

**STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

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

**CASE NO. 10620
Order No. R-9804**

**APPLICATION OF YATES PETROLEUM
CORPORATION FOR DOWNHOLE COM-
MINGLING, EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on December 3, 1992, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 11th day of December, 1992, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Yates Petroleum Corporation, seeks authority to downhole commingle Undesignated Ingle Wells-Bone Spring Pool production with Undesignated West Sand Dunes-Delaware Pool production within the wellbore of its Pauline "ALB" State Well No. 6 located 1980 feet from the South and East lines (Unit J) of Section 32, Township 23 South, Range 31 East, NMPM, Eddy County, New Mexico.

(3) The applicant initially sought Division administrative approval for the subject application, however, due to high initial producing rates, such application did not qualify for administrative approval pursuant to Division Rule No. 303(C).

(4) The evidence indicates that the applicant reentered the previously plugged and abandoned Pauline "ALB" State Well No. 6 in July, 1992, and has completed said well in both the Delaware and Bone Spring formations.

(5) The subject well initially tested on August 25, 1992 at a commingled rate of approximately 330 barrels of oil, 220 barrels of water, and 461 MCF gas per day.

(6) The evidence presented at the hearing indicates that the production from the subject well has substantially dropped off and that the subject well is currently capable of producing approximately 77 barrels of oil, 83 barrels of water, and 104 MCF gas per day.

(7) Additional evidence presented by the applicant indicates that:

- a) there should be no crossflow between the two commingled pools;
- b) the fluids from each zone are compatible with the other;
- c) the bottomhole pressure of the lower pressure zone is not less than 50 percent of the bottomhole pressure of the higher pressure zone adjusted to a common datum;
- d) the value of the commingled production is not less than the sum of the values of the individual production, and;
- e) the interest ownership between the two zones is common throughout.

(8) The applicant recommended that the production from the subject well be allocated on the following basis:

<u>ZONE</u>	<u>OIL</u>	<u>GAS</u>
Delaware	94%	94%
Bone Spring	6%	6%

(9) No offset operator and/or interest owner appeared at the hearing in opposition to the application.

(10) Approval of the subject application will allow the applicant to recover hydrocarbons which may not otherwise be economically recoverable, thereby preventing waste, and will not violate correlative rights.

(11) The applicant's recommended allocation should be adopted in this case.

(12) The applicant should be responsible for reporting monthly production from the subject well as per the allocation described above.

(13) The applicant should notify the supervisor of the Division's Artesia district office any time the subject well is shut-in for seven consecutive days and should concurrently present to the Division a plan for remedial action.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Yates Petroleum Corporation, is hereby authorized to downhole commingle Undesignated Ingle Wells-Bone Spring Pool production with Undesignated West Sand Dunes-Delaware Pool production within the wellbore of its Pauline "ALB" State Well No. 6 located 1980 feet from the South and East lines (Unit J) of Section 32, Township 23 South, Range 31 East, NMPM, Eddy County, New Mexico.

(2) The production from the above-described well shall be allocated on the following basis:

<u>ZONE</u>	<u>OIL</u>	<u>GAS</u>
Delaware	94%	94%
Bone Spring	6%	6%

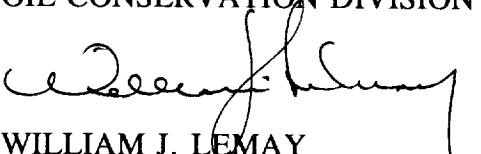
(3) The applicant shall be responsible for reporting monthly production from the subject well as per the allocation described above.

(4) The applicant shall notify the supervisor of the Division's Artesia district office any time the subject well is shut-in for seven consecutive days and should concurrently present to the Division a plan for remedial action.

(5) Jurisdiction is hereby 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


WILLIAM J. LEMAY
Director

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