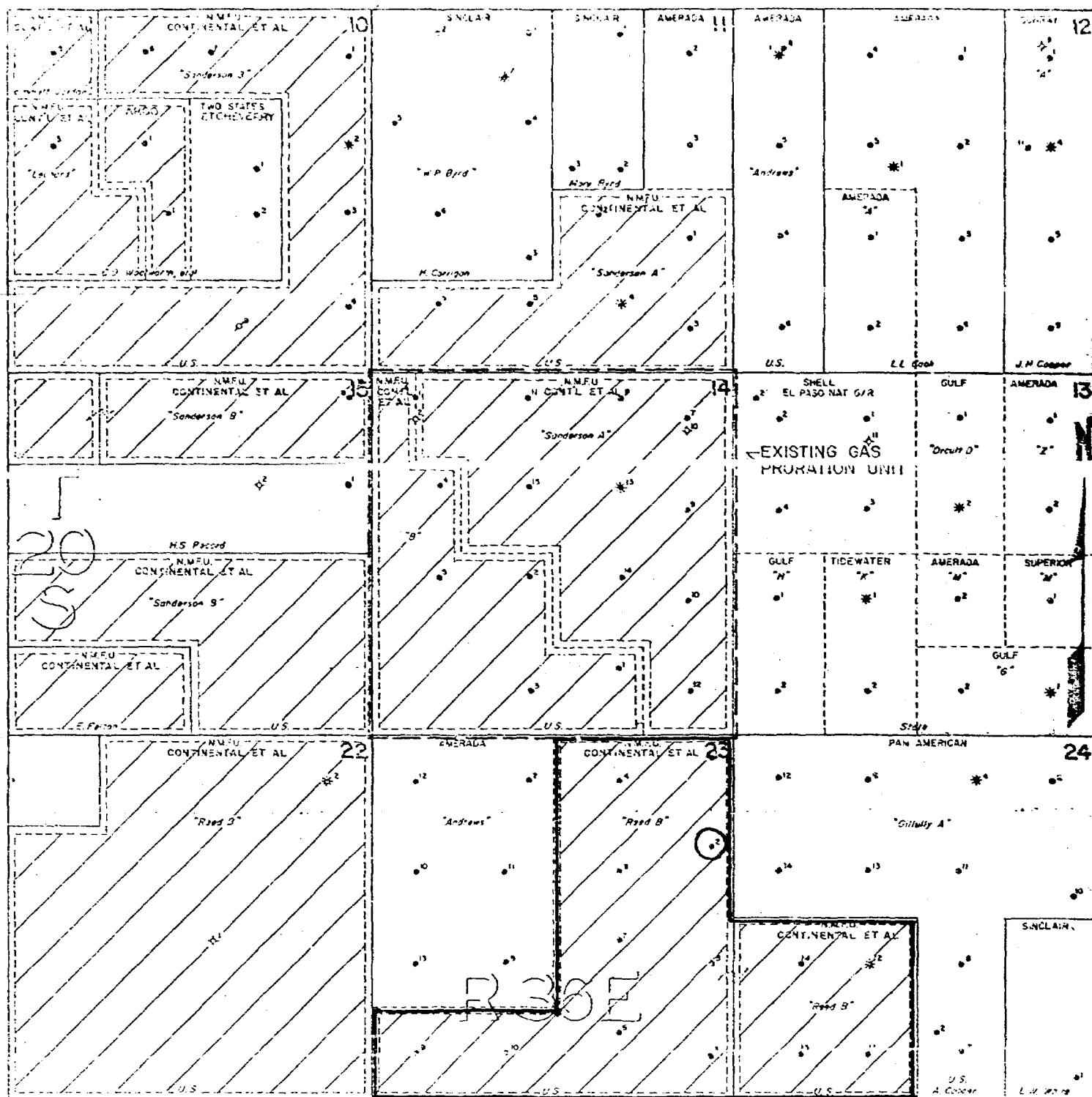
1. Applicant is operator and co-owner of the Reed B Lease which, in addition to other lands, includes E/2, S/2 SW/4 Section 23 and SW/4 Section 24, Township 20 South, Range 36 East, Lea County, New Mexico.
2. Applicant has drilled and duly completed in the Eumont Gas Pool and the Eunice Monument G-SA Pool its Reed B No. 2 well located in Unit H of said Section 23 on said lease under the authority of Administrative Order DC 1038.
3. Production from said gas completion has ceased and production from the oil pool is marginal so that continued operation of the well on a segregated basis is becoming economically infeasible.
4. In order to recover the reserves under the lease and continue economic operation of the well it will be necessary to commingle production from both zones in the well bore.
5. That the granting of this application will prevent waste and will not impair correlative rights.

WHEREFORE, Applicant respectfully requests that this application be set for hearing before the Commission's duly appointed Examiner and that upon hearing, an order be entered authorizing the commingling in the wellbore of the production from the Reed B Well No. 2 as described above.

Respectfully submitted,

CONTINENTAL OIL COMPANY

  
C. P. Thompson  
Division Manager



CONTINENTAL OIL COMPANY  
PRODUCTION DEPARTMENT  
HOBBS DIVISION

REED B LEASE  
LOCATION PLAT  
LEA COUNTY, NEW MEXICO

Scale: 1" = 2000'

DRAFT

jr/

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. 5307

Order No. R- 4854

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 September 4, 1974  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this        day of September, 1974, 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  
operator of its Reed "B" Well No. 2, located in Unit H of Section  
23, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico.

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4 (3) That the applicant seeks authority to commingle hydro-  
5 carbon production from the Eumont Gas Pool and the Eunice Monument  
6 Grayburg-San Andres Pool in the wellbore of the above-described  
7 well.

8 (4) That from the Eumont Gas Pool, said well is capable of  
9 low marginal production only.

10 (5) That from the Eunice Monument Grayburg-San Andres Pool,  
11 said well is capable of low marginal production only.

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

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

19 (8) That in order to allocate the commingled production to  
20 each of the commingled zones in the subject well, 90 percent of  
21 the commingled gas production should be allocated to the Eumont  
22 Gas Pool, 10 percent of the commingled gas production to the  
23 Eunice Monument Grayburg-SAN Andres Pool, and 100 percent of the  
24 commingled liquids <sup>hydrocarbon</sup> production to the Eunice Monument Grayburg-  
25 San Andres Pool.

26 IT IS THEREFORE ORDERED:

27 (1) That the applicant, Continental Oil Company, is hereby  
28 authorized to commingle hydrocarbon production from the Eumont  
29 Gas Pool and the Eunice Monument Grayburg-San Andres Pool within  
30 the wellbore of its Reed "B" Well No. 2, located in Unit H of  
31 Section 23, Township 20 South, Range 36 East, NMPM, Lea County,  
32 New Mexico.

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4 (2) That 90 percent of the commingled gas production shall  
5 be allocated to the Eumont Gas Pool and that 10 percent of the  
6 commingled gas production and 100 percent of the commingled liquid  
7 ~~production~~ production shall be allocated to the Eunice Monument Grayburg-  
8 San Andres Pool.

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

11 DONE at Santa Fe, New Mexico, on the day and year herein-  
12 above designated.

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