

Entered February 26, 1980
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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. 6759
Order No. R-6276

APPLICATION OF SUN OIL COMPANY
FOR AN UNORTHODOX LOCATION, NON-STANDARD
GAS PRORATION UNIT, INFILL FINDINGS,
SIMULTANEOUS DEDICATION AND DOWNHOLE
COMMINGLING, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on December 12, 1979, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 26th day of February, 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, Sun Oil Company, seeks approval for the unorthodox location of its Reeves Well No. 6 to be drilled at a point 660 feet from the North line and 610 feet from the East line of Section 29, Township 20 South, Range 37 East, NMPM, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated with its Reeves Well No. 2 in Unit D of Section 29 to a 160-acre non-standard gas proration unit comprising the N/2 N/2 of Section 29.

(3) That the applicant also seeks approval for the down-hole commingling of Eumont gas production and Monument oil and gas production in the wellbore of said well.

(4) That the applicant further seeks findings that the proposed well is necessary to effectively and efficiently drain that portion of the proration unit which cannot be so drained by the existing well on the proration unit.

(5) That the evidence presented demonstrated that the aforesaid Reeves Well No. 2 has junk in the hole and has been temporarily abandoned, and that it is incapable of effectively and efficiently draining the 160-acre Eumont proration dedicated to it, being the N/2 N/2 of the subject Section 29.

(6) That the evidence demonstrates that the new proposed well, the Reeves Well No. 6, should recover some 392 million cubic feet of gas which are not recoverable by the old well on the unit, the Reeves Well No. 2.

(7) That the evidence further demonstrates that between the two wells, the Reeves No. 2 and the Reeves No. 6, the subject 160-acre non-standard gas proration unit should be effectively and efficiently drained of the natural gas reserves in place.

(8) That there may be recoverable oil and gas reserves in the San Andres formation underlying the NE/4 NE/4 of Section 29, and applicant proposes to drill Reeves Well No. 6 to a total depth of approximately 4000 feet and attempt a completion in the San Andres formation.

(9) That should said well produce from the San Andres, it is expected that such production will be of low marginal nature, and uneconomic to produce separately, and applicant therefore proposes to commingle such San Andres production in the wellbore with the aforementioned Eumont production, and said downhole commingling may cause to be recovered oil and gas which would otherwise remain unrecovered, thereby preventing waste.

(10) That upon completion of the subject well, the Eumont or San Andres zone should be tested separately, and the applicant should consult with the Supervisor of the Hobbs District Office of the Division to determine an allocation formula for each of the zones commingled.

(11) That the proposed unorthodox location for the subject well results from having to move away from an existing well in the NE/4 NE/4 of Section 29.

(12) That the application of Sun Oil Company in this case for an unorthodox location, a 160-acre non-standard gas proration unit, downhole commingling, simultaneous dedication of acreage, and infill drilling findings are all in the interest of conservation, will not cause but will prevent waste, will not impair but will protect correlative rights, and should be approved.

-3-

Case No. 6759

Order No. R-6276

IT IS THEREFORE ORDERED:

(1) That a 160-acre non-standard gas proration unit in the Eumont Gas Pool, comprising the N/2 N/2 of Section 29, Township 20 South, Range 37 East, NMPM, Lea County, New Mexico, is hereby approved and simultaneously dedicated to the Sun Oil Company Reeves Well No. 2, located in Unit D of said Section 29, and to Sun's Reeves Well No. 6, to be drilled as an infill well at an unorthodox location, also hereby approved, at a point 660 feet from the North line and 610 feet from the East line of said Section 29. The authorization for infill drilling granted by this order is necessary to permit the drainage of a portion of the reservoir covered by the 160-acre non-standard proration unit which cannot be effectively and efficiently drained by any existing well thereon.

(2) That the applicant is hereby authorized to commingle Eumont and Monument production within the wellbore of the above-described Reeves Well No. 6.

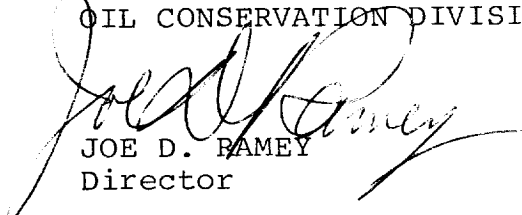
(3) That the applicant shall separately test the Eumont or the San Andres zone, or both zones, of said Reeves Well No. 6 during completion operations, and shall thereafter consult with the Supervisor of the Hobbs District Office of the Division to determine an allocation formula for the allocation of production to each zone in the subject well.

(4) That the operator of said Reeves Well No. 6 shall immediately notify the aforesaid Supervisor at any time the well has been shut in for seven consecutive days, and shall present for approval by the Division a plan for remedial action to prevent crossflow between the zones.

(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.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director

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