Shell Oil Company

P.O. Box 991
Houston, Texas 77001

July 28, 1982

State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

SUBJECT: APPLICATION TO DOWNHOLE COMMINGLE
SHELL-GRIZZELL NO. 8
990 FSL AND 330 FEL, UNIT LETTER "P"
SECTION 8, T-22-S, R-37-E
BLINEBRY OIL AND GAS POOL
LEA COUNTY, NEW MEXICO

Shell Oil Company respectfully requests administrative approval under the provisions of Rule 303-C, to commingle within the wellbore, production from the Drinkard and Blinebry Oil and Gas Pools in the subject well. The subject well is currently being produced with the Blinebry zone on artificial lift. The Drinkard zone was temporarily abandoned in May 1982 with a retrievable bridge plug set @ 6350'. However, with the indicated marginal production, installation of dual equipment cannot be justified. In the interest of conservation and prevention of waste, we now propose to downhole commingle the production from the Blinebry and Drinkard pools in Shell-Grizzell No. 8.

This well qualifies for administrative approval in accordance with Statewide Rule 303, Paragraph C; and in support thereof, the following facts are submitted:

1. The attached plat shows the Grizzell lease.

2. The latest tests are as follows:

   Blinebry: 7-01-82 3 BOPD, 1 BWPD, 140 MCFPD. Perforations: 5400' - 5929'.

   Drinkard: 4-09-82 10 BOPD, 2 BWPD, 160 MCFPD. Perforations: 6420' - 6500'.
   (Currently isolated below RBP @ 6350'.)

3. Neither zone produces more water than the combined oil limit as determined in Rule 303, Paragraph C, (d).

4. Shell Oil Company has commingled these fluid at the surface and has encountered no incompatibility problems; therefore, no reservoir damage will result from downhole commingling.

5. Surface commingling resulted in no reduction of oil value; therefore, downhole commingling will not reduce oil value. (PC-218, June 10, 1980)

6. The ownership of both zones to be commingled is common.

7. A resume of the well's completion history is attached.

8. The bottom hole pressures are:
   Drinkard: 96 hr SI - 658 psig.
   Blinebry: Fluid level - 1096 psig.
   We do not anticipate cross flow of fluids since the well will be maintained at pumped off conditions.

9. Commingling will not jeopardize the efficiency of future secondary operations in either zone.

10. Copies of this application have been furnished to all offset operators by certified mail.

11. Recommended oil and gas allotments would be as follows:

Drinkard		Blinebry
77%	Oil	23%
53%	Gas	47%

Other supporting data attached are C-116 for each zone and a schematic of the present and proposed downhole configuration.

If additional information is required, please advise.

Yours very truly,

For A. J. Fore
Supervisor Regulatory and Permitting
Mid-Continent Division

DMB:dmb

Attachments

cc: State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P. O. Box 1980
Hobbs, New Mexico 88240

Welton D. Moore
New Mexico Production Unit

OFFSET OPERATORS

GRIZZELL LEASE

TEXACO INC.
ATTN: A. R. McDANIEL
P. O. BOX 3109
MIDLAND, TEXAS 79702

AMOCO PRODUCTION COMPANY
ATTN: S. J. OKERSON, DIST. SUPT.
P. O. BOX 68
HOBBS, NEW MEXICO 88240

SUN EXPLORATION AND PRODUCTION COMPANY
ATTN: J. L. POWER, MGR. CONSERVATION
P. O. BOX 2880
DALLAS, TEXAS 75221

SOHIO PETROLEUM COMPANY
ATTN: J. H. WALTERS, DIST. SUPT.
P. O. BOX 3000
MIDLAND, TEXAS 79702

CONOCO INC.
ATTN: L. P. THOMPSON, DIV. MGR. PROD.
P. O. BOX 460
HOBBS, NEW MEXICO 88240

GULF OIL EXPLORATION AND PRODUCTION COMPANY
SOUTHWEST DIVISION OFFICE
306 WEST WALL STREET
MIDLAND, TEXAS 79701

EXXON COMPANY U.S.A.
MID-CONTINENT PRODUCTION DIVISION
ATTN: D. MENDELL, III, DIV. PROD. MGR.
P. O. BOX 1600
MIDLAND, TEXAS 79702

COMPLETION HISTORY
GRIZZELL NO. 8

9-06-52 thru 9-30-52:	Drilled to total depth of 6510'.
10-04-52 thru 10-05-52:	Opened and tested Drinkard zone - 6420' to 6460' 6485' to 6500'.
5-03-82 thru 5-07-82:	Abandoned Drinkard; Recompleted in Blinebry. Perforated 5-1/2" liner 5400' - 5929' (74 holes). Acidized w/14,420 gals 15% NEA. Returned well to production.
7-01-82:	3 BO + 1 BW + 140 MCFG (Blinebry zone).

NEW MEXICO OIL CONSERVATION COMMISSION
GAS-OIL RATIO TESTS

C-116
Revised 1-1-65

Operator: SHELL OIL COMPANY
Pool: DRINKARD
County: LEA
Address: P. O. BOX 576, HOUSTON, TEXAS 77001
TYPE OF TEST - (X): Scheduled [ ] Completion [ ] Special [XX]

LEASE NAME	WELL NO.	LOCATION U	S	T	R	DATE OF TEST	STATUS	CHOKE SIZE	TBG. PRESS.	DAILY ALLOWABLE	LENGTH OF TEST HOURS	PROD. DURING TEST WATER BBLS.	GRAV. OIL	OIL BBLS.	GAS M.C.F.	GAS - OIL RATIO CU.FT/BBL
GRIZZELL	8	P	8	22-S	37-E	4-09-82	P	32/64	210		24	2	38.0	10	160	16,000

Above is a 24-hour productivity test preparatory to downhole commingling with the Blinebry zone.

No well will be assigned an allowable greater than the amount of oil produced on the official test.

During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Commission.

Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60° F. Specific gravity base will be 0.60.

Report casing pressure in lieu of tubing pressure for any well producing through casing.

Well original and one copy of this report to the district office of the New Mexico Oil Conservation Commission in accordance with Rule 301 and appropriate pool rules.

I hereby certify that the above information is true and complete to the best of my knowledge and belief.

C. F. Newman — C. F. NEWMAN
(Signature)
SUPV. OIL ACCOUNTING
(Title)

NEW MEXICO OIL CONSERVATION COMMISSION

GAS-OIL RATIO TESTS

C-116
Revised 1-1-65

Operator: SHELL OIL COMPANY | Pool: BLINEBRY OIL AND GAS | County: LEA

Address: P. O. BOX 576, HOUSTON, TEXAS 77001 | TYPE OF TEST - (X) | Scheduled [ ] | Completion [ ] | Special [X]

LEASE NAME	WELL NO.	LOCATION U	S	T	R	DATE OF TEST	STATUS	CHOKE SIZE	TBG. PRESS.	DAILY ALLOWABLE	LENGTH OF TEST HOURS	PROD. DURING TEST WATER BBLS.	GRAV. OIL	OIL BBLS.	GAS M.C.F.	GAS - OIL RATIO CU.FT/BBL.
GRIZZELL	8	P	8	22-S	37-E	7-01-82	P		30		24	1	38.0	3	140	46,700

Above is a 24-hour productivity test preparatory to downhole commingling with the Drinkard zone.

No well will be assigned an allowable greater than the amount of oil produced on the official test.

During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Commission.

Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60° F. Specific gravity base will be 0.60.

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Mail original and one copy of this report to the district office of the New Mexico Oil Conservation Commission in accordance with Rule 301 and appropriate pool rules.

I hereby certify that the above information is true and complete to the best of my knowledge and belief.

C. F. Newman — C.F. NEWMAN
(Signature)

SUPV. OIL ACCOUNTING
(Title)

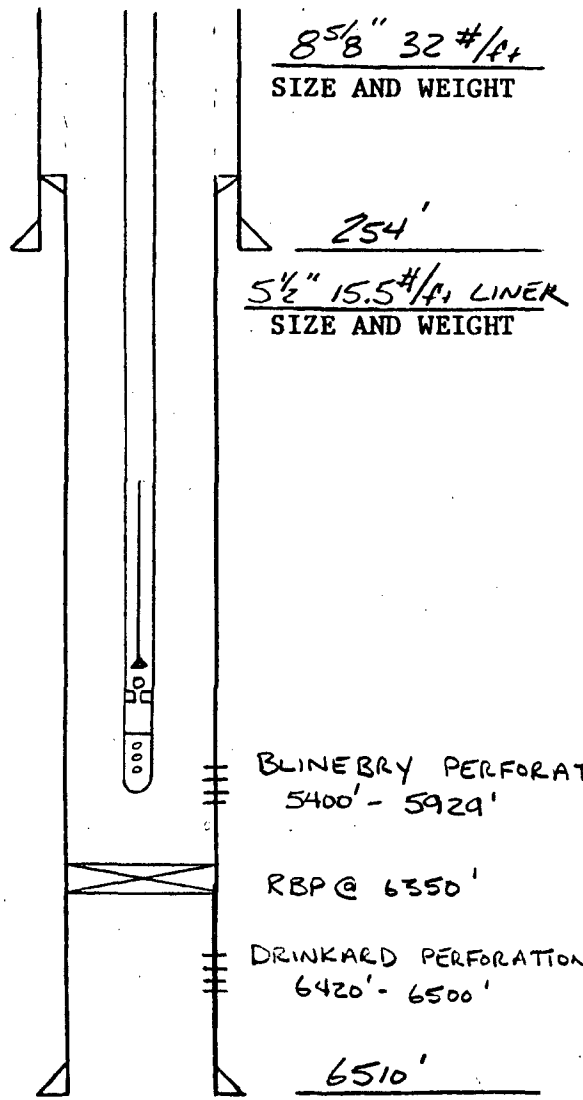
MECHANICAL CONFIGURATION

WELL GRIZZELL #8

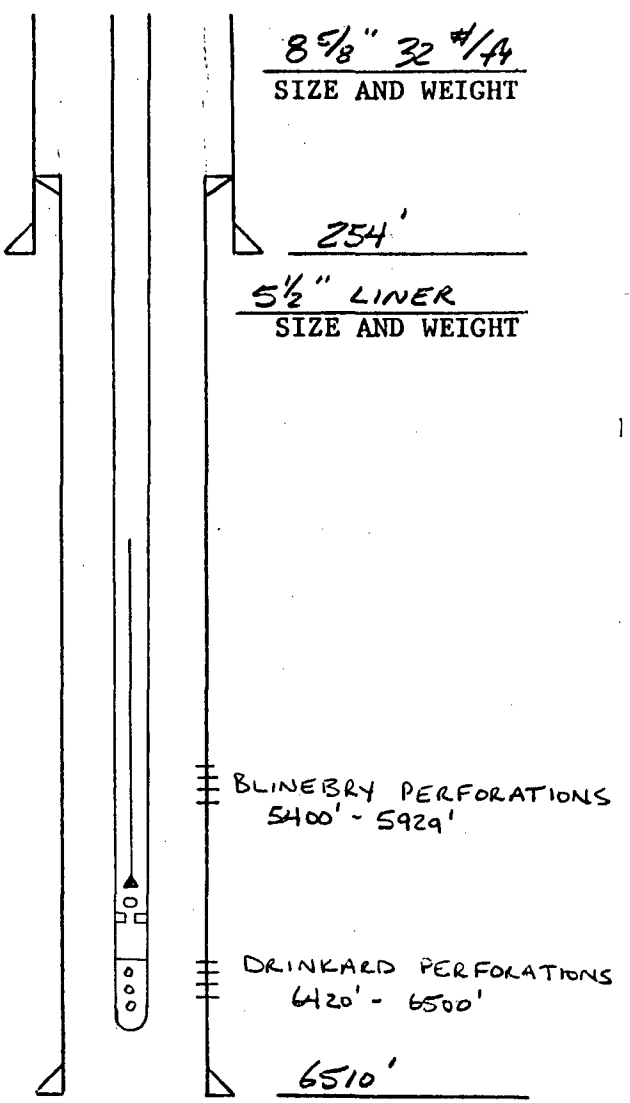
FIELD DRINKARD

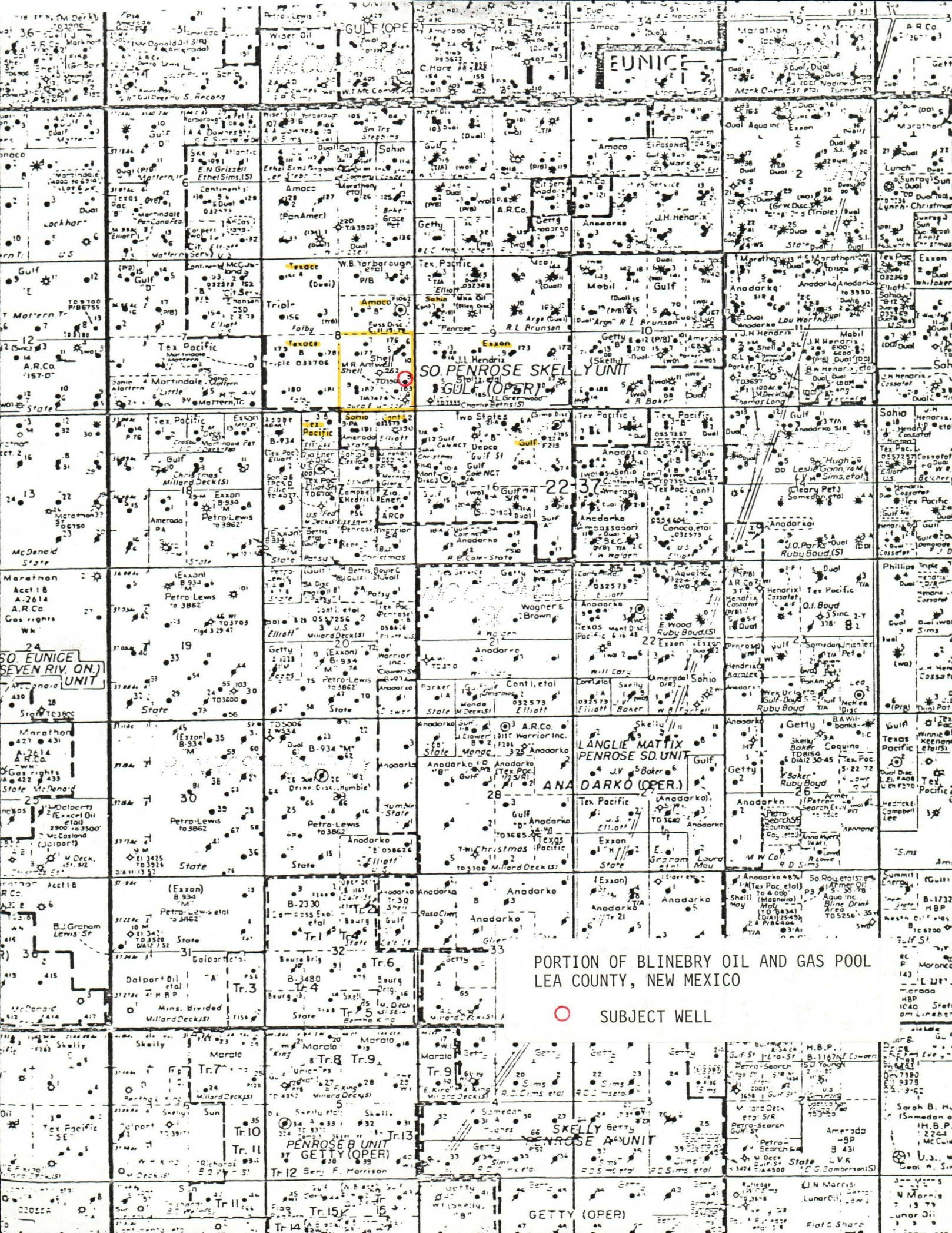
DATE 7/21/82

PRESENT



PROPOSED




EUNICE
GULF (OPER.)
SO. PENROSE SKELLY UNIT
GULF (OPER.)
LANGLIE MATTIX PENROSE SD. UNIT
ANADARKO (OPER.)
SO. EUNICE SEVEN RIV. QN.) UNIT
PENROSE B UNIT
GETTY (OPER)
SKELLY PENROSE A UNIT
GETTY (OPER)
PORTION OF BLINEBRY OIL AND GAS POOL
LEA COUNTY, NEW MEXICO
SUBJECT WELL

P 226 788 945

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO
TEXACO INC.

STREET AND NO.
P. O. BOX 3109

P.O., STATE AND ZIP CODE
MIDLAND, TEXAS 79702

POSTAGE		$
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	¢
OPTIONAL SERVICES	SPECIAL DELIVERY	¢
OPTIONAL SERVICES	RESTRICTED DELIVERY	¢
OPTIONAL SERVICES / RETURN RECEIPT SERVICE	SHOW TO WHOM AND DATE DELIVERED	¢
OPTIONAL SERVICES / RETURN RECEIPT SERVICE	SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	¢
OPTIONAL SERVICES / RETURN RECEIPT SERVICE	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	¢
OPTIONAL SERVICES / RETURN RECEIPT SERVICE	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	¢
TOTAL POSTAGE AND FEES		$

POSTMARK OR DATE

D. M. BRANFORD
WCK 4435
JULY 28, 1982

PS Form 3800, Apr. 1976

CERTIFIED
P 226 788 945
MAIL

P 226 788 946

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO
AMOCO PRODUCTION CO.

STREET AND NO.
P. O. BOX 68

P.O., STATE AND ZIP CODE
HOBBS, NM 88240

POSTAGE		$
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	¢
OPTIONAL SERVICES	SPECIAL DELIVERY	¢
OPTIONAL SERVICES	RESTRICTED DELIVERY	¢
OPTIONAL SERVICES / RETURN RECEIPT SERVICE	SHOW TO WHOM AND DATE DELIVERED	¢
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TOTAL POSTAGE AND FEES		$

POSTMARK OR DATE

D. M. BRANFORD
WCK 4435
JULY 28, 1982

PS Form 3800, Apr. 1976

CERTIFIED
P 226 788 946
MAIL

P 226 788 947

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO
SUN EXPL. & PROD. CO.

STREET AND NO.
P. O. BOX 2880

P.O., STATE AND ZIP CODE
DALLAS, TX. 75221

POSTAGE		$
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	¢
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TOTAL POSTAGE AND FEES		$

POSTMARK OR DATE

D. M. BRANFORD
WCK 4435
JULY 28, 1982

PS Form 3800, Apr. 1976

CERTIFIED
P 226 788 947
MAIL

P 226 788 948

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO
SOHIO PETROLEUM CO.

STREET AND NO.
P. O. BOX 3000

P.O., STATE AND ZIP CODE
MIDLAND, TX. 79702

POSTAGE		$
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	¢
OPTIONAL SERVICES	SPECIAL DELIVERY	¢
OPTIONAL SERVICES	RESTRICTED DELIVERY	¢
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TOTAL POSTAGE AND FEES		$

POSTMARK OR DATE

D. M. BRANFORD
WCK 4435
JULY 28, 1982

PS Form 3800, Apr. 1976

CERTIFIED
P 226 788 948
MAIL

P 226 788 951

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO
EXXON COMPANY U.S.A.

STREET AND NO.
P. O. BOX 1600

P.O., STATE AND ZIP CODE
MIDLAND, TX 79702

POSTAGE		$
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	OPTIONAL SERVICES: RESTRICTED DELIVERY	¢
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	RETURN RECEIPT SERVICE: SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	¢
	RETURN RECEIPT SERVICE: SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	¢
TOTAL POSTAGE AND FEES		$

POSTMARK OR DATE
D. M. BRANFORD
WCK 4435
JULY 28, 1982

PS Form 3800, Apr. 1976

CERTIFIED
P 226 788 951
MAIL

P 226 788 950

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO
GULF OIL EXPL. & PROD.

STREET AND NO.
306 WEST WALL STREET

P.O., STATE AND ZIP CODE
MIDLAND, TX. 79701

POSTAGE		$
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	¢
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	RETURN RECEIPT SERVICE: SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	¢
TOTAL POSTAGE AND FEES		$

POSTMARK OR DATE
D. M. BRANFORD
WCK 4435
JULY 28, 1982

PS Form 3800, Apr. 1976

CERTIFIED
P 226 788 950
MAIL

P 226 788 949

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Reverse)

SENT TO
CONOCO INC.

STREET AND NO.
P. O. BOX 460

P.O., STATE AND ZIP CODE
HOBBS, NM 88240

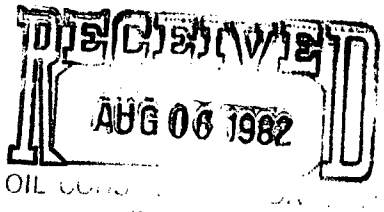
POSTAGE		$
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	¢
	OPTIONAL SERVICES: SPECIAL DELIVERY	¢
	OPTIONAL SERVICES: RESTRICTED DELIVERY	¢
	RETURN RECEIPT SERVICE: SHOW TO WHOM AND DATE DELIVERED	¢
	RETURN RECEIPT SERVICE: SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	¢
	RETURN RECEIPT SERVICE: SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	¢
	RETURN RECEIPT SERVICE: SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	¢
TOTAL POSTAGE AND FEES		$

POSTMARK OR DATE
D. M. BRANFORD
WCK 4435
JULY 28, 1982

PS Form 3800, Apr. 1976

CERTIFIED
P 226 788 949
MAIL

OIL CONSERVATION DIVISION
DISTRICT I



OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

DATE August 2, 1982

RE: Proposed MC
Proposed DHC X
Proposed NSL
Proposed NSP
Proposed SWD
Proposed WFX
Proposed PMX

Gentlemen:

I have examined the application for the:

Shell Oil Company	Grizzell	No. 8-P	8-22-37
Operator	Lease and Well No.		Unit, S - T - R

and my recommendations are as follows:

O.K.---J.S.

Yours very truly,

/mc