

Entered December 21, 1978
JDR

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. 6385
Order No. R-5883

APPLICATION OF YATES PETROLEUM CORPORATION
FOR DOWNHOLE COMMINGLING, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on November 21, 1978, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 21st day of December, 1978, 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, Yates Petroleum Corporation, is the owner and operator of the Huber IA Federal Well No. 2, located in Unit P of Section 15, Township 21 South, Range 21 East, NMPM, Eddy County, New Mexico.

(3) That the applicant seeks authority to commingle Box Canyon Permo-Penn and Box Canyon-Strawn production within the wellbore of the above-described well.

(4) That from the Box Canyon Permo-Penn zone, the subject well is expected to be capable of low marginal production only.

(5) That from the Box Canyon-Strawn 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.

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(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 Artesia 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 well, applicant should consult with the supervisor of the Artesia district office of the Division and determine an allocation formula for each of the production zones.

IT IS THEREFORE ORDERED:

(1) That the applicant, Yates Petroleum Corporation, is hereby authorized to commingle Box Canyon Permo-Penn and Box Canyon-Strawn production within the wellbore of the Huber IA Federal Well No. 2, located in Unit P of Section 15, Township 21 South, Range 21 East, NMPM, Eddy County, New Mexico.

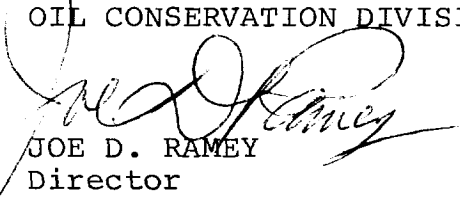
(2) That the applicant shall consult with the Supervisor of the Artesia district office of the Division and determine an allocation formula for the allocation of production to each zone in the subject well.

(3) That the operator of the subject well shall immediately notify the Division's Artesia 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.

(4) 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 herein-above designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

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