CASE 6678: TEXAS PACIFIC OIL COMPANY, C. INC. FOR DOWNHOLE COMMINGLING AND A SPECIAL CASINGHEAD GAS ALLOWABLE, LEA COUNTY, NEW MEXICO

CASE NO.

6678

APPlication, Transcripts, Small Exhibits,

ETC.

1 STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT 2 Oil Conservation Division State Land Office Bldg. 3 Santa Fe, New Mexico 2 October 1979 EXAMINER HEARING 5 6 ١ IN THE MATTER OF: ١ 7 Application of Texas Pacific Oil CASE) 8 Company, Inc., for downhole com-6678) mingling and a special casinghead) 9 gas allowable, Lea County, New 3 Mexico. 10 BOYI 11 SALLY WALTON BEFORE: Richard L. Stamets 12 13 TRANSCRIPT OF HEARING 14 15 APPEARANCES 16 17 For the Oil Conservation Ernest L. Padilla, Esq. Legal Counsel for the Division Division: 18 State Land Office Bldg. Santa Fe, New Mexico 87503 19 20 William F. Carr, Esq. For the Applicant: CAMPBELL & BLACK P. A. 21 Jefferson Place Santa Fe, New Mexico 87501 22 23 24 25

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JACK M. ROSE

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Direct Examination by Mr. Carr

Cross Examination by Mr. Stamets

EXHIBITS

Applicant Exhibit One, Plat Applicant Exhibit Two, Wellbore Sketch Applicant Exhibit Three, Production History Applicant Exhibit Four, Production History Applicant Exhibit Five, Well Test History Applicant Exhibit Six, Letters

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MR. STAMETS: Call next Case 6678. 2 MR. PADILLA: Application of Texas Pacific Dil Company, Inc., for downhole commingling and special 3 casinghead gas allowable, Lea County, New Mexico. 4 5 MR. CARR: Mr. Examiner, at this time we 6 would request that the portion of this case relating to 7 the special casinghead gas allowable be dismissed. 8 MR. STAMETS: Okay, we will dismiss that 9 portion of Case 6678. 10 MR. CARR: I'm William F. Carr with the LTON BOY 11 law firm of Campbell and Black, appearing on behalf of the 12 applicant. I have one witness and ask that the record show 13 he's previously been sworn and remains under oath. 14 NF. STAMETS: The record will reflect the 15 same and also that the vicness has been qualified. 16 17 JACK M. ROSE 18 being called as a witness and having been previously sworn 19 upon his oath, testified as follows, to-wit: 20 21 DIRECT EXAMINATION 22 BY MR. CARR: 23 Q. Mr. Rose, will you briefly summarize what 24 Texas Pacific is seeking with this application? 25 Texas Pacific Oil Company is seeking ap-A.

1 proval to commingle Tubb gas production with Blinebry oil 2 production in the wellbore of its Eva Owens Well No. 1, 3 located 330 feet from the south line, 330 feet from the west line of Section 25, Township 21 South, Range 37 East, Lea County.

Will you please refer to what has been Q. marked for identification as Exhibit Number One and review this for the Examiner?

A. Exhibit Number One is a 4-section plat showing the location of the subject lease highlighted in yellow and the subject well pointed out by the red arrow.

Also shown on this plat are surrounding active Blinebry oil and Tubb gas wells. The Blinebry oil wells are represented by the green dots and the Tubb gas wells are represented by the red dots.

Please refer to what has been marked for Q. identification as Exhibit Number Two and summarize this for the Examiner.

Exhibit Two is a wellbore sketch of the Λ. Eva Owens No. 1 in its current state with an original open hole completion in the Drinkard, now plugged; the Blinebry oil zone producing through the tubing and casing-tubing annulus with a sliding sleeve at 5933, open; and the Tubb completed below a packer currently plugged.

Q.

Will you now refer to Exhibit Number Three?

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1 Exhibit Number Three is an oil and gas A. 2 production history for the Eva Owens No. 1 Blinebry oil. 3 Also on this production history are current projected de-4 clines and calculated remaining oil and gas reserves. 5 And the GOR is reflected on this exhibit? Q. 6 A. Not on the Blinebry, no. 7 And where will that -- do you have that 0. 8 information to present to us? 9 That GOR information can be obtained from A. 10 Exhibit Number Five, the well test history. 11 Q. Will you now refer to Exhibit Number Four 12 and explain this to the Examiner? 13 Exhibit Number Four is an oil and gas pro-A. 14 duction history for the Tubb gas zone, TA'd in 1974. This 15 plot shows the same information as Exhibit Three with the 16 addition of GOR history. 17 Mr. Rose, isn't it possible that this zone Q. 18 might be classified as an oil zone? 19 A. We originally, when we were thinking about 20 coming to the Commission on the commingling, thought that 21 the Tubb might be able to be classified as an oil zone. The 22 field rules on the Tubb gas were changed from a gravity limit 23 to a GOR limit. Gravity limit was 45 degrees API. If it 24 was less than that it would be an oil well. It was changed 25 to a GOR cutoff of 50,000 cubic feet per barrel. A GOR,

LY WALTON BOYD TED SHORTHAND REPORTER ALA BIMING (6(6)) 411-2463 2 Po, Now Mondoo 37501 when this well was TA'd was cycling right around at -- in the Tubb -- at 50,000, and during our commingle tests we had tested the Tubb before we commingled the two wells, and we recovered gas and some amount of oil. That oil, we were -we went back and looked at it, and we were really unsure as to the origin of that oil, as we had previously hot oiled the casing, so we feel like that we don't have sufficient information to justify classifying the well as oil, so we assumed that it was a gas, as it was classified before and continued from that.

Q. You have reviewed this data with the personnel in the Hobbs District Office?

A. Right, talked to Jerry Sexton in the Hobbs Office.

Q. Now, with the aid of Exhibit Number Five, will you give the Examiner a brief history on the Eva Owens No. 1?

A. Okay. Again, Exhibit Five is a tabulation of the last year and a half of well tests for the well, including the commingled test.

The Eva Owens No. 1 was originally a Drinkard completion. This zone was plugged in 1954 and the well was recompleted as a dual in the Tubb and Blinebry. The Blinebry was classified as oil and

was produced through the cacing-tubing annulus.

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Both of these zones were originally flowing The Tubb quit flowing in 1974 due to a restriction in the tubing, and at that time the remaining reserves made it economically unattractive to return the Tubb to production. In 1976 an unsuccessful attempt was made

to unplug the tubing and the Tubb was still -- remained TA'd.

Due to increased prices the well was worked over in February of this year. Tubing restriction problems were resolved and the Tubb zone was acidized.

After treatment the Tubb zone failed to flow and was swabbed. The zone gave only a slight gas flow and although we recovered some liquid hydrocarbon, we were unsure as to origin, as the tubing had been previously hot oiled, as I said before. It was hot oiled due to a paraffin problem.

Our conclusions from the test was that the Tubb was flowing at a rate of about 20 Mcf per day with a possibility of a small amount of oil production. A sliding sleeve at 5933 feet was opened, commingling the Tubb and the Blinebry. The well was swabbed to flow and the results of the commingled test are shown on Exhibit Five.

Following the commingled test a plug was

ALLY WALTON BOYD THEED SHORTHAND REPORTER PLAZE BLANCE (105) 171-2452 MAREA P., New MARICO 57101 3

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1 set in the packer shutting off the Tubb zone and the well was shut in for 24 hours. The well was then opened, produced 2 from the Blinebry through both the tubing and tubing-casing 3 annulus with the sliding sleeve opened.

The well has been producing in this manner 6 to date and the well test results are again shown on Exhibit Five.

Referring to that exhibit, it can be seen that the Blinebry producing by itself through casing-tubing annulus was producing on the order of 14 barrels of oil and around 90 Mcf per day.

12 Prior to commingling the two zones have 13 been shut in and when initially swabbed to flow, flowed 35 14 barrels of oil and from 200 to 300 Mcf per day. This com-15 mingled flow condition was continued for 13 days, as can be 16 seen by the well test, stabilized between 18 to 20 barrels 17 of oil and around 400 Mcf per day. That was basically the 18 last eight well tests on the commingle section.

19 This was very encouraging; however, the 20 Tubb was plugged -- however, when the Tubb was plugged, the 21 Blinebry shut in for 24 hours and then swabbed, the Blinebry 22 through the tubing and casing-tubing annulus obtained similar 23 recoveries to the commingle test by itself. This rate, 24 however, dropped off in the following five months to around 6 barrels of oil and 200 Mcf per day.

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The test results indicate that the Blinebry and Tubb zones are loading themselves up with fluid. We feel that when the well was commingled the Blinebry was helpe 3 considerably by gas flow from the Tubb acting as gas lift on the fluids in the tubing, thus keeping the Blinebry unloaded and allowing it to flow at much higher rates.

Although the Blinebry, after being shut in and swabbed, produced initially as much as the commingle test, the well has loaded up since that time. We have had to swab the Blinebry in order to maintain the 6 barrels of oil and 200 Mcf per day rate shown on the last few tests on Exhibit Five.

If allowed to downhole commingle the two zones, we would pump the well through tubing as deep as possible with the casing opened and no packer. We feel that this arrangement with the well maintained in a pumped off condition, will allow the Blinebry to produce around 18 barrels of oil and 400 Mcf per day.

The Tubb only indicated that it was producing 20 Mcf per day with a trace of oil; however, we were only able to swab down to the sliding sleeve again during this test. This still left approximately 220 feet of fluid on the top of the Tubb. With this load partially or wholly removed by pumping, we can expect significant increases in the Tubb production also. Our estimate is on the order of

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2 barrels of oil and 100 Mcf per day.

2 In summary, we feel that by commingling the two zones we would increase our recovery from the Blinebry 3 as well as produce previously unrecoverable reserves from the Tubb. If our request is denied, we will have to plug the Tubb gas zone.

7 0. Mr. Rose, are both the zones in this well 8 capable of only marginal production?

> A. Yes, they are.

Will the proposed completion, in your 11 opinion, result in the migration of hydrocarbons between the 12 commingled zones?

We feel as far as bottom hole pressures go, A. the -- we took a bottom hole pressure survey on the Tubb in February of this year. The anal bottom hole pressure was 725 psi after a 72-hour buildup. After 24 hours this pressure was 644 psi. This pressure we compared with a calculated bottom hole pressure from surface pressures and fluid levels that we shot for the Blinebry in March of the same -- of this year, also. Those pressures calculated out to around 593 psi. We feel that we can safely say that the Blinebry is between 500 and 600 pounds in pressure, and that compares with the 644 psi for the Tubb.

With those pressures we feel that the Tubb being slightly higher pressured, Blinebry oil will neces-

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sarily come down to the bottom of the wellbore and be pumped out. This could, with those pressures, if we can keep the well pumped off, we feel that we can keep fluids from migrating into the Tubb.

If these fluids do migrate into the Tubb, we don't feel like -- we feel like there may be minimal damage due to the fact that the Tubb does produce some oil. These two zones are compatible. There are 118 leases where the fluids from the Tubb and the Blinebry have been commingled on the surface, and there are three wells that have Blinebry and Tubb production, either gas/gas or oil/oil, commingled downhole.

So we feel that the fluids are compatible. Q. So there would be no reservoir damage resulting from commingling the two fluids?

A. No.

Q. Are there other wells in the area in which these zones are downhole commingled?

A. Yes, there are three, and these are -there's one located, Cities Services Eubank No. 2 is located in Section 14, 21 South, 37 East, and that's downhole commingled. It's not on the plat. It was downhole commingled with Order No. 117.

And then also Southland Royalty Company, their State lease was downhole commingled from these two

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1 That's in Section 2, 21 South, 37 East, and that zones. 2 was downhole commingling Order 235. 3 Also there's one -- these are the closest 4 two, and there's one, also, in Section 6, 23 South, 38 East, 5 Campbell and Hedrick Elliott Federal -- that was L. E. 6 Elliott Federal lease. That was downhole commingled in 7 Order 217. 8 Mr. Rose, are the mineral interests in the **Q**. 9 two zones that are to be commingled common? 10 A. Yes, they are. 11 Will granting this application in your Q. 12 opinion result in the recovery of hydrocarbons that would 13 otherwise not be recovered? 14 A. Yes. 15 Do you have a recommendation to make to Q. 16 the Examiner concerning the allocation of production between 17 each of the two commingled zones? 18 A. Our proposed allocation for commingling 19 split production is based on remaining reserves for the two 20 wells. 21 If you'll refer to Exhibits Three and Four, 22 our projected declines and calculated remaining reserves 23 were totaled and these percentages of remaining reserves, 24 percentages of remaining total reserves for the two zones 25 were calculated. This would -- this would result in an oil

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			1	split of 10 percent	to Tubb, 90 percen	t to Blineb	ry, as far
	2		2	as the oil is concer	ned. And the gas	split would	be 19 per-
			3	cent Tubb gas and 81	percent Blinebry	jas.	
			4	Q. Ha	s notice of this he	earing been	given to
	e t		5	offsetting operators			-
	ł.,		6	. - -	has.		
			· 7		d are copies of the	ese letters	marked as
-			8	Exhibit Number Six in			
.*.			9	A. Ye:	s,		
	-	OYD MIER MIER	10	Q. We	re Exhibits One th	cough we	ll, in your
		N B(N0 AER N0 AER N11 N11 N11 N11 N11 N11 N11 N11 N11 N1	11	opinion will granting	g this application	be in the :	interest
	LY WALTO		12	of conservation, the	prevention of was	e, and the	protection
				13	of correlative right:	s?	
			14	A. It	will.		
			15	Q. We	re Exhibits One th	cough Five j	prepared
			16	by you?			
			17	A. Yes	S.	•	
	- - -		18		. CARR: At this ti	ime. Mr. Exa	aminer, we
			19	would offer into evid		·	
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			21	•	. STAMETS: These e	exhibits wil	ll be ad-
ý			22	mitted.	. BIAPEID, INCSC C	-21112.00 L CO - H 4,3	
			23		CAPPA T have not	hing furth	
			24		. CARR: I have not	hing furthe	
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2	CROSS EXAMINATION	: -
3	BY MR. STAMETS:	
4	Q Mr. Rose, what's the condition of the well-	
5	bore now? Is it as shown on the Exhibit Number	
6	A. Two.	
7	Q Two?	
8	A. Right. That's correct.	
9	Q. And you would propose to pull the well,	
10	take the tubing out and take the packer out and rerun the	
11	tubing?	
12	A. With a pump on the bottom.	
13	Q. Okay. What acreage is dedicated to these	
14	two wells? Or to the two zones in the one well?	
15	A. Just a minute. Okay, the Tubb gas is	
16	marginal and has 160-acre proration unit, the lease, the	
17	entire lease outlined in yellow. And again, 40 acres for	
18	the oil, on the Blinebry.	
19	Q. Interests are the same throughout the	
20	A. Right, common interests.	
21	MR. STAMETS: Are there any other questions	
22	of this witness? He may be excused.	
23	Anything further in this case?	
24	MR. CARR: Nothing further.	
25	MR. STAMETS: The case will be taken under	
ļ	advisement.	
	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	2 CROSS EXAMINATION BY MR. STAMETS: 0 4 0 Mr. Rose, what's the condition of the well-bore now? Is it as shown on the Exhibit Number 6 A Two. 7 0 Two? 8 A Right. That's correct. 9 A Right. That's correct. 9 A And you would propose to pull the well, 10 take the tubing out and take the packer out and rerun the 11 tubing? 12 A With a pump on the bottom. 13 0 Okay. What acreage is dedicated to these 14 two wells? Or to the two zones in the one well? 15 A Just a minute. Okay, the Tubb gas is 16 marginal and has 160-acre proration unit, the lease, the 17 P Interests are the same throughout the 18 Q Interests. 19 Q Interests. 10 Interests are the same throughout the 16 A Right, common interests. 17 MR. STAMETS: Are there any other questions 16 Anything furthe

SALLY WALTON BOYD CENTIFIED SHORTHAND REPORTER \$020 Plaza Blance, (505) 411-5462 Saria Fo, New Moston 57501

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REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a court reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation 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 from my notes taken at the time of the hearing.

Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6675 leard by me on 10-2 19 79. , Examiner am **Oil** Conservation Division

SALLY WALTON BOYD CERTIFIED SHORTHAND REPORTER 3028 Flaza Blanca (505) 411-2462 Santa Pe, New Mexico 81501 1

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22 23 24		For the Applicant: William F. C CAMPBELL & E	BLACK P. A.
24		Jefferson Pl Santa Fe. Ne	
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SALLY WALTON BOY CERTIFIED SHORTHAND REPORT 2025 Thus, Blanca (105) 411-5. Blanca Fe, New Markoo 8150

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MR. CARR: I'm William F. Carr with the law firm of Campbell and Black, appearing on behalf of the applicant. I have one witness and ask that the record show he's previously been sworn and remains under oath.

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JACK M. ROSE

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

DIRECT EXAMINATION

BY MR. CARR:

A.

Mr. Rose, will you briefly summarize what Q Texas Pacific is seeking with this application?

Texas Pacific Oil Company is seeking ap-

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proval to commingle Tubb gas production with Blinebry oil production in the wellbore of its Eva Owens Well No. 1, located 330 feet from the south line, 330 feet from the west line of Section 25, Township 21 South, Range 37 East, Lea County.

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Also shown on this plat are surrounding active Blinebry oil and Tubb gas wells. The Blinebry oil wells are represented by the green dots and the Tubb gas wells are represented by the red dots.

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Q

Will you now refer to Exhibit Number Three?

SALLY WALTON BOYD CERTFRED SHORTHAND REPORTER 2020 Plaza Blance (1915) 111-3467 Santa Fa, New Mexico 51301 1

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And where will that -- do you have that information to present to us?

A. That GOR information can be obtained from Exhibit Number Five, the well test history.

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A Exhibit Number Four is an oil and gas production history for the Tubb gas zone, TA'd in 1974. This plot shows the same information as Exhibit Three with the addition of GOR history.

Mr. Rose, isn't it possible that this zone might be classified as an oil zone?

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Q You have reviewed this data with the per sonnel in the Hobbs District Office?

¹³ A Right, talked to Jerry Sexton in the
¹⁴ Hobbs Office.

¹⁵ Q Now, with the aid of Exhibit Number Five,
¹⁶ will you give the Examiner a brief history on the Eva Owens
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A Okay. Again, Exhibit Five is a tabulation of the last year and a half of well tests for the well, including the commingled test.

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SALLY WALTON BOYD CERTIFIED SHORTHAND REPORTER 1010Flax, Blance (005) 411-246 South Fe, New Merico 31701.

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Both of these zones were originally flowing. The Tubb quit flowing in 1974 due to a restriction in the tubing, and at that time the remaining reserves made it economically unattractive to return the Tubb to production. In 1976 an unsuccessful attempt was made

to unplug the tubing and the Tubb was still --- remained TA'd.

Due to increased prices the well was worked over in February of this year. Tubing restriction problems were resolved and the Tubb zone was acidized.

After treatment the Tubb zone failed to flow and was swabbed. The zone gave only a slight gas flow and although we recovered some liquid hydrocarbon, we were unsure as to origin, as the tubing had been previously hot oiled, as I said before. It was hot oiled due to a paraffin problem.

Our conclusions from the test was that the Tubb was flowing at a rate of about 20 Mcf per day with a possibility of a small amount of oil production. A sliding sleeve at 5933 feet was opened, commingling the Tubb and the Blinebry. The well was swabbed to flow and the results of the commingled test are shown on Exhibit Five.

Following the commingled test a plug was

SALLY WALTON BOYD CERTFIED SHORTHAND REPORTER 2020Plaza Blanca (606) 171-3463 Sauta Fo, New Morico 27801 З

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set in the packer shutting off the Tubb zone and the well was shut in for 24 hours. The well was then opened, produced from the Blinebry through both the tubing and tubing-casing annulus with the sliding sleeve opened.

The well has been producing in this manner to date and the well test results are again shown on Exhibit Five.

Referring to that exhibit, it can be seen that the Blinebry producing by itself through casing-tubing annulus was producing on the order of 14 barrels of oil and around 90 Mcf per day.

Prior to commingling the two zones have been shut in and when initially swabbed to flow, flowed 35 barrels of oil and from 200 to 300 Mcf per day. This commingled flow condition was continued for 13 days, as can be seen by the well test, stabilized between 18 to 20 barrels of oil and around 400 Mcf per day. That was basically the last eight well tests on the commingle section.

This was very encouraging; however, the Tubb was plugged -- however, when the Tubb was plugged, the Blinebry shut in for 24 hours and then swabbed, the Blinebry through the tubing and casing-tubing annulus obtained similar recoveries to the commingle test by itself. This rate, however, dropped off in the following five months to around 6 barrels of oil and 200 Mcf per day.

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The test results indicate that the Blinebry and Tubb zones are loading themselves up with fluid. We feel that when the well was commingled the Blinebry was helped considerably by gas flow from the Tubb acting as gas lift on the fluids in the tubing, thus keeping the Blinebry unloaded and allowing it to flow at much higher rates.

Although the Blinebry, after being shut in and swabbed, produced initially as much as the commingle test, the well has loaded up since that time. We have had to swab the Blinebry in order to maintain the 6 barrels of oil and 200 Mcf per day rate shown on the last few tests on Exhibit Five.

If allowed to downhole commingle the two zones, we would pump the well through tubing as deep as possible with the casing opened and no packer. We feel that this arrangement with the well maintained in a pumped off condition, will allow the Blinebry to produce around 18 barrels of oil and 400 Mcf per day.

The Tubb only indicated that it was producing 20 Mcf per day with a trace of oil; however, we were only able to swab down to the sliding sleeve again during this test. This still left approximately 220 feet of fluid on the top of the Tubb. With this load partially or wholly removed by pumping, we can expect significant increases in the Tubb production also. Our estimate is on the order of

SALLY WALTON BOYD CENTIFIED SHORTHAND REPORTER CONTINUE BAUGH (501) 111-3442 Stante Fa New Morths 111-3442 1

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2 barrels of oil and 100 Mcf per day.

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In summary, we feel that by commingling the two zones we would increase our recovery from the Blinebry as well as produce previously unrecoverable reserves from the Tubb. If our request is denied, we will have to plug the Tubb gas zone.

R Mr. Rose, are both the zones in this well capable of only marginal production?

Yes, they are.

A.

Q. Will the proposed completion, in your opinion, result in the migration of hydrocarbons between the commingled zones?

A. We feel as far as bottom hole pressures go, the -- we took a bottom hole pressure survey on the Tubb in February of this year. The final bottom hole pressure was 725 psi after a 72-hour buildup. After 24 hours this pressure was 644 psi. This pressure we compared with a calculate bottom hole pressure from surface pressures and fluid levels that we shot for the Blinebry in March of the same -- of this year, also. Those pressures calculated out to around 593 psi. We feel that we can safely say that the Blinebry is between 500 and 600 pounds in pressure, and that compares with the 644 psi for the Tubb.

With those pressures we feel that the Tubb being slightly higher pressured, Blinebry oil will necessarily come down to the bottom of the wellbore and be pumped out. This could, with those pressures, if we can keep the well pumped off, we feel that we can keep fluids from migrating into the Tubb.

If these fluids do migrate into the Tubb, we don't feel like -- we feel like there may be minimal damage due to the fact that the Tubb does produce some oil. These two zones are compatible. There are 118 leases where the fluids from the Tubb and the Blinebry have been commingled on the surface, and there are three wells that have Blinebry and Tubb production, either gas/gas or oil/oil, commingled downhole.

So we feel that the fluids are compatible. Q So there would be no reservoir damage resulting from commingling the two fluids?

A No.

Q Are there other wells in the area in which these zones are downhole commingled?

A Yes, there are three, and these are -there's one located, Cities Services Eubank No. 2 is located in Section 14, 21 South, 37 East, and that's downhole commingled. It's not on the plat. It was downhole commingled with Order No. 117.

And then also Southland Royalty Company, their State lease was downhole commingled from these two

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zones. That's in Section 2, 21 South, 37 East, and that was downhole commingling Ordor 235.

Also there's one -- these are the closest two, and there's one, also, in Section 6, 23 South, 38 East, Campbell and Hedrick Elliott Federal -- that was L. E. Elliott Federal lease. That was downhole commingled in Order 217.

Mr. Rose, are the mineral interests in the two zones that are to be commingled common?

Yes, they are.

Q Will granting this application in your opinion result in the recovery of hydrocarbons that would otherwise not be recovered?

Yes.

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Q. Do you have a recommendation to make to the Examiner concerning the allocation of production between each of the two commingled zones?

A Our proposed allocation for commingling split production is based on remaining reserves for the two wells.

If you'll refer to Exhibits Three and Four, our projected declines and calculated remaining reserves were totaled and these percentages of remaining reserves, percentages of remaining total reserves for the two zones were calculated. This would -- this would result in an oil

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		1	split of 10 percent to Tubb, 90 percent to Blinebry, as far
		2	as the oil is concerned. And the gas split would be 19 per-
		3	cent Tubb gas and 81 porcent Blinebry gas.
		4	Q Has notice of this hearing been given to
		5	offsetting operators?
		6	A It has.
	•	7	And are copies of these letters marked as
	• , •	8	Exhibit Number Six in this case?
		9	Å Yes.
	0 5 5 5	10	
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\bigcirc	LTON THAND	12	opinion will granting this application be in the interest
	Y WA	13	of conservation, the prevention of waste, and the protection
	SALL CENTER CENTER CENTER	14	of correlative rights?
19. 2. •	•••		A. It will.
		15	Q Nere Exhibits One through Five prepared
		16	by you?
		17	A. Yes.
		18	MR. CARR: At this time, Mr. Examiner, we
		19	would offer into evidence Applicant's Exhibit One through
		20	Six.
•		21	MR. STAMETS: These exhibits will be ad-
	· · · · ·	22	mitted.
0		23	MR. CARR: I have nothing further on
-		24	đirect.
		25	

	•	
	2	CROSS EXAMINATION
	3	BY MR. STAMETS:
	4	Q Mr. Rose, what's the condition of the well-
	5	bore now? Is it as shown on the Exhibit Number
	6	A. Two.
	7	0 Two?
	8	A. Right. That's correct.
	9	And you would propose to pull the well,
YD ATER 101 101	10	take the tubing out and take the packer out and rerun the
N BC	11	tubing?
ALTON Minute Min	12	A. With a pump on the bottom,
	13	Q Okay. What acreage is dedicated to these
SAL	14	two wells? Or to the two zones in the one well?
	15	A. Just a minute. Okay, the Tubb gas is
	16	
	17	marginal and has 160-acre proration unit, the lease, the
	18	entire lease outlined in yellow. And again, 40 acres for
	19	the oil, on the Blinebry.
	20	Q Interests are the same throughout the
		A. Right, common interests.
	21	MR. STAMETS: Are there any other questions
	22	of this witness? He may be excused.
	23	Anything further in this case?
	24	MR. CARR: Nothing further.
	25	MR. STANETS: The case will be taken under
	Ŋ	advisement.
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REPORTER'S CERTIFICATE

I, SALLY W. BOYD, a court reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by ma; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability from my notes taken at the time of the hearing.

Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No.________ heard by me on________19_____

Oll Conservation Division

SALLY WALTON BOYD CERTIFIED SHORTHAND REPORTER 30310 Plant Blader (304) 411-445 Banta Fe, New Maxido 37101 

STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT **OIL CONSERVATION DIVISION**

BAUCE KING GOVERNOR

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POST OFFICE BOX 2088 STATE LAND OFFICE BUILDING SANTA, FE, NEW MEXICO 87501 ISOSJ 827-2434

October 18, 1979

Mr. William F. Carr Campbell and Black Attorneys at Law Post Office Box 2208 Santa Fe, New Mexico

CASE NO. Re: 6678 ORDER NO. R-6156

Applicant:

Texas Pacific Oil Company, Inc.

Dear Sir:

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

Pours very truly, W Ø JOE D. RAMEY Director

JDR/fd

Copy of order also sent to:

Hobbs OCD 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. 6678 Order No. R-6156

APPLICATION OF TEXAS PACIFIC OIL COMPANY, INC. FOR DOWNHOLE COMMINGLING AND A SPECIAL CASINGHEAD GAS ALLOWABLE, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 2, 1979, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this <u>18th</u> day of October, 1979, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

ALL REAL

(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, Texas Pacific Oil Company, Inc., is the owner and operator of the Eva Owens Well No. 1, located in Unit M of Section 25, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks authority to commingle Blinebry and Tubb production within the wellbore of the abovedescribed well.

(4) That the applicant requested dismissal of that part of this case seeking an increase in the casinghead gas allowable for said well, and said portion of the case should be dismissed.

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

-2-Case No. 6678 Order No. R-6156

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

(7) 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.

(8) 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.

(9) 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.

(10) That in order to allocate the commingled production to each of the commingled zones in the subject well, 90 percent and 81 percent of the commingled gas and oil production, respectively, should be allocated to the Blinebry zone, and 10 percent and 19 percent of the commingled gas and oil production, respectively, to the Tubb zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, Texas Pacific Oil Company, Inc., is hereby authorized to commingle Blinebry and Tubb production within the wellbore of the Eva Owens Well No. 1, located in Unit M of Section 25, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

(2) That 90 percent and 81 percent of the commingled gas and oil production, respectively, shall be allocated to the Blinebry zone and 10 percent and 19 percent of the commingled gas and oil production, respectively, shall be allocated to the Tubb 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 the application for a special casinghead gas allowable is hereby dismissed.

-3-Case No. 6678 Order No. R-6156

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

JOE D. RAMEY Director

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

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

SEAL

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TEXAS PACIFIC OIL COMPANY, INC. Eva Owens No. 1 330' FSL & 330' FWL, Sec. 25, T-21-S, R-37-E Lea County, New Mexico Elevation 3376 D.F. 17/4 300' 13 78" 32" Cmt whoos Completion 10-20-49 Well History 10-20-49 Open hole Completion Orinkard Hc/2000 gal 20% 43|4 14.5000 gal 15% 2910' 8 1/8" 32" Cont W/500 2940' Cont Top (alc) 10-26-54 Recompletion - BP C 6350' 5560 W/2 Sx cmt on top (scaled off Drinkard open hole) Port Tubb 6150'-6295 w/35PF 5700 AC/ 3000 yels 15% 5933' Sliding Sleeve Pert Blinchury 5.560 - 5700 4359F Tubb through 2" tubing set Packer (Brown oil tool B-4 prd PAr) C 5186 5972' Baker Retrievable Pho on 2" Tubing \$ OTIS Side door choke Assy 5761 Fraced Blinchury - SOT W/ 30,000 cals 6150 Crade 143,000 # 20/40 and 30 tons CO2 Tubb Perf 3SPF 165 gals FR3, (Assumed Cator Partssh) 6150 - 6295 5-25-66 Palled Pkr itubing to clean out 6295 hole ran back in with 2" tubing and Baken Phr at 5746'. Assumed also sliding sleeve. A.0 . 0 . 4 6350 WO to upplug tubing Recovered , 9-3-76 51/2" 15,5" Ontw/ 500: Such time I such (no record of) 174 6400' Reset PAR @ 5972' 1 sliding shul 5933, 2-9-79 6579' TO

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Hearing Date Wet Submitted by DIL CONSERVATION DIVISION CASE NO. 6478 plust BUILDE NO. 0

CAMPBELL AND BLACK. P.A. BEFORE ENALTY BE ATAMATIS LAWYERS OLCOLT JALA M CAMPBELL POST OFFICE BOX 2208 applicants 6 BRUCE D. BLACK JEFFERSON PLACE CAREFORM 6678 SANTA FE, NEW MEXICO 87501 TELEPHONE 18081 988-4421 Submitted by Aufes Pacific Hearing Data Data, 2, 1977 MICHAEL B. CAMPBELL W LIAM F. CARR PAUL R. CALDWELL September 21, 1979

Gulf Energy & Minerals Co. U.S.A. Box 670 Hobbs, New Mexico 88240

Gentlemen:

Enclosed is a copy of the Oil Conservation Division Docket for October 2, 1979. You may have an interest affacted by Case No. 6678.

Very truly yours,

William F. Carr

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LAWYERS

JACK M. CAMPBELL BHOCE D. BLACK MICHAEL B. CAMPBELL WILLIAM F. CARR PALL R. CALDWELL POST OFFICE BOY 2208 JEFFERSON PLACE SANTA FE, NEW MEXICO 87501 TELEPHONE (008) 986-14121

September 21, 1979

Petro-Lewis Corp. 1600 Broadway Denver, Colorado 80202

Gentlemen:

Enclosed is a copy of the Oil Conservation Division Docket for October 2, 1979. You may have an interest affected by Case No. 6678.

Very truly yours,

William F. Carr

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LAWYERS

JACK M. CAMPBELL BRUCE D. BLACK MICHAEL B. CAMPBELL WILLIAM F. CARR PAUL R. CALDWELL POST OFFICE OX 2208 JEFFERSON PLACE SANTA FE, NEW MEXICO 87501 TELEPHORE (808) 988-4421

September 21, 1979

Continental Oil Co. Box 460 Hobbs, New Mexico 88240

Gentlemen:

Enclosed is a copy of the Oil Conservation Division Docket for October 2, 1979. You may have an interest affected by Case No. 6678.

Very truly yours,

William F. Carr



HER M. CAMPHELL HROLE D. BLACK MC UNES B. CAMPHELL WILLIAM F. CARR PAN, R. CALDWELL POST OFFICE BOX 2208 JEFFERSON PLACE SANTA FE, NEW MEXICO 87501 TELEPHONE (505) 988-4421

September 21, 1979

Amoco Production Co. Box 367 Andrews, Texas 79714

Gentlemen:

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Enclosed is a copy of the Oil Conservation Division Docket for October 2, 1979. You may have an interest affected by Case No. 6678.

Very truly yours,

William F. Carr

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P08 5740090	SENDER: Complete items 1, 2, and 5. Add your address in the "Barronk To" space on reverse	 1. The following service is requested (check one). 2. Show to whom and date delivered. 3. Show to whom, date, and address of delivery. 2. RESTRICTED DELIVERY 	Show to whom and date delivered. RESTRICTED DELIVERY. Show to whom, date, and address of delivery. 5 (CONSU:LT POSTMASTER FOR FEES)	2. ARTICLE ADDRESSED TO: Amoco Production Box 367 Andrews Texas 7	CENTIFIED NO	I have received the	· Dar a bewen this	S. ADDRESS (Complete and I requested) LTC	4. JUMPLE TO BELVINE SECURE:	
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LAWYERS

JACA M. CAMPBELL BHUCE D. BLACK MICHAEL B. CAMPBELL WICLIAM F. CARR PADE R. CALDWELL POST OFFICE BOX 2208 JEFFERBON PLACE SANTA FE, NEW MEXICO.87501 TELEPHONE (606) 088-4421

September 21, 1979

ARCO Box 1710 Hobbs, New Mexico 88240

Gentlemen:

Enclosed is a copy of the Oil Conservation Division Docket for October 2, 1979. You may have an interest affected by Case No. 6678.

Very truly yours,

William F. Carr



MCK M. CAMPBELL BRUCE D. BLACK MICHAEL B. CAMPBELL WILLIAM F. CARR PAUL R. CALDWELL

POST OFFICE BOX 2208 JEFFERSON PLACE SANTA FE, NEW MEXICO 87501 TELEPHONE (506) 988-4421

September 21, 1979

Harper Oil Co. 904 Hightower Bldg. Oklahoma City, Oklahoma 73102

Gentlemen:

Enclosed is a copy of the Oil Conservation Division Docket for October 2, 1979. You may have an interest affected by Case No. 6678.

Very truly yours,

William F. Carr



Eva Owens No. 1 330' FSL & 330' FWL, Sec. 25, T-21-S, R-37-E Lea County, New Mexico Elevation 3376 D.F. 11/4 300' 13 75" 82" Cont whoos Completion: 10-20-49 Well History 10-20-49 Open hole Completion Orinkard HC/2000 gal 207 4 2910' 8 5/8" 32" Cont w/500 145000 gal 15% 2940' Cont Top (ale) 10-26-54 Recompletion - BP C 63.30' 5560 W/2 8x cmt on top (sealed off Blinebury Perf 3 31 Drinkard_open hole) Perf Tulk 6150'-6295 W/35PF 5700 AC/ 3000 yels 15% 5933' Sliding sleeve Perf Blinchury 5560 - 5700 4359F Tubb Horough 2" tubing set Packer (Brown oil tool 8-4 prd Phr) C 5786 5972' Baker Retrievable PKr On 2" Tubing 10TIS Side door choke 154 5761 Fraced Blinchury - SOT W/ 30,000 gals 6150-Crade 143,000 # 20/40 and 30 tons CO2 Tubb Perf 35PF 6150 - 6295 165 gals FR3, (Assend butor Partssh) 5-25-66 Pulled Pkr Stubing to clean out 6295hole ran back in with 2" tubing and Baken Phr at 5746', Assund also sliding sleer. 6350 9-3-76 WO to upplug tubing Recovered , " 15,5# Ontw/ 500: Such have I such (no record of) 194 6400' 2-9-79 Reset PAR @ 5972 1 stiding stul 5933, 6579'

TEXAS PACIFIC OIL COMPANY, INC.

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JACK M. CAMPBELL BRUCE D. BLACK Michael B. Campbell William F. Carr Paul R. Calowell

BEFORE ENALIGHER STANDETS POST OFFICE BOX 2208 CIL CONSUME THE PURCH JEFFERSON PLACE applicants E i i i SANTA FE, NEW MEXICO 87501 TELEPHONE (505) 988-4481 CASE 10. 6678 Submitted by TGe Hearing Date September 21, 1979

Gulf Energy & Minerals Co. U.S.A. Box 670 Hobbs, New Mexico 88240

Gentlemen:

Enclosed is a copy of the Oil Conservation Division Docket for October 2, 1979. You may have an interest affected by Case No. 6678.

Very truly yours,

William F. Carr

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JACK & CAMPBELL BRUCE D. BLACK MICHAEL B. CAMPBELL WILLIAM F. CARR PAUL R. CALDWELL POST OFFICE BOX 2208 JEFFERBON PLACE SANTA FE. NEW MEXICO 87501 TELEPHONE (608) 988-4481

September 21, 1979

Petro-Lewis Corp. 1600 Broadway Denver, Colorado 80202

Gentlemen:

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Very truly yours,

William F. Carr

WFC:tn

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LAWYERS

JACA M. CAMPBELL BRUCE D. BLACK MICHAEL B. CAMPBELL WILLIAM F. CÁRR PAUL R. CALDWELL POST OFFICE BOX 2208 JEFFERSON PLACE SANTA FE, NEW MEXICO 87501 TELEPHONE (808) 988-4421

September 21, 1979

Continental Oil Co. Box 460 Hobbs, New Mexico 88240

Gentlemen:

Enclosed is a copy of the Oil Conservation Division Docket for October 2, 1979. You may have an interest affected by Case No. 6678.

Very truly yours,

William F, Carr

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POB 5 7 4 0 0 S SENDER Complete Items 1, 1, and 3. Add your address in the "RETURN JO"	The following service is requested (check one Show to whom and date delivered Show to whom, date, and address of delive RISTRICTED DELIVERY Show to whom and date delivered RESTRICTED DELIVERY. Show to whom, date, and address of delive (CONSULT DOCTA, and address of delive	TUSIMASIER	DS New Mexico E DESCRIPTION: TED NO. CERTIFIED NO.	1 (Always drain apprense of address	a mained the article described	AFE OF DELIVERY	PAGES Compile any it remained	
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POST OFFICE BOX 2200 JEFFERSON PLACE SANTA FE, NEW MEXICO 87801 TELEPHONE (808) 888-4421

September 21, 1979

Amoco Production Co. Box 367 Andrews, Texas 79714

Gentlemen:

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Enclosed is a copy of the Oil Conservation Division Docket for October 2, 1979. You may have an interest affected by Case No. 6678.

Very truly yours,

William F. Carr

WFC:tn Ź Show to whom and date delivered Show to whom, date, and address of delivery RESTRICTED DELIVERY Show to whom and date delivered RESTRICTED DELIVERY Show to whom, date, and address of delivery. <u>Show to whom, date, and address of delivery.</u> INSURED space following service is requested (check one) Show to whom and date delivered 79714 Co. 5740090 Production CERTIFIED WO. denci address in the Texas AFTICLE ADDRESSED Complete ANTICLE DEDCI Indrews REGISTERED NO. **box** 367 P08 BOCO SENDER _ n 3811, Aug. 1978 N RECEIPT, REGISTE

CAMPBELL AND BLACK. P.A. LAWYERS

TANK MICAMPOCIU BRUCE D. BLACK MICHAEL B, CAMPBELL WILLIAM F. CARR PAUL R. CALOWELL

POST OFFICE BOX 2208 JEFFERSON PLACE SANTA-FE, NEW MEXICO 87501 TELEPHONE (606) 888-4421

September 21, 1979

ARCO Box 1710 Hobbs, New Mexico 88240

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Very truly yours,

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IALA M CAMPBELL BRUCE D. BLACK MICHAEL B. CAMPBELL WILLIAM F CARR PAUL R. CALDWELL

POST OFFICE BOX 2208 JEFFERSON PLACE SANTA FE, NEW MEXICO 87501 TELEPHONE (608) 888-4421

September 21, 1979

Harper Oil Co. 904 Hightower Bldg. Oklahoma City, Oklahoma 73102

Gentlemen:

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Very truly yours,

William F. Carr





Eva Owens No. 1 330' FSL & 330' FWL, Sec. 25, T-21-S, R-37-E Lea County, New Mexico Elevation 3376 D.F. 17/4 300' 13 78" 82" Cmt whoos Completion 10-20-49 Well History 10-20-49 Open hole Completion Orinkard HC/2000 gal 20% A3 4 2910 8 5/8 32 Cont w/5003 145000 gal 15% Cont Top (Cale) 2940' 10-26-54 Recompletion - BP C 6350' -5560 W/2 Sx cont on top (scaled off Drinkard open hole) Perf Tuble 6150'-6295 w/35PF. 5700 AC/ 3000 yels 15% 5933' Sliding Sleeve Pert Blinchury 5560 - 5700 435PF Tuble through 2" tubing set Packer (Brown oil tool 8-4 prd Phr) C 5786 5972' Baker Retrievable Pkr on 2" Tubing \$ OTIS side door choke Assy 5761 Fraced Blinchury - SOT W/ 30,000 gals 17-66 6150 5. Crade 142,000 # 20/40 and 30 toms CO2 Tubb Perf 35PI 165 yels FR3, (Assemed Butor Portssh) 6150-6295 Pulled Pkr I tubing to clean out 5-25-66 6295hole ran back in with 2" tubing and Baker Pkr at 5746'. Assumed also sliding sleer. 6350 WO to uppluy tubing Recovered . 9-3-76 6400' 51/2" 15,5" Ontw/ 500 Sub line 1 Sub (no record of) 174 2 - 97-79 Reset PAR @ 5972' 1 sliding slu (5933, 6.579'

TEXAS PACIFIC OIL COMPANY, INC.

Well Test History	EVA OWENS #1

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BEFORE EXAMINER STAMETS OIL CONSERVATION DIVISION ONLING DIVISION ONLING DIVISION ONLING DIVISION CASE NO. 6678 Submitted by Orley a Sherifue Hearing Date Ort. 2, 1979

Page 2 of 4

Examiner Hearing - Tuesday - October 2, 1979

CASE 6644: (Continued from September 19, 1979, Examiner Hearing)

Application of Tenneco Oil Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Fruitland and Pictured Cliffs production in the wellbores of its State K Com Well No. 12 located in Unit E of Section 16, Township 30 North, Range 9 West, and its Plorence Well No. 60R in Unit L of Section 1, Township 29 North, Range 9 West.

Application of Gifford, Mitchell & Wisenbaker for a unit agreement, Lea County, New Mexico CASE 6675: Applicant, in the above-styled cause, seeks approval for the Pawnee Unit Arca, comprising 3,840 acres, more or less, of State and federal lands in Township 26 South, Range 36 East.

CASE 6671: (Continued from September 19, 1979, Examiner licaring)

Application of Chapman and Schneider for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water in the Seven Rivers Reef formation in the open-hole interval from 3422 feet to 3504 feet in its I. B. Ogg "A" Well No. 3 located in Unit E of Section 35, Township 24 South, Range 36 East, Jalmat Pool.

Application of Doyle Hartman for an unorthodox well location and a non-standard proration unit, CASE 6676: Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre non-standard gas proration unit comprising the SW/4 NE/4 and SE/4 NW/4 of Section 36, Township 24 South, Range 36 East, Jaimat Gas Pool, to be dedicated to a well to be drilled at an unorthodox location 2310 feet from the North line and 1650 feet from the East line of said Section 36.

Application of Texas Pacific Oil Company, Inc. for downhole commingling, Lea County, New Mexico. CASE 6677: Applicant, in the above-styled cause, seeks approval for the downhole commingling of Arrowhead-Grayburg and Eumont production in the wellbore of its Elliott B-6 Well No. 1 located in Unit M of Section 6, Township 22 South, Range 37 East.

CASE 6678: Application of Texas Pacific Oil Company, Inc. for downhole commingling and a special casinghead gas allowable, Lea County, New Nexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinebry and Tubb production in the wellbore of its Eva Owens Well No. 1 located in Unit M of Section 25, Township 21 South, Range 37 East. Applicant further seeks an increase in the casinghead gas allowable for said we .

CASE 6660: (Continued from September 19, 1979, Examiner Hearing)

Application of B. & W. Oil Reclaiming for an oil treating plant permit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the NE/4 NE/4 NE/4 of Section 34, Township 18 South, Range 26 East.

CASE 6679: Application of El Paso Natural Gas Company for a gas storage unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Washington Ranch Morrow Unit Area comprising the Morrow formation and the first 100 feet immediately above and below said formation underlying all or parts of Sections 21 thru 23, 26 thru 29, and 32 thru 36, Township 25 South, Range 24 East; Sections 1 thru 5 and 9 thru 14, Township 26 South, Range 24 East; and Sections 6, 7, and 18, Township 26 South, Range 25 East, Washington Ranch-Morrow Gas Pool, Eddy County, New Mexico. Said unit area would be for the purpose of conducting a gas storage project and would comprise 12,158 acres, more or less, of State, federal and fee lands.

CASE 6630: (Continued from August 22, 1979, Examiner Hearing)

Application of El Paso Natural Gas Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Basin-Dakota and BS Mesa-Gallup production in the wellbore of its San Juan 27-4 Unit Well No. 37 located in Unit N of Section 33, Township 27 North, Range 4 West.

- CASE 6680: Application of Robert C. Anderson for surface commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the surface commingling of all production from his Ute Mountain Ute Lease, Wells Nos. 1, 3 and 4, located in Section 14, Township 31 North, Range 16 West.
- CASE 6681: Application of Yates Petroleum Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Wolfcamp-Mississippian test well to be located 660 feet from the South line and 1100 feet from the West line of Section 31, Township 18 South, Range 26 East, the S/2 of said Section 31 to be dedicated to the well.

CAMPBELL AND BLACK. P.A. LAWYERS BEFORE EXAMPLER STANTTS JACK N. CAMPBELL OIL CORPUTATION OST OFFICE BOX 2208 BRUCE D. BLACK JEFFERSON PLACE MICHAEL B. CAMPBELL WILLIAM F. CARR PAUL R. CALDWELL admints and seen toos 6 SANTA FE, NEW MEXICO 87501 CASE LOU TELEPHONE (BOB) 988-448 6678 Submitted by Hearing Date Oct. 2, 1979 September 21, 1979

Gulf Energy & Minerals Co. U.S.A. Box 670 Hobbs, New Mexico 88240

Gentlemen:

Enclosed is a copy of the Oil Conservation Division Docket for October 2, 1979. You may have an interest affected by Case No. 6678.

Very truly yours,

William F. Carr





LAWYERS

IACA M. CAMPBELL BRUCE D. BLACK MICHAEL B. CAMPBELL WILLIAM F. CARR PAUL R. CALDWELL POST OFFICE BOX 2208 JEFFERSON PLACE SANTA FE, NEW MEXICO 87501 TELEPHONE (608) 988-4421

September 21, 1979

Harper Oil Co. 904 Hightower Bldg. Oklahoma City, Oklahoma 73102

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LAWYER

ACN M. CAMPBELL HRUCE D. BLACK MICHAEL B. CAMPBELL WILLIAM F. CARR PAUL H. CALDWELL POST OFFICE BOX 2808 JEFFERSON PLACE SANTA FE, NEW MEXICO 87501 TELEPHONE (505) 988-4471

September 21, 1979

Petro-Lewis Corp. 1600 Broadway Denver, Colorado 80202

Gentlemen:

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Very truly yours,

William F. Carr

WFC:tn

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LAWYERS

DAUR M. CAMPBELL BRULL D. BLACK SUCHAL, B. CAMPBELL WILLIAM F. CARR PAUL R. CALDWELL POST OFFICE BOX 2208 JEFFERSON PLACE SANTA FE, NEW MEXICO 87501 TELEPHONE (806) 988-9421

September 21, 1979

Continental Oil Co. Box 460 Hobbs, New Mexico 88240

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Very truly yours,

William F. Carr

WFC:tn

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September 21, 1979

Amoco Production Co. Box 367 Andrews, Texas 79714

Gentlemen:

Enclosed is a copy of the Oil Conservation Division Docket for October 2, 1979. You may have an interest affected by Case No. 6678.

Very truly yours,

William F. Carr

WFC:tn ŝ INSURED FEES) following service is requested (check one) 79714 Amoco Production Co. ğ P08 5740090 TION: CERTIFIED NO. CONSULT POSTMASTER icle describe m 5740090 ote stems (c. day roar address in the Texas ğ ARTICLE ADDRESSED 3. ANTICLE DEACHI Indrews Box 367 Add have receiv GNATURE **NDDRESS** . _ . PS Form 3811, Aug. 1878 RETURN RECEIPT, REGISTERED, INSURED A

LAWYERS

JACK M. CAMPBELL BRUCE D. BLACK NICHAEL B. CAMPBELL WILLIAM F. CARR PAUL R. CALDWELL POST OFFICE BOX 8208 JEFFERSON PLACE SANTA FE, NEW MEXICO 87501 TELEPHONE (508) 988-4421

September 21, 1979

ARCO Box 1710 Hobbs, New Mexico 88240

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William F. Carr



LAWYERS

JAI K M. CAMPBELL BRUCE D. BLACK MICHAEL B. CAMPBELL WILLIAM F. CARR PAUL R. CALDWELL

BEFORE EXAMINER STAMETS	
OIL CONDENSATION DIVISION	POST OFFICE BOX 2208
CONTRACTOR .	JEFFERSON PLACE
Fur SERVER BUSIES (S. 1997)	NTA FE, NEW MEXICO 87501
CASE L'ON	TELEPHONE (606) 988-4481
Submitted by	
Hearing Date	
September	21, 1979

Gulf Energy & Minerals Co. U.S.A. Box 670 Hobbs, New Mexico 88240

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William F. Carr



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IACK M. CAMPBELL BRICE D. BLACK MICHAEL B. CAMPBELL WILLIAM F. CARR PAUL R. CALDWELL POST OFFICE BOX 8808 JEFFERSON PLACE SANTA FE, NEW MEXICO 87501 TELEPHONE (508) 888-4481

September 21, 1979

Harper Oil Co. 904 Hightower Bldg. Oklahoma City, Oklahoma 73102

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LAWYERS

JACK M. CAMPBELL BRUCE D. BLACK MICHAEL B. CAMPBELL WILLIAM F. CARR PAUL R. CALDWELL POST OFFICE BOX 2208 JEFFERBON PLACE SANTA FE, NEW MEXICO 87501 TELEPHONE (508) 988-4481

September 21, 1979

Petro-Lewis Corp. 1600 Broadway Denver, Colorado 80202

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September 21, 1979

Continental 011 Co. Box 460 Hobbs, New Mexico 88240

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P08 57 40093	SEVDER Complete items 1, 2, and 3. Add your address in the "RETUP reverse	The following service is requested (cheek) Show to whom and date delivered. Show to whom, date, and address of RESTRICTIED DELIVERY.	Show to whom and date delivered. RESTRICTED DELIVERY. Show to whom, date, and address of (CONSULT POSTMASTER FOI	AFTICLE ADDRESSED TO: Continental 011-Co	Mexico	ARTICLE DESCRIPTION: REGISTERED NO. CERTIFIED NO.	114		when or orthogram	ADDRESS (Complete any # requested	UNABLE TO DELIVER BECAUSE:	
•	PS Farm	3617, Aug. 1978		~	RETUR	ni ¥	T. REQ	BTERED, H		AND CERT	FIED MAR	

LAWYERS

MICH M. CAMPBELL SHIDLE D. BLACK MICHAEL B. CAMPBELL WITTAM F. CARR PAGE R. CALDWELL POST OFFICE BOX 2208 JEFFERSON PLACE SANTA FE, NEW MEXICO 87501 TELEPHONE (BOB) 008-4421

September 21, 1979

Amoco Production Co. Box 367 Andrews, Texas 79714

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RESTRICTED DELIVERY.
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LAWYERS

MCA M CAMPBELL BRUCE D BLACK MICHAEL B. CAMPBELL WILLIAM F CARR MAUL R. CALOWELL POST OFFICE BOX 2208 JEFFERBON PLACE SANTA FE, NEW MEXICO 87501 TELEPHONE (808) 988-4421

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ARCO Box 1710 Hobbs, New Mexico 88240

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September 17, 1979

Mr. Joe D. Ramey Division Director Oil Conservation Division New Mexico Department of Energy and Minerals Post Office Box 2088 Santa Fe, New Mexico 87501

> RE: Oil Conservation Division Case 6678: Application of Texas Pacific Oil Company, Inc. for Downhole Commingling and an increase in casinghead gas allowable, Lea County, New Mexico.

Dear Mr. Ramey:

Enclosed herewith, in triplicate, is an application of Texas Pacific Oil Company, Inc. The applicant requests that this case be set for the examiner's hearing scheduled to be held on October 2, 1979.

Very truly yours, Gast

William F. Carr

WFC:tn

Enclosure

cc: Texas Pacific Oil Company, Inc. c/o Mel Schroder Post Office Box 4067 Midland, Texas 79701

BEFORE THE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERCONSERVATION DIVISION SANTA FE

ECEIVED

SEP 1 9 197

CASE NO. 6678

IN THE MATTER OF THE APPLICATION OF TEXAS PACIFIC OIL COMPANY, INC. FOR DOWNHOLE COMMINGLING AND AN INCREASE IN CASINGHEAD GAS ALLOWABLE, LEA COUNTY, NEW MEXICO.

APPLICATION

Comes now, TEXAS PACIFIC OIL COMPANY, INC., by and through its undersigned attorneys, and hereby make application to the Oil Conservation Division for an order Downhole Commingling Blinebry and Tubb Production in its Eva Owens Well No. 1 and for assignment of a special casinghead gas allowable, Lea County, New Mexico, and in support thereof respectfully states:

> 1. Applicant is the operator of the Eva Owens Well No. 1 located 330 feet from the south and west lines of Section 25, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

> 2. Applicant proposes to downhole commingle in the wellbore of said well production from the Blinebry and Tubb Pools.

3. That following said commingling said well would be subject to the GOR limit for the Tubb Pool.

4. Applicant therefore requests the assignment of a special casinghead gas allowable to enable it to recover its share of the oil and gas production from each commingled zone. 5. The assignment of a special casinghead gas allowable will be in the interest of conservation, the prevention of waste and the protection of correlative rights.

WHEREFORE, applicant requests that this matter be set for hearing before the Division's duly appointed examiner on October 2, 1979, that notice be given as required by law and the rules of the Commission and that, upon hearing, an order be entered granting this application.

2 -

Respectfully submitted,

CAMPBELL AND BLACK, P.A.

Βv am I

Attorneys for Applicant Post Office Box 2208 Santa Fe, New Mexico 87501

BEFORE THE



SANTA FE

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF TEXAS PACIFIC OIL COMPANY, INC. FOR DOWNHOLE COMMINGLING AND AN INCREASE IN CASINGHEAD GAS ALLOWABLE, LEA COUNTY, NEW MEXICO.

CASE NO. 6678

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3. That following said commingling said well would be subject to the GOR limit for the Tubb Pool.

4. Applicant therefore requests the assignment of a special casinghead gas allowable to enable it to re-cover its share of the oil and gas production from each commingled zone.

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2 -

Respectfully submitted, CAMPBELL AND BLACK, P.A.

By iam F

Attorneys for Applicant Post Office Box 2208 Santa Fe, New Mexico 87501

BEFORE THE

OIL CONSERVATION DIVISION

OIL CONSERVATION DIVISION ERALS SANTA FE

ECEIVED

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS SA

IN THE MATTER OF THE APPLICATION OF TEXAS PACIFIC OIL COMPANY, INC. FOR DOWNHOLE COMMINGLING AND AN INCREASE IN CASINGHEAD GAS ALLOWABLE, LEA COUNTY, NEW MEXICO.

CASE NO. 6678

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> Respectfully submitted, CAMPBELL AND BLACK, P.A.

By

William F. Carr Attorneys for Applicant Post Office Box 2208 Santa Fe, New Mexico 87501

STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

dr/

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

CASE NO.	6678	
Order No.	R-6156	

APPLICATION OF TEXAS PACIFIC OIL COMPANY, INC. FOR DOWNHOLE COMMINGLING AND A SPECIAL CASINGHEAD GAS ALLOWABLE, LEA COUNTY, NEW MEXICO.

> Anu ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 2 ___, at Santa Fe, New Mexico, before Examiner Richard L. Stamets 1979

NOW, on this _____day of __October , 19⁷⁹, 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, Texas Pacific Oil Company, Inc. , is
the owner and operator of the Eva Owens Well No. 1
located in Unit M of Section 25 , Township 21 South
Range 37 East , NMPM, Lea County, New Mexico.
(3) That the applicant seeks authority to commingle
Blinebry and Tubb production

within the wellbore of the above-described well, represented dismissed of Your part of this case See King (a) That the applicant further seeks an increase in the casinghead gas allowable for said well, and said portion of the case should be dismissed.

(4) That from the <u>Blinebry</u>zone, the subject well is capable of low marginal production only.

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

(f) 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) 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.

(*) 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 <u>Hobbs</u> 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, goperant and log percent of the commingled gas and oil production should be allocated to the Blinebry zone, and loperant and production to the Inspectively, percent of the commingled gas and oil production to the Tubb zone.

(ALTERNATE)

(9) 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 <u>Hobbs</u> district office of the Division and determine an allocation formula for each of the production zones.

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IT IS THEREFORE ORDERED:

(1) That the applicant, Texas Pacific Oil Company, Inc. , is hereby authorized to commingle Blinebry and Tubb _____production within the wellbore of the Eva Owens Well No. 1 , located in Unit M of Section 25, Township 21 South, Range 37 East County, New Mexico. NMPM, Lea_____ 3.79 (3) That the applicant shall consult with the Supervisor district office of the Division and of the Hobbs determine an allocation formula for the allocation of production to each zone in each of the subject wells. (ALTERNATE) (2) That <u>90 percent and 8/</u> percent of the commingled <u>gos and orl</u> respectively, production shall be allocated to the <u>Blinebry</u> zone and 10 percent and 19 percent percent of the commingled grand or

zone.

(3) That the operator of the subject well shall immediately notify the Division's <u>Hobbs</u> 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.

production shall be allocated to the Tubb

(5) (47) 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.

That the applicant is hereby authorized an increase in the casinghead

(4) Thut the complication of the application of the application of the special casing head gas allowable is breachy dismissied.

Memo From FLORENE DAVIDSON ADMINISTRATIVE SECRETARY Called in by Bill Carr 9/12/29 \mathcal{I}_{o} Repas Pacific Oil Co., Inc. Alownhole Commingling and Special Casinghead Itas Allowable Blineby and Jubb Eva Owens # 1-M 25-215-37E Increase in casinghead gas allowable

OIL CONSERVATION COMMISSION-SANTA FE