

STATE OF NEW MEXICO
E. RGY AND MINERALS DEPARTME
OIL CONSERVATION DIVISION

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

OCT - 1981

O. C. D.
ARTESIA, OFFICE

CASE NO. 7312
Order No. R-6791

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 2nd day of October, 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 Malaga A Well No. 2, located in
Unit D of Section 2, Township 24 South, Range 28 East, NMPM,
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 very low marginal production only.

(5) That from the Morrow zone, the subject well is capable
of very 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.

(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 if said well should be shut-in for any reason, crossflow could occur between zones.

(9) That the applicant should be required to install a check valve, rated for at least a 5000-pound differential, between the zones to be commingled.

(10) That the applicant should notify the Division's district office at Artesia of the date and time the check valve is to be run in the well in order that the same may be witnessed.

(11) 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.

(12) That in order to allocate the commingled production to each of the commingled zones in the subject well, 54 percent of the commingled production should be allocated to the Atoka zone, and 46 percent of the commingled production to the Morrow zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, Phillips Petroleum Company, is hereby authorized to commingle Atoka and Morrow production within Section 2, Township 24 South, Range 28 East, NMPM, Malaga field, Eddy County, New Mexico.

(2) That 54 percent of the commingled production shall be allocated to the Atoka zone and 46 percent of the commingled production shall be allocated to the Morrow zone.

(3) That the operator shall install a check valve, rated for at least a 5000-pound differential, between the zones to be commingled.

(4) That the operator shall notify the Division's district office at Artesia of the date and time the check valve is to be run in the well in order that the same may be witnessed.