

CASE NO. 5346 Appli. CONTINENTAL
OIL COMPANY, downhole commingling *for*
Lea County, New Mexico

CASE No.

5346

Application,

Transcripts,

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 16, 1974

EXAMINER HEARING

IN THE MATTER OF:)
)
)

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

CASE 5346

BEFORE: Richard L. Stamets, Examiner.

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission:	William Carr, Esq. Legal Counsel for the Commission State Land Office Building Santa Fe, New Mexico
For Continental Oil Co.:	Jason Kellahin, Esq. KELLAHIN & FOX 500 Don Gaspar Santa Fe, New Mexico

I N D E X

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VICTOR T. LYON

Direct Examination by Mr. Kellahin

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Cross Examination by Mr. Stamets

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E X H I B I T S

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Exhibits 1, 2 and 3

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LYON-DIRECT

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MR. STAMETS: We will call the next Case, 5346.

MR. CARR: Case 5346, application of Continental Oil Company for downhole commingling, Lea County, New Mexico.

MR. KELLAHIN: If the Commission please, Jason Kellahin of Kellahin and Fox of Santa Fe, appearing for the applicant and we have one witness.

MR. STAMETS: If you will stand and be sworn, please?

(Whereupon, the witness was duly sworn.)

VICTOR T. LYON

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

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you state your name, please?

A Victor T. Lyon.

Q By whom are you employed, and in what position?

A I'm employed by Continental Oil Company as Conservation Coordinator in the the Hobbs Division Office located in Hobbs, New Mexico.

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

LYON-DIRECT

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A Yes, I have.

MR. KELLAHIN: Are the witness' qualifications acceptable?

MR. STAMETS: They are.

BY MR. KELLAHIN:

Q Mr. Lyon, are you familiar with the application of Continental Oil Company in Case 5346?

A Yes, I am.

Q What is proposed by the applicant in this Case?

A Case 5346 is the application of Continental Oil Company for the authority to commingle in the wellbore production from the Drinkard and Blinebry formations in its Warren Unit Well No. 11, located in Unit A of Section 35, Township 20 South, Range 38 East, Lea County, New Mexico.

Q Referring to what has been marked as Exhibit No. 1, would you identify that exhibit?

A Yes, sir, Exhibit No. 1 is a plat showing the western portion of the Warren Unit, outlined in red, and the ownership of the surrounding areas. The Unit actually extends approximately one mile farther west from the boundary of this plat, and it contains a total of 5,280 acres, approximately. The well which is the subject of this hearing, No. 11, is shown circled in red and also in black,

and with a black arrow pointing to it. In Unit A, a location 660 feet from the north and east line of Section 35, Township 20 South, Range 38 East. It also shows the structural configurations of the Drinkard, and really those don't have any particular significance to this thing, its just that this was the only plat we had that showed the area that we wanted to show, and it does show what we interpret as a slight separation in structure for the location of this well and that of the Drinkard production to the west.

Q Now, referring to what has been marked as Exhibit No. 2, would you identify that exhibit?

A Exhibit No. 2 is a copy of the gamma-ray-neutron log showing that portion containing the two formations, the Blinebry and the Drinkard. It shows the perforated sections in the center portion of the log in both formations.

Q Now, referring to Exhibit No. 3, would you identify that exhibit?

A Exhibit No. 3 is a schematic diagram showing the manner in which this well has been completed and will be completed when these two zones are commingled in the well-bore. It shows the size, setting depth, and in most cases, the amount of cement used in setting the casing. You will

note that the surface casing, the cement was circulated and also the 7-inch casing was circulated. The well was actually completed initially in the Warren-Abo Pool; it was drilled to a total depth of 9587, and in March of 1968 it was re-completed in the East Warren-Drinkard Pool. It was shut in from that Pool in April of 1973 because of an uneconomic producing rate. A bottomhole pressure bomb was run September 11th, 1973, which was some 5 months after the well was shut in. The Drinkard formation was found to have a bottomhole pressure of 1,665 pounds per square inch. In June of 1974 the well was re-entered and a retrievable bridge plug was set at 6327, and the Blinebry was perforated as is shown on Exhibits 2 and 3. Each of the lower two sets of perforations were treated individually, and then the upper two were treated together as a third stimulation treatment. The well has since been testing and was finaled on September 27th, pumping 15 barrels of oil, 39 barrels of water, 86 mcf of gas, a gas-oil-ratio of 5,733 cubic feet per barrel. The last month of operation in the Drinkard the well produced approximately 3 barrels of oil, and 125 mcf gas per day, that was the average for the month. A recent bottomhole pressure in the Blinebry formation indicated the bottomhole pressure to be 756 pounds per square inch after 5 days shut in.

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Q How would you propose to allocate the production between the two zones if it is commingled?

A We would recommend that 80 percent be allocated to the Blinebry, 20 percent to the Drinkard as far as the oil is concerned; and the gas appears to be approximately 40 percent to the Blinebry, and 60 percent to the Drinkard.

Q What is that based on?

A It is based on the most recent producing information and an evaluation of what the stabilized producing rates were.

Q Is there any substantial difference in the fluid characteristics in the two formations that would cause a reduced value in the end product if they are commingled?

A No, I doubt that a laboratory evaluation or analysis would show any appreciable difference at all in the characteristics of the crude, the gravities are similar, the sulphur content is virtually nil in both of them.

Q Is it feasible to make a dual completion of this particular well?

A No, it is not because of the low-producing rates in both zones, particularly in the Drinkard, and if the Drinkard had to be pumped below a packer, I just don't believe we could afford to produce it.

LYON-DIRECT
-CROSS

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Q Now, will granting the application permit the continued production from both zones?

A Yes, it will.

Q Would there be any impairment of correlative rights as a result of granting the application?

A I do not see how there could be.

Q In your opinion would it prevent waste to commingle production in this well?

A It would certainly permit the production of additional crude oil which otherwise would not be produced.

Q Were Exhibits 1, 2, and 3 prepared by you or under your supervision?

A Yes, they were.

MR. KELLAHIN: At this time I would like to offer into evidence Exhibits 1, 2, and 3.

MR. STAMETS: These exhibits will be admitted.

(whereupon, Exhibits 1, 2, and 3 were admitted into evidence.)

MR. KELLAHIN: That's all we have on this Case.

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Lyon, do you anticipate any substantial decline in the Blinbry production faster, say, than the Drinkard

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production which would affect these percentages?

A I really don't have enough data on the Blinebry production to make any predictions that I would have a great deal of confidence in. We expect that it will probably decline at somewhere near the same rate that the Drinkard. The Drinkard may have had some mechanical problems in there before they shut it down; I can't say that it didn't, but I think they would probably exhibit similar decline characteristics.

Q At the present time the Drinkard is bridged off in this well?

A Yes, there is a bridge plug set above the Drinkard perforations.

Q And the Blinebry zone has been on production something less than a month?

A I think it has been a little bit longer than that. The Blinebry is a little gassy, and we had trouble with the pump gas locking until they finally installed a gas anchor in there, and then we began to get more reasonable producing rates out of the well. We had considerable mechanical difficulty with it until that was done.

Q How long has the well been on production?

A Well, with the gas anchor it has only been on

about a month.

Q Do you think you would have a clear idea of what this well might do in the way of decline in, say 60 or 90 days, rather than 30 days.

A I'm sure we would. It would give us that much more data on it.

Q Would you anticipate performing any stimulation operations on the Drinkard zone when you go back in and open that zone up?

A I think not.

Q It would just be a matter of putting the well on pump and pulling the bridge plug?

A Right, they don't always tell me what they have in mind, but haven't mentioned any thought of stimulating the Drinkard.

Q If you were having mechanical problems with the Drinkard and the production was substantially different, if you had 90 days production on the Blinebry then you would be able to see this in subsequent production from the commingled zone then you could adjust your percentages at that time if it were necessary?

A Right, if the -- of course, there probably will be a fairly high producing rate for the Drinkard because it has

been shut in for so long and that pressure has built up, but I should think this would be out of the way, you know, within the first week, and then if the producing rates are higher than our present data would indicate, we could assume, I think that it was contributing the additional production.

MR. STAMETS: Are there any other questions of this witness?

MR. KELLAHIN: Is there any difference in the ownership as between the two zones?

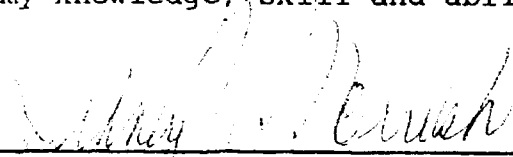
MR. LYON: No, these two zones are identical ownership.

MR. KELLAHIN: That's all I have.

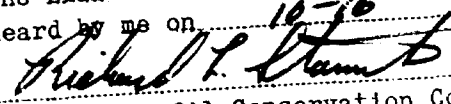
MR. STAMETS: The witness may be excused. Is there anything further in this case. We will take it under advisement.

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

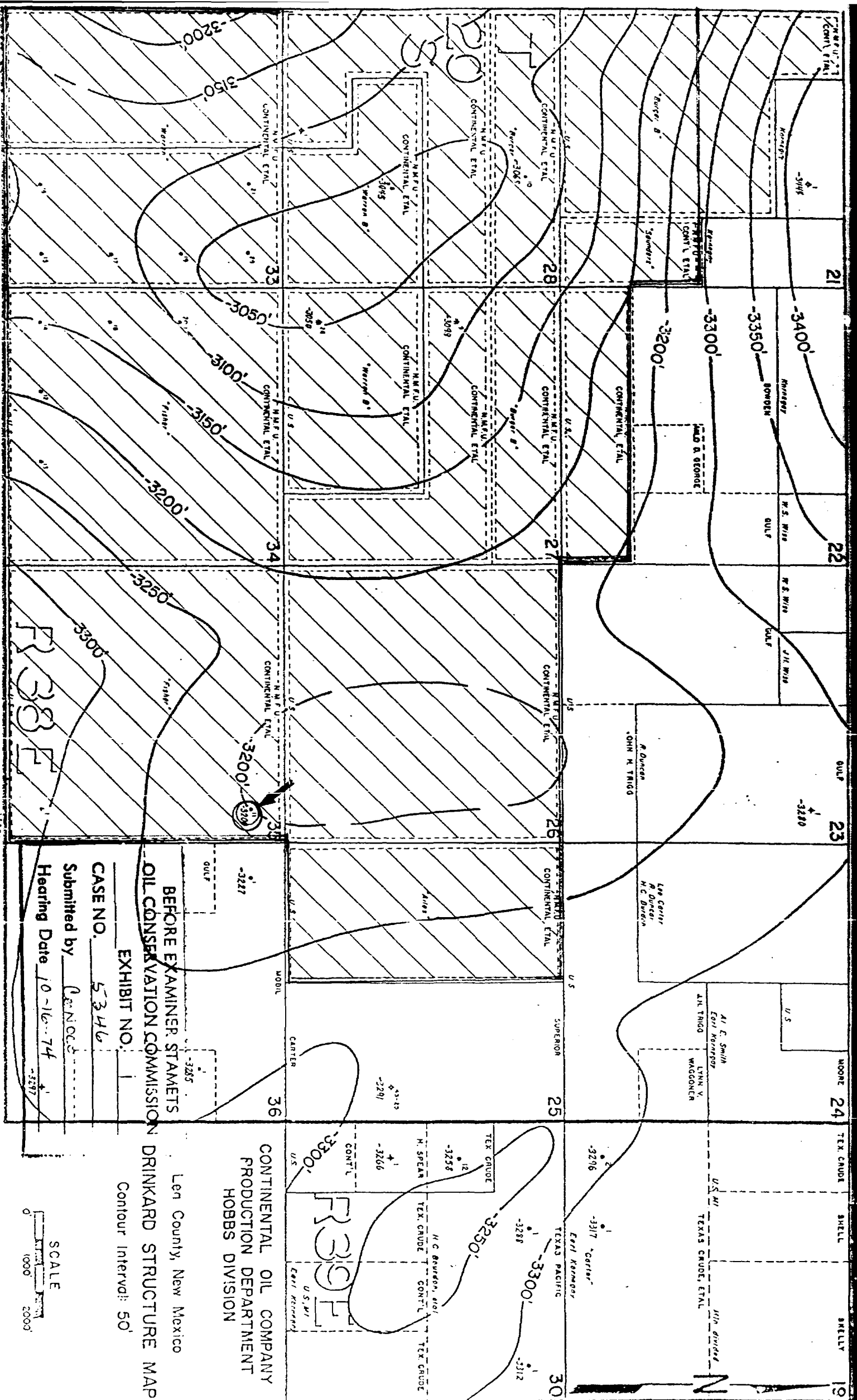
I, SIDNEY F. MORRISH, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.


SIDNEY F. MORRISH, Court Reporter

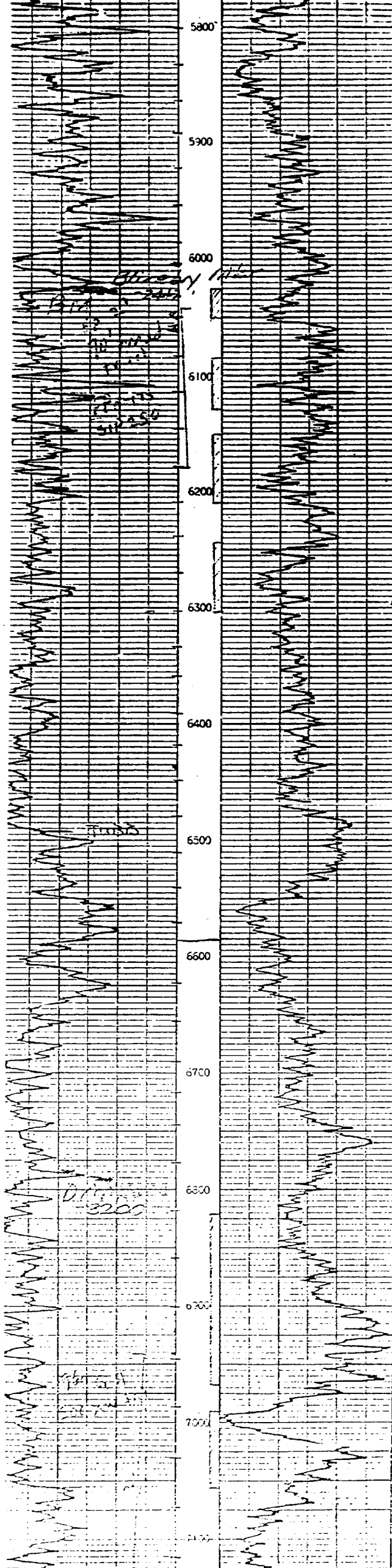
I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5346 heard by me on 10-16, 1977.


Richard L. Stamm, Examiner
New Mexico Oil Conservation Commission

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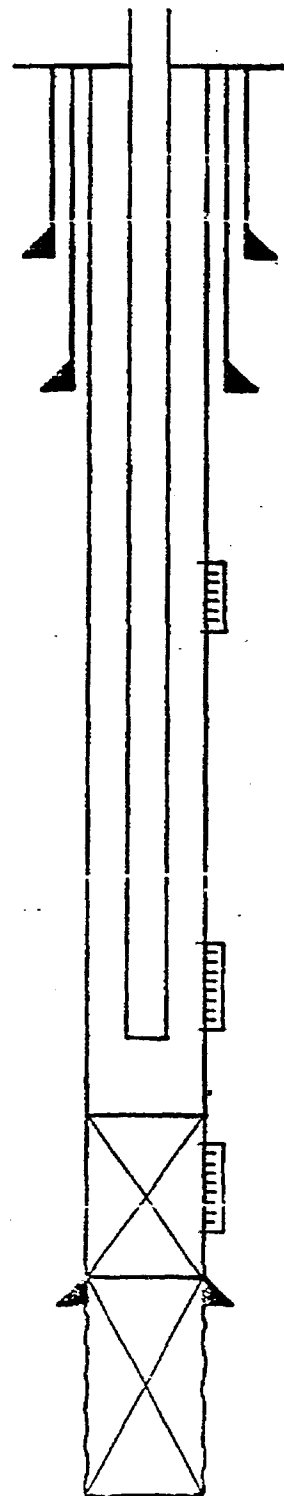


Warren Unit
No. 11



GR Neutron Log
Continental Oil Co.
SFMU Well No. 11
A-35-20S-38E

WARREN UNIT NO. 11
UNIT "A" 660' FNL & EL
SEC. 35, T20S, R38E
ELEV. 3585' ASL
"O" at 12' AGL



13 3/8" CSG SET AT 254'

9 5/8" CSG SET AT 3099 W/1990 SX (TOC - 300')

2 7/8" TUBING SET TO 6980'

PROPOSED BLINEBRY PERFS 6026-6301'

EXISTING DRINKARD PERFS 6821-7056'

PD - 7066'

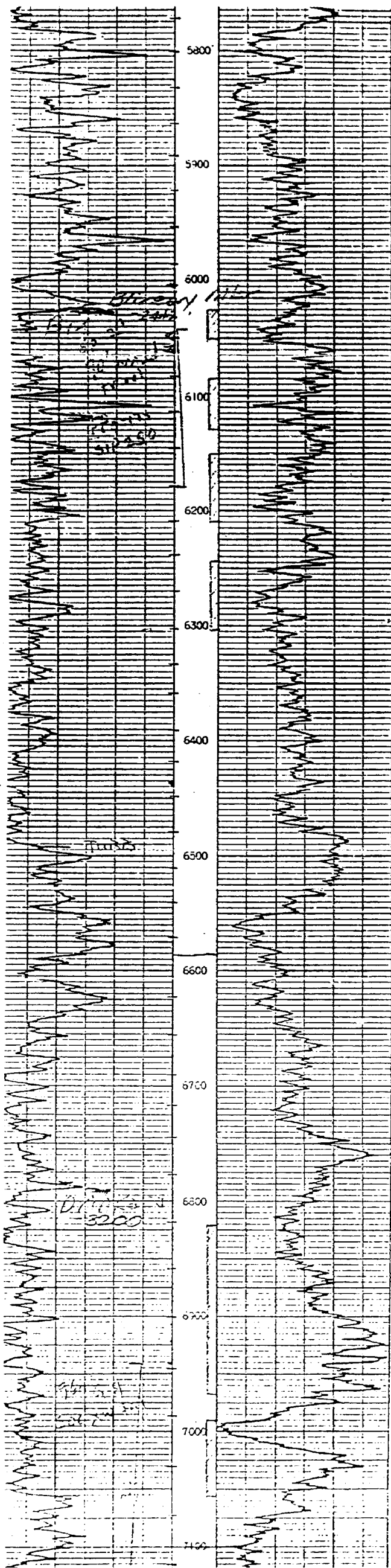
ABO PERFS 7077-7720'. SQUEEZED OFF WITH 100 SX CEMENT.

7" 23# CASING SET AT 7749' (2311' OF 26#) W/1518 SX (CIRC)

T.D. 9587'

ECN-JS
6-14-74

Warren Unit
No. 11



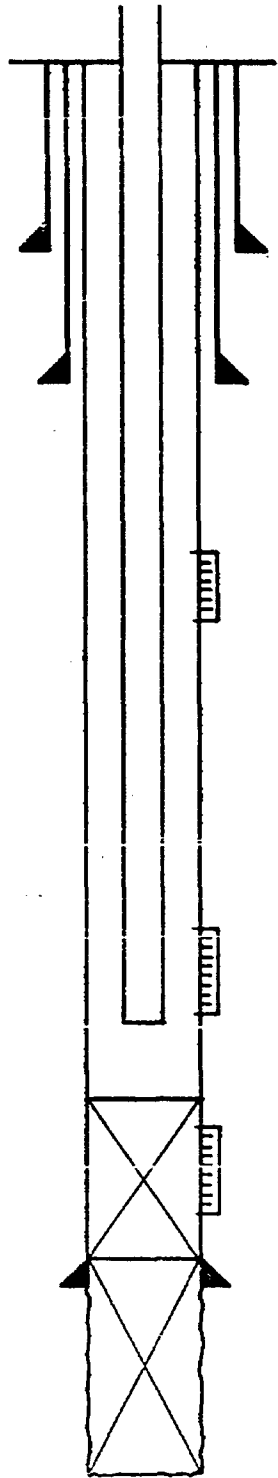
BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

CASE NO. 5346
EXHIBIT NO. 3

Submitted by Geo. Dece
Hearing Date 10-16-74

GR Neutron Log
Continental Oil Co.
SEM Well No. 11
A-35-20S-38E

WARREN UNIT NO. 11
UNIT "A" 660' FNL & EL
SEC. 35, T20S, R38E
ELEV. 3585' ASL
"O" at 12' AGL



13 3/8" CSG SET AT 254'

9 5/8" CSG SET AT 3099 W/1990 SX (TOC - 300')

2 7/8" TUBING SET TO 6980'

PROPOSED BLINEBRY PERFS 6026-6301'

80%
oil

756 PSI

40% gas

9-27-74

15 BO 600 8783

EXISTING DRINKARD PERFS 6821-7056'

20%
oil

1800 PSI

60% gas

3 BO 125 MCFD

Prod

PD - 7066'

ABO PERFS 7077-7720'. SQUEEZED OFF WITH 100 SX CEMENT.

7" 23# CASING SET AT 7749' (2311' OF 26#) W/1518 SX (CIRC)

T.D. 9587'

BEFORE EXAMINER STAMETS	
OF CONSERVATION COMMISSION	
EXHIBIT NO.	3
CASE NO.	5346
Filed by	CONOCO
Filing Date	10-16-74

ECW-JS
6-14-74

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE NEW MEXICO 87501

January 21, 1975

Mr. V. T. Lyon, Conservation Coordinator
Continental Oil Company
P.O. Box 460
Hobbs, New Mexico 88240

Re: Warren Unit Well No. 11 A,
Section 35-T20S-R38E,
Lea County, New Mexico

Dear Mr. Lyon:

In accordance with the provisions of Commission Order No. R-4912 and the production tests reported in your letter of January 20, 1975, a formula for the allocation of production to the commingled zones in the subject well is hereby approved as follows:

ZONE	OIL PERCENTAGE	GAS PERCENTAGE
Blinbry	80	10
Drinkard	20	90

Very truly yours,

A. L. PORTER
Secretary-Director

ALP/jr



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

January 20, 1975

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

Attention Mr. R. L. Stamets

Gentlemen:

Order No. R-4912, Case No. 5346 - Warren Unit Well No. 11

Order No. R-4912 was entered in Case No. 5346, application for DHC in Warren Unit Well No. 11. This order required 90 days additional testing from the Blinebry Zone and the filing with you the test data for the purpose of establishing the allocation between the two producing zones. My testimony stated that the Blinebry was finaled on September 27, 1974, pumping 15 barrels of oil, 39 barrels of water, 86 MCFG with a gas-oil ratio of 5,733 cubic feet per barrel. Since that date, the following tests have been taken:

<u>Date</u>	<u>BOPD</u>	<u>BWPD</u>	<u>Gas MCF</u>
November 14, 1974	17	36	Not Measured
November 22, 1974	13	29	Not Measured
December 3, 1974	12	11	28
December 13, 1974	13	37	Not Measured
January 8, 1975	14	31	18

Monthly production for the past four months is as follows:

<u>Month</u>	<u>Total Oil Production</u>	<u>Daily Average</u>	<u>Total Gas Production</u>	<u>Daily Average</u>
September	506	17	2942	98
October	379	12	1153	37
November	396	13	256	8.5
December	383	12	NA	NA

The above data indicates that my proposed allocation of oil based 80% to Blinebry and 20% to Drinkard is still valid. The Blinebry gas volume has declined, however and it would appear that an allocation of 90% to Drinkard and 10% to Blinebry would be more appropriate.

We trust that the data contained herein will be satisfactory and that we may proceed with the downhole commingling in this well. We should appreciate your early advice on this matter.

Yours very truly,

V. T. Lyon
Conservation Coordinator



OIL CONSERVATION COMMISSION

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

I. R. TRUJILLO
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMJO
MEMBER

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

November 12, 1974

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

Re: CASE NO. 5346, 5347, 5348
ORDER NO. R-4912, R-4913 & R-4914

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,

K. L. Porter, Jr.

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC	<u>x</u>
Artesia OCC	<u> </u>
Aztec OCC	<u> </u>

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. 5345
Order No. R-4912

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 October 16, 1974, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 12th day of November, 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 owner and operator of the Warren Unit Well No. 11, located in Unit A of Section 35, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks authority to commingle Blinebry and East Warren-Drinkard production within the wellbore of the above-described well.

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

(5) That from the East Warren-Drinkard zone, the subject 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 that the well is not shut-in for an extended period.

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CASE NO. 5346
Order No. R-4912

(8) 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.

(9) That additional testing of the Blinebry zone should be required before establishment of a formula for the allocation of the commingled production.

IT IS THEREFORE ORDERED:

(1) That the applicant, Continental Oil Company, is hereby authorized to commingle Blinebry and East Warren-Drinkard production within the wellbore of the Warren Unit Well No. 11, located in Unit A of Section 35, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico.

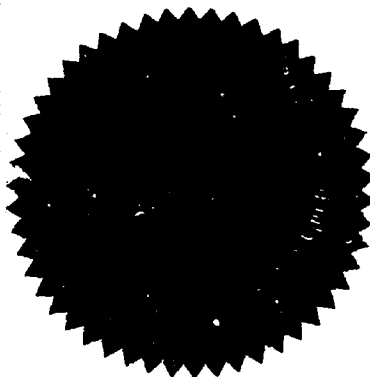
PROVIDED HOWEVER, that the operator shall continue to test the Blinebry zone for 90 days, filing the results of such testing with the Santa Fe office of the Commission;

PROVIDED FURTHER, that the Secretary-Director of the Commission may, thereafter, establish a formula for the allocation of the commingled production to the two zones or, if the results of the testing required above should prove inconclusive, require additional testing before establishing such formula.

(2) 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.

(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

[Signature]
I. R. TRUJILLO, Chairman

ALEX J. ARMIJO, Member

[Signature]
A. L. PORTER, Jr., Member & Secretary

S E A L
jr/

(Case 4976 continued from Page 1)

and West Parkway-Atoka Gas Pools in Section 28, Township 19 South, Range 29 East, Eddy County, New Mexico, to appear and present evidence to clearly establish the nature of the reservoirs, proper rates of production for wells therein, and special rules therefor.

CASE 5313: (Continued and Readvertised)

Application of El Paso Natural Gas Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Aztec-Pictured Cliffs and Blanco-Mesaverde production in the wellbore of its Ludwick Well No. 11 located in Unit B of Section 19, Township 30 North, Range 10 West, San Juan County, New Mexico.

CASE 5338: Application of Amerada Hess Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water into the Devonian formation through the open-hole interval from 10,980 feet to 11,180 feet in its State BTC Well No. 1, located in Unit N of Section 35, Township 11 South, Range 33 East, Bagley Siluro-Devonian Pool, Lea County, New Mexico.

CASE 5339: Application of John L. Cox for salt water disposal, Lea County, New Mexico. Applicant in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation through the open-hole interval from approximately 4989 feet to 5017 feet in his U.S.M. Well No. 2, located in Unit H of Section 27, Township 9 South, Range 37 East, West Sawyer-San Andres Pool, Lea County, New Mexico.

CASE 5340: Application of Atlantic Richfield Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its State BR Well No. 1, located in Unit K of Section 16, Township 21 South, Range 26 East, Eddy County, New Mexico, in such a manner as to produce gas from an undesignated Atoka gas pool through the tubing and gas from an undesignated Morrow gas pool through the casing-tubing annulus by means of a cross-over assembly.

CASE 5341: Application of Texas Oil & Gas Corporation for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Williamson Fed. Well No. 3, located 660 feet from the North line and 1980 feet from the East line of Section 9, Township 20 South, Range 29 East, NMPM, Burton Flats-Morrow Gas Pool, Eddy County, New Mexico, the E/2 of said Section 9 to be dedicated to the well.

CASE 5342: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Leon Davis, Fidelity and Deposit Company of Maryland, and all other interested parties to appear and show cause why the New Mexico State "Heart" Well No. 1, located in Unit J of Section 16, Township 14 North, Range 32 East, NMPM, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

Docket No. 30-74

Dockets Nos. 30-74 and 31-74 are tentatively set for hearing on October 30 and November 13, 1974. Application for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 16, 1974

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

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas from seventeen prorated pools in Lea, Eddy, Roosevelt, and Chaves Counties, New Mexico, for November, 1974;
- (2) Consideration of the allowable production of gas from five prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for November, 1974.

CASE 5304: (Continued from the September 4, 1974, Examiner Hearing)

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 5292: (Continued from the September 18, 1974, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit El Paso Natural Gas Company, United States Fidelity and Guaranty Co., and all other interested parties to appear and show cause why each of the following wells should not be plugged and abandoned in accordance with a Commission-approved plugging program:

EPNG Ludwick Well No. 11, located in Unit B, Section 19, Township 30 North, Range 10 West, San Juan County, New Mexico;

EPNG Rincon Unit Well No. 127, located in Unit A, Section 28, Township 27 North, Range 6 West, Rio Arriba County, New Mexico; and

EPNG Warren A Well No. 2, located in Unit A, Section 23, Township 28 North, Range 9 West, San Juan County, New Mexico.

CASE 4976: (Reopened) (Continued from the October 2, 1974, Examiner Hearing)

In the matter of Case No. 4976 being reopened pursuant to the provisions of Order No. R-4638 to permit all operators in the West Parkway-Strawn

Examiner Hearing - Wednesday - October 16, 1974

Docket No. 29-74

-4-

CASE 5348: Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the Blinebry and Drinkard Pools in the wellbores of its Elliott B Well No. 6, located in Unit J of Section 6, Township 22 South, Range 37 East, and its Lockhart B-1 Well No. 9, located in Unit I of Section 1, Township 22 South, Range 36 East, both in Lea County, New Mexico.

CASE 5343: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Paul Haskins, Trustee and Continental Casualty Company, and all other interested parties to appear and show cause why the Arthur Cain Well No. 1, located in Unit N of Section 4, Township 15 North, Range 33 East, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5344: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit American Fuels Corporation and Aetna Casualty and Surety Company, and all other interested parties, to appear and show cause why the following American Fuels Wells on the W-S Ranch in Colfax County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program:

NM-B Well No. 1, located in Unit G of Section 6, Township 30 North, Range 19 East;

NM-B Well No. 2, located in Unit P of Section 16, Township 30 North, Range 18 East;

NM-B Well No. 4, located in Unit H of Section 18, Township 30 North, Range 18 East;

NM-B Well No. 5, located in Unit P of Section 30, Township 30 North, Range 19 East; and

NM-B Well No. 10, located in Unit N of Section 24, Township 31 North, Range 19 East.

CASE 5345: Application of Texaco, Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the Fusselman, Montoya, and Ellenburger formations, North Justis Field, in the wellbore of its G. L. Erwin "B" Fed. (NCT-2) Well No. 5, located in Unit P of Section 35, Township 24 South, Range 37 East, Lea County, New Mexico.

CASE 5346: Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the Blinebry formation and the East Warren-Drinkard Pool in the wellbore of its Warren Unit Well No. 11, located in Unit A of Section 35, Township 20 South, Range 38 East, Lea County, New Mexico.

CASE 5347: Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the West Warren-Blinebry and East Skaggs-Drinkard Pools in the wellbore of its SEMU Berger Well No. 21, located in Unit O of Section 19, Township 20 South, Range 38 East, Lea County, New Mexico.

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 OIL PRODUCTION FROM THE
DRINKARD AND BLINEBRY FORMATIONS
IN ITS WARREN UNIT WELL NO. 11,
LOCATED IN SECTION 35, T-20S, R-38E,
LEA COUNTY, NEW MEXICO

Case 5-346

A P P L I C A T I O N


Applicant, Continental Oil Company, respectfully requests authority to commingle in the wellbore oil production from the Blinebry and Drinkard formations in its Warren Unit Well No. 11, located in Unit A of Section 35, T-20S, R-38E, Lea County, New Mexico and in support thereof would show:

1. Applicant is the operator and co-owner of the Warren Unit containing 5,280 acres in T-20S, R-38E, Lea County, New Mexico.
2. Applicant has heretofor drilled its Well No. 11 on said unit at a location 660' FNL and 660' FEL of Section 35, and tested it in the Drinkard and Blinebry formations at marginal rates of oil production.
3. Producing rates from the two zones in the well are such that economical production cannot be conducted on a segregated basis.
4. 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 Blinebry and Drinkard oil production as described above.

Respectfully submitted,

CONTINENTAL OIL COMPANY

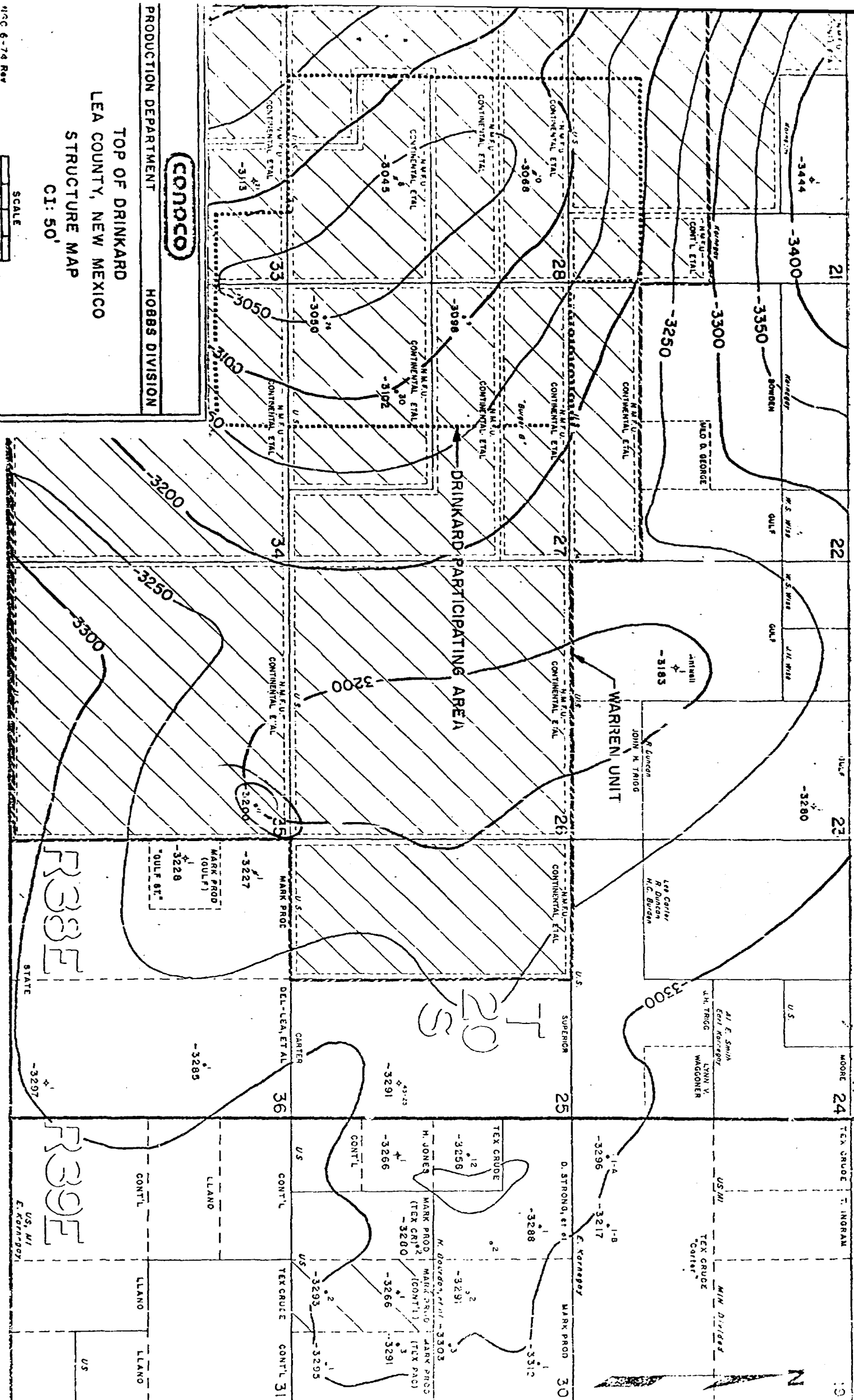

L. P. Thompson
Division Manager
Production

reh

CI: 50

HOBBS DIVISION

CONOCO



Vic Lyon - 393-4141

Vic Lyon: Applications for Conoco

1. Downhole commingling

App. to Com. from W. Warren
Bldg & E. & Capps Drinkard pools
SEKW Berger well No. 21, Unit "O"
Sec. 19, T-20S, R. 38E, L. Co.

Pro from Drinkard & Blinley Pools in
Elliot "B" well No. 6 in Unit J.
Sec. 6, T-22S, R. 37E, L. Co.

Pro from Drinkard & Blinley pools in Jackson
B-1, well No. 9, in Unit I, Sec. 1,
T-22S, R-38E, L. Co.

Pro from P & Bk. forms, in its Warren
Unit well No. 11, Sec. 35, T-20S, R. 38
E, L. Co.



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

Case 5-346

September 24, 1974

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

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

Gentlemen:

Applications for Downhole Commingling - October 16, 1974 Examiner Docket

Enclosed in triplicate are applications for downhole commingling of Blinebry and Drinkard Oil in our Elliott B No. 6, Lockhart B-1 No. 9, Warren Unit No. 11 and SEMU No. 21 wells. Please set these matters for hearing on the October 16, 1974 Examiner Docket.

Yours very truly,

VTL:pc

Enc.

cc: Amoco Production Company
P. O. Box 367
Andrews, Texas 79714

Atlantic Richfield Company
P. O. Box 1710
Hobbs, New Mexico 88240

Chevron Oil Company
P. O. Box 1660
Midland, Texas 79701

JCC: FOH: JWK

DOCKET MAILED

Date Oct 16 1974

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

dr/

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

CASE NO. 5346

Order No. R-4912

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 October 16, 1974, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this 16 day of October, 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 owner and operator of the Warren Unit Well No. 11, located in Unit A of Section 35, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks authority to commingle Blinebry and East Warren-Drinkard production within the wellbore of the above-described well.

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

(5) That from the East Warren-Drinkard zone, the subject 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 that the well is not shut-in for an extended period.

(8) 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.

see
under
↓

(9) That additional testing of the Blinebry zone should be required before establishment of a formula for the allocation of the commingled production.

(1) That the applicant, Continental Oil Company, is hereby authorized to commingle Blinebry and East Warren-Drinkard production within the wellbore of the Warren Unit Well No. 11, located in Unit A of Section 35, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico.

(2) That _____ percent of the commingled _____ production shall be allocated to the Blinbry zone and _____ percent of the commingled _____ production shall be allocated to the East Warren-Drinkard zone.

(2) 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.

(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.

Provided However, that the operator shall continue to test the Blinbry zone for 90 days, filing the results of such testing with the Santa Fe office of the Commission.

Provided Further, that the Secretary, Director of the Commission may, thereafter, establish a formula for the allocation of the commingled production to the two zones or, require additional testing if the results of the testing required above should prove inconclusive, ^{require} ~~establishing~~ additional testing before ~~setting~~ such formula.