

Entered November 30, 1981

JLR

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. 7414
Order No. R-6840

APPLICATION OF GULF OIL 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 November 19, 1981, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 30th day of November, 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, Gulf Oil Corporation, is the owner and operator of the Hugh Well No. 10, located in Unit C of Section 14, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks authority to commingle Drinkard and Wantz-Granite Wash 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 Wantz-Granite Wash zone, the subject well is capable of low marginal production only.

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(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, 36 percent of the commingled oil production and 81 percent of the commingled gas production should be allocated to the Drinkard zone, and 64 percent of the commingled oil production and 19 percent of the commingled gas production should be allocated to the Wantz-Granite Wash zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, Gulf Oil Corporation, is hereby authorized to commingle Drinkard and Wantz-Granite Wash production within the wellbore of the Hugh Well No. 10, located in Unit C of Section 14, Township 22 South, Range 37 East, NMPM, Lea County, New Mexico.

(2) That 36 percent of the commingled oil production and 81 percent of the commingled gas production shall be allocated to the Drinkard zone and 64 percent of the commingled oil production and 19 percent of the commingled gas production shall be allocated to the Wantz-Granite Wash zone.

(3) 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.

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

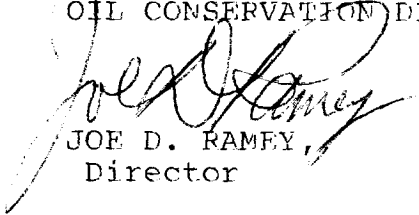
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DONE at Santa Fe, New Mexico, on the day and year
hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY,
Director

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