

CASE 7415: GULF OIL CORPORATION FOR
DOWNHOLE COMMINGLING, LEA COUNTY, NEW
MEXICO

DOCKET MAILED

Date 11/6/81

CASE NO.

7415

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
19 November 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Gulf Oil Corporation
for downhole commingling, Lea
County, New Mexico.

CASE
7415

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

W. Perry Pearce, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

William V. Kastler, Esq.
THE GULF COMPANIES
P. O. BOX 3725
HOUSTON, Texas

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I N D E X

CHARLES F. KALTEYER

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MR. STAMETS: We'll call next Case 7415.

MR. PEARCE: Application of Gulf Oil Corporation for downhole commingling, Lea County, New Mexico.

MR. KASTLER: I'm Bill Kastler from Houston, appearing on behalf of Gulf, and our witness is Charles F. Kalteyer.

MR. STAMETS: The record will show Mr. Kalteyer has been previously sworn and qualified and remains so in this case.

CHARLES F. KALTEYER
being called as a witness and having been previously sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. KASTLER:

Q Mr. Kalteyer, what is Gulf seeking in this application?

A Gulf is seeking authority to downhole commingle Drinkard and Tubb production in the wellbore of its T. R. Andrews No. 3, located in Unit J, Section 32, Township 22 South, Range 38 East, in Lea County, New Mexico.

Q Do you have a plat depicting the T. R. Andrews Lease and the surface location of Well NO. 3?

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2 A. Yes, sir, our Exhibit Number One is a
3 plat of the area.

4 The T. R. Andrews lease is outlined in
5 red and Well No. 3 is circled in yellow.

6 Q. Do you have an exhibit showing the down-
7 hole particulars of the well?

8 A. Yes, sir, our Exhibit Number Two is a
9 schematic diagram showing the present conditions of the well-
10 bore, as well as the proposed conditions after authority to
11 commingle has been granted.

12 Q. Will you give the history of the T. R.
13 Andrews No. 3?

14 A. Yes, sir. Gulf's Exhibit Number Three
15 indicates that the well was spudded in 1957 and completed
16 in the Drinkard, or tested the Drinkard and the Tubb and
17 Paddock.

18 The well was completed as a dual in the
19 Tubb and tested at the rate of 2700 Mcf a day on December,
20 '57, and in the Paddock in January of '58, and testing at
21 the daily rate of 172 barrels of oil, flowing.

22 Gas lift valves were installed in the
23 Paddock in '63 and later it was -- they were removed and the
24 well equipped for pump in the Paddock.

25 In 1977 the Paddock perforations were

squeezed off and the well was then dual completed in the Tubb and Drinkard zones.

Q What are shown in Exhibits Four-A and Four-B?

A Exhibits Four-A and Four-B are copies of the OCD Form C-116 Gas/oil Ratio Tests of the two zones.

Four-A is the test of the Tubb, dated May 17th, 1981, indicating a flowing with a 70-pound tubing pressure and 13 Mcf of gas.

Exhibit Four-B is a test of the Drinkard, dated May 16th, 1981, indicating a flowing rate of 2 barrels of oil and 29 Mcf of gas.

Q Do you have exhibits depicting recent bottom hole pressure tests of the two zones?

A Yes, sir, our Exhibits Five-A and Five-B are copies of OCD Form C-124 Reservoir Pressure Reports, with pressures corrected to common datum of -2566.

The Drinkard indicates 724 psi pressure and the Tubb, 815 psi. These pressures are within 91 pounds of each other.

Q Why is Gulf requesting that this well now be commingled from a dual to a single completion by down-hole commingling?

A The very low tubing pressure has neces-

1
2 sitated frequent swabbing, in particular the Tubb zone, through
3 the sliding sleeve. The swabbing has failed to restore liquid
4 production from the Tubb and we believe it will be necessary
5 to equip the well to pump, very soon.

6 We would prefer not to have to pump both
7 zones separately. Not only does this -- because of mechani-
8 cal problems but because of the extra operating expense and
9 capital investment.

10 More reserves can be recovered by com-
11 mingling because of the lower effective economic limit.

12 Q Has Gulf been surface commingling Drinkard
13 and Tubb production?

14 A Yes, sir. We have surface commingling
15 of the liquids in common storage, we had up to about a year
16 ago, when the Tubb ceased to produce liquids. We saw no evi-
17 dence of an incompatibility of the fluids. The value of the
18 products will be unchanged by downhole commingling and the
19 ownership of both zones is common.

20 Q What is your recommendation for alloca-
21 tion of production between the Drinkard and the Tubb zones?
22 Pools?

23 A Based on our tests and the performance
24 we recommend that the oil be divided 83 percent for Drinkard
25 and 17 percent for Tubb; the gas at 29 percent for the Drinkard

1
2 and 71 percent for the Tubb. Water production is 100 percent
3 from the Drinkard at this time.

4 Q Will you be prepared to separate the
5 two zones if secondary recovery operations are initiated in
6 the area of this well?

7 A Yes, sir, we will separate them if it is
8 deemed necessary for the efficiency of the flood.

9 Q Is your recommendation to downhole com-
10 mingle the production of Drinkard and Tubb Pools in the in-
11 terest of preventing waste and protecting correlative rights?

12 A Yes, sir, it is.

13 Q Were Exhibits One, Two, Three, Four-A,
14 Four-B, Five-A, Five-B, and Six-A and Six-B, all prepared by
15 you or at your direction?

16 A Yes, sir, they were.

17 MR. KASTLER: This concludes direct and
18 I would like to have the exhibits admitted into evidence.

19 MR. STAMETS: The exhibits will be ad-
20 mitted.

21
22 CROSS EXAMINATION

23 BY MR. STAMETS:

24 Q Mr. Kalteyer, what was the percentage
25 of oil distribution to each zone?

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A. 83 percent Drinkard and 17 percent Tubb.

Q Now, on Exhibit Two you show the tubing just barely going through the packer.

A. Yes.

Q What's the actual total depth of that tubing, would you say?

A. On the proposal?

Q Yes.

If you don't have the actual footage, could you tell me whether it's going to be within 100 feet of the Drinkard perforations?

A. Let's see if I can find it. Well, would-- is that the requirement?

Q It certainly would be -- feel better about it; get more efficient flow under those conditions.

A. Let's see if I have it, the proposal from the field.

No, sir, I don't have a proposed setting on that from our area office.

Q Perhaps you could advise me of that subsequent to the hearing.

A. All right, and it's the Commission's desire that this be set --

Q As close as reasonable to the lower per-

forations, especially when the lower zone seems to be the one making all the oil right now.

And do you have the number of the order which authorized the downhole commingling -- or not downhole, surface commingling?

A. Just a moment. Order Number R-1708, dated June 22nd, 1960.

Q. R --

A. 1708.

Q. -- 1708.

MR. STAMETS: Are there other questions of the witness? He may be excused.

Anything further in this case?

MR. KASTLER: Nothing further.

MR. STAMETS: The case will be taken under advisement.

(Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
tion Division was reported by me; that the said transcript
is a full, true, and correct record of the hearing, prepared
by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is
a correct and true copy of the proceedings in
the hearing of Case No. 7415,
heard by me on 11-19, 1981.
Richard L. Starn, Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 435-7409



BRUCE KING
 GOVERNOR
 LARRY KEHCE
 SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

FIRST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SALT LAKE, NEW MEXICO 87501
PHOS 827-2434

December 1, 1981

Mr. William Kastler, Attorney
Gulf Oil Corporation
Box 2100
Houston, Texas 77001

Re: CASE NO. 7415
ORDER NO. R-5841

Applicant:

Gulf Oil Corporation

Dear Sir:

Enclosed herewith are two copies of the above-referenced
division order recently entered in the subject case.

Yours very truly,

JOE D. RAMEY
Director

JDR/ed

Copy of order also sent to:

Hobbs OCD	X
Artesia OCD	X
Aztec OCD	

Other

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. 7415
Order No. R-6841

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 T. R. Andrews Well No. 3, located in Unit J of Section 32, Township 22 South, Range 38 East, NMPM, Lea County, New Mexico.
- (3) That the applicant seeks authority to commingle Tubb and Drinkard production within the wellbore of the above-described well.
- (4) That from the Tubb zone, the subject well is capable of low marginal production only.
- (5) That from the Drinkard zone, the subject well is capable of low marginal production only.

-2-

Case No. 7415

Order No. R-6841

(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, 17 percent and 71 percent of the commingled oil and gas production, respectively, should be allocated to the Tubb zone, and 83 percent and 29 percent of the commingled oil and gas production, respectively, to the Drinkard zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, Gulf Oil Corporation, is hereby authorized to commingle Tubb and Drinkard production within the wellbore of the T. R. Andrews Well No. 3, located in Unit J of Section 32, Township 22 South, Range 38 East, NMPM, Lea County, New Mexico.

(2) That 17 percent and 71 percent of the commingled oil and gas production, respectively, shall be allocated to the Tubb zone and 83 percent and 29 percent of the commingled oil and gas production, respectively, shall be allocated to the Drinkard 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.

-3-

Case No. 7415

Order No. R-6841

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

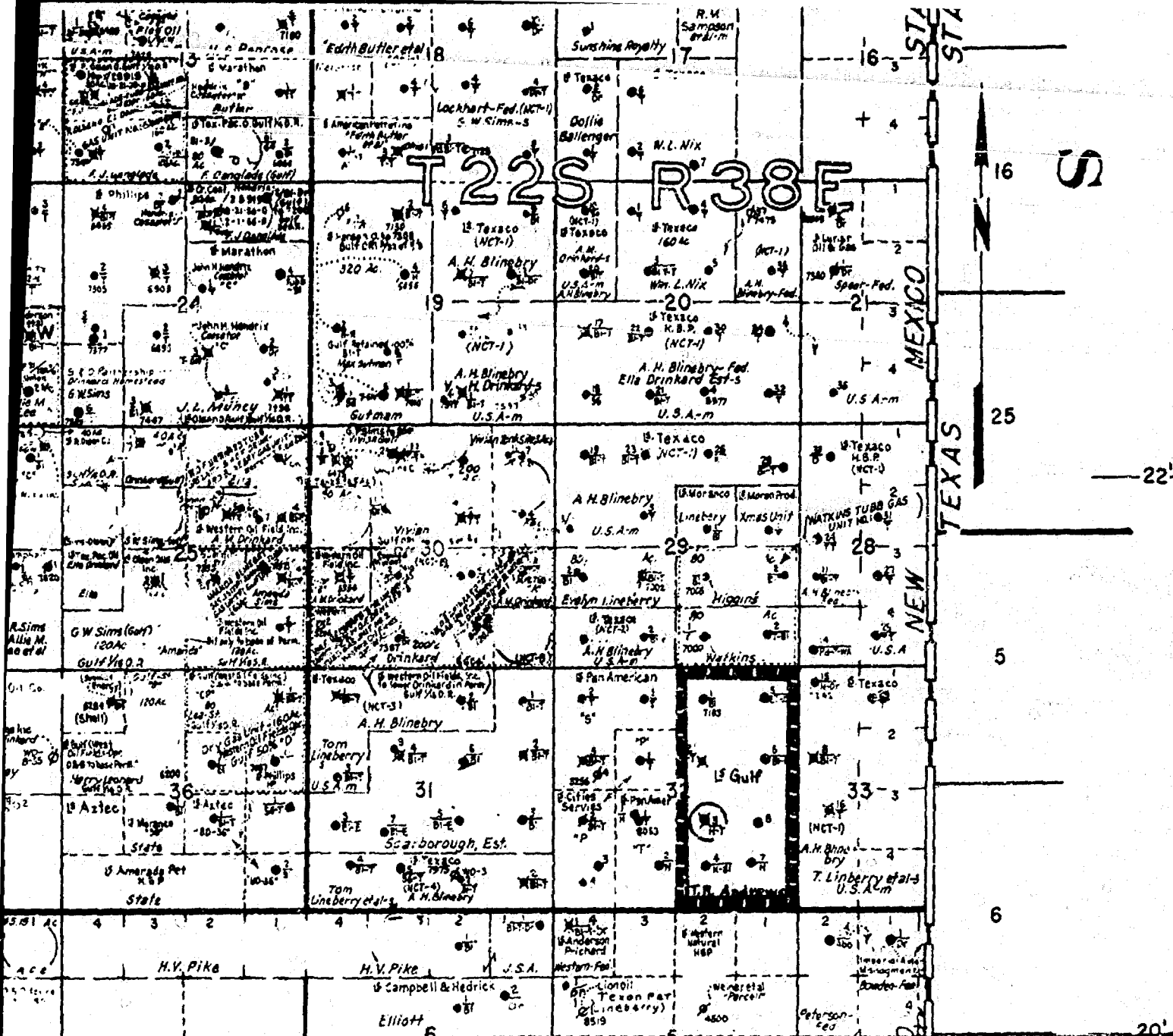


EXHIBIT 1
CASE 7415
NOV. 19, 1981
T.R. ANDREWS WELL NO. 3
LEA COUNTY, NEW MEXICO
GULF OIL CORPORATION

BEFORE EXAMINER'S METS
 OIL CONSERVATION DIVISION
 EXHIBIT NO. 1
 CASE NO. 7415
 Submitted by GULF
 Hearing Date 11/19/81

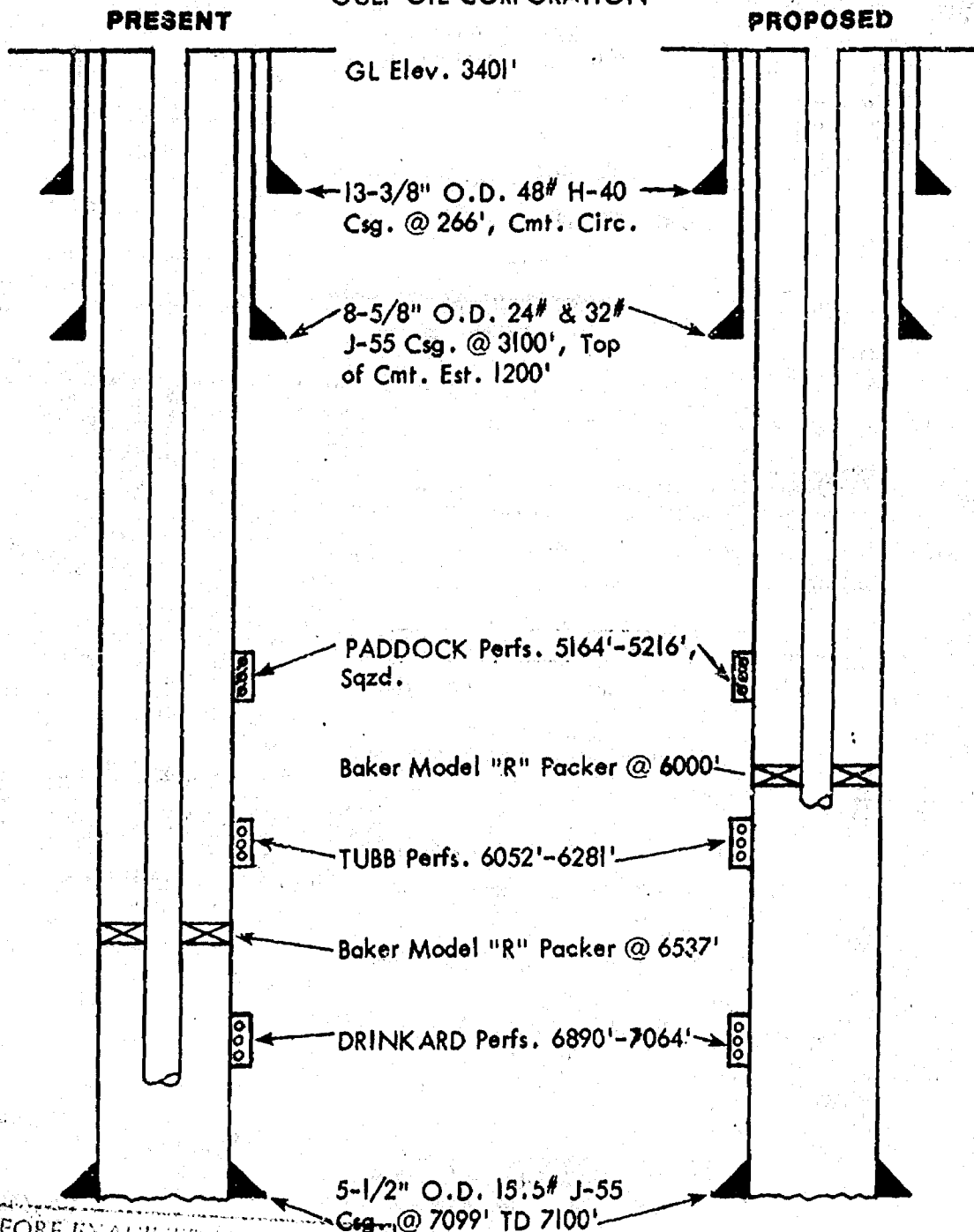


Well Proposed For Downhole Commingling

Diagrammatic Sketch Showing

PRESENT & PROPOSED INSTALLATION

T.R. ANDREWS WELL NO. 3
UNIT J, SEC. 32, T-22-S, R-38-E
LEA COUNTY, NEW MEXICO
GULF OIL CORPORATION



BEFORE EXAMINER STARTS
OIL CONSERVATION DIVISION
EXHIBIT NO. 2

CASE NO. 7415

Submitted by GULF

Hearing Date 11/19/81

EXHIBIT 2
CASE 7415
NOVEMBER 19, 1981

Well History
T. R. Andrews No. 3
Unit J, Section 32, T-22-S, R-38-E
Lea County, New Mexico
Gulf Oil Corporation

The well was spudded 8-5-57 and drilled to a total depth of 7100'. Five and one-half inch production casing was set at 7099' with top of cement at 3110'.

9-17-57, Drinkard interval 6890-6945' was perforated with (4) ½" JHPF and treated with 1000 gallons 15% NEA. Casing was perforated at 6933', 7032', and 7064' with FI gun. Formation was squeezed at 7064' with 1000 gallons 15% NEA.

9-30-57, Drinkard Oil Zone 6890-7064' was treated with 12,000 gallons 15% NEA, 400 gallons mud acid, and fraced with 10,000 gallons refined oil with ½ - 1# SPG. Flowed 42 BOPD & 1 BWPD 11-13-57. Set Bridge Plug at 6510'.

11-15-57, Tubb interval 6052-6281' was perforated with FI gun and fraced with 35,000 gallons refined oil with 1# SPG followed by 260 barrels salt water starch surfactant. The Tubb completion tested at the rate of 2700 MCFD on 12-1-57.

12-10-57, Paddock interval 5164-5216' was perforated with (4) ½" JHPF. On 1-12-58 this zone tested at a daily rate of 172 BO flowing.

8-22-63, Paddock perforations 5164' to 5216' were treated with 10 gallons Pentro 10-D and 1000 gallons 15% NEA.

10-30-63, Gas lift valves were installed on the Paddock zone and later removed.

11-25-69, Equipped the Paddock zone to pump.

8-2-71, Paddock was treated with 750 gallons 15% FEA and 275 barrels water containing 55 gallons Tretolite J-1110.

10-12-76, Tubb zone was treated with 1000 gallons 15% NEFE acid.

1-4-77, Squeezed Paddock perforations 5164-5216', Drilled out Bridge Plug at 6510', completed as dual from Tubb and Drinkard zones.

BEFORE EXAMINER STAMETS	
OIL CONSERVATION DIVISION	
EXHIBIT NO.	3
CASE NO.	7415
Submitted by	Gulf
Hearing Date	11/19/81

EXHIBIT 3
CASE 7415
November 19, 1981

GAS-OIL RATIO TESTS

Operator Gulf Oil Corporation		Pool Tubb				County Lea										
Address Box 670, Hobbs, NM 88240						TYPE OF TEST - (X) <input checked="" type="checkbox"/>		Scheduled <input type="checkbox"/>		Completion <input type="checkbox"/>		Special <input checked="" type="checkbox"/>				
LEASE NAME	WELL NO.	LOCATION				DATE OF TEST	STATUS	CHOKE SIZE	TUB. PRESS.	DAILY ALLOWABLE	LENGTH OF TEST HOURS	PROD. DURING TEST				GAS - RATIO CU.FT/
		U	S	T	H							WATER BBL.S.	GRAV. OIL	OIL BBL.S.	GAS M.C.F.	
T. R. Andrews	3	J	32	22	38	5-17-81	F	-	70	0	24	0	-	0	13.0	-

BEFORE EXAMINER TAKES
OIL CONSERVATION DIVISION
EXHIBIT NO. **4A**
CASE NO. **7415**
Submitted by **Gulf**
Hearing Date **11/19/81**

EXHIBIT 4A
CASE 7415
November 19, 1981

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 Division.

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.

Mail original and one copy of this report to the district office of the New Mexico Oil Conservation Division in accordance with Rule 33) and appropriate pool rules.

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

A. C. Graham
(Signature)

Well Tester

May 26, 1981
(Title)

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

P. O. BOX 2080
SANTA FE, NEW MEXICO 87501

Form C-116
Revised 10-1-78

GAS-OIL RATIO TESTS

Operator Gulf Oil Corporation				Pool Drinkard				County Lea							
Address Box 670, Hobbs, NM 88240						TYPE OF TEST - (X)		Scheduled <input type="checkbox"/>		Completion <input type="checkbox"/>		Special <input checked="" type="checkbox"/>			
LEASE NAME	WELL NO.	LOCATION				DATE OF TEST	CHOKE SIZE	TBG. PRESS.	DAILY ALLOW. ABLE	LENGTH OF TEST HOURS	PROD. DURING TEST				GAS - OIL RATIO CU. FT/ BBL
		U	S	T	R						WATER BBLs.	GRAV. OIL	OIL BBLs.	GAS M.C.F.	
T. R. Andrews	3	J	32	22	38	5-16-81	F 2"WO	65	5	24	0	34.3	2	29.0	14,500

BEFORE EXAMINER STARTS
OIL CONSERVATION DIVISION
EXHIBIT NO. 48
CASE NO. 7415
Submitted by GULF
Hearing Date 11/19/81

EXHIBIT 48
CASE 7415
November 19, 1981

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 Division.

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.

Mail original and one copy of this report to the district office of the New Mexico Oil Conservation Division in accordance with Rule 331 and appropriate pool rules.

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

A. C. Graham
(Signature)
Well Tester

(Date)
June 23, 1981

TYPE OF REPORT - (X)	
Initial Completion	
Special	X
General Survey	

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
P. O. BOX 2068
SANTA FE, NEW MEXICO 87501

Form C-124
Revised 10-1-78

RESERVOIR PRESSURE REPORT

Operator Gulf Oil Exploration & Production Company				Pool Tubb				County Lea				Date May 22, 1981													
Address Box 670 Hobbs, New Mexico 88240				Producing Formation Tubb		Oil Gradient .310 psi/ft.		Water Gradient .448 psi/ft.		Gas Gravity .040		Datum Plane (-2666)**													
LEASE	WELL NO.	LOCATION				ELEV.	OIL (O) OR GAS (G)	DATE TESTED	SHUT-IN HOURS	SHUT-IN TEG. PRESS.	BOMB TEST DATA			SONIC INSTRUMENT TEST DATA*							PRESS. AT DATUM				
		U	S	T	R						TEST DEPTH	B.H. TEMP. °F	OB. SERVED PRESS.	PROD. TEST (BBLs./DAY)		LIQUID LEVEL	LIQUID GRAD. INCHES PSI/FT.	WT. OF LIQUID COL. PSI	WT. OF GAS COL. PSI	CSG. PRESS.					
T.R. Andrews	3	J	32	22	38	3401 GL	G	5/20/81	24	56	6067	104	815												

BEFORE EXAMINER SIGNATURES
OIL CONSERVATION DIVISION
EXHIBIT NO. SA
CASE NO. 7415
Submitted by GULF
Hearing Date 11/19/81

EXHIBIT SA
CASE 7415
November 19, 1981

All depths plus or minus sea level; all pressures psi; Bomb shall be calibrated frequently enough against a dead weight tester to ensure an accuracy of one per cent; gas gravity shall be determined by analysis; liquid level shall be feet above datum plane. SEE RULE 302.

* Well shall be produced at least 24 hours prior to shutting in for sonic test.

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

JARREL SERVICES, INC.

John A. Keman
(Signature)

Agent
(Title)

May 22, 1981
(Date)

TYPE OF REPORT - (X)	
Initial Completion	
Special	X
General Survey	

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
P. O. BOX 2655
SANTA FE, NEW MEXICO 87501

Form C-124
Revised 10-1-73

RESERVOIR PRESSURE REPORT

Operator Gulf Oil Exploration & Production Company	Pool Drinkard	County Lea	Date May 22, 1981
Address P.O. Box 670 Hobbs, New Mexico 88240	Producing Formation Drinkard	Oil Gradient .333 psi/ft.	Water Gradient - psi/ft.
		Gas Gravity .020	Datum Plane (-2666)* (-3623)**

LEASE	WELL NO.	LOCATION				ELEV.	OIL (O) OR GAS (G)	DATE TESTED	SHUT-IN HOURS	SHUT-IN TSG. PRESS.	BOMB TEST DATA			SONIC INSTRUMENT TEST DATA*							PRESS. AT DATUM		
		U	S	T	R						TEST DEPTH	B.H. TEMP. °F	OB- SERVED PRESS.	PROD. TEST (BBLS./DAY)		LIQUID LEVEL	LIQUID GRAD- IENT PSI/FT.	WT. OF LIQUID COL. PSI	WT. OF GAS COL. PSI	CSG. PRESS.			
														OIL	WATER								
T.R. Andrews	3	J	32	22	38	3401 GL	0	5/20/81	24	549	7024	110	1043			5700							1043** 724*
<div>** MIDPOINT OF CASING PERFORATIONS</div> <div><div>BEFORE EXAMINER'S METER OIL CONSERVATION DIVISION EXHIBIT NO. 5B CASE NO. 7415 Submitted by GULF Hearing Date 11/19/81</div><div>EXHIBIT 5B CASE 7415 November 19, 1981</div></div>																							

All depths plus or minus sea level; all pressures psi; Bomb shall be calibrated frequently enough against a dead weight tester to ensure an accuracy of one per cent; gas gravity shall be determined by analysis; liquid level shall be feet above datum plane. SET RULE 302.

* Well shall be produced at least 24 hours prior to shutting in for sonic test.

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

JARREL SERVICES, INC.

John A. Coleman
(Signature)

Agent

(Title)

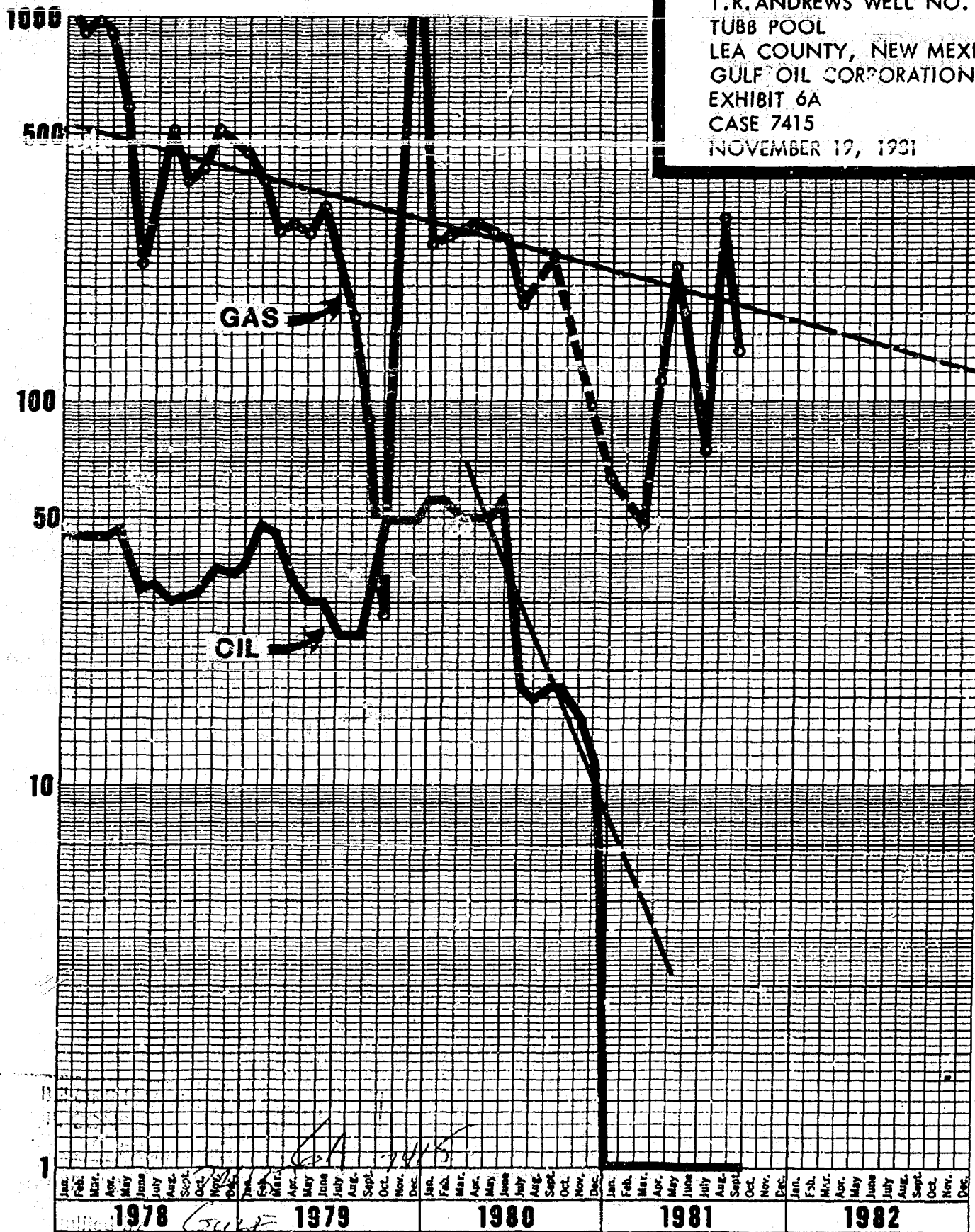
May 22, 1981

(Date)

Monthly Oil (Bbls.) & Gas (MCF) Production

PERFORMANCE HISTORY

T.R. ANDREWS WELL NO. 3
TUBB POOL
LEA COUNTY, NEW MEXICO
GULF OIL CORPORATION
EXHIBIT 6A
CASE 7415
NOVEMBER 12, 1981



ing Date

11/19/81

Monthly Oil (Bbls.) & Gas (MCF) Production

10,000

5000

1000

500

100

10

PERFORMANCE HISTORY

T.R. ANDREWS NO. 3
 DRINKARD POOL
 LEA COUNTY, NEW MEXICO
 GULF OIL CORPORATION
 EXHIBIT 6B
 CASE 7515 7415
 NOVEMBER 19, 1981

Gas

Oil

Gas

1978 1979 1980 1981 1982

Hearing Date 1/11/81

Dockets Nos. 38-81 and 39-81 are tentatively set for December 2, and December 15, 1981. Application for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - NOVEMBER 19, 1981

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

ALLOWABLE: (1) Consideration of the allowable production of gas for December, 1981, from fifteen prorated pools in Lea, Eddy and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for December, 1981, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 7410: Application of B.O.A. Oil & Gas Company for two unorthodox oil well locations, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 2035 feet from the South line and 2455 feet from the East line and one to be drilled 2455 feet from the North line and 1944 feet from the East line, both in Section 31, Township 31 North, Range 15 West, Verde-Gallup Oil Pool, the NW/4 SE/4 and SW/4 NE/4, respectively, of said Section 31 to be dedicated to said wells.

CASE 7356: (Continued from October 21, 1981, Examiner Hearing)

Application of S & I Oil Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the W/2 SW/4 of Section 12, Township 29 North, Range 15 West, Cha Cha-Gallup Oil Pool, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7411: Application of Viking Petroleum, Inc., for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 330 feet from the North and East lines of Section 12, Township 11 South, Range 27 East, the NE/4 of said Section 12 to be dedicated to the well. (This case will be dismissed).

CASE 7412: Application of Gulf Oil Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Lower Yates, Queen, San Andres and Delaware Formations in the open hole interval from 4375 feet to 7452 feet in its Lea "2D" State Well No. 1 located in Unit M of Section 30, Township 13 South, Range 35 East, Air-Strip Field.

CASE 7413: Application of Gulf Oil Corporation for Directional Drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its Arnott Ramsey Well No. 12, the surface location of which is 500 feet from the South line and 1400 feet from the East line of Section 32, Township 25 South, Range 37 East, to a bottomhole location within 150 feet of a point 500 feet from the South line and 800 feet from the East line of Section 32, Township 25 South, Range 37 East, Langlie Mattix Pool, the SE/4 SE/4 of said Section 32 to be dedicated to the well.

CASE 7414: Application of Gulf Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of the Drinkard and Wantz-Granite Wash production in the wellbore of its Hugh Well No. 10, located in Unit C of Section 14, Township 22 South, Range 37 East.

CASE 7415: Application of Gulf Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of the Tubbs and Drinkard production in the wellbore of its T. R. Andrews Well No. 3, located in Unit J of Section 32, Township 22 South, Range 38 East.

CASE 7379: (Continued from October 21, 1981, Examiner Hearing)

Application of JEM Resources, Inc., for vertical pool extension and special GOR limit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the vertical extension of the Cave-Grayburg Pool to include the San Andres Formation, and the establishment of a special gas-oil ratio limit for said pool to 6000 to one or, in the alternative, the abolishment of the gas-oil ratio limit in said pool, all to be effective October 1, 1981.

CASE 7407: (Continued from November 4, 1981, Examiner Hearing)

Application of Mesa Petroleum Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Abo formation underlying the NE/4 of Section 23, Township 5 South, Range 24 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7416: Application of El Paso Natural Gas Company for pool creation and redelineation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to contract the horizontal limits of the Jalmat Gas Pool by deleting therefrom all lands in Township 36 South, Range 37 East. Applicant also proposes to contract the horizontal limits of the Rhodes Yates - Seven Rivers Oil Pool by deleting therefrom all of the gas productive lands in the North end thereof and to create the Rhodes Yates-Seven Rivers Gas Pool comprising all such deleted lands. Applicant further proposes the deletion of certain oil productive lands from said Rhodes oil pool and the extension of the Scarborough Pool to include said lands. Applicant further proposes to contract the horizontal boundaries of the Rhodes Gas Storage Unit to delete certain lands and wells not participating in the Rhodes Gas Storage Project and to withdraw without restriction all gas remaining in the newly created Rhodes Gas Pool.

CASE 7417: (This case will be dismissed.)

Application of Northwest Pipeline Corporation for 13 non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for 13 non-standard Pictured Cliffs gas proration units ranging in size from 142.39 acres to 176.77 acres and each comprised of various contiguous lots or tracts in Sections 4, 5, 6, 7, and 18 of Township 31 North, Range 7 West. Said proration units result from corrections in the survey lines on the North and West sides of Township 31 North, Range 7 West and overlap seven non-standard Mesaverde proration units previously approved by Order No. R-1066.

CASE 7418: Application of Morris R. Antweil for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the West Nadine-Drinkard Pool including a special gas-oil ratio of 6,000 to one.

CASE 7419: Application of Morris R. Antweil for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the West Nadine-Blinebry pool including a special gas-oil ratio of 4,000 to one.

CASE 7420: Application of Southland Royalty Company for two unorthodox oil well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of two previously drilled wells, the first being 760 feet from the South line and 660 feet from the East line of Section 5 the other being 660 feet from the North and West lines of Section 9, both in Township 19 South, Range 35 East, both to be plugged back to the Scharb-Bone Springs Pool, the S/2 SE/4 of Section 5 and the N/2 NW/4 of Section 9, respectively, to be dedicated to the wells.

CASE 7421: Application of Doyle Hartman for compulsory pooling, unorthodox well location and non-standard spacing unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Eumont Gas Pool underlying a 120-acre non-standard spacing unit consisting of the S/2 SW/4 and the NW/4 SW/4 of Section 3, Township 20 South, Range 37 East, to be dedicated to a well to be drilled at an unorthodox location 2,310 feet from the South line and 330 feet from the West line of Section 3. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

- CASE 7422:** Application of Conoco, Inc. for dual completion and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Southeast Monument Unit Well No. 121, to produce oil from the Skaggs Grayburg and an undesignated Paddock pool through parallel strings of tubing. Applicant further seeks approval of the unorthodox location of said well 1310 feet from the North line and 1330 feet from the West line of Section 19, Township 20 South, Range 38 East, the NE/4 NW/4 of said Section 19 to be dedicated to the well.
- CASE 7423:** Application of Conoco, Inc., for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for three companies to institute a cooperative waterflood project in the Blinebry oil and gas pool by the injection of water into the Blinebry formation through 13 injection wells located on leases operated by Conoco, Shell Oil Company, and Southland Royalty Company, in Sections 33 and 34, Township 20 South, Range 38 East, and Sections 2 and 3, Township 21 South, Range 37 East.
- CASE 7424:** Application of Rice Engineering and Operating, Inc., for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Lower San Andres formation in the perforated interval from 4300 feet to 4852 feet in its Eunice-Monument Eumont SWD "G" Well No. 8, located in Unit G of Section 8, Township 20 South, Range 37 East.
- CASE 7425:** Application of H. L. Brown, Jr. for compulsory pooling and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the San Andres formation to the base of the Pennsylvanian formation underlying the S/2 of Section 36, Township 16 South, Range 37 East, to be dedicated to a well to be drilled at an unorthodox location 554 feet from the South and West lines of said Section 36, provided that in the event the subject well encounters production in the Casey-Strawn Pool and/or the West Knowles-Drinkard Pool, the lands pooled would be the W/2 SW/4 of said Section 26. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7426:** Application of Phillips Petroleum Company for Amendment of Division Order No. R-5897 and certification of a tertiary recovery project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the Amendment of Division Order No. R-5897, to include the injection of carbon dioxide in the previously authorized pressure maintenance project in the East Vacuum Grayburg-San Andres Unit, for conversion of existing injectors to water/carbon dioxide injection, and for certification to the Secretary of the IRS that the East Vacuum Grayburg-San Andres Unit Project is a qualified tertiary oil recovery project.
- CASE 7427:** Application of Belco Petroleum Corporation for a special allowable, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an adjustment to the manner in which allowables are calculated for wells in the South Carlsbad-Morrow Gas Pool in order to grant relief to the over-produced status of its Douglas Com. Well No. 1 located in Unit H of Section 7, Township 22 South, Range 27 East, said well being subject to shut-in being more than six times its allowable over-produced. In the alternative, applicant seeks to make up the over-production at a rate less than complete shut-in by curtailing production from the well to 80 percent of its top allowable until it is back in balance.
- CASE 7428:** In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating; and extending certain pools in Chaves, Eddy, Lea, and Roosevelt Counties, New Mexico.

(a) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the North Antelope Ridge-Wolfcamp Gas Pool. The discovery well is J. C. Williamson Triple A Federal Well No. 1 located in Unit F of Section 10, Township 23 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 10: N/2 and N/2 SW/4

(b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Diamondtail-Wolfcamp Pool. The discovery well is the Superior Oil Company Triste Draw Federal Well No. 1 located in Unit J of Section 14, Township 23 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM
Section 14: SE/4

(c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the North Grama Ridge-Bone Spring Pool. The discovery well is the Hunt Oil Company State 4 Well No. 1 located in Unit T of Section 4, Township 21 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM
Section 4: SW/4

(d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Grassland-Wolfcamp Pool. The discovery well is C. F. Qualia State 23 Well No. 1 located in Unit K of Section 23, Township 15 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 34 EAST, NMPM
Section 23: SW/4

(e) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the North Lusk-Bone Spring Pool. The discovery well is Petroleum Development Corporation Shelly Federal Com. Well No. 1 located in Unit H of Section 5, Township 19 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 5: NE/4

(f) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the McMillan-Atoka Gas Pool. The discovery well is Southland Royalty Company Pecos River 21 Federal Com Well No. 1 located in Unit K of Section 21, Township 19 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM
Section 21: S/2

(g) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Springs-Morrow Gas Pool. The discovery well is Jake L. Hemon State 33 Com Well No. 1 located in Unit I of Section 33, Township 20 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 26 EAST, NMPM
Section 32: E/2
Section 33: All

(h) EXTEND the Antelope Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM
Section 11: All
Section 15: N/2

(i) EXTEND the Baldridge Canyon-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 24 EAST, NMPM
Section 14: N/2

(j) EXTEND the Bear Draw-Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 29 EAST, NMPM
Section 28: N/2 SE/4

(k) EXTEND the Bluit-Wolfcamp Gas Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 37 EAST, NMPM
Section 10: SE/4

(l) EXTEND the Buffalo Valley-Pennsylvanian Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 27 EAST, NMPM
Section 4: All

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- (m) EXTEND the Bunker Hill-Panrose Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM
Section 13: SE/4 SW/4

- (n) EXTEND the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 35: W/2

- (o) EXTEND the Eagle Creek-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 25 EAST, NMPM
Section 27: N/2

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 1: All

- (p) EXTEND the Golden Lane-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM
Section 8: S/2

- (q) EXTEND the Kennedy Farms-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico to include therein:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM
Section 34: N/2
Section 35: N/2

- (r) EXTEND the North Mason-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 32 EAST, NMPM
Section 8: S/2 S/2

- (s) EXTEND the West Osudo-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM
Section 35: N/2

- (t) EXTEND the West Parkway-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 29: W/2

- (u) EXTEND the Peterson-Mississippian Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 4 SOUTH, RANGE 33 EAST, NMPM
Section 29: NE/4

- (v) EXTEND the POW-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM
Section 4: S/2

- (w) EXTEND the Saunders-Permo Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 33 EAST, NMPM
Section 32: NE/4

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- (x) EXTEND the Scharb-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM
Section 8: NE/4

- (y) EXTEND the East Siete-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 31 EAST, NMPM
Section 10: NE/4

- (z) EXTEND the Teague-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM
Section 27: NW/4

- (aa) EXTEND the Tom-Tom-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 31 EAST, NMPM
Section 28: SE/4

- (bb) EXTEND the North Turkey Track-Morrow Gas Pool in Eddy County, New Mexico to include therein:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM
Section 21: All

- (cc) EXTEND the North Young-Dona Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 9: NE/4

Gulf Oil Exploration and Production Company

J. M. TRACHT
GENERAL MANAGER PRODUCTION
SOUTHWEST DISTRICT



P. O. Drawer 1162
Midland, TX 79702

October 26, 1981

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

Case 7415

Attention: Mr. Joe D. Ramey

Re: Examiner Hearing
November 19, 1981

Gentlemen:

This letter will confirm our request to schedule the following on your Examiner Hearing Docket of November 19, 1981.

1. Downhole commingling of Tubb-Drinkard production in the wellbore of No. 3 T.R. Andrews well located in Unit J, 1980' FS&EL Sec. 32, T-22-S, R-38-E, Lea County, New Mexico.
2. Downhole commingling of Drinkard-Wantz Granite Wash production in the wellbore of Hugh Well No. 10, located in Unit C, 950' FNL and 2290' FWL, Sec. 14, T-22-S, R-37-E, Lea County, New Mexico.
3. Directionally drilling of Arnott Ramsay (NCT-B) Well No. 12, the surface location being 500' FSL and 1400' FEL in Unit O, Sec. 32, T-25-S, R-37-E, and a bottomhole location to be within a 150' radius of a point 500' FSL and 800' FEL in Unit P, Sec. 32, T-25-S, R-37-E, Langlie Mattix Pool, Lea County, New Mexico.
4. Disposal of produced saltwater in the approximate open hole interval 4375' - 7452' of the lower Yates, all of the Queen, San Andres and Delaware formations in Lea "ZD" State No. 1 located 990' FSL and 380' FWL, Sec. 30, T-18-S, R-35-E, Lea County, New Mexico.

Very truly yours,

F.H. Martin
Technical Manager

CFK/js

cc: New Mexico Oil Conservation Division
P.O. Box 1980
Hobbs, New Mexico 88240



called in by Chuck Kallinger 10/26

✓ Reef

✓ Downhole Comm: TB & Dr
T.R. Andrews #3 S 22-225-38E Lea

downhole comm. Dr - Wentz & Worth
Hugh #10 C-14-225-37E Lea

directional drill

Arnot Ramsay #12 (NCT-B)

surf loc 500' FSL 1400' FEL
"O" 32-255-R37E

bottom hole within 150' of a point
500' FSL 800' FEL

"D" 32-255-37E

Ramsey Matting

disp. of prod salt water

open hole int 4375 - 7452

Lower Yates, Q, SA, & Delaware
Lea 2D State No. 1

~~Loc 990' FSL - 380' FWT~~

Unit M Sec 30-T185-R35E Lea
Air Strip Bone Spring fld

R-6657
May 20,
267021-10
Reef
Box 2250

*Rough
Hearings
DOG*

STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

M.S.

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

*File
WBP*

[Signature]

CASE NO. 7415

Order No. R- 6841

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 _____ 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 T. R. Andrews Well No. 3, located in Unit J of Section 32, Township 22 South, Range 38 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks authority to commingle Tubb and Drinkard production within the wellbore of the above-described well.

(4) That from the Tubb zone, the subject well is capable of low marginal production only.

(5) That from the Drinkard zone, the subject well is capable of 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 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) (ALTERNATE) That in order to allocate the commingled production to each of the commingled zones in the subject well, 17 percent and 71 percent of the commingled ~~oil and gas~~ oil and gas production ~~and 29 percent of the commingled gas production~~ should be allocated to the Drinkard Tubb zone, and 83 percent and 29 percent of the commingled oil and gas production, respectively, To the Drinkard zone. ~~and 71 percent of the commingled gas production... should be allocated to the Tubb zone.~~

(9) (ALTERNATE) That in order to allocate the commingled production to each of the commingled zones in the wells, applicant should consult with the supervisor of the Hobbs district office for each of the production zones.

IT IS THEREFORE ORDERED:

(1) That the applicant, Gulf Oil Corporation, is hereby authorized to commingle Tubb and Drinkard production within the wellbore of the T. R. Andrews Well No. 3, located in Unit J of Section 32, Township 22 South, Range 38 East, NMPM, Lea County, New Mexico.

(2) (ALTERNATE) That the applicant ~~shall~~ consult with the Supervisor of the Hobbs district office of the Division and determine an allocation formula for the allocation of production to each zone in each of the subject wells.

(2) (ALTERNATE) That 17 percent and 71 percent of the

commingled ~~oil and gas~~ ^{oil and gas} production shall be
allocated to the ~~Tubb~~ ^{Tubb} ~~Drinkard~~ ^{Drinkard} zone and
~~83 percent and 29~~ ^{83 percent and 29} percent of the commingled oil
and gas ^{respectively,} production shall be allocated to the ~~Tubb~~ ^{Tubb} ~~Drinkard~~ ^{Drinkard}
zone. ~~and 29 percent of the commingled gas production~~

(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.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JOE D. RAMEY,
Director

S E A J.