

Entered August 2, 1981
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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. 7313
Order No. R-6755

APPLICATION OF PHILLIPS PETROLEUM
COMPANY 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 July 29, 1981, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 7th day of August, 1981, 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, Phillips Petroleum Company, is the owner and operator of the Drag A Well No. 1, located in Unit C of Section 18, Township 23 South, Range 27 East, NMPM, South Carlsbad Field, Eddy County, New Mexico.

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

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

(5) That from the Morrow 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 appear to be 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 the applicant should determine the rate of liquids production 90 days after commingling.

(9) That the Director of the Division should require the installation of a standing valve or other zone separation equipment if the rate of liquids production should appear excessive.

(10) 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.

(11) 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, Phillips Petroleum Company, is hereby authorized to commingle Atoka and Morrow production within the wellbore of the Drag A Well No. 1, located in Unit C of Section 18, Township 23 South, Range 27 East, NMPM, South Carlsbad Field, 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 approximately 90 days following the date of downhole commingling the applicant shall conduct a production test on said well to determine its volume of liquids production.

(4) That the applicant shall notify the Artesia district office of the Division of the date and time of such test in order that it may, at the option of the Division, be witnessed.

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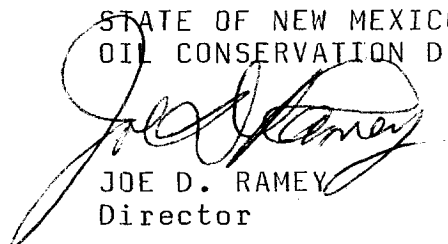
(5) That the results of such test shall be reported to the Director of the Division within 15 days following the date thereof.

(6) That based upon the evidence from such test the Director of the Division may require the installation of a standing valve or other zone separation equipment in said well.

(7) 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.

(8) 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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