



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**GARY E. JOHNSON**  
Governor  
**Jennifer A. Salisbury**  
Cabinet Secretary

October 11, 2000

**Lori Wrotenbery**  
Director  
**Oil Conservation Division**

Conoco Inc.  
10 Desta Drive  
Suite 100W  
Midland, Texas 79705-4500

Attention: Ms. Kay Maddox

Re: Division Order No. R-10581  
Warren Unit Well No. 95  
Unit P, Section 28, T-20S, R-38E,  
Lea County, New Mexico

Dear Ms. Maddox:

I have reviewed your request dated September 11, 2000, to amend the allocation of production from the Warren Unit Well No. 95. Upon review of Order No. DHC-1170, I have determined that the interest ownership between the commingled pools in this well may not be common. Please be advised that if this is the case, notification to all interest owners in the well will be required prior to processing your request.

Please advise me at your earliest convenience whether the interest ownership is common in the well, in which case your application may be processed without further delay, or if the interest is not common, please provide proof of notice to all interest owners in the well.

If you should have any questions, please contact me at (505) 827-8184.

Sincerely,

David Catanach  
Engineer

*So sorry - see attached revised application!*  
*Kay*



AMEND DHC

10/3/00

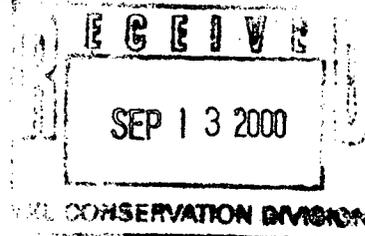
Mid-Continent Region  
Exploration/Production

Conoco Inc.  
10 Desta Drive, Suite 100W  
Midland, TX 79705-4500  
(915) 686-5400

25829078

September 11, 2000

David Catanach  
New Mexico Oil Conservation Division  
2040 South Pacheco  
Santa Fe, NM 87504-2088



RE: Request to Amend Downhole Commingle Allocation  
Warren Unit # 95  
Section 28, T-20-S, R-38-E, P  
API # 30-025-30659  
Lea County, NM

Dear Mr. Catanach,

In April, 1996 order #R-1058, an amendment to order DHC-1170 was approved for the Warren Unit 95 Blinbry-Tubb Oil & Gas Pool and the Warren Drinkard Pool. The Warren-Drinkard allocation is noted on the attached Administrative Order issued April, 1996. The Warren Drinkard zone recently loaded up allowing Blinbry-Tubb tests to be collected. Based on this new test information, Conoco, Inc. is requesting a change in production allocation. The proposed downhole commingle revision is attached.

Reviewing offset Drinkard wells indicates a steeper decline than was originally forecast. The Warren Unit 122 produces only from the Warren Drinkard Pool. Applying the Warren Unit 122 Drinkard Pool historical decline to the Warren Unit 95 Drinkard Pool indicates a reasonable production match for the first quarter, 2000. This close match validates that the original DHC allocation was incorrect and warrants the proposed allocation change.

Thank you for your consideration of this proposed DHC allocation revision. If there are any additional questions please call me at (915) 686-5798.

Sincerely,

Kay Maddox  
Regulatory Agent - Conoco  
SE New Mexico

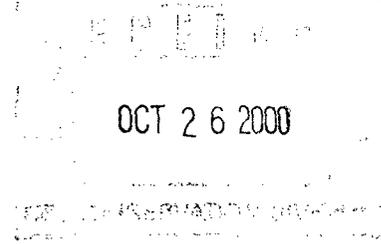


Mid-Continent Region  
Exploration/Production

Conoco Inc.  
10 Desta Drive, Suite 100W  
Midland, TX 79705-4500  
(915) 686-5400

October 23, 2000

David Catanach  
New Mexico Oil Conservation Division  
2040 South Pacheco  
Santa Fe, NM 87504-2088



RE: Request to Amend Downhole Commingle Allocation  
Warren Unit # 95  
Section 28, T-20-S, R-38-E, P  
API # 30-025-30659  
Lea County, NM

Dear Mr. Catanach,

In April, 1996 order #R-1058, an amendment to order DHC-1170 was approved for the Warren Unit 95 Blinebry-Tubb Oil & Gas Pool and the Warren Drinkard Pool. The Warren-Drinkard allocation is noted on the attached Administrative Order issued April, 1996. The Warren Drinkard zone recently loaded up allowing Blinebry-Tubb tests to be collected. Based on this new test information, Conoco, Inc. is requesting a change in production allocation. The proposed downhole commingle revision is attached.

Reviewing offset Drinkard wells indicates a steeper decline than was originally forecast. The Warren Unit 122 produces only from the Warren Drinkard Pool. Applying the Warren Unit 122 Drinkard Pool historical decline to the Warren Unit 95 Drinkard Pool indicates a reasonable production match for the first quarter, 2000. This close match validates that the original DHC allocation was incorrect and warrants the proposed allocation change.

This well is located in both the Warren Unit Blinebry-Tubb and the Warren Unit Drinkard Participating areas. The owners are not common in both participating areas. Notification of this of this application to amend the allocation in the above listed well has been sent to all parties in both areas (see attached evidence) on this the 23<sup>rd</sup> day of October.

Thank you for your consideration of this proposed DHC allocation revision. If there are any additional questions please call me at (915) 686-5798.

Sincerely,

  
Kay Maddox  
Regulatory Agent - Conoco  
SE New Mexico

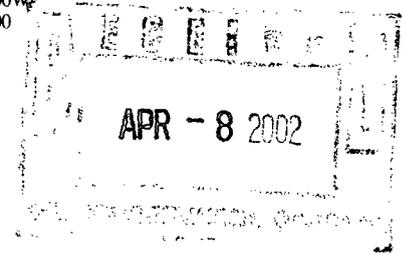


Mid-Continent Region  
Exploration/Production

Conoco Inc.  
10 Desta Drive, Suite 100W  
Midland, TX 79705-4500  
(915) 686-5400

April 4, 2002

David Catanach  
New Mexico Oil Conservation Division  
2040 South Pacheco  
Santa Fe, NM 87504-2088



RE: Retract Request to change Downhole Commingle Allocation  
Warren Unit # 95  
Section 28, T-20-S, R-38-E, P  
API # 30-025-30659  
Lea County, NM

Dear Mr. Catanach,

In October 2000, a letter was sent to the NMOCD to request a change in production allocation for the Warren Unit #95. At that time a copy of that letter was sent by certified mail to the Working interest and Royalty owners of the Warren Unit # 95 well. Based on additional scientific data and well tests, Conoco requests that the October 2000 application be retracted. It was assumed at that time that the well's allocated production was incorrect based on a single pair of collected pressure points. The Warren Unit #95 is a dual completion well having the Drinkard in the long string and the Blinebry-Tubb in the short string. Commingling of production from both zones has been approved. Production from both sides is downhole commingled (as granted by DHC Order # 1170 and amended by Hearing Order # R-10581, April 22, 1996). A recent review of the gathered information to justify the allocation change has determined that the analysis was not valid based on the following:

The pressure build-up tests, performed to verify the Drinkard and Blinebry-Tubb had no communication between them, were not representative. The Drinkard side was shut in for 6 hours to give a bottom hole reading of 355 psia. The Blinebry-Tubb side was then shut in for 2 hours and the surface pressure was read at 283 psia. This comparison uses *bottom hole* pressure from the Drinkard and *surface pressure* from the Blinebry-Tubb. It is highly probable that similar pressures would have been reached if both zones had been shut in for a longer period of time to allow the low reservoir pressures to stabilize (Attachment 1).

It is not necessary to revise the WU #95 Drinkard decline curve based on the WU #122 Drinkard decline curve. The WU #95 Drinkard produced for a period of five years (1990-1994) and established a very credible decline rate of 4%/year. No other stimulation was performed on the Drinkard after its original completion in 1989 to alter its production. Applying the WU #122 gas decline rate of 19%/yr significantly deviates from the WU #95 established gas rate of 4%/yr. Utilizing the production performance of an offset well to predict change in performance of an established producer is unwarranted in this instance (Attachment 2).

The WU #95 was originally completed in the Drinkard and Blinebry 4 & 5 zones in 1989. The Tubb and the Blinebry 1,2 & 3 zones were later

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added in September 1994. A well history report from 1995 states that 2 different packer leakage tests were performed at that time, indicating both zones (Drinkard and Blinbry-Tubb) had come into communication with each other behind pipe. (Attachment 3) Consequently, Conoco was granted a downhole commingle permit after presenting evidence of downhole communication in a hearing dated April 1996. Furthermore, Conoco requested to use a subtraction method for allocating production. The schedule used had a historical decline rate of 25%/yr for Drinkard oil and 4%/yr for Drinkard gas.

Conoco would like to retract their request to change the production allocation for the Warren Unit #95. The current production is being allocated according to the production schedule generated for the downhole commingle permit. It is our belief that the schedule in place is correct and that Conoco is and has always appropriately allocated the Warren Unit #95 production. The working and override interest owners have been sent a certified retraction letter, (Attachment 4) see attached verification. Thank you for your patience in this matter. If you have any additional questions please contact me at (915) 686-5798 or Elicia Fajardo - Engineer at (915) 686-5484.

Sincerely,

A handwritten signature in black ink, appearing to read "Kay Maddox". The signature is fluid and cursive, with the first name "Kay" being more prominent than the last name "Maddox".

Kay/Maddox

Regulatory Agent – Conoco, Inc.