

CASE 110. 5481 Application, Trans cripts, Small EXhibts 

CASE 5481

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NO. 5481

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION Santa Fe, New Mexico

14 May 1975

## EXAMINER HEARING

#### IN THE MATTER OF:

Application of Phillips Petroleum Company for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled ) cause, seeks approval for the downhole commigling of South Carlsbad-Atoka and South Carlsbad-Morrow gas production in the wellbore of its Tidwell-A "COM" Well No. 1 located in Unit E of Section 8, Township 23 South, Range 27 East, Eddy County, New Mexico.

BEFORE: Daniel S. Nutter, Examiner.

For the New Mexico Oil Conservation Commission: William F. Carr, Esq. Legal Counsel for the Commission State Land Office Building Santa Fe, New Mexico 87501

For the Applicant, Phillips Petroleum Company: Tom Kellahin, Esq. KELLAHIN & FOX 500 Don Gaspar Santa Fe, New Mexico 87501

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# INDEX

Testimony of William J. Mueller

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A. 1

30 March

Direct Examination by Mr. Kellahin Questions by Mr. Nutter

EXHIBITS

Exhibits One through Seven

THE NYE REPORTING SERVICE STATE-VIDE DEPOSITION NOTARIES 225 JOHNSON STREET SANTA FE, NEW MEXICO 87501 TEL. (505) 982-0385

14.

MR. NUTTER: The hearing will come to order, please. The first case this afternoon will be the application of Phillips Petroleum Company for downhole commingling, Case 5481.

MR. KELLAHIN: Tom Kellahin, Kellahin and Fox, Santa Fe, New Mexico, appearing in association with Mr. Joe Peacock, an attorney and a member of the Oklahoma Bar, on behalf of Phillips Petroleum Company, and we have onewitness to be sworn.

(Witness sworn.)

WILLIAM J. MUELLER, being called as a witness and being duly sworn upon his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. KELLAHIN:

Q Would you please state your name, by whom you are employed, and in what capacity?

A My name is William J. Mueller. I'm employed by Phillips Petroleum Company as a Senior Reservoir Engineer for the north area of the southwest region. Q Now, Mr. Mueller, have you previously testified before this Commission and had your qualifications as an expert accepted and made a matter of record?

A Yes, sir.

And have you examined the facts surrounding this particular application by Phillips?

A Yes, sir.

MR. KELLAHIN: Are the witness' qualifications ac-

ceptable?

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MR. NUTTER: Yes, they are.

O Mr. Mueller, please refer to Exhibit Number One and identify it, and state what Phillips is seeking.

A Exhibit Number One is an area plat of the South Carlsbad Gas producing area, particularly the area surrounding the location of our Tidwell "A" Common Well Number 1, located in the west half of Section 8, 23 South, excuse me, 23 South, 27 East.

Q What is the acreage dedicated to that well? A The west half of the section.

Q And what do you desire to accomplish by this application?

A This application is to permit the downhole commingling of the Atoka gas zone with the Morrow gas zone in this borehole. Currently the well is dual completed under Administrative Order MC 2024, dated 3/4/73. A similar downhole commingling application was recently ap-

proved for the Pennzoil Well located in the north half of Section 12 of 23 South, 26 East. They had mechanical problems is why the downhole commingling was permitted there, but here we want to do it for increased recovery and more efficient production.

Q With regards to the ownership of the west half of Section 8, is the ownership the same for both zones of production?

Q Would you please refer to Exhibit Number Two and identify it?

Yes, sir.

A

A Exhibit Number Two is a compensated borehole sonic log of the Tidwell "A" Well. You'll notice the well carries two company names up there. It was drilled in the name of Texas International Petroleum Company; however, Phillips assumed operation upon completion of the well. We drilled it as their agent and the drilling completion. The log has marked on it in the detail section, cne, the Atoka Zone is colored blue at approximately 10,755 to 60, and Morrow Sand that are prorated in this well are shown in red in the intervals 11,450 to 11,825. Currently the well has a packer in it at 11,300 and the Morrow is producing up tubing from under a packer and the Átoka is es-

CASE 5481 Page 6

sentially dead in the annulus and not producing.

it.

Q Please refer to Exhibit Number Three and identify

A Exhibit Number Three is a diagrammatic sketch of the subject well showing our surface casing set at 397 feet; cement circulated to surface intermediate 8 and 5, cemented at 5511; top of cement was at 1630 on that casing string. We have 5 and 1/2 inch to TD; was cemented with 550 sacks with the top of the cement at 9250. The Atoka perforations are shown in blue here and the Morrow in red with the same intervalsas shown in the sonic log. This shows the proposed completion would be one string of 2 and 7/8ths tubing set to the base of the Morrow perforation; no packer in the hole. This will permit us to use the annulus kind of a compression chamber to remove the wellbore accumulation of liquid which should give us not only increased gas but increased productivity.

Q In your opinion is this manner of completion the most sound from an engineering standpoint for lifting the two zones of production?

A This manner of completion is very good for gas wells.that make small volumes of liquid and in the later stages of life are no longer able to flow them to the

surface, so if you have a packerless completion like this, you can shut in the annulus and let it build up and blow it around through the tubing. You can keep the wellbore clear of liquids.

Q Please refer to Exhibit Four and identify it.
A Exhibit Four and Exhibit Five are Phillips
Petroleum Company gas analyses of the two producing formations in this well; Four being the Atoka formation,
showing our methane content at approximately 94%, minor carbon dioxide, nitrogen, BTU 1035. It is almost identical to the Morrow formation gas analysis shown in Exhibit Five.
There again we have minor carbon dioxide, nitrogen,
methane content of approximately 96%, BTU of 1009.
Specific gravity of one is .584 and the other is .602.
Q In your opinion; then, the composition of both gases -- of the two gases from both formations are com-

patible for downhole commingling?

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A Yes, sir.
Q Please refer to Exhibit Six and identify it.
A Exhibit Six is a tabulation of monthly production
from the two zones in this well since its completion and
connection in April of 1973. The Morrow production has

a decline from a high of 210 million in May of '73 to

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its current production of about 46 million per month. The Atoka production high was again in May of '73 at 23 million point four per month, and declined in October of 1974 to one million and subsequently has not been produced. In shut in pressures in the Morrow zone in August of 174 were 2230, excuse me, 2223, for a calculated bottom hole pressure of 2923 in August of '74, and the Atoka zone that same month had a shut in casing pressure of 1463, for a calculated bottom hole pressure of 1925. Do you have a proposal as to how to allocate the a production between the Morrow and the Atoka? Yes, Exhibit Number Seven is the same data we Α

A les, have saw on Exhibit Six only plotted here on simulog paper, in which I show an extrapolated production decline of the Morrow zone from the current 46 million down to about 20 million per month by about October, and at that time if we were to take the Atoka production and combine it with it, I feel that the total well production would climb maybe 30 million per month, and then subsequently decline at this rate of about 70% per year. This would indicate that the area under the red from October on is about 400 million and the area lying between the curves, the red and blue, is about 150 million for the Atoka, so the percent

#### CASE 5481 Page.....9

allocation would be about 37.5 for the Atoka and 62.5 for the Morrow. Initially the Atoka may be a little higher if it will by October this year have been shut in for almost a year.

Q Are the reservoir characteristics of the two formations such that by allowing the commingling of the two gas zones no waste will be caused?

A Definitely. In fact, increased recovery should be obtained.

Q In your opinion, then, will granting of this application be in the best interests of conservation, prevention of waste and the protection of correlative rights?

A Yes, sir.
Q Were Exhibits One through Seven either prepared
by you directly or under your direction and supervision?
A Yes, sir.

MR. KELLAHIN: If the Examiner please, we move the introduction of Exhibits One through Seven. MR. NUTTER: Phillips Exhibits One through Seven will be admitted in evidence.

MR. KELLAHIN: That concludes our direct examination.

THE NYE REPORTING SERVICE STATE-WIDE DEPOSITION NOTARIES 225 JOHNSON STREET SANTA FE, NEW MEXICO 87501 TEL. (505) 902-0366

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# QUESTIONS BY MR. NUTTER: Mr. Mueller, has the Atoka always produced Q. through the annulus in this well? Yes. A Now are both wells connected to the same pipe-Q line? Yes, they both sell to El Paso on a BTU contract. A How about line pressures in here? Q They run around 400 pounds. At some times peak, A El Paso will get them down to 250, but in the neighborhood of 400. Was that the line pressure when the Atoka was Q shut in back in October of '74? I believe so, **A** . So there hasn't been any appreciable change in ۵ line pressure since that time? No. A. Did the Atoka quit producing or was it shut down? Q What happened then, as you'll see here in looking A at the production curve, in October '74 the Morrow had declined drastically due to some wellbore fluid accumulation and we went in and worked on the well. We drilled

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a packer out, reperforated and stimulated the Morrow, and then reset our packer and we were unable to unload the Atoka essentially at that time. NOw we are starting to see a pressure casing buildup --

Q Did you kill the well in order to work on it?

A Yes.

Q And the Atoka never has come back?

A That's right.

Q You weren't able to swab the Atoka?

A We tried but it was so dry and so low pressured it would take, you know, essentially too long a swabbing period to recover this load. It needs to be recovered slowly. Possibly with this downhole commingling.

Q Is there a sliding sleeve above the packer on the tubing string? So that you could swab?

A There was in the initial installation but right now I think that when we swabbed it after the workover, we had a packer bridge plug in there to isolate the intervals in testing.

Q And you were able to physically swab on the Atoka through the tubing but you weren't able to bring it back?

A Well, it flowed but it would not maintain con-

CASE 5481 Page.....12....

#### tinuous flow.

• Had any change taken place in the liquid production or did you ever recover all of the liquids you used?

A No, in those workovers they haul the water out there. They do it as best they can estimating recovery and they didn't -- they estimate we still did not recover it all.

Q I see, so there's probably some water back in the formation yet. Now was the October production of 1250, was that a full month production or does that represent just a few days during that month?

A Dan, I'm going to have to say it was a full month. I just looked at the monthly totals and did not look at the days operated, but since the Morrow appears to have been on the full month, I'm going to say our workover was actually accumulated back in there -- I really don't have the data to answer that days operated. Q Now you have a good increase in production between September and October for the Morrow. Was that the result of the workover on the Morrow?

A Yes, uh-huh. The Morrow workover here, I have the dates it started on, September of '74 and worked all

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the way up to October the 18th. What date in September? Q

> Huh? Â

What date in September? 0

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9/4/74 to 10/18? Q

Yes. A

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That we moved in well service unit until we Q A

finally released them.

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So apparently that October production there shown for the Atoka may have been a little gas that was on the swab or during the workover; the testing.

Is the well classified as a marginal well in Yes. A 0

the South Carlsbad-Morrow Pool? A I'm sure it would be at these flow rates. Yes, it would have to be; both zones, because I believe that Harold Olive South Morrow is several million a day well,

isn't it? And the well is currently making approximately 0 a million and one-half a day from the Morrow?

CASE 5481

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MR. NUTTER: Are there any further questions of this witness?

MR. KELLAHIN: No, sir.

MR. NUTTER: He may be excused. Do you have anything

further, Mr. Kellahin?

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MR. KELLAHIN: No, sir.

MR. NUTTER: Does anyone have anything they wish to

offer in Dase 5481?

(No response.)

MR. NUTTER: We'll take the case under advisement

and call Case Number 5482.

(Hearing concluded.)

THE NYE REPORTING SERVICE STATE-WIDE DEPOSITION NOTARIES 225 JOHNSON STREET SANTA FE, NEW MEXICO 87501 TEL. (505) 962-0386

STATE OF NEW MEXICO) ) SS COUNTY OF SANTA FE )

REPORTER'S CERTIFICATE

I, Sally Walton Boyd, Notary Public and General Court Reporter, Santa Fe, New Mexico, DO HEREBY CERTIFY that the facts stated in the caption hereto are true and correct; that I reported the captioned proceedings; that the foregoing 14 pages, numbered 1 through 14 inclusive, is a full, true and correct transcript of my notes taken during the course of the hearing.

WITNESS my hand, this 24th day of May, 1975, at Santa Fe, New Mexico.

ally Walton Boyd Sally

Notary Public and General Court Reporter

My Commission expires: 10 September 1975

> I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No.548/ heard by ne on 5.44

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# **OIL CONSERVATION COMMISSION**

STATE OF NEW MEXICO P. O. BOX 2088 - SANTA FE 87501

#### I. R. TRUJILLO CHAIRMAN

LAND COMMISSIONER PHIL R. LUCERO MEMBER

STATE GEOLOGIST A. L. PORTER, JR. SECRETARY – DIRECTOR

May 22, 1975

Re:

Mr. . Tom Kellahin Kellahin & Fox Attorneys at Law ORDER NO. <u>**R-5027**</u>

Kellahin & Fox Attorneys at Law Post Office Box 1769 Santa Fe, New Mexico

Applicant:

CASE NO.\_\_\_

Phillips Petroleum Company

5481

Dear Sir:

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

Very truly yours, Parter, h-

A. L. PORTER, Jr. Secretary-Director

ALP/ir

Copy of 'order also sent to:

Hobbs OCC \_\_\_\_\_\_ Artesia OCC \_\_\_\_\_ Aztec OCC \_\_\_\_\_

Other\_\_

#### BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

> CABE NO. 5481 Order No. R-5027

APPLICATION OF PHILLIPS PETROLEUM COMPANY FOR DOWNHOLE COMMINGLING, EDDY COUNTY, NEW MEXICO.

#### ORDER OF THE COMMISSION

#### BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 14, 1975, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 22nd day of May, 1975, the Commission, a quorum being present, 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 Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Phillips Petroleum Company, is the owner and operator of the Tidwell-A "COM" Well No. 1, located in Unit E of Section 8, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico.

(3) That the applicant seeks authority to commingle South Carlsbad-Atoka and South Carlsbad-Morrow production within the wellbore of the above-described well.

(4) That from the South Carlsbad-Morrow zone, the subject well is capable of marginal production only.

(5) That from the South Carlsbad-Atoka zone, the subject well is capable of low rates of 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.

-2-Case No. 5481 Order No. R-5027

(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 Commission 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 Commission 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, Morrow production should be determined on the basis of the previously established production decline curve, and Atoka production should be determined by subtracting said Morrow production from total production.

#### **IT IS THEREFORE ORDERED:**

(1) That the applicant, Phillips Petroleum Company, is hereby authorized to commingle South Carlsbad-Atoka and South Carlsbad-Morrow production within the wellbore of the Tidwell-A "COM" Well No. 1, located in Unit E of Section 8, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico.

(2) That the Morrow production from the subject well shall be determined from the previously established production decline curve for the Morrow zone, and Atoka production shall be determined by subtracting the Morrow production from the well's total production.

(3) That the operator of the subject well shall immediately notify the Commission's Artesia district office any time the well has been shut-in for 7 consecutive days and shall concurrently present, to the Commission, a plan for remedial action.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary. -3-Case No. 5481 Order No. R-5027

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

STATE OF NEW MEXICO OIL CONSERVATION COMMISSION

I.R. TRUJILLO, Chairman

Tucero LUCERO, Member R

A. L. PORTER, Jr., Member & Secretary

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1640 Run#\_ MD ING A CONSEA, TEXAS Date Kun\_ 2 - 2 -1-Date Sec.\_ Time CHRONG MULLISIS Javan Consend Field Gins Well Supple of Des TEXAS JUTERNATIONAL FOUNATION MORROW N.N Eddy State\_ Trefacl A Leuse County\_ Secured from 1 :11741 Location 2310'11 + 660'W 8-23-27 Purpose SURVEY Secured by featilis Sampling Condition : Atmos. Temp. 57 P; Gas Temp. 62 F; Volume/Day 4610 MCF \_\_psig ; Weather Conditions # ; Line Press. SCU Sp. Gr. Field Gas Press. **GPM** Data to be Typed Factors Factors Factors on Form 206 MOL % Componants Calculations 138 112 Propens CPM .50 X X Herein 1,519 029 Caroon I-Butano GPM 1.21 × × 80 19 Diordo 1,105 028 N-Butane GPM el × \_× Oxygen .967 067 Pontano + GPH 5:55 × × 2-2 30-1 52 3 Nitrogen 1.176 159-2-236 637 Hydrogen Propane + GPM 760 x -Sulfide 1010 633 520 554 Test Car GPM 69.80 X:10 95 72 7 Methane 97 ป 1=5-16 222-5 1,038 1769 1009 <u> 2.9° x x</u> 2 21 ETU CF SB 5 Ethane 2 39-64 584 1.522 156-64 2517 27364 5.81 × × 41 Calc. Sp. Gr. H2 Propane 32514 2-35-3253 2.006 80 H25 + CO2 09 313 x x 0-16 97-1 09 I-Ritane 10-16 2,005 2.93 × × 37-1 3262 Has GR/100 CF Hegariye .31339 09 09 N-Butano 2.491 10-1-4000 36382 01 Korcaptans 01 I-Pentane 2,491 1.2 4009 36014 ou -04 N-Pentane 2 • 4 2.975 4741 40789 od. 7. 04 Kexanes WS I.GH X 107-1 3.459 15812 07 193 XXX 07 Heptanes + 5032-1 100.00 Fun by Countright Checked by MAGEE 101.03 \_\_\_\_; Flo. Tub. Press. 2193 Additional Data : Rx. Gravity\_\_\_\_ B. B. Brooks # ; Line Carl Trap Press. 210 # 0 153" J. P. Kirk Borb Press. R. D. Schropp C. G. Eitchell Choixo 19/11 (r) R. T. O'Woil Lab Files (2) ¢\_ BEFORE EXAMINER NUTTER  $\mathbb{Z}$ OIL CONSERVATION AND SIGN sin 12-11-12 ist 20 \_\_ CHARTENC, 🕑 CASE NO. 3481 24.5

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# TILWELL A "COM" WELL NO. 1

# Unit E, Section 8, Township 23 South, Range 27 East, NMPM Eddy County, New Mexico Phillips Petroleum Company, ET AL

	South C	arlsbad production	South Carlsbad Atoka Production		
	Gas-Mcf	CondBbls.	Gas-Mcf	CondBbls.	
1973	210 110	99	22,439	40	
April	149,119	84	23,385	164	
May	210,764	111	17,891	91	
June	153,234	69	17,270	57	
July	149,278		3,257	18	
August	28,500	0	5,981	0	
September	38,256	0	16,598	0	
October	131,871	0	13,367	169	
November	98,885	79	12,261	87	
December	84,746	60	Telson		
1974	an a		11,741	71	
January	70,501	0		142	
February	52,780	0	10,550	98	
March	18,038	0	8,725	0	
	3,569		3,016	19	
April	10,055	0	8,187		
May	7,835	0	10,020	40	
June	7,237	0	9,710	52	
July	6 556	0	8,070	22	
August	6,556	Ŏ.	4,151	, <b>O</b>	
September	6,390	Ŏ	1,250	0	
October	51,427	ŏ	0		
November	50,202	ů li	0	0	
December	37,511	<b></b>	and a start of the		
1975	- <b>/</b>	40 × 10 × 10 × 10 × 10 × 10 × 10 × 10 ×	0	0	
January	26,700	40 0	Ō	0	
February	35,878		<b>O</b>	0	
March	46,253				
Cumulative April 1, 197	1,475,585	553	207,869	1,070	
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BEFORE EXAMINER NUTTER OIL CONSERVATEON COMMISSION EXTINIT NO. 6 CASE NO. 5481



#### Docket No. 11-75

Dockets Nos. 12-75 and 13-75 are tentatively set for hearing on May 28 and June 11, 1975. Applications for hearing must be filed at least 22 days in advance of hearing date.

#### DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 14, 1975

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

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

ALLOWABLE: (1) Consideration of the allowable production of gas from seventeen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico, for June, 1975.

> Consideration of the allowable production of gas from five pro-(2)rated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for June, 1975.

#### CASE 5429: (Continued from the March 5, 1975 Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Charles M. Goad and United States Fidelity & Guaranty Company and all other interested parties to appear and show cause why the Charles M. Goad, State No. 1 Well located in Unit M of Section 28, Township 2 South, Range 26 East, De Baca County, New Mexico, should not be plugged and abandoned in accordance with a Commissionapproved plugging program.

#### CASE 5408: (Continued from the April 2, 1975 Examiner Hearing)

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In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit W. E. Medlock and Reliance Insurance Company and all other interested parties to appear and show cause why the Queen Ridge No. 1 Well located in Unit M of Section 36, Township 10 South, Range 26 East, Chaves County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5469:

Application of Read & Stevens for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location of a well to be drilled at a point 990 feet from the South and East line of Section 7, Township 15 South, Range 28 East, Chaves County, New Mexico, in exception to the Buffalo Valley-Pennsylvanian Gas Pool Rules.

CASE 5470: Application of Maralo, Inc. for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Butler Springs Unit Area comprising 3841 acres, more or less, of state and federal lands in Townships 14 and 15 South, Range 28 East, Chaves County, New Mexico.

#### Docket No. 11-75 -2-

Application of Union Texas Petroleum for downhole commingling, Lea CASE 5471: County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Justis Blinebry and Justis Tubb-Drinkard production in the wellbore of its Carlson "B" Wells Nos. 1 and 2 located in Unit P of Section 23 and Unit H of Section 26, respectively, Township 25 South, Range 37 East, Lea County, New Mexico.

CASE 5472:

Application of Mesa Petroleum Co. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location of a well to be drilled at a point 660 feet from the North and East line of Section 6, Township 26 South, Range 33 East, Red Hills Field, Lea County, New Mexico.

CASE 5473:

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Application of Mesa Petroleum Co. for pool creation and special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Drinkard production for its West Knowles Well<sup>®</sup>No. 1 located in Unit P of Section 34, Township 16 South, Range 37 East, Lea County, New Mexico, and for the promulgation of special rules therefore, including a provision for 80-acre spacing units.

CASE 5474: Application of Gulf Oil Company for two non-standard locations and the amendments of Order Nos. R-2904 and R-2909, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Central Drinkard Unit Wells Nos. 101 and 401 located, respectively, 554 feet from the North line and 766 feet from the East line, and 660 feet from the North and East lines of Section 28, Township 21 South, Range 37 East, Drinkard Pool, Lea County, New Mexico. Applicant further seeks the amendment of Order No. R-2904 which order approved the Central Drinkard Unit Agreement to provide that the vertical limits of the unitized formation shall include the entire Drinkard formation; application further seeks the amendment of Order No. R-4909 which approved the Central Drinkard Unit Waterflood Project to provide an administrative procedure for the approval of additional unorthodox well locations.

CASE 5475:

Application of Mobil 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 Siluro-Devonian formation in the open-hole interval from 12,188 feet to 12,525 feet in its Santa Fe Pacific Well No. 9, located in Unit E of Section 35, Township 9 South, Range 36 East, Crossroads Siluro-Devonian Pool, Lea County, New Mexico.

CASE 5476:

Application of Cities Service Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp formation underlying the NE/4 of Section 30, Township 22 South, Range 27 East, and in the Pennsylvanian formation underlying the E/2 of said Section 30, to be dedicated to a proposed gas well to be drilled at an orthodox location for both formations. Also to be considered will be the cost of drilling and completing said well and the allocation of such costs as well as actual operating costs and charges for supervision. Also to be considered will be the designation of the applicant as operator of the well and a charge for the risk involved in drilling said well.

Docket No. 11-75 -3-

CASE 5477: Application of Cities Service Oil Company for compulsory pooling and an unorthodox location, Fddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 18, Township 22 South, Range 27 East, South Carlsbad Field, Eddy County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location for said unit 1650 feet from the South line and 1980 feet from the West line of said Section 18. Also to be considered will be the cost of drilling and completing said well and the allocation of such as well as actual operating costs and charges for supervision. Also to be considered will be the designation of the application as operator of the well and a charge for the risk involved in drilling said well.

CASE 5478:

Application of Continental Oil Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Warren Unit Well No. 31 located in Unit 0 of Section 27, Township 20 South, Range 38 East, Lea County, New Mexico, in such a manner as to produce oil from the Blinebry Oil and Gas Pool and oil from the Warren-Tubb Gas Pool through parallel strings of tubing.

CASE 5479:

Application of Continental Oil Company for two non-standard gas proration units, two unorthodox locations, and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a non-standard gas proration unit comprising Lots 1, 2, and 3 and Lots 6 through 11 of Section 4, Township 11 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be dedicated to its Meyer B-4 Well No. 14 located in Unit G of said Section 4. Applicant further seeks approval of a 360-acre Eumont Gas proration unit comprising Lots 14, 15, and 16 and the SE/4 and E/2 SW/4 of said Section 4 to be simultaneously dedicated to its Meyer B-4 Well No. 4 and 29 at unorthodox locations in Units S and P, respectively, of said Section 4.

CASE 5480:

Application of Continental Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Pennsylvanian formation through the perforated interval 7648 to 7690 feet in its SEMU Well No. 7 located in Unit F of Section 23, Township 20 South, Range 37 East, Cass-Pennsylvanian Gas Pool, Lea County, New Mexico.

Application of Phillips Petroleum Company for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of South Carlsbad-Atoka and South Carlsbad-Morrow gas production in the wellbore of its Tidwell-A "COM" Well No. 1 located in Unit E of Section 8, Township 23 South, Range 27 East, Eddy County, New Mexico.

CASE 5482:

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CASE 5481:

Application of Phillips Petroleum Company for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Lusk Deep Unit "A" Well No. 1 located in Unit A of Section 19, Township 19 South, Range 32 East, Lusk-Morrow Gas Pool, Lea County, New Mexico, and the simultaneous dedication of said Section 19 to the above well and to applicant's Lusk Deep Unit "A" Well No. 5 located in Unit J of said Section 19.

Docket No. 11-75

CASE 5483: Application of Phillips Petroleum Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval to dually complete its Lusk Deep Unit "A" Well No. 12 located in Unit G of Section 20, Township 19 South, Range 32 East, Lusk Field, Lea County, New Mexico, in such a manner as to produce oil from the Wolfcamp formation through the casing-tubing annulus and gas from the Lusk-Morrow Gas Pool through tubing.

CASE 5484:

Southeastern New Mexico nomenclature case calling for the creation and extension of certain pools in Lea, Eddy, and Chaves Counties, New Mexico and for the assignment of certain oil well discovery allowables.

(a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the East Carlsbad-Wolfcamp Gas Pool. The discovery well is the Champlin Petroleum Co. Nix-Yates Well No. 1, located in Unit G of Section 2, Township 22 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM Section 36: SW/4 TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM Section 1: NW/4

Section 2: NE/4

(b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the Cemetary-Wolfcamp Gas Pool. The discovery well is the Read & Stevens, Inc. Allirish Well No. 1, located in Unit P of Section 30, Township 20 South, Range 25 East, NMPM. Said pool would comprise:

> TOWNSHIP 20 SOUTH, RANGE 25 EAST, NMPM Section 30: SE/4

(c) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Crooked Creek-Strawn Gas Pool. The discovery well is the C & K Petroleum Inc. Lowe State Well No. 1, located in Unit C of Section 16, Township 24 South, Range 24 East, NMPM. Said pool would comprise:

> TOWNSHIP 24 SOUTH, RANGE 24 EAST, NMPM Section 16: N/2

(d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for San Andres production and designated as the Dickenson-San Andres Pool. The discovery well is the Hanson Oil Corporation Santa Fe Well No. 1, located in Unit F of Section 35, Township 10 South, Range 36 East, NMPM. Said pool would comprise:

#### TOWNSHIP 10 SOUTH, RANGE 36 EAST, NMPM Section 35: NW/4

(e) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Golden Lane-Atoka Gas Pool. The discovery well is the Meadco Properties Ltd. Harris 6 Well No. 1, located in Unit I of Section 6, Township 21 South, Range 29 East, NMPM. Said pool would comprise:

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TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM Section 6: Lots 1, 2, 7, 8, 9, 10, 15, and 16

(f) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Grayburg-Atoka Gas Pool. The discovery well is the Horizon Oil & Gas Co. of Texas State 28 Com Well No. 2, located in Unit K of Section 28, Township 17 South, Range 29 East, NMPM. Said pool would comprise:

> TOWNSHIP 17 SOUTH, RANGE 29 EAST, NMPM Section 28: S/2 Section 29: E/2

(g) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Premier production and designated as the High Nitro-Premier Gas Pool. The discovery well is the McClellan Oil Corporation Hinkle Federal Well No. 1, located in Unit A of Section 9, Township 16 South, Range 29 East, NMPM. Said pool would comprise:

> TOWNSHIP 16 SOUTH, RANGE 29 EAST, NMPM Section 3: SW/4 Section 4: SE/4 Section 9: NE/4

(h) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Hoag Tank-Morrow Gas Pool. The discovery well is the Yates Petroleum Corporation Allison CQ Federal Well No. 1, located in Unit P of Section 22, Township 19 South, Range 24 East, NMPM. Said pool would comprise:

#### TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM Section 22: E/2

(1) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the N. W. Indian Basin-Morrow Gas Pool. The discovery well is the Charles A. Dean Northwest Indian Basin Well No. 1Y, located in Unit K of Section-28, Township 20 South, Range 23 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 23 EAST, NMPM Section 28: W/2

(j) CREATE a new pool in Chaves County, New Mexico, classified as an oil pool for San Andres production and designated as the Lonesome-San Andres Pool. The discovery well is the Phillips Petroleum Company Luther A Well No. 1 located in Unit N of Section 18, Township 8 South, Range 32 East, NMPM. Said pool would comprise:

> TOWNSHIP 8 SOUTH, RANGE 32 EAST, NMPM Section 18: SW/4

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### Docket No. 11-75

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MADM

# Examiner Hearing - Wednesday - May 14, 1975

(k) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the South Rocky Arroyo-Wolfcamp Gas Pool. The discovery well is the El Paso Natural Gas Co. Patterson A Well No. 1, located in Unit N of Section 20, Township 22 South, Range 22 East, NMPM. Said pool would comprise:

# TOWNSHIP 22 SOUTH, RANGE 22 EAST, NMPM Section 20: SW/4

(1) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Sheep Draw-Atoka Gas Pool. The discovery well is the Hanagan Petroleum Corp. Mary Federal Well No. 1, located in Unit H of Section 11, Township 23 South, Range 25 East, NMPM. Said pool would comprise:

# TOWNSHIP 23 SOUTH, RANGE 25 EAST, NMPM Section 11: E/2

(m) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Sheep Draw-Morrow Gas Pool. The discovery well is the Hanagan Petroleum Corp. Mary Federal Well No. 1 located in Unit H of Section 11, Township 23 South, Range 25 East, NMPM. Said pool would comprise:

TOWNSHIP 23	SOUTH,	RANGE	25	EAST,	NPIP PI
Section 11:	E/2		- 11 		
Section 12:	W/2			тан. Сала	

(n) CREATE a new pool in Lea County, New Mexico, classified as an oil pool and designated as the Shipp-Drinkard Pool and assign 41,650 barrels of discovery allowable to the discovery well, the Mesa // Petroleum Company West Knowles Well No. 1, located in Unit P of Section 34, Township 16 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 16 SOUTH, RANGE 37 EAST, NMPM Section 34: SE/4

(o) EXTEND the Atoka-Pennsylvanian Gas Pool in Eddy County, New

Mexico, to include therein:

(p) EXTEND the North Benson Queen-Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM Section 32: N/2 NE/4

(q) EXTEND the Blinebry Oil and Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM Section 27: SE/4

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

> TOWNSHIP 15 SOUTH, RANGE 27 EAST, NMPM Section 3: N/2

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

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM Section 18: N/2

(t) EXTEND the South Carlsbad-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM Section 3: W/2 Section 11: All TOWNSHIP 23 SOUTH, RANGE 27 EAST, NMPM Section 8: All Section 17: N/2

(u) EXTEND the South Carlsbad-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 26 EAST, NMPM Section 16: S/2

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM Section 1: W/2

(v) ESTABLISH a discovery allowable in the Casey-Strawn Pool in Lea County, New Mexico, and assign 56,630 barrels of discovery allowable to the discovery well, the C & K Petroleum, Inc. Shipp "27" Well No. 1, located in Unit 0 of Section 27, Township 16 South, Range 37 East, NMPM.

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

TOWNSHIP 13 SOUTH, RANGE 34 EAST, NMPM Section 27: S/2 and NE/4

(x) EXTEND the East Chisum San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 11 SOUTH, RANGE 28 EAST, NMPM Section 16: NE/4 NE/4

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(y) EXTEND the Double L Queen Associated Pool in Chaves County, New Mexico, to include therein:

> TOWNSHIP 14 SOUTH, RANGE 29 EAST, NMPM Section 23: NE/4

TOWNSHIP 14 SOUTH, RANGE 30 EAST, NMPM Section 32: N/2 and SW/4

TOWNSHIE 15 SOUTH, RANGE 30 EAST, NMPM Section 17: N/2

(z) EXTEND the Double X-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 32 EAST, NMPM Section 27: NE74

(aa) EXTEND the Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 36 EAST, NMPM Section 36: SW/4

(bb) EXTEND the East Empire Yates Seven Rivers Pool in Eddy County, New Mexico, to include therein:

> TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM Section 34: W/2 NE/4

(cc) EXTEND the Kennedy Farms-Morrow Cas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM Section 22: E/2

(dd) EXTEND the Penasco Draw-San Andres-Yeso Pool in Eddy County, New Mexico, to include therein:

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TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM Section 30: NW/4 SW/4

(ee) EXTEND the Ranger Lake-Bough Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 12 SOUTH, RANGE 34 EAST, NMPM Section 23: SW/4

(ff) EXTEND the Rock Tank-Lower Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 25 EAST, NMPM Section 18: All

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#### Docket No, 11-75 -9-

(gg) EXTEND the Round Tank San Andres Pool in Chaves County, New Mexico, to include therein:

#### TOWNSHIP 15 SOUTH, RANGE 29 EAST, NMPM Section 31: NW/4 NW/4

(hh) EXTEND the vertical limits of the Sand Hills-San Andres Pool in Lea County, New Mexico, to include the Grayburg formation.

(11) EXTEND the Sulimar Queen Pool in Chaves County, New Mexico, to include therein:

#### TOWNSHIP 15 SOUTH, RANGE 30 EAST, NMPM Section 18: SW/4 SW/4

(jj) EXTEND the Tres Papalotes-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

#### TOWNSHIP 15 SOUTH, RANGE 34 EAST, NMPM Section 5: SW/4

(kk) EXTEND the Turkey Track Queen-Grayburg Pool in Eddy County, New Mexico, to include therein:

> TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM Section 32: NE/4 NE/4



Case 5481

#### BEFORE THE

## OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF PHILLIPS PETROLEUM COMPANY FOR DOWNHOLE COMMINGLING, EDDY COUNTY, NEW MEXICO

#### APPLICATION

COMES NOW PHILLIPS PETROLÉUM COMPANY and applies to the Oil Conservation Commission of New Mexico for an order approving down-hole commingling of gas in its Tidwell-A "COM" Well No. 1, and in support thereof would show the commission:

1. Applicant has completed its Tidwell-A "COM" Well No. 1 in Unit E of Section 8, Township 23 South, Range 27 East, Eddy County, New Mexico for production of gas from the Carlsbad South Atoka Gas Pool and the Carlsbad South Morrow Gas Pool.

2. Applicant proposes to produce the two zones by commingling production in the well-bore. Allocation of production to the two zones will be made on the basis of available well test data.

3. The Carlsbad South Atoka Gas Pool perforations are 10,754 feet to 10,760 feet and the Carlsbad South Morrow Gas Pool perforations are 11,416 feet to 11,824 feet.

4. Pressures and gas characteristics are such that no damage will occur to either reservoir by commingling production as proposed. The correlative rights of all parties will be protected.

DOCKET MAILED

WHEREFORE, applicant prays that this application be set for hearing before the Commission's duly appointed examiner and that after notice and hearing as required by law, the Commission enter its order approving commingling of production as proposed.

-2-

Respectfully submitted, PHILLIPS PETROLEUM COMPANY

Case 5481

BY KELLAHI FOX Post Office Box 1769 Santa Fe, New Mexico 87501

ATTORNEY FOR APPLICANT

DRAFT

jr,

#### BEFORE THE OIL CONSERVATION COMMISSION OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION OF NEW MEXICO FOR THE PURPOSE OF CONSIDERING:

CASE No. 5481 Order No. R-<u>502</u>

APPLICATION OF PHILLIPS PETROLEUM COMPANY FOR DOWNHOLE COMMINGLING, EDDY COUNTY, NEW MEXICO.

#### ORDER OF THE COMMISSION

#### BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on <u>May 14</u>, <u>1975</u>, at Santa Fe, New Mexico, before Examiner <u>Daniel S. Nutter</u>.

NOW, on this <u>day of May</u>,  $19^{75}$ , the Commission, a guorum being present, 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 Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Phillips Petroleum Company, is the owner and operator of the Tidwell-A "COM" Well No. 1; located in Unit E of Section 8, Township 23 South, Range 27 East; NMPM, Eddy County, New Mexico.

-2-Case No. 5481 Order No. R-

(3) That the applicant seeks authority to commingle South Carlsbad-Atoka and South Carlsbad-Morrow production within the wellbore of the above-described well.

(5) That from the South Carlsbad-Atoka zone, the subject ration well is capable of low marginal production only.

(4) That from the South Carlsbad-Morrow zone, the subject well is capable of <del>low</del>-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 Commission 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 Commission 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, partnetion should be determined on the bosis of the provide percent of the commingled production should be allocated of ablished production cealure curve, and Ataka production to the south Carlsbad Atoka zone, and.) percent of the mode be determined by subfacting said Morrow production commingled production to the South Carlsbad Morrow production from total production. IT IS THEREFORE ORDERED:

(1) That the applicant, Phillips Petroleum Company, is hereby authorized to commingle South Carlsbad-Atoka and South Carlsbad-Morrow production within the wellbore of the Tidwell-A "COM" Well No. 1, located in Unit E of Section 8, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico. -3-Case No. 5481 Order No. R-

n the sub ach That the morrows (2)well areac curve for the morrow 20 ordu and Sublice the moura rouch \* phall be ed ba th-<del>Carlsba</del> the wrold total orsu That the operator of the subject well shall immediately (3) notify the Commission's Artesia district office any time the well has been shut-in for 7 consecutive days and shall concurrently

present, to the Commission, a plan for remedial action. (4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary. DONE at Santa Fe, New Mexico, on the day and year herein-

above designated.