

CASE 6916: PETRO-LEWIS CORPORATION FOR
DOWNHOLE COMMINGLING, LEA COUNTY, NEW
MEXICO

2/6/23
Sent to

Case No.

6916

Application

Transcripts

Small Exhibits

ETC



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

July 23, 1980

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

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

Re: CASE NO. 6916
ORDER NO. R-6393

Applicant:

Petro-Lewis Corporation

Dear Sir:

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

Yours very truly,

JOE D. RAMEY
Director

JDR/Ed

Copy of order also sent to:

Robbs OCD	<u>x</u>
Artesia OCD	<u>x</u>
Attec OCD	

1998

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6916
Order No. R-6393

APPLICATION OF PETRO-LEWIS
CORPORATION FOR DOWNHOLE
COMMINGLING, LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 25, 1980,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 22nd day of July, 1980, the Division
Director, 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 Division has jurisdiction of this cause and the
subject matter thereof.
- (2) That the applicant, Petro-Lewis Corporation, is the
owner and operator of the State DC Well No. 1, a quadruple com-
pletion, located in Unit F of Section 19, Township 21 South,
Range 37 East, NMPM, Lea County, New Mexico.
- (3) That the applicant seeks authority to commingle Drinkard
and Blinebry production within the wellbore of the above-described
well.
- (4) That from the Drinkard zone, the subject well is cap-
able of low marginal production only.
- (5) That from the Blinebry zone, the subject well is cap-
able of low marginal production only.

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Case No. 6916

Order No. R-6393

(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 Division 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 Division any time the subject well is shut-in for 7 consecutive days.

(9) That in order to allocate the commingled production to each of the commingled zones in the subject well, 40 percent of the commingled production should be allocated to the Drinkard zone, and 60 percent of the commingled production to the Blinebry zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, Petro-Lewis Corporation, is hereby authorized to commingle Drinkard and Blinebry production within the wellbore of its State DC Well No. 1, a quadruple completion, located in Unit F of Section 19, Township 21 South, Range 37 East, NMPN, Lea County, New Mexico.

(2) That the commingling shall be accomplished by perforating the Blinebry zone in the Drinkard casing string and running a string of 1.9-inch tubing therein to the approximate top of the Drinkard pay zone.

(3) That 40 percent of the commingled production shall be allocated to the Drinkard zone and 60 percent of the commingled production shall be allocated to the Blinebry zone.

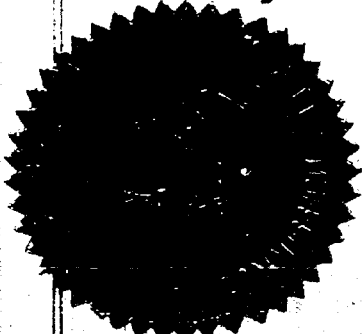
(4) That the operator of the subject well shall immediately notify the Division's Hobbs district office any time the well has been shut-in for 7 consecutive days and shall concurrently present, to the Division, a plan for remedial action.

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

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Case No. 6916
Order No. R-6393

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

ed/

PETRO LEWIS CORPORATION
Oil and Gas Producers

Energy Center
717 17th Street, P.O. Box 2250
Denver, Colorado 80201
303/620-1000

RECEIVED
JUN - 6 1980
OIL CONSERVATION DIVISION
SANTA FE

June 3, 1980

Mr. Daniel S. Nutter
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Nutter,

Petro-Lewis Corporation respectfully requests a continuance on Case 6916,
Docket 16-80 scheduled for June 4, 1980. If acceptable to you, Petro-
Lewis desires to reschedule the hearing for June 25, 1980.

Thank you.

Kevin Preston

Kevin Preston
Senior Petroleum Engineer
Petro-Lewis Corporation

BP/nr

file

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
25 June 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Petro-Lewis Corpora-
tion for downhole commingling, Lea
County, New Mexico.

CASE
6916

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

W. Thomas Kellahin, Esq.
KELLAHIN & KELLAHIN
500 Don Gaspar
Santa Fe, New Mexico 87501

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

I N D E X

MICHAEL HANDREN

Direct Examination by Mr. Kellahin	3
Cross Examination by Mr. Stamets	12

E X H I B I T S

Applicant Exhibit One, Plat	4
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SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

1 MR. STAMETS: We'll call next Case 6916.

2 MR. PADILLA: Application of Petro-Lewis
3 Corporation for downhole commingling, Lea County, New Mexico.

4 MR. KELLAHIN: Tom Kellahin of Santa Fe,
5 New Mexico, appearing on behalf of the applicant, and I have
6 one witness.

7
8 (Witness sworn.)
9

10 MICHAEL HANDREN
11 being called as a witness and having been duly sworn upon his
12 oath, testified as follows, to-wit:
13

14 DIRECT EXAMINATION

15 BY MR. KELLAHIN:

16 Q Mr. Handren, would you please state your
17 name and occupation?

18 A My name is Michael Handren. I'm a Staff
19 Operations Engineer for Petro-Lewis Corporation.

20 Q Would you spell your last name for us?

21 A H-A-N-D-R-E-N.

22 Q Mr. Handren, have you previously testified
23 before the Commission as a petroleum engineer?

24 A No, I haven't.

25 Q Would you tell the Examiner when and where

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 435-7409

1 you obtained your degree in petroleum engineering?

2 A I obtained a Bachelor of Science degree
3 in petroleum engineering from Texas Tech in December, 1977.

4 Q Subsequent to graduation where have you
5 been employed as a petroleum engineer?

6 A Immediately after graduation I was em-
7 ployed with Getty Oil Company in the Levelland area.

8 On April 1st, 1980, I was employed with
9 Petro-Lewis Corporation.

10 Q Do your duties as a petroleum engineer
11 include the matters raised in this particular application?

12 A They do.

13 Q And have you made a study of those facts
14 and circumstances surrounding the application?

15 A I'm well aware of the facts surrounding
16 this application.

17 MR. KELLAHIN: We tender Mr. Handren as
18 an expert petroleum engineer.

19 MR. STAMETS: He is considered qualified.

20 Q Would you please refer to what we've
21 marked as Exhibit Number One, identify that for us, and
22 locate the subject well?

23 A Exhibit Number One is a plat showing off-
24 set wells surrounding our Petro-Lewis State "DC" lease in
25 Lea County, New Mexico.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 435-7409

1 It shows the well in question, which is
2 No. 1 State "DC", located in Unit F, Section 19, Township 21
3 South, Range 37 East.

4 Q What are you seeking approval to do, Mr.
5 Handren?

6 A We seek approval to downhole commingle
7 in the No. 1 State "DC" of the Drinkard and Blinebry zones.

8 Q What's the proration unit assigned to the
9 production of those two formations in this well?

10 A It's 40 acres, which is Unit letter F of
11 Section 19.

12 Q Is that ownership interest common for both
13 formations?

14 A It's common.

15 Q Will you refer to Exhibit Number Two and
16 identify that?

17 A Exhibit Number Two is a wellbore schematic
18 showing our State "DC" No. 1 wellbore. As you can see, there
19 are four strings of 2-7/8ths casing, which has been cemented
20 to a depth of 3120 feet, thus isolating all producing zones.

21 Q The total depth of the cement is at 6700
22 feet?

23 A Right. The total depth of the wellbore
24 is 6700. Each of these strings is cemented from a TD of
25 back to a depth of 3120 feet.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 195-B
Santa Fe, New Mexico 87501
Phone: (505) 455-7409

1 Q Commencing with the casing string number
2 one, would you identify each casing string as to what forma-
3 tion it produces?

4 A The number one string is our Drinkard
5 string, showing perforations from 6635 to 6659.

6 The number two string is our Blinebry
7 string. It shows our current perforations at 5604 to 5774.

8 String three is our Paddock zone with
9 perforations from 5177 to 5184.

10 And string number four is our Penrose-
11 Skelly with perforations at 3781 to 3827.

12 Q Are all four of those formations currently
13 producing?

14 A Yes, they are.

15 Q Are you currently producing the Blinebry?

16 A Wait, I've got t o -- let me back up on
17 that.

18 The Drinkard string is not producing at
19 this time. It was shut-in in September, '79.

20 Q Now how will you recomplete the well as
21 a dual completion of the Blinebry and Drinkard zones?

22 A If we -- if we are granted permission
23 we'll perforate within string number one, which is our Drinkard
24 string, the same Blinebry interval as you see in string number
25 two, at which point we will abandon string number two and

1 downhole commingle and produce both the Drinkard and the
2 Blinebry in string number one.

3 Q Is the production from the Blinebry and
4 Drinkard formations being commingled on the surface now?

5 A Right now on our State "DC" lease we have
6 commingled production from the Blinebry and Drinkard zones
7 as authorized by Order No. PC-435. Therefor, since these
8 zones are already commingled on the surface, the value of the
9 crude oil and gas will not be affected.

10 Q Why are you seeking approval to commingle
11 the two formations?

12 A We are seeking approval for economic
13 reasons. At the present time the Drinkard zone is shut-in
14 and the Blinebry zone is flowing. They're both marginal
15 producers, between 2 and 3 barrels a day.

16 To efficiently produce both zones, we
17 need artificial lift, and it just would not pay out to install
18 artificial lift on these zones singly for 2 or 3 barrels a
19 day.

20 By commingling we can efficiently produce
21 both zones.

22 Q Do you have any pressure information on
23 either the Drinkard or Blinebry zones?

24 A Yes. We ran current bottom hole pressures
25 using a 5753 foot datum, which is the middle of the Blinebry

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 453-7409

1 perforations. We have a 920 psi bottom hole pressure in the
2 Blinebry and a 980 psi Drinkard bottom hole pressure, cor-
3 rected to the 5753 foot datum.

4 Q In your opinion is the pressure differ-
5 ential between the two zones within an acceptable limit to
6 authorize commingling?

7 A Yes. I believe it should be acceptable
8 to authorize commingling. We should prohibit production from
9 either zone.

10 Q Will you look at Exhibit Number Three
11 and identify that?

12 A Exhibit Number Three is a production table,
13 as verified by New Mexico State Report C-115. We use the
14 same period of time for both productions at which time the
15 Drinkard zone had been already shut-in, so we're showing zero
16 production on that string.

17 Q Mr. Handren, do you remember the approxi-
18 mate date that the Drinkard zone was shut-in?

19 A Approximately September, 1979.

20 The Blinebry zone, you can see these are
21 monthly figures from 55 to 86 barrels of oil per month, which
22 comes out to 2.37 barrels per day average for that period from
23 September, 1979, through February, 1980.

24 Q Let's go to your decline curves. If you
25 will look at Exhibit Number Four, which I believe is the

SALLY W. BOYD, C.S.R.

RT. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

1 Drinkard? It's very difficult to read.

2 A It didn't reproduce very well.

3 MR. STAMETS: Yeah, it says Drinkard.

4 Q Number Four is your Drinkard decline
5 curve. Would you describe that for us?

6 A You can see on the Drinkard decline curve,
7 showing approximately 28 percent decline. Production is in
8 spurts, probably due to poor production practices, and you
9 can also see the well was shut-in in September, '79, when it
10 was making roughly 60 barrels a month, or 2 barrels a day.

11 MR. KELLAHIN: If the Examiner please,
12 both Exhibits Four and Five didn't reproduce very well, and
13 subsequent to the hearing we'll be happy to furnish you with
14 better copies of the decline curves.

15 Q Mr. Handren, would you describe for us
16 on the Drinkard production your opinion as to the potential
17 of the Drinkard formation to produce oil, water, and/or gas?

18 A Potentially this should produce on this
19 same decline of 28 percent at approximately 2 to 3 barrels
20 per day. This would result in a five or six year period of
21 additional recovery of approximately 8000 barrels of oil,
22 were this well not commingled and allowed to be produced.

23 Q Does the Drinkard formation make any water?

24 A It makes small amounts of water, on the
25 order of 8 to 10 barrels a day.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
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1 Q And does the Drinkard formation, or will
2 it make any gas production?

3 A It will make some gas production. Gas
4 production would be a minor part of the total production.

5 Q Now as to the Blinebry zone, would you
6 look at your decline curve Number Five and describe generally
7 the type of anticipated production you would anticipate for
8 oil, water, and gas from the Blinebry zone?

9 A Okay. Again, the gas production is going
10 to be fairly minor, approximately 500 Mcf a month, which on
11 a daily basis I haven't calculated, but it's 500 Mcf a month.

12 Oil production will continue on as 23 per-
13 cent decline that we're showing, at approximately 75 to 80
14 barrels per month, which is around 2-1/2 barrels per day.

15 Water production would again be on the
16 order of 8 to 10 barrels a day.

17 Q In your study of the facts surrounding
18 the production of this well, Mr. Handren, are you aware of
19 any factors that would cause you to recommend that the well's --
20 the production from the two formations not be commingled?

21 A We're not aware of anything that should
22 inhibit commingling downhole. The wells are surface com-
23 mingled. The Blinebry and Drinkard oil are the same gravity,
24 approximately 34.4 degrees API at 58 degrees Fahrenheit.

There should be nothing that would be

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

1 wrong with commingling them downhole.

2 Q In your opinion will approval of this
3 application result in the recovery of additional oil that
4 would otherwise not be recovered?

5 A Right. As I stated earlier, we should
6 recover approximately 8 to 10,000 barrels over a five to six
7 year period that we will not recover since the Drinkard zone
8 was shut-in.

9 Q In your opinion is the Drinkard zone
10 capable of production without artificial lift?

11 A It is not. It has ceased to flow.

12 Q Were Exhibits One through Five prepared
13 by you directly or compiled under your direction and super-
14 vision?

15 A Yes, they were.

16 Q And in your opinion, Mr. Handren, will
17 approval of this application be in the best interests of
18 conservation, the prevention of waste, and the protection of
19 correlative rights?

20 A Definitely.

21 MR. KELLAHIN: We move the introduction
22 of Exhibits One through Five.

23 MR. STAMETS: These exhibits will be ad-
24 mitted.
25

SALLY W. BOYD, C.S.R.

Rt. 1 Box 191-B
Santa Fe, New Mexico 87501
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CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Handren, did you make any estimate of the ultimate recovery from the Blinebry zone in this well?

A I have not.

Q Okay.

A I have approximated -- let's see, on a basis of cumulative production, our Blinebry zone range from 16 to 41,000 barrels cumulative production. We're sitting in between a well that has recovered approximately 42,000 barrels in the Blinebry, and one that has recovered approximately 35,000 barrels. Our current cumulative for that Blinebry zone is 16,000.

On that basis you could possibly estimate the --

Q Pretty wide ranging variation.

A Right.

Q How would you propose to divide up the production on this well?

A We would divide it on the basis of these decline curves and current production. It would allocate approximately 40 percent to the Drinkard zone and 60 percent to the Blinebry zone.

Q Does that apply to gas as well as oil?

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
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1 A Yes, sir, it does.
 2 Q Now, you indicated you made 8 to 10 bar-
 3 rels of water from the Blinebry zone, but I don't see that
 4 reflected on Exhibit Number Three.

5 A Well, on that report I don't believe
 6 water production is included. I don't know why it was left
 7 out.

8 Q You all are not reporting water on Form
 9 C-115?

10 A I don't know.

11 Q It might be something to look into when
 12 you get back before you --

13 A I suppose we should if there's a space
 14 for it.

15 Q Before you get caught sometime.

16 A I suppose they are. When I had them make
 17 out this chart I was more concerned with the oil and gas and
 18 I believe the girls left out the water.

19 Q I hope so.

20 A It does make water, I'm sure of that.

21 Q Oh, where will your pump be set in this
 22 well?

23 A Looking down on the wellbore, or downhole,
 24 straight down, you've got four strings kind of set in a square.
 25 It will be as far as direction, I don't know.

1 Q I was thinking vertically.

2 A Pardon me?

3 Q Vertically, where will your pump actually
4 be set?

5 A Oh, oh, oh. Our tubing will be down --
6 down in the Drinkard zone. Our pump will be set down at the
7 bottom of the hole.

8 Q Will you run another string of tubing
9 inside this 2-7/8ths?

10 A We'll run a string of 1.9 inch tubing
11 down through the Drinkard perms and Blinbry production will
12 fall down and be produced through the tubing.

13 Q Okay.

14 MR. STAMETS: Any other questions of the
15 witness? He may be excused.

16 Anything further in this case?

17 The case will be taken under advisement.

18
19
20 (Hearing concluded.)
21
22

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B

Santa Fe, New Mexico 87501

Phone (505) 455-7409

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
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I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6916. heard by me on 6-25-1980.
Richard L. Hunt Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
25 June 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Petro-Lewis Corpora-
tion for downhole commingling, Lea
County, New Mexico.

CASE
6916

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

W. Thomas Kellahin, Esq.
KELLAHIN & KELLAHIN
500 Don Gaspar
Santa Fe, New Mexico 87501

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Rt. 1 Box 192-B
Santa Fe, New Mexico 87501
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I N D E X

MICHAEL HANDREN

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E X H I B I T S

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Page 3

1 MR. STAMETS: We'll call next Case 6916.

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4 MR. KELLAHIN: Tom Kellahin of Santa Fe,
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8 (Witness sworn.)

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10 MICHAEL HANDREN
11 being called as a witness and having been duly sworn upon his
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13
14 DIRECT EXAMINATION

15 BY MR. KELLAHIN:

16 Q Mr. Handren, would you please state your
17 name and occupation?

18 A My name is Michael Handren. I'm a Staff
19 Operations Engineer for Petro-Lewis Corporation.

20 Q Would you spell your last name for us?

21 A H-A-N-D-R-E-N.

22 Q Mr. Handren, have you previously testified
23 before the Commission as a petroleum engineer?

24 A No, I haven't.

25 Q Would you tell the Examiner when and where

1 you obtained your degree in petroleum engineering?

2 A I obtained a Bachelor of Science degree
3 in petroleum engineering from Texas Tech in December, 1977.

4 Q Subsequent to graduation where have you
5 been employed as a petroleum engineer?

6 A Immediately after graduation I was em-
7 ployed with Getty Oil Company in the Levelland area.

8 On April 1st, 1980, I was employed with
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21 marked as Exhibit Number One, identify that for us, and
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24 set wells surrounding our Petro-Lewis State "DC" lease in
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2 No. 1 State "DC", located in Unit F, Section 19, Township 21
3 South, Range 37 East.

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20 to a depth of 3120 feet, thus isolating all producing zones.

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22 feet?

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24 is 6700. Each of these strings is cemented from a TD of
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12 Skelly with perforations at 3781 to 3827.

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14 producing?

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18 that.

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20 this time. It was shut-in in September, '79.

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22 a dual completion of the Blinebry and Drinkard zones?

23 A If we -- if we are granted permission
24 we'll perforate within string number one, which is our Drinkard
25 string, the same Blinebry interval as you see in string number
two, at which point we will abandon string number two and

SALLY W. BOYD, C.S.R.

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Phone (505) 455-7409

1 downhole commingle and produce both the Drinkard and the
2 Blinebry in string number one.

3 Q Is the production from the Blinebry and
4 Drinkard formations being commingled on the surface now?

5 A Right now on our State "DC" lease we have
6 commingled production from the Blinebry and Drinkard zones
7 as authorized by Order No. PC-435. Therefor, since these
8 zones are already commingled on the surface, the value of the
9 crude oil and gas will not be affected.

10 Q Why are you seeking approval to commingle
11 the two formations?

12 A We are seeking approval for economic
13 reasons. At the present time the Drinkard zone is shut-in
14 and the Blinebry zone is flowing. They're both marginal
15 producers, between 2 and 3 barrels a day.

16 To efficiently produce both zones, we
17 need artificial lift, and it just would not pay out to install
18 artificial lift on these zones singly for 2 or 3 barrels a
19 day.

20 By commingling we can efficiently produce
21 both zones.

22 Q Do you have any pressure information on
23 either the Drinkard or Blinebry zones?

24 A Yes. We ran current bottom hole pressures
25 at a 5753 foot datum, which is the middle of the Blinebry

GILLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

1 perforations. We have a 920 psi bottom hole pressure in the
2 Blinebry and a 980 psi Drinkard bottom hole pressure, cor-
3 rected to the 5753 foot datum.

4 Q In your opinion is the pressure differ-
5 ential between the two zones within an acceptable limit to
6 authorize commingling?

7 A Yes. I believe it should be acceptable
8 to authorize commingling. We should prohibit production from
9 either zone.

10 Q Will you look at Exhibit Number Three
11 and identify that?

12 A Exhibit Number Three is a production table,
13 as verified by New Mexico State Report C-115. We use the
14 same period of time for both productions at which time the
15 Drinkard zone had been already shut-in, so we're showing zero
16 production on that string.

17 Q Mr. Handren, do you remember the approxi-
18 mate date that the Drinkard zone was shut-in?

19 A Approximately September, 1979.

20 The Blinebry zone, you can see these are
21 monthly figures from 55 to 86 barrels of oil per month, which
22 comes out to 2.37 barrels per day average for that period from
23 September, 1979, through February, 1980.

24 Q Let's go to your decline curves. If you
25 will look at Exhibit Number Four, which I believe is the

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

1 Drinkard? It's very difficult to read.

2 A. It didn't reproduce very well.

3 MR. STAMETS: Yeah, it says Drinkard.

4 Q. Number Four is your Drinkard decline
5 curve. Would you describe that for us?

6 A. You can see on the Drinkard decline curve,
7 showing approximately 28 percent decline. Production is in
8 spurts, probably due to poor production practices, and you
9 can also see the well was shut-in in September, '79, when it
10 was making roughly 60 barrels a month, or 2 barrels a day.

11 MR. KELLAHIN: If the Examiner please,
12 both Exhibits Four and Five didn't reproduce very well, and
13 subsequent to the hearing we'll be happy to furnish you with
14 better copies of the decline curves.

15 Q. Mr. Handren, would you describe for us
16 on the Drinkard production your opinion as to the potential
17 of the Drinkard formation to produce oil, water, and/or gas?

18 A. Potentially this should produce on this
19 same decline of 28 percent at approximately 2 to 3 barrels
20 per day. This would result in a five or six year period of
21 additional recovery of approximately 8000 barrels of oil,
22 were this well not commingled and allowed to be produced.

23 Q. Does the Drinkard formation make any water?

24 A. It makes small amounts of water, on the
25 order of 8 to 10 barrels a day.

Q And does the Drinkard formation, or will it make any gas production?

A It will make some gas production. Gas production would be a minor part of the total production.

Q Now as to the Blinebry zone, would you look at your decline curve Number Five and describe generally the type of anticipated production you would anticipate for oil, water, and gas from the Blinebry zone?

A Okay. Again, the gas production is going to be fairly minor, approximately 500 Mcf a month, which on a daily basis I haven't calculated, but it's 500 Mcf a month.

Oil production will continue on as 23 percent decline that we're showing, at approximately 75 to 80 barrels per month, which is around 2-1/2 barrels per day.

Water production would again be on the order of 8 to 10 barrels a day.

Q In your study of the facts surrounding the production of this well, Mr. Handren, are you aware of any factors that would cause you to recommend that the well's production from the two formations not be commingled?

A We're not aware of anything that should inhibit commingling downhole. The wells are surface commingled. The Blinebry and Drinkard oil are the same gravity, approximately 34.4 degrees API at 53 degrees Fahrenheit.

There should be nothing that would be

SALLY W. BOYD, C.S.R.

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1 wrong with commingling them downhole.

2 Q In your opinion will approval of this
3 application result in the recovery of additional oil that
4 would otherwise not be recovered?

5 A Right. As I stated earlier, we should
6 recover approximately 8 to 10,000 barrels over a five to six
7 year period that we will not recover since the Drinkard zone
8 was shut-in.

9 Q In your opinion is the Drinkard zone
10 capable of production without artificial lift?

11 A It is not. It has ceased to flow.

12 Q Were Exhibits One through Five prepared
13 by you directly or compiled under your direction and super-
14 vision?

15 A Yes, they were.

16 Q And in your opinion, Mr. Handren, will
17 approval of this application be in the best interests of
18 conservation, the prevention of waste, and the protection of
19 correlative rights?

20 A Definitely.

21 MR. KELLAHIN: We move the introduction
22 of Exhibits One through Five.

23 MR. STAMETS: These exhibits will be ad-
24 mitted.
25

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

CROSS EXAMINATION

BY MR. STAMETS:

Q Mr. Handren, did you make any estimate of the ultimate recovery from the Blinebry zone in this well?

A I have not.

Q Okay.

A I have approximated --- let's see, on a basis of cumulative production, our Blinebry zone range from 16 to 41,000 barrels cumulative production. We're sitting in between a well that has recovered approximately 42,000 barrels in the Blinebry, and one that has recovered approximately 35,000 barrels. Our current cumulative for that Blinebry zone is 16,000.

On that basis you could possibly estimate the --

Q Pretty wide ranging variation.

A Right.

Q How would you propose to divide up the production on this well?

A We would divide it on the basis of these decline curves and current production. It would allocate approximately 40 percent to the Drinkard zone and 60 percent to the Blinebry zone.

Q Does that apply to gas as well as oil?

SALLY W. BOYD, C.S.R.

Rt. 1 Box 191-B
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1 A Yes, sir, it does.

2 Q Now, you indicated you made 8 to 10 bar-
3 rels of water from the Blinebry zone, but I don't see that
4 reflected on Exhibit Number Three.

5 A Well, on that report I don't believe
6 water production is included. I don't know why it was left
7 out.

8 Q You all are not reporting water on Form
9 C-115?

10 A I don't know.

11 Q It might be something to look into when
12 you get back before you --

13 A I suppose we should if there's a space
14 for it.

15 Q Before you get caught sometime.

16 A I suppose they are. When I had them make
17 out this chart I was more concerned with the oil and gas and
18 I believe the girls left out the water.

19 Q I hope so.

20 A It does make water, I'm sure of that.

21 Q Oh, where will your pump be set in this
22 well?

23 A Looking down on the wellbore, or downhole,
24 straight down, you've got four strings kind of set in a square.
25 It will be as far as direction, I don't know.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

1

Q I was thinking vertically.

2

A Pardon me?

3

Q Vertically, where will your pump actually
4 be set?

5

A Oh, oh, oh. Our tubing will be down --
6 down in the Drinkard zone. Our pump will be set down at the
7 bottom of the hole.

8

Q Will you run another string of tubing
9 inside this 2-7/8ths?

10

A We'll run a string of 1.9 inch tubing
11 down through the Drinkard perfs and Blinbry production will
12 fall down and be produced through the tubing.

13

Q Okay.

14

MR. STAMETS: Any other questions of the
15 witness? He may be excused.

16

17

Anything further in this case?

18

The case will be taken under advisement.

19

20

(Hearing concluded.)

21

22

23

24

25

SALLY W. BOYD, C.S.R.

RL 1 Box 193-B

Santa Fe, New Mexico 87501

Phone (505) 455-7409

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
tion Division was reported by me; that the said transcript
is a full, true, and correct record of the hearing, prepared
by me to the best of my ability.

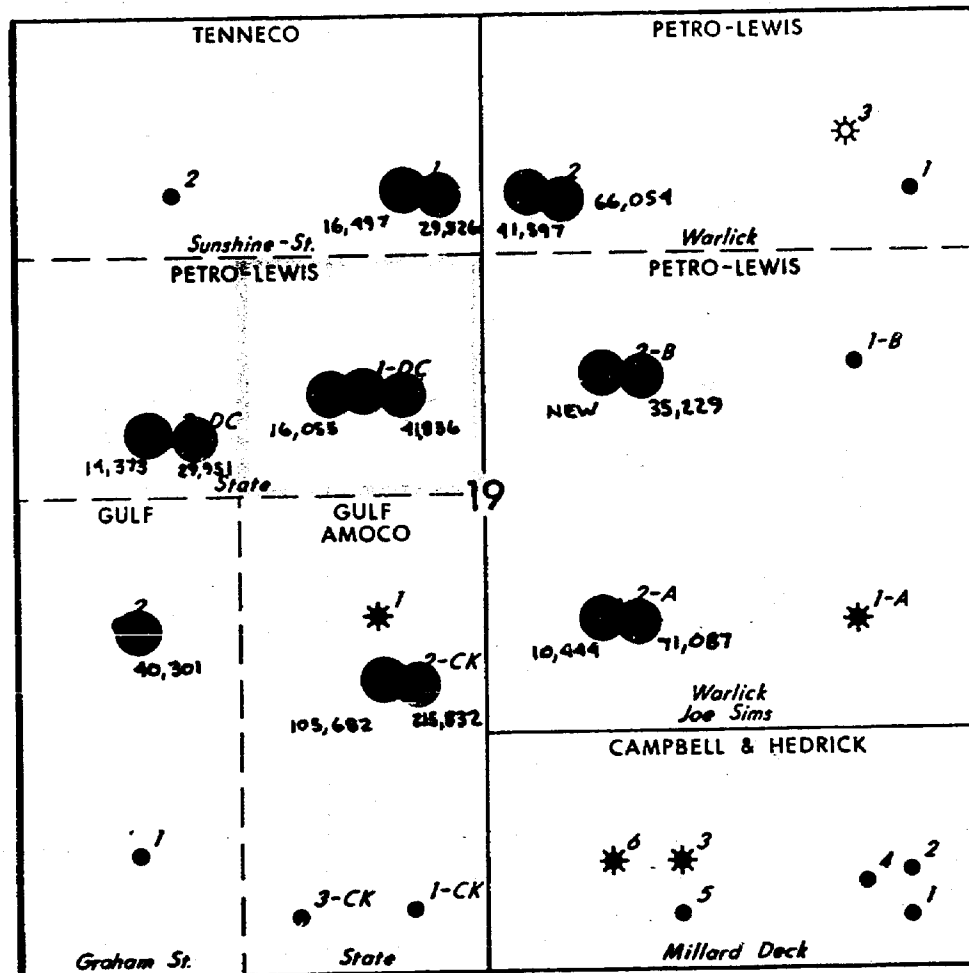
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Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. _____
heard by me on _____ 19____.

_____, Examiner
Oil Conservation Division

R 37 E



T
21
S

● SLINEBRY

● DRINKARD

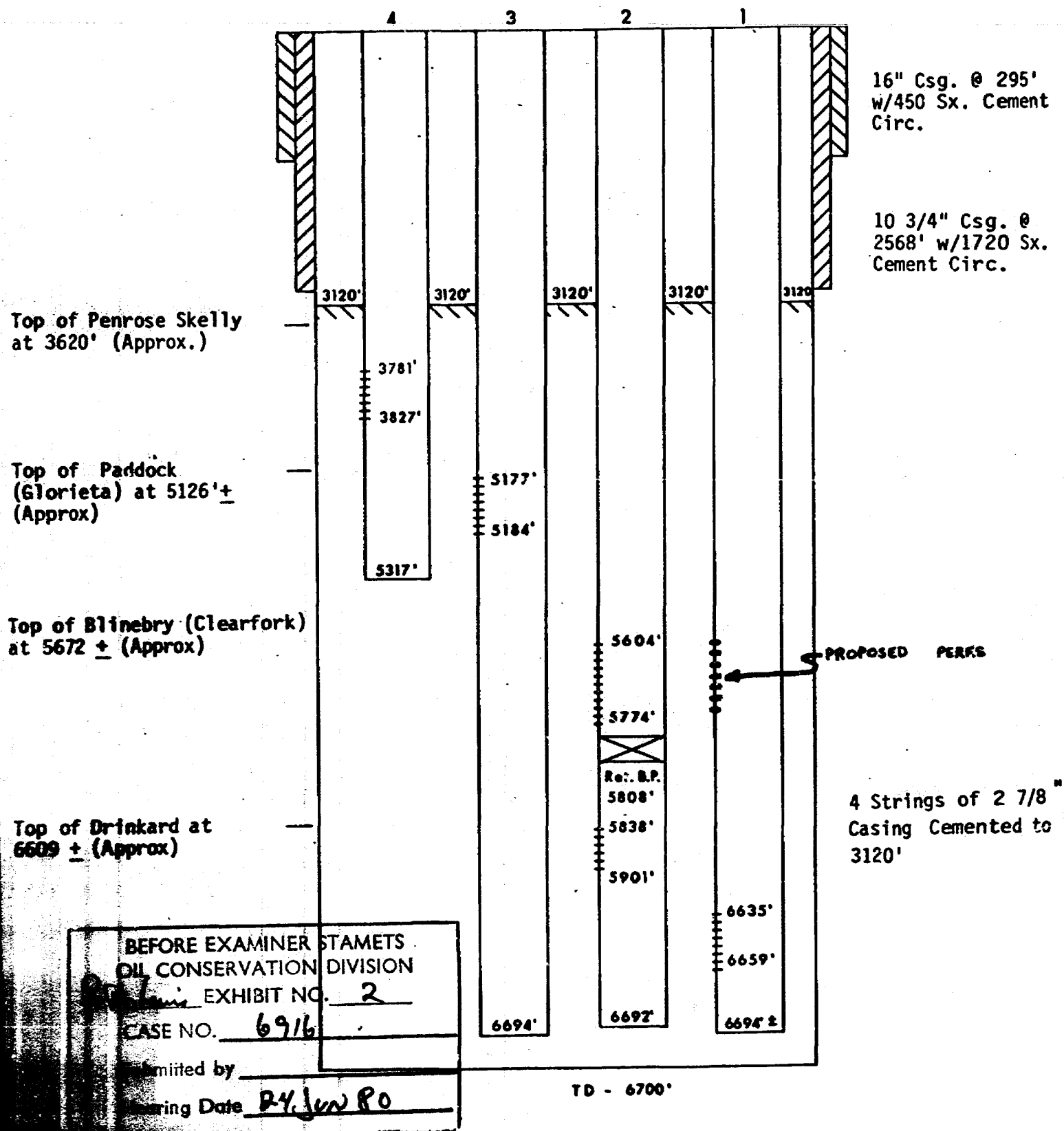
CUMULATIVES IN BO AS OF 1-1-80

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION
Petro Lewis EXHIBIT NO. 1
CASE NO. 6916
Submitted by _____
Hearing Date 24 Jun 80

PETRO-LEWIS CORPORATION
**STATE DC
LEASE**
Lea County, New Mexico
Scale : 1" = 1000'

State DC No. 1

Unit F, Sec. 19, T-21-S, R-37-E
Lea County, New Mexico



State DC #1 Production (Verified by New Mexico State Report C-115)
Petro-Lewis Corporation

DRINKARD ZONE

		<u>BBL OIL</u>	<u>BBL WTR</u>	<u>MCF GAS</u>
1979	September	0	0	0
	October	0	0	0
	November	0	0	0
	December	0	0	0
1980	January	0	0	0
	February	0	0	0

BLINEBRY ZONE

		<u>BBL OIL</u>	<u>BBL WTR</u>	<u>MCF GAS</u>
1979	September	55	0	182
	October	65	0	436
	November	75	0	399
	December	80	0	907
1980	January	86	0	986
	February	72	0	541
TOTAL PER DAY		433 BO 2.37 BOPD	0 0	3,451 MCF 18.91 MCFD

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

Petro Lewis EXHIBIT NO. 3

CASE NO. 6916

Submitted by _____

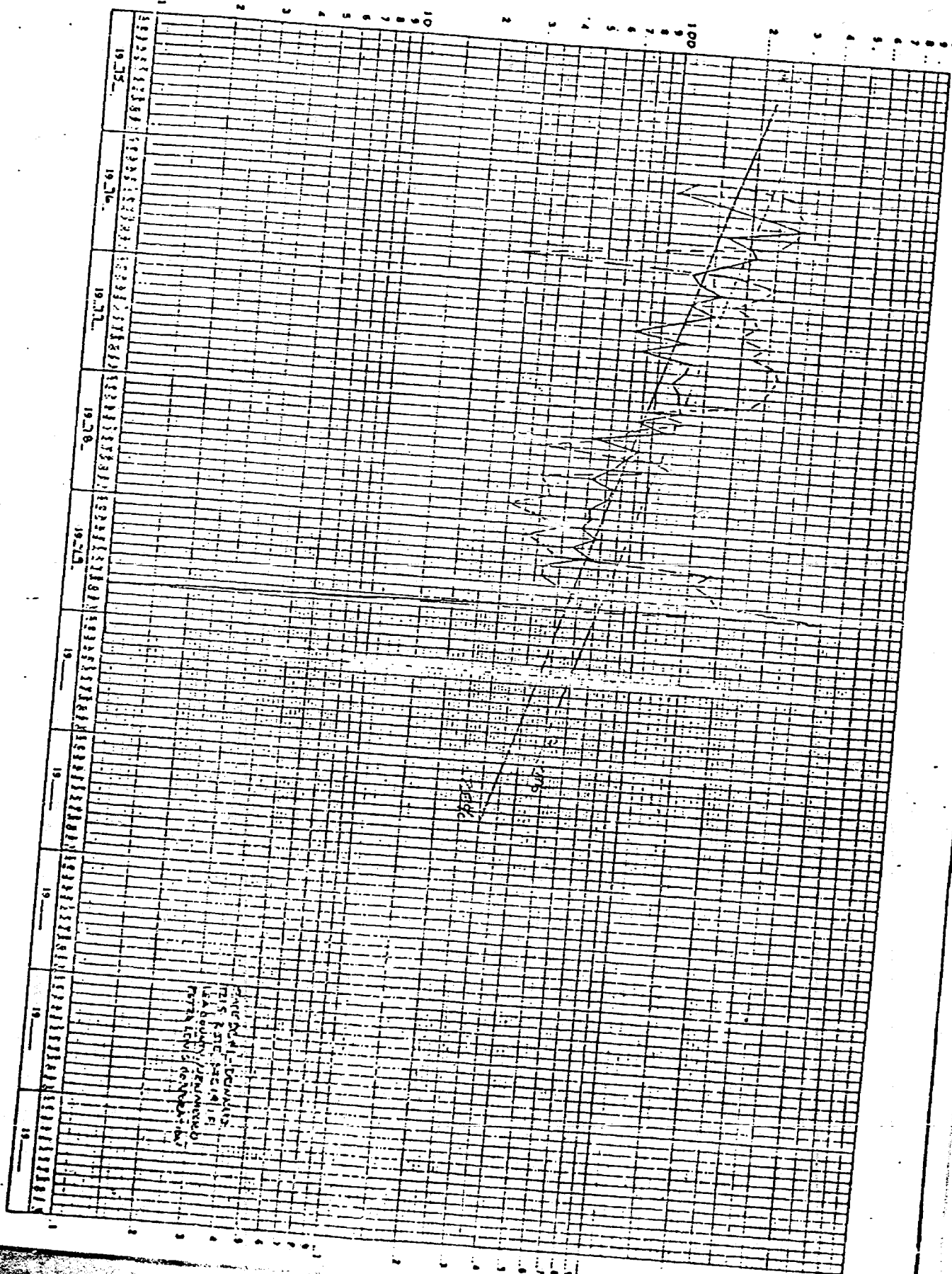
Hearing Date 24 JUN 80

ATTACHMENT 1

47 6740

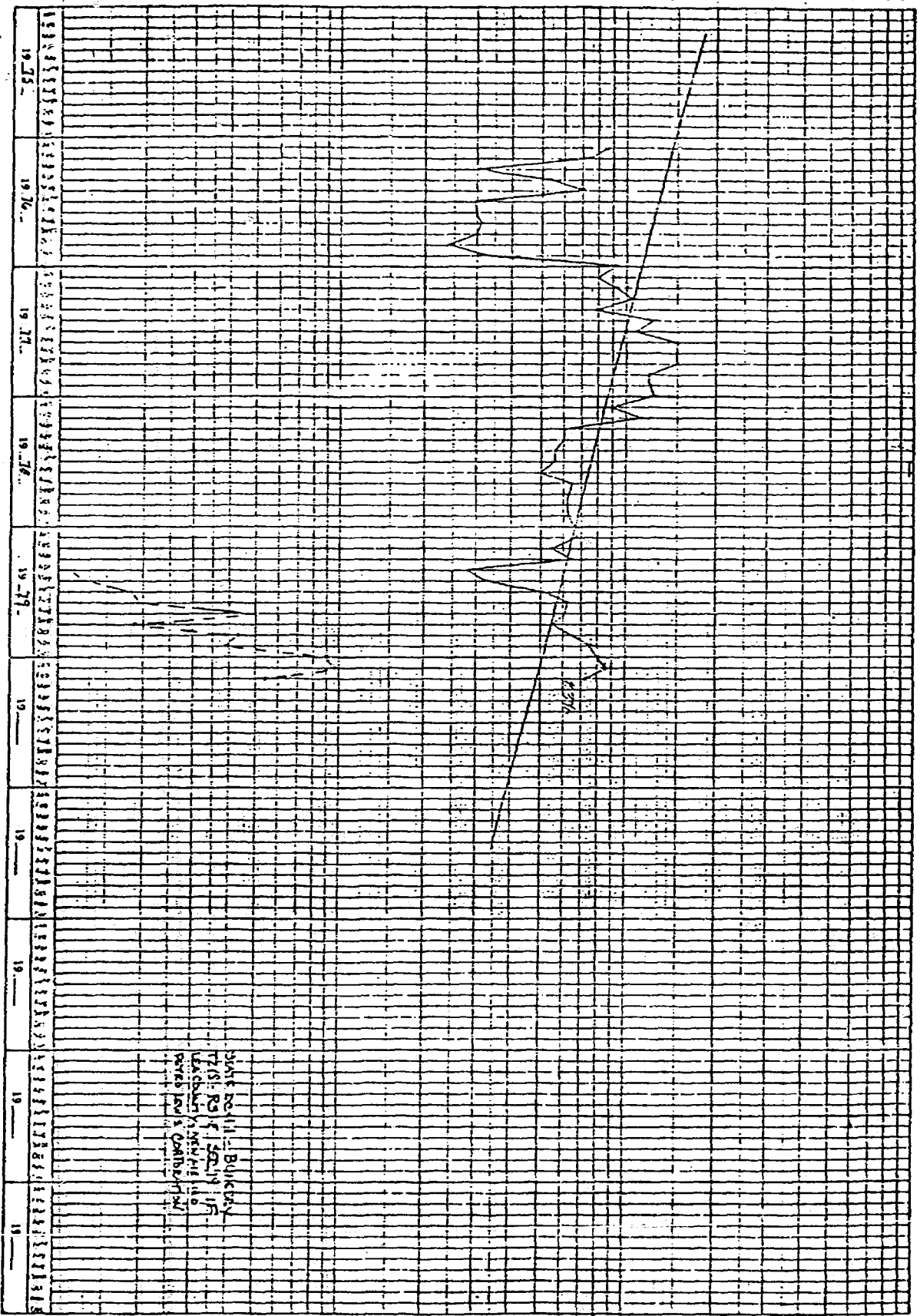
Oil Production BBLs/Mo. _____

ATTENTION?



GBLS OIL PRODUCTION/MO. ———

ATTACHMENT 2



DATE RECEIVED: BUREAU
 12/15/80 BY: [illegible]
 LEADERSHIP: [illegible]
 COVERED BY: [illegible]

GAS PRODUCTION MCF/MO. ———

Dockets Nos. 20-80 and 21-80 are tentatively set for July 9 and 23, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 25, 1980

9 A.M. - OIL CONSERVATION DIVISION 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:

CASE 6891: (Readvertised)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Midwest Refining Company, United States Fidelity & Guaranty Company, and all other interested parties to appear and show cause why the State Well No. 1 located in Unit A of Section 16, Township 33 South, Range 14 West, Hidalgo County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6929: Application of Consolidated Oil & Gas, Inc. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blanco Mesaverde and Basin-Dakota production in the wellbore of its NCRA Well No. 1-E located in Unit G of Section 22, Township 26 North, Range 7 West, by using the Dakota gas for gas lift of Mesaverde liquids after metering on the surface.

CASE 6930: Application of Amoco Production Company for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Empire South Deep Unit Well No. 21 to be drilled 660 feet from the North and East lines of Section 36, Township 17 South, Range 28 East, the E/2 of said Section 36 to be dedicated to the well.

CASE 6931: Application of H. L. Harvey for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Aztec-Fruitland and Bloomfield-Farmington production in the wellbore of his Jones Well No. 3 located in Unit B of Section 13, Township 29 North, Range 11 West.

CASE 6917: (Continued from June 4, 1980, Examiner Hearing)

Application of Yates Petroleum Corporation for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination for its Goat Roper "LP" Com. Well No. 1 located in Unit P of Section 30, Township 17 South, Range 26 East.

CASE 6932: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State "JM" Well No. 2, a Morrow test to be drilled 660 feet from the South and East lines of Section 25, Township 18 South, Range 24 East, the S/2 of said Section 25 to be dedicated to the well.

CASE 6933: Application of Yates Petroleum Corporation for two compulsory poolings, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying two 320-acre proration units, being the N/2 and the S/2 of Section 2, Township 19 South, Range 25 East, each to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.

CASE 6934: Application of Coronado Exploration Corporation for three compulsory poolings, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying three 40-acre proration units, being the NW/4 SE/4 of Section 6, the NE/4 SE/4 of Section 28, and the SW/4 NW/4 of Section 33, all in Township 11 South, Range 28 East, each to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.

CASE 6901: (Continued from May 21, 1980, Examiner Hearing)

Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp thru Mississippian formations underlying the E/2 of Section 19, Township 14 South, Range 36 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6935: Application of Dugan Production Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Basin-Dakota and undesignted Gallup production in the wellbore of its June Joy Well No. 2 located in Unit B of Section 25, Township 24 North, Range 10 West.

CASE 6936: Application of Dugan Production Corporation for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the S/2 of Section 26, Township 30 North, Range 14 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 6916: (Continued from June 4, 1980, Examiner Hearing)

Application of Petro-Lewis Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of the Drinkard and Blinbry production in the wellbore of its State DC Well No. 1, a quadruple completion located in Unit F of Section 19, Township 21 South, Range 37 East.

CASE 6937: Application of R. N. Hillin for an unorthodox location and dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of his DWV Well No. 4 to produce gas from the Wolfcamp and Morrow formations thru tubing and the annulus, respectively. Applicant further seeks approval of the unorthodox location of said well in the Wolfcamp and Pennsylvanian formations at a point 800 feet from the South line and 2000 feet from the East line of Section 34, Township 19 South, Range 28 East.

CASE 6938: Application of Anadarko Production Company for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Dalport Federal Well No. 1 660 feet from the South and West lines of Section 20, Township 13 South, Range 31 East, Southeast Chaves Queen Gas Area, the W/2 of said Section 20 to be dedicated to the well.

CASE 6939: Application of Anadarko Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests at a depth from 2400 feet to 5000 feet below the surface, Turkey Track Field, underlying the NE/4 SE/4 of Section 10, Township 19 South, Range 29 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 6940: Application of Adobe Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through the Wolfcamp formation underlying the NW/4 SE/4 for oil and the SE/4 for gas, Section 23, Township 20 South, Range 38 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 6941: Application of Ellwade Corporation for a non-standard gas proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 129.52-acre non-standard gas proration unit comprising the W/2 of partial Section 33, Township 26 South, Range 30 East, Ross Draw-Wolfcamp area, to be dedicated to its Ross Draw Well No. 1 located in Unit C of said Section 33.

CASE 6942: Application of Benson-Montin-Greer Drilling Corporation for amendment of Order No. R-2565-B, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Rule 2 of the Special Pool Rules for the West Puerto Chiquito-Mancos Oil Pool as promulgated by Order No. R-2565-B to provide that all 320-acre spacing and proration units in said pool would comprise either the W/2 or the E/2 of a governmental section, provided however, that one injection well would have dedicated thereto the N/2 of Section 1, Township 24 North, Range 1 West, and also that the short 400-acre sections on the South side of Township 27 North, Range 1 West, would each comprise a single spacing unit.

CASE 6943: Application of Benson-Montin-Greer Drilling Corporation for a unit agreement, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the East Puerto Chiquito-Mancos Unit Area, comprising 9,769 acres, more or less, of Federal, Indian, and fee lands in Townships 26 and 27 North, Ranges 1 East and 1 West.

- CASE 6944: Application of Benson-Montin-Greer Drilling Corporation for a pressure maintenance project, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project by the injection of gas, air, LPG, water, or chemicals into the Mancos formation thru 7 wells on its East Puerto Chiquito-Mancos Unit Area.
- CASE 6945: Application of ARCO Oil and Gas Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Yates-Seven Rivers formation in the interval from 3550 feet to 4000 feet in its Fletcher Well No. 4 in Unit J of Section 27, Township 20 South, Range 34 East, Lynch Field.
- CASE 6946: Application of Knox Industries, Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be recompleted in the Morrow formation at a point 1980 feet from the North line and 660 feet from the East line of Section 1, Township 19 South, Range 34 East, the N/2 of said Section 1 to be dedicated to the well.
- CASE 6947: Application of Knox Industries, Inc. for pool contraction and creation and an NCPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order deleting certain lands from the La Rica-Morrow Gas Pool and creating a new gas pool from said lands together with a determination that applicant's NM State Well No. 1 located in Unit F of Section 2, Township 19 South, Range 34 East, has discovered a new onshore reservoir pursuant to Section 102 of the NCPA.
- CASE 6948: Application of Maralo, Inc. for dual completions and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) and simultaneous dedication in the Jalmat Pool of four wells in its Jalmat Yates Unit to produce oil from, and later on to inject water into, its Yates formation waterflood, and to produce oil from the Seven Rivers formation from two of the wells, the Nos. 19 and 20 located in Units C and D and to produce gas from the Seven Rivers from the other two wells, the Nos. 25 and 31 located in Units F and K, all in Section 18, Township 25 South, Range 37 East.
- CASE 6949: Application of Grace Petroleum Corporation for four compulsory poolings, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Escrito-Gallup Pool underlying four 80-acre proration units, being the E/2 NE/4, the S/2 NW/4, and the W/2 NW/4 of Section 28, and the W/2 SE/4 of Section 29, all in Township 24 North, Range 7 West, each to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.
- CASE 6950: Application of Bass Enterprises Production Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Morrow test well to be drilled 660 feet from the North line and 1980 feet from the East line of Section 4, Township 25 South, Range 31 East, the E/2 of said Section 4 to be dedicated to the well.
- CASE 6951: Application of Bass Enterprises Production Company for compulsory pooling, 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 21, Township 22 South, Range 30 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 6952: Application of Exxon Corporation for a non-standard gas proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 378.11-acre non-standard gas proration unit comprising Lots 1 and 2 and the N/2 NE/4 of Section 31, and Lots 1, 2, 3, 4, and the N/2 N/2 of Section 32, all in Township 26 South, Range 26 East, Morrow formation, to be dedicated to its Milepost Federal Com 2 Well No. 1 located in Unit A of said Section 31.
- CASE 6925: (Readvertised)
- Application of Caribou Four Corners, Inc. for two exceptions to Rule 306, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 306 of the Division Rules and Regulations to permit the permanent flaring of gas from its Kirtland Wells Nos. 1 and 2, located in Units A and B, respectively, of Section 13, Township 29 North, Range 15 West.

CASE 6914: (Continued from June 4, 1980, Examiner Hearing)

Application of Wilson Oil Company for a non-standard proration unit and unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 320-acre non-standard gas proration unit comprising the S/2 of Section 29, Township 20 South, Range 36 East, North Osudo-Morrow Gas Pool, to be dedicated to its State JD Well No. 1 at an unorthodox location 1650 feet from the South line and 1980 feet from the West line of said Section 29.

CASE 6896: (This case will be continued to the July 9, 1980, Examiner Hearing)

Application of John E. Schalk for a non-standard gas proration unit and an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard Blanco Mesaverde gas proration unit comprising the NE/4 of Section 8, Township 25 North, Range 3 West, to be dedicated to his Gulf Well No. 2 to be drilled at an unorthodox location 1925 feet from the North line and 790 feet from the East line of said Section 8.

CASE 6487: (Continued from April 23, 1980, Examiner Hearing)

Application of El Paso Natural Gas Company for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a waiver of existing well-spacing requirements and a finding that the drilling of its Shell E State Com Well No. 2 located in Unit N of Section 6, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well.

May 11th 1980 - June 19th 1980

Set for hearing June 19

PETRO LEWIS CORPORATION

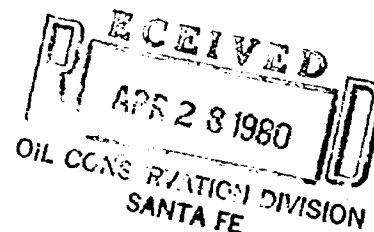
Oil and Gas Producers

Energy Center One
717 17th Street, P.O. Box 2250
Denver, Colorado 80201
303/520-1000

April 18, 1980

Case 6916

Division Director
New Mexico Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico 87501



Dear Sir:

Subject: Request for Downhole Commingling Permit
Rule 303-C

- (a) Name and address of the operator.

Petro-Lewis Corporation
Energy Center One
717 17th St.
P. O. Box 2250
Denver, Colo. 80201

- (b) Lease name, well number, well location.

State DC No. 1, 1980' FNL and 1876' FWL, Section 19, T21S,
R37E, Lea County, New Mexico.

- (c) Names of the pools the well is completed in and the Division order number which authorized the quadruple completion.

Penrose-Skelly-Grayburg perforations 3871-3827 feet.

Paddock perforations 5177-5184 feet.

Drinkard zone open hole 6692' - 6700'. In 1964 set retainer at 6680'. Squeezed open hole zone from 6692' - 6700'. Perfd 2 7/8" tubing with one shot at 6635', 6640', 6648', 6650', 6652', and 6659'.

Blinebry - original perfs at 5838' - 5901'. In 1966 set retrievable BP at 5808'. Additional perforations: one shot at 5604', 5615', 5652', 5662', 5680', 5698', 5710', 5716', 5722', 5732', 5752', and 5774'.

Order No. M-1253 authorized this quadruple completion.

Total daily production from both zones before and after commingling does not exceed: 40 barrels per day allowable for the bottom perforation, lower most pool at 6,000' - 6,999'.

The Division Director
New Mexico Oil Conservation Commission
April 18, 1980
Page 2

- (d) A current (within 30 days) 24 hour production test on Division Form C-116 showing the amount of oil, gas, and water.

See Attachment No. 1.

- (e) A production decline curve for both zones showing that for a period of at least one year a steady rate of decline has been established for each zone which will permit a reasonable allocation of the commingled production to each zone for statistical purposes. (This requirement may be dispensed with in the case of a newly completed or recently completed well which has little or no production history. However, a complete resume of the well's completion history including description of treating, testing, etc. of each zone, and a Prognostication of future production from each zone shall be submitted.)

Production Decline Curves for each zone. See Attachment No. 2.

- (f) Estimated bottom-hole pressure for each artificially lifted zone. A current (within 30 days) measured bottom-hole pressure for each zone capable of flowing.

Estimated BHP -	
Drinkard	835 psig
Blinebry	750 psig

- (g) A description of the fluid characteristics of each zone showing that the fluids will not be incompatible in the well-bore.

Fluids compatible as evidenced by this Petro-Lewis State "DC" Lease, S/2 NW/4 Section 19, T-21-S, R-37-E, Lea County, New Mexico. Original Commingling Order PC-435 (See Attachment No. 3) by Amerada Hess Corporation, March 6, 1972 for Blinebry, Drinkard, Paddock and Penrose-Skelly-Grayburg Pools. Blinebry and Drinkard oil is 34.4° API at 58° Fahrenheit; Penrose-Skelly-Grayburg oil is 35.5° API at 78° Fahrenheit.

- (h) A computation showing that the value of the commingled production will not be less than the sum of the values of the individual streams.

Blinebry and Drinkard production is being commingled in surface storage facilities on the subject lease per Order No. PC-435, therefore downhole commingling will not affect the value.

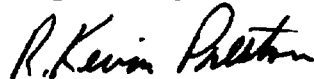
It is our intent, if granted permission, to commingle the Drinkard and Blinebry zones of subject well. At the present time the Drinkard zone is shut in and the Blinebry is flowing. In order to efficiently produce both zones, artificial lift is required for each zone. We propose to reperfurate the Blinebry string of casing into the Drinkard zone and pump both zones from the Blinebry string.

The Division Director
New Mexico Oil Conservation Commission
April 18, 1980
Page 3

- (i) A statement that all offset operators and, in the case of a well on Federal land, the United States Geological Survey, have been notified in writing of the proposed commingling.

Offset operators have been notified, including United States Geological Survey. See Attachment No. 4.

Respectfully submitted,



R. Kevin Preston
Senior Petroleum Engineer

RKP/nr
Attachments

Copy to: Director
District I Office
New Mexico Oil Conservation Commission
Box 1980
Hobbs, New Mexico 88240

State DC #1 Production (Verified by New Mexico State Report C-115)
Petro-Lewis Corporation

		DRINKARD ZONE		
		<u>BBL OIL</u>	<u>BBL WTR</u>	<u>MCF GAS</u>
1979	September	0	0	0
	October	0	0	0
	November	0	0	0
	December	0	0	0
1980	January	0	0	0
	February	0	0	0

		BLINEBRY ZONE		
		<u>BBL OIL</u>	<u>BBL WTR</u>	<u>MCF GAS</u>
1979	September	55	0	182
	October	65	0	436
	November	75	0	399
	December	80	0	907
1980	January	86	0	986
	February	72	0	541
TOTAL		433 BO	0	3,451 MCF
PER DAY		2.37 BOPD	0	18.91 MCFD

ATTACHMENT 1

**NEW MEXICO OIL CONSERVATION COMMISSION
GAS-OIL RATIO TESTS**

C-116
Revised 1-1-65

Operator **Petro-Lewis Corporation** Pool **Blinebry** County **Lea**

Address **P.O. Drawer 937 Levelland, Texas 79336** TYPE OF TEST - (X) ☐ Scheduled ☐ Completion ☐ Special ☒

LEASE NAME	WELL NO.	LOCATION				DATE OF TEST	CHOKE SIZE	T.B.G. PRESS.	DAILY ALLOWABLE	LENGTH OF TEST HOURS	PROD. DURING TEST				GAS - OIL RATIO CU.FT/BI
		U	S	T	R						WATER BBLs.	GRAV. OIL	OIL BBLs.	GAS M.C.F.	
State D C	1		19	21	37	4/3/80	F 21/64	50	2	24	0	37.7	2	38	19,000

RECEIVED
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OIL CONSERVATION DIVISION
SANTA FE

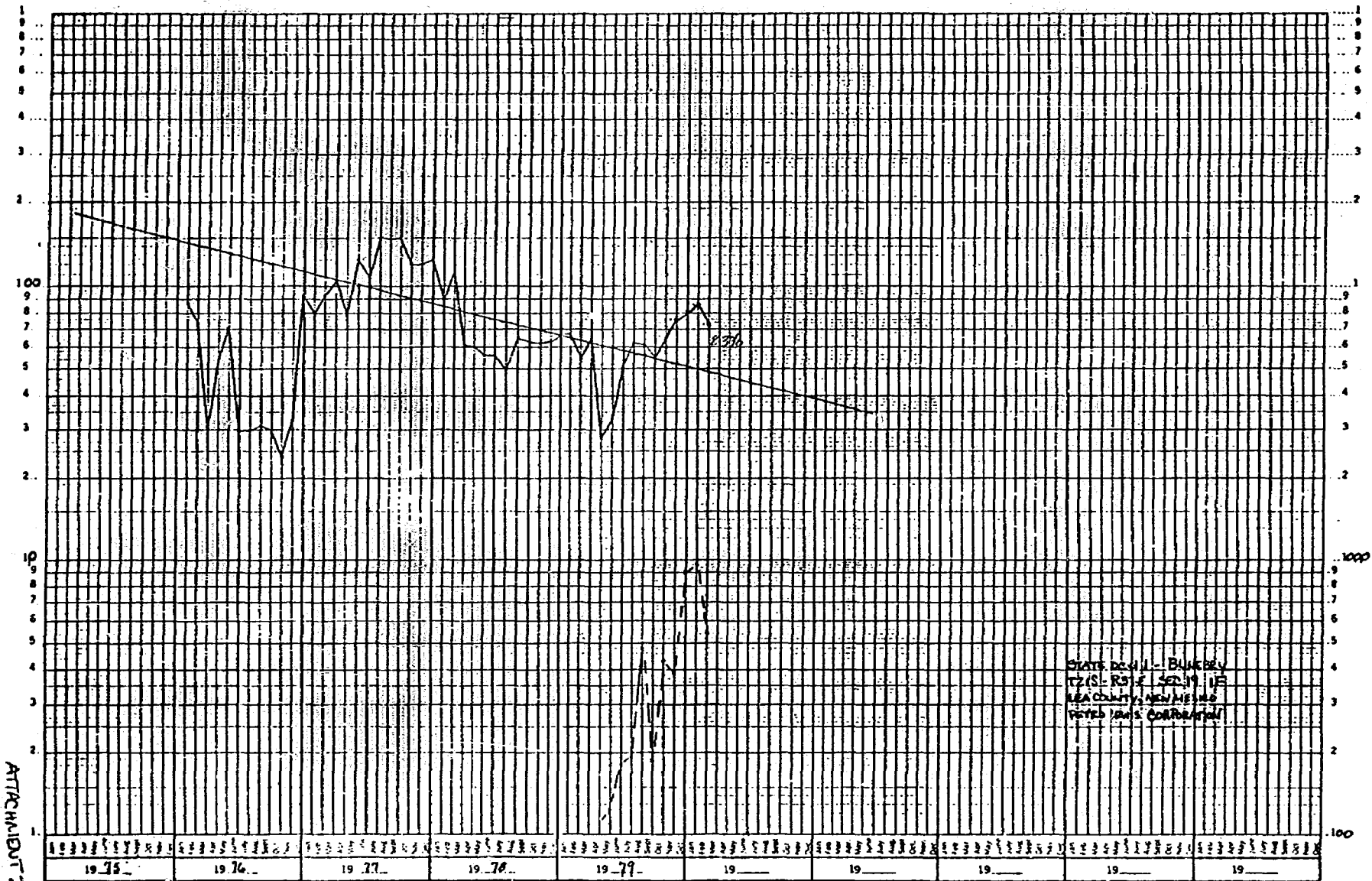
ATTACHMENT 1

No well will be assigned an allowable greater than the amount of oil produced on the official test.
During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Commission.
Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60° F. Specific gravity base will be 0.60.
Report casing pressure in lieu of tubing pressure for any well producing through casing.
Mail original and one copy of this report to the district office of the New Mexico Oil Conservation Commission in accordance with

I hereby certify that the above information is true and complete to the best of my knowledge and belief.

Jim T. Baker

BBLS OIL PRODUCTION/MO. —



MM CU FT GAS PRODUCTION/MO. —

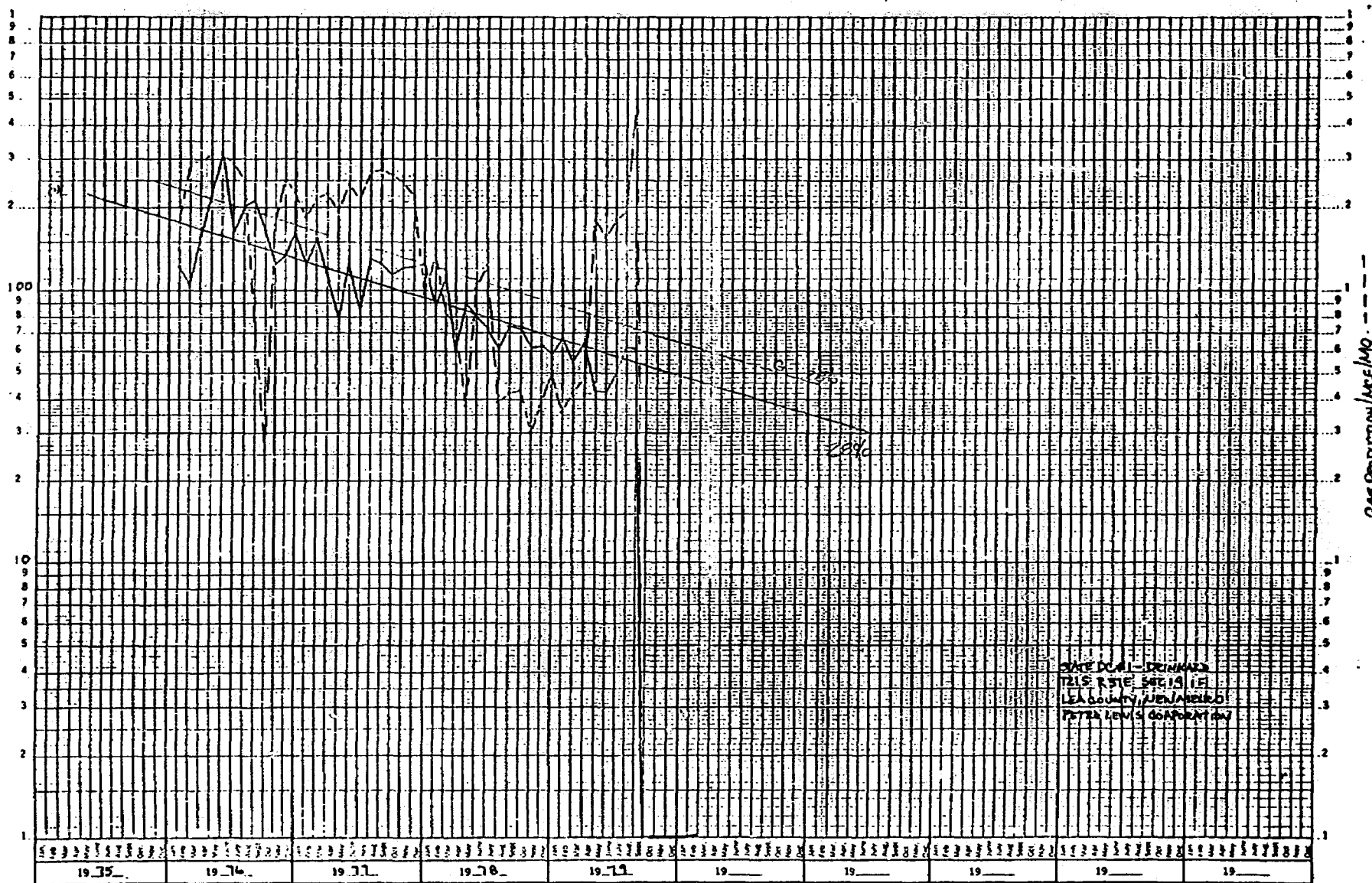
ATTACHMENT 2

47 6740

10 YEARS BY MONTHS - 1200 CYCLES
 100% INCREASE IN RANGE OF MEASUREMENT

OIL PRODUCTION BBLs/MO. —

ATTACHMENT 2



STATE OF NJ - DEPARTMENT OF TREASURY
 1215 RSTIE SEC 15 (E)
 LEA COUNTY, NEW JERSEY
 PETRA LEWIS CORPORATION

NEW MEXICO OIL CONSERVATION COMMISSION
POST OFFICE BOX 2088
SANTA FE, NEW MEXICO 87501

1972 MAR - 6 11:05
COMMINGLING ORDER PC-435

Company Amerada Hess Corporation
Address Drawer 817
City, State, Zip Seminole, Texas 79360
Attention: Mr. G. F. Dewhurst

Lease Name: State "DC" Lease
Description: S/2 NW/4, Sec. 19, T-21-S, R-37-E, Lea County, New Mexico

The above-named company is hereby authorized to commingle production from the following pools
Blinebry Gas Pool and Drinkard, Paddock, and Penrose Skelly Oil Pools
in a common tank battery, and to determine the production from each pool by

separately metering the production from each pool prior to commingling

separately metering the production from

and determining the production by the subtraction method

☒ well tests (if this method is to be authorized, all commingled production must be of marginal nature; further, the operator shall notify the Santa Fe Office of the Commission in the event any well producing into the commingled battery becomes capable of top allowable production, at which time the Commission will amend this order or take such other action as may be appropriate)

Note: This installation shall be installed and operated in accordance with the applicable provisions of Rule 303 of the Commission Rules and Regulations and the Commission "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

REMARKS:

DONE at Santa Fe, New Mexico, on this 6th day of March 1972.

A. L. Porter, Jr.
A. L. PORTER, Jr., Secretary-Director

ATTACHMENT 3

Xerox copies mailed 3-11-72
P.A. Lyons (Texas-New Mexico Pipeline) Midland
V.C. Willis (Atlantic Richfield) Midland
B.R. Sessions - Galena Park
A.J. Troop - Monument

PETRO LEWIS CORPORATION
Oil and Gas Producers

Energy Center One
717 17th Street, P.O. Box 2250
Denver, Colorado 80201
303/620-1000

April 18, 1980

TO: OFFSET OPERATORS
(ADDRESS LIST ATTACHED)

Gentlemen:

Subject: Request for Down-hole Commingling Permits
Rule 303-C

Attached for your review is a commingling request for the State DC #1.
Your waiver of objection to this request is respectfully solicited.
Please indicate your decision in the space below and return one copy to
the undersigned and one copy to the New Mexico Oil Conservation Commission
in the enclosed envelopes, and retain one copy for your files.

Thank you for your cooperation.

Yours very truly,

R. Kevin Preston
R. Kevin Preston

RKP/nr

- I. State DC No. 1 - I do () do not () object to commingling
request for this well.

Signed _____

Date _____

COMPANY _____

ATTACHMENT NO. 4

ADDRESS LIST
(Alphabetical Order)

OFFSET OPERATORS*

Amoco Production Company
P. O. Box 3092
Houston, TX 77001

Attn: Mr. George Simmons,
Division Geologist, NM & TX
(713) 652-5222

Campbell and Hedrick
P. O. Box 401
Midland, TX 79701

(915) 684-4393

Continental Oil Company
P. O. Box 460
Hobbs, NM 88240

Attn: Mr. Paul Thompson
Division Manager
(505) 393-4141

Gulf Oil Company - U.S.
P. O. Box 670
Hobbs, NM 88240

Attn: Mr. R. C. Anderson,
Production Manager
(505) 393-4121

Peery, J. W., Estate
P. O. Box 401
Midland, TX 79701

(915) 684-4651

Sun Oil Company
P. O. Box 1861
Midland, TX 79701

Attn: Mr. R. K. Beggs,
District Manager
(915) 685-0300

Tenneco Oil Company
Ciudad Bldg. - Suite 139
3000 United Founders Blvd.
Oklahoma City, OK 73112

Attn: Mr. Don Wright
(405) 848-8551

Texas Pacific Oil Company, Inc.
P. O. Box 4067
Midland, TX 79701

Attn: Mr. R. J. Womack,
Regional Manager
(915) 684-5584

* Offset Operators to Petro-Lewis Corporation's State DC No. 1, located
1980' FNL and 1876' FWL, Section 19, T21S, R37E, Lea County, New Mexico.

Copy: U. S. Department of The Interior
Geological Survey
1012 Federal Building
1961 Stout Street
Denver, Colorado 80202

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
4 June 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Petro-Lewis Corporation)
for downhole commingling, Lea County,)
New Mexico.)

CASE
6916

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

BALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

1 MR. NUTTER: Call next Case Number 6916.

2 MR. PADILLA: Application of Petro-Lewis
3 Corporation for downhole commingling, Lea County, New Mexico.

4 MR. NUTTER: The applicant in this case
5 has requested continuance.

6 Case Number 6916 will be continued to the
7 Examiner Hearing scheduled to be held at this same place at
8 9:00 o'clock a. m. June 25th, 1980.

9
10 (Hearing continued.)
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SALLY W. BOYD, C.S.R.

Rt. 1 Box 191-B
Santa Fe, New Mexico 87501
Phone (505) 435-7409

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEPEBY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
tion Division was reported by me; that the said transcript
is a full, true, and correct record of the hearing, prepared
by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 6916
heard by me on 6/4 19 80.

[Signature] Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
4 June 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Petro-Lewis Corporation)
for downhole commingling, Lea County,)
New Mexico.)

CASE
6916

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

1 MR. NUTTER: Call next Case Number 6916.

2 MR. PADILLA: Application of Petro-Lewis
3 Corporation for downhole commingling, Lea County, New Mexico.

4 MR. NUTTER: The applicant in this case
5 has requested continuance.

6 Case Number 6916 will be continued to the
7 Examiner Hearing scheduled to be held at this same place at
8 9:00 o'clock a. m. June 25th, 1980.

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10 (Hearing continued.)
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SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 435-7409

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6916 heard by me on 6/4 1980.

[Signature] Examiner
Oil Conservation Division

Docket No. 17-80

Dockets Nos. 19-80 and 20-80 are tentatively set for June 25 and July 9, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - THURSDAY - JUNE 5, 1980

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6927: Application of Doyle Hartman for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 24, Township 17 South, Range 28 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South and West lines of said Section 24. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 6928: Application of ARCO Oil and Gas Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 24, Township 17 South, Range 28 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

Docket No. 16-80

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 4, 1980

9 A.M. - OIL CONSERVATION DIVISION 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 6803: (Continued from April 23, 1980, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit EPROC Associates, Hartford Accident and Indemnity Company, and all other interested parties to appear and show cause why its Monsanto State H Well No. 1 located in Unit E of Section 2, Township 30 North, Range 16 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6906: Application of Amoco Production Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its South Mattix Unit Well No. 39 located in Unit C of Section 15, Township 24 South, Range 37 East, to produce oil from the Fowler-Upper Yeso and Fowler-Drinkard Pools thru parallel strings of tubing.

CASE 6907: Application of Amoco Production Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Myers B Federal Well No. 28 located in Unit M of Section 9, Township 24 South, Range 37 East, to produce gas from the Jalmat and Langlie Mattix Pools thru parallel strings of tubing.

CASE 6908: Application of Estoril Producing Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Curry State Well No. 1, a Pennsylvanian test to be drilled 660 feet from the North and East lines of Section 22, Township 23 South, Range 34 East, Antelope Ridge Field, the N/2 of said Section 22 to be dedicated to the well.

CASE 6909: Application of El Paso Natural Gas Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Basin-Dakota and Largo-Callup production in the wellbore of its Rincon Unit Well No. 164 located in Unit L of Section 2, Township 26 North, Range 7 West.

CASE 6886: (Continued from May 21, 1980, Examiner Hearing)

Application of Aminoil USA, Inc. for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the S/2 of Section 10, Township 24 South, Range 28 East, to be dedicated to a well to be drilled at an unorthodox location 2080 feet from the South line and 1773 feet from the East line of said Section 10. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6910: Application of Grace Petroleum Corporation for four compulsory poolings, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gallup formation underlying four 40-acre proration units, being the SE/4 NE/4, the SE/4 NW/4, and the NW/4 NW/4 of Section 28, and the SW/4 SE/4 of Section 29, all in Township 24 North, Range 7 West, each to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.

CASE 6911: Application of Grace Petroleum Corporation for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gallup formation underlying the NE/4 NW/4 of Section 11, Township 23 North, Range 7 West, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 6912: Application of Southland Royalty Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its State "14" Comm. Well No. 1 located in Unit E of Section 14, Township 19 South, Range 29 East, Turkey Track Field, to produce gas from the Morrow and Atoka formations thru tubing and the casing-tubing annulus, respectively

CASE 6913: Application of Kerr-McGee Corporation for an unorthodox well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State F Well No. 14 to be drilled 1310 feet from the North line and 1330 feet from the West line of Section 2, Township 8 South, Range 33 East, Chaveroo-San Andres Pool.

CASE 6914: Application of Wilson Oil Company for a non-standard proration unit and unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 320-acre non-standard gas proration unit comprising the S/2 of Section 29, Township 20 South, Range 36 East, North Osado-Morrow Gas Pool, to be dedicated to its State JD Well No. 1 at an unorthodox location 1650 feet from the South line and 1980 feet from the West line of said Section 29.

CASE 6915: Application of Jake L. Hamon for a non-standard gas proration unit and an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 320-acre non-standard gas proration unit comprising the S/2 of Section 8, Township 20 South, Range 36 East, North Osado-Morrow Gas Pool, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South line and 1980 feet from the West line of said Section 8.

CASE 6916: Application of Petro-Lewis Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of the Drinkard and Blinebry production in the wellbore of its State DC Well No. 1, a quadruple completion located in Unit F of Section 19, Township 21 South, Range 37 East.

CASE 6917: Application of Yates Petroleum Corporation for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination for its Goat Roper "LP" Com. Well No. 1 located in Unit P of Section 30, Township 17 South, Range 26 East.

CASE 6918: Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Upper Penn and Morrow gas production in the wellbore of its Kennedy "JQ" Com. Well No. 1 located in Unit H of Section 33, Township 17 South, Range 26 East, Kennedy Farms Field.

CASE 6919: Application of Yates Petroleum Corporation for downhole commingling or consolidation of two pools, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Wolfcamp and Penn gas production in the wellbore of its Anderson State "CS" Com. Well No. 1-Y located in Unit G of Section 14, and its Fordinkus State "RZ" Com. Well No. 1 located in Unit G of Section 22, both in Township 18 South, Range 24 East, or, in the alternative, the consolidation of the Fordinkus-Cisco Gas Pool and the Penasco Draw Permo-Penn Gas Pool into one Permo-Penn gas pool to include the above-described wells.

CASE 6920: Application of Yates Petroleum Corporation for a dual completion and unorthodox well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its 5 Mile Draw Federal Well No. 1 to produce from the Pennsylvanian and Abo formations thru the tubing and casing-tubing annulus, respectively; applicant also seeks approval for the unorthodox location of said well in the Abo formation 800 feet from the South line and 2100 feet from the East line of Section 34, Township 6 South, Range 25 East, the SE/4 of the section to be dedicated to the well.

CASE 6903: (Continued from May 21, 1980, Examiner Hearing)

Application of Harvey E. Yates Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Pennsylvanian-Mississippian test well to be drilled 660 feet from the South line and 990 feet from the East line of Section 33, Township 13 South, Range 36 East, the S/2 of said Section 33 to be dedicated to the well.

CASE 6904: (Continued from May 21, 1980, Examiner Hearing)

Application of Harvey E. Yates Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the McDonald Unit Area, comprising 1,440 acres, more or less, of fee lands in Townships 13 and 14 South, Range 36 East.

CASE 6921: Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Mississippian formations underlying the S/2 of Section 33, Township 13 South, Range 36 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South and East lines of Section 33. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 6922: Application of Harvey E. Yates Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Pennsylvanian formations underlying the E/2 of Section 24, Township 18 South, Range 28 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6923: Application of Harvey E. Yates Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Cayton-Austin Unit Area, comprising 960 acres, more or less, of State and fee lands in Township 14 South, Range 36 East.

CASE 6924: Application of Caribou Four Corners, Inc. for two unorthodox oil well locations, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of two wells to be drilled, the first being 860 feet from the North line and 2090 feet from the West line, and the second being 910 feet from the North line and 395 feet from the West line, both in Section 13, Township 29 North, Range 15 West, Cha Cha-Gallup Oil Pool, the E/2 and the W/2, respectively, of the NW/4 of said Section 13 to be dedicated to the wells.

CASE 6925: Application of Caribou Four Corners, Inc. for two exceptions to Rule 306, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 306 of the Division Rules and Regulations to permit the permanent flaring of gas from its Kirtland Wells Nos. 1 and 2, located in Units A and B, respectively, of Section 13, Township 29 North, Range 15 West.

CASE 6889: (Readvertised)

Application of Belco Petroleum Corporation for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill a well, the surface location of which is 1980 feet from the North line and 920 feet from the West line of Section 36, Township 22 South, Range 30 East, in such a manner as to bottom it at an unorthodox location within 660 feet of a point 1320 feet from the North line and 2640 feet from the West line of said Section 36 in the Morrow formation, the N/2 of said Section 36 to be dedicated to the well.

CASE 6926: (Continued from May 21, 1980, Examiner Hearing)

Application of John E. Schalk for a non-standard gas proration unit and an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard Blanco Mesaverde gas proration unit comprising the NE/4 of Section 8, Township 25 North, Range 3 West, to be dedicated to his Gulf Well No. 2 to be drilled at an unorthodox location 1925 feet from the North line and 790 feet from the East line of said Section 8.

CASE 6926: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, contracting vertical limits, and extending horizontal limits of certain pools in Chaves, Eddy, and Lea Counties, New Mexico:

(a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Pennsylvanian production and designated as the Arkansas Junction-Pennsylvanian Pool. The discovery well is Rex Alcorn Bobbi Well No. 1 located in Unit J of Section 20, Township 18 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 36 EAST, NMPM
Section 20: SE/4

(b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Avalon-Delaware Pool. The discovery well is MWJ Producing Company State CW Well No. 1 located in Unit K of Section 36, Township 20 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 36: SW/4

(c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the East Burton-Delaware Pool. The discovery well is J. C. Williamson TOG Federal Well No. 1 located in Unit F of Section 16, Township 20 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM
Section 16: NW/4

(d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Dog Canyon-Strawn Gas Pool. The discovery well is Harvey E. Yates Company Gates Federal Deep Well No. 1 located in Unit P of Section 6, Township 17 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 6: S/2

(e) CREATE a new pool in Chaves County, New Mexico, classified as an oil pool for San Andres production and designated as the South Double L-San Andres Pool. The discovery well is McClellan Oil Corporation Mark Federal Well No. 1 located in Unit I of Section 30, Township 15 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 30 EAST, NMPM
Section 30: SE/4

(f) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Grayburg production and designated as the Empire-Grayburg Gas Pool. The discovery well is Carl A. Schellinger West Federal Well No. 1 located in Unit G of Section 14, Township 17 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 14: NE/4

(g) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the North Hume-Morrow Gas Pool. The discovery well is Bass Enterprises Production Company Bass 36 State Well No. 1 located in Unit E of Section 36, Township 15 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 34 EAST, NMPM
Section 36: W/2

(h) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Atoka production and designated as the Lusk-Atoka Gas Pool. The discovery well is Phillips Petroleum Company Lusk Deep Unit A Com Well No. 13 located in Unit K of Section 18, Township 19 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 18: S/2

(i) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Milepost-Morrow Gas Pool. The discovery well is Exxon Corporation Scheidt Federal Well No. 1 located in Unit L of Section 30, Township 26 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 25 EAST, NMPM
Section 36: N/2 N/2 and Lots, 1, 2,
3, and 4

TOWNSHIP 26 SOUTH, RANGE 26 EAST, NMPM
Section 30: S/2
Section 31: N/2 NW/4 and Lots 3 and 4

(j) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Turkey Track-Atoka Gas Pool. The discovery well is Tenneco Oil Company State HL 11 Well No. 1 located in Unit N of Section 11, Township 19 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 10: E/2
Section 11: S/2

(k) CONTRACT the vertical limits of the East Grama Ridge-Bone Springs Pool to the interval from 10,472 feet to 10,900 feet as found on the type log for the Getty Oil Company State 35 Well No. 1 located in Unit K of Section 35, Township 21 South, Range 34 East, NMPM, and redesignate said pool as the East Grama Ridge-Lower Bone Springs Pool.

(l) EXTEND the Airstrip-Upper Bone Springs Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM
Section 25: W/2 SW/4
Section 26: SE/4

(m) EXTEND the Atoka-Yeso Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 33: NW/4 and N/2 S/2

(n) EXTEND the Brunson-Fusselman Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 8: SE/4

(o) EXTEND the Buckeye-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 9: NW/4

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

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 13: W/2
Section 14: E/2

(q) EXTEND the Catclaw Draw-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 26 EAST, NMPM
Section 34: S/2

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM
Section 2: Lots 1 through 8

(r) EXTEND the Chaveroo-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 32 EAST, NMPM
Section 34: NE/4

TOWNSHIP 8 SOUTH, RANGE 32 EAST, NMPM
Section 3: SW/4

- (s) EXTEND the Cinta Roja-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 35 EAST, NMPM
Section 4: All

- (t) EXTEND the South Corbin-Strawn Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 29: N/2
Section 30: N/2

- (u) EXTEND the South Corbin-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM
Section 28: W/2

- (v) EXTEND the Crooked Creek-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 24 EAST, NMPM
Section 8: S/2

- (w) EXTEND the South Empire-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 17: All

- (x) EXTEND the East Grama Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM
Section 12: W/2

- (y) EXTEND the Hat Mesa-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM
Section 10: W/2

- (z) EXTEND the Henshaw Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 30 EAST, NMPM
Section 11: SW/4 SW/4
Section 14: S/2 and W/2 NW/4
Section 15: E/2 SE/4

- (aa) EXTEND the Hobbs-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 38 EAST, NMPM
Section 4: SE/4

- (bb) EXTEND the Indian Flats-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM
Section 2: N/2 NE/4

- (cc) EXTEND the South Kemnitz Atoka-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM
Section 29: W/2

- (dd) EXTEND the Logan Draw-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 19: N/2 NE/4 and SE/4 NE/4

- (ee) EXTEND the Middle Lynch Yates-Seven Rivers Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM
Section 21: E/2 SW/4

(ff) EXTEND the Penasco Draw San Andres-Yeso Associated Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 31: SW/4

(gg) EXTEND the East Red Lake Queen-Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM
Section 25: S/2 S/2
Section 26: S/2 SE/4 and SE/4 SW/4
Section 36: N/2 NW/4

(hh) EXTEND the North Shugart-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 17: S/2

(ii) EXTEND the Tomahawk-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 31 EAST, NMPM
Section 25: SE/4

(jj) EXTEND the Turkey Track Seven Rivers-Queen-Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 9: E/2 NE/4

(kk) EXTEND the North Vacuum-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 17: NW/4

(ll) EXTEND the Winchester-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 3: All

(mm) EXTEND the Winchester-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 30: W/2

Docket No. 18-80

DOCKET: EXAMINER HEARING - THURSDAY - JUNE 19, 1980

9 A.M. - OIL CONSERVATION DIVISION 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:

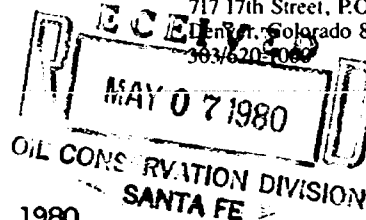
- ALLOWABLE:
- (1) Consideration of the allowable production of gas for July, 1980, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for July, 1980, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

W. J. Harris

PETRO LEWIS CORPORATION

Oil and Gas Producers

Energy Center One
717 17th Street, P.O. Box 2250
Denver, Colorado 80201
303/620-7000



April 18, 1980

TO: OFFSET OPERATORS
(ADDRESS LIST ATTACHED)

Case 6916

Gentlemen:

Subject: Request for Down-hole Commingling Permits
Rule 303-C

Attached for your review is a commingling request for the State DC #1.
Your waiver of objection to this request is respectfully solicited.
Please indicate your decision in the space below and return one copy to
the undersigned and one copy to the New Mexico Oil Conservation Commission
in the enclosed envelopes, and retain one copy for your files.

Thank you for your cooperation.

Yours very truly,

R. Kevin Preston

R. Kevin Preston

RKP/nr

- I. State DC No. 1 - I do () do not (X) object to commingling
request for this well.

Signed

Date

COMPANY

J. J. Harris
May 2, 1980
Sun Oil Company

ATTACHMENT NO. 4

PETROLEUM LEWIS CORPORATION

Oil and Gas Producers

Energy Center One
717 17th Street, P.O. Box 2250
Denver, Colorado 80201
303/620-1000

RECEIVED
MAY 03 1980
CONSERVATION DIVISION
SANTA FE

RECEIVED
APR 28 '80
HOBBS AREA

April 18, 1980

TO: OFFSET OPERATORS
(ADDRESS LIST ATTACHED)

Case 6916

Gentlemen:

Subject: Request for Down-hole Commingling Permits
Rule 303-C

Attached for your review is a commingling request for the State DC #1.
Your waiver of objection to this request is respectfully solicited.
Please indicate your decision in the space below and return one copy to
the undersigned and one copy to the New Mexico Oil Conservation Commission
in the enclosed envelopes, and retain one copy for your files.

Thank you for your cooperation.

Yours very truly,

R. Kevin Preston

R. Kevin Preston

RKP/nr

I. State DC No. 1 - I do () do not () object to commingling
request for this well.

Signed *C. F. Katteyer*
C. F. Katteyer - Chief Proration Engr.
Date 5-6-80

Well Location:

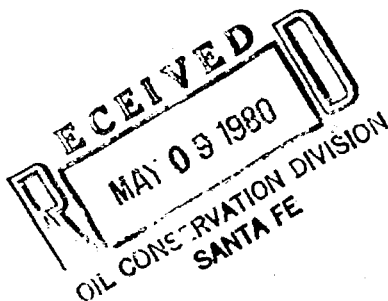
1980' FNL & 1876' FWL,
Sec. 19, T21S, R37E,
Lea County, New Mexico

COMPANY Gulf Oil Corporation

ATTACHMENT NO. 4



J. R. Barnett
Regional Engineering
Manager



*Petro Lewis
Set for Hearing*

Amoco Production Company

Houston Region
500 Jefferson Building
Post Office Box 3092
Houston, Texas 77001

May 7, 1980

File: JCA-986.51NM-2368

Re: Request for Down-hole Commingling Permits
Rule 303-C
State DC No. 1
Lea County, New Mexico

Case 6976

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

Gentlemen:

Petro-Lewis Corporation has filed a request for down-hole commingling authority for their State DC No. 1 located 1980' FNL and 1876' FWL, Section 19, T-21-S, R-37-E, Lea County, New Mexico.

As an offset operator, Amoco Production Company has no objection to the granting of down-hole commingling authority for the subject well.

Yours very truly,

*J. R. Barnett
mlc*

MC/dq
645/I10

cc: Petro-Lewis Corporation
P. O. Box 2250
Denver, CO 80201

PETRO LEWIS CORPORATION
Oil and Gas Producers

Energy Center One
717 17th Street, P.O. Box 2250
Denver, Colorado 80201
303/620-1000

RECEIVED
April 18, 1980 MAY 05 1980
OIL CONSERVATION DIVISION
SANTA FE

Case 69/6

TO: OFFSET OPERATORS
(ADDRESS LIST ATTACHED)

Gentlemen:

Subject: Request for Down-hole Commingling Permits
Rule 303-C

Attached for your review is a commingling request for the State DC #1.
Your waiver of objection to this request is respectfully solicited.
Please indicate your decision in the space below and return one copy to
the undersigned and one copy to the New Mexico Oil Conservation Commission
in the enclosed envelopes, and retain one copy for your files.

Thank you for your cooperation.

Yours very truly,

R. Kevin Preston

R. Kevin Preston

RKP/nr

I. State DC No. 1 - I do () do not (X) object to commingling
request for this well.

Signed *R. J. Womack (gen)*
R. J. Womack - Regional Manager
Date 4/30/80

COMPANY Texas Pacific Oil Company, Inc.

ATTACHMENT NO. 4

REINFORCE

CONCRETE

REINFORCE

CONCRETE

16" @ 284' w/ 4508

10 3/4 @ 2565' w/ 1720 5/1

11/8 @ 5317

2 7/8 @ 6692

2 7/8 @ 6694

Cont w/ 18508

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6916

Order No. R-6393

APPLICATION OF PETRO-LEWIS CORPORATION
FOR DOWNHOLE COMMINGLING, LEA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 25,
19 80, at Santa Fe, New Mexico, before Examiner Daniel S.
Nutter KLS.

NOW, on this _____ day of June, 19 80, the
Division Director, 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 Division has jurisdiction of this cause and the
subject matter thereof.

(2) That the applicant, Petro-Lewis Corporation, is
the owner and operator of the State DC Well No. 1,
a quadruple completion,
located in Unit F of Section 19, Township 21 South
Range 37 East, NMPM, Lea County, New Mexico.

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

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

(5) That from the Blinebry 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 Division 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 Division any time the subject well is shut-in for 7 consecutive days.

(9) That in order to allocate the commingled production to each of the commingled zones in the subject well, 40 percent of the commingled production should be allocated to the Drinkard zone, and 60 percent of the commingled production to the Blinebry zone.

(ALTERNATE)

(9) That in order to allocate the commingled production to each of the commingled zones in the wells, applicant should consult with the supervisor of the ~~Atx~~ Hobbs district office of the Division and determine an allocation formula for each of the production zones.

• IT IS THEREFORE ORDERED:

(1) That the applicant, Petro-Lewis Corporation, is hereby authorized to commingle Drinkard and Blinebry production within the wellbore of a quadruple completion, ^{its} the State DC Well No. 1, located in Unit F of Section 19, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

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

(ALTERNATE)

(3) That 40 percent of the commingled production shall be allocated to the Drinkard zone and 60 percent of the commingled production shall be allocated to the Blinebry zone.

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

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

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

(2) That the commingling shall be accomplished by perforating the Blinebry zone in the Drinkard ^{casing} ~~tubing~~ string and running a string of 1.9-inch tubing therein to the approximate top of the Drinkard pay zone