CASE 7062: EL PASO NATURAL GAS COMPANY FOR DOWNHOLE COMMINGLING, LEA COUNTY, NEW MEXICO

CASE NO.

7062

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

LARRY KEHOE
SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

November 26, 1980

Mr. David Burleson, Attorney
El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 79978

Re: CASE NO. 7062
ORDER NO. R-6527

Applicant:

El Paso Natural Gas Company

Dear Sir:

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

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD

Other

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 7062
Order No. R-6527

APPLICATION OF EL PASO NATURAL GAS
COMPANY FOR DOWNHOLE COMMINGLING,
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 29, 1980, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 25th day of November, 1980, 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, El Paso Natural Gas Company, is the owner and operator of the Carlson Federal Well No. 2, located in Unit N of Section 23, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico.

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

(4) That the vertical limits of the Jalmat Pool as defined by Order No. R-520, dated August 12, 1954, include the Tansill and Yates formations and all but the lowermost 100 feet of the Seven Rivers formation.

(5) That the vertical limits of the Langlie-Mattix Pool, as defined by said Order No. R-520, include the lowermost 100 feet of the Seven Rivers formation and all of the Queen formation.

(6) That there has been some disparity among some geologists as to the actual base of the Seven Rivers formation and the top of the Queen formation and hence as to the location of the 100-foot marker separating the Jalmat and Langlie-Mattix Pools.

(7) That as a result of this disparity, the subject well and certain other wells in the general area which are classified as Jalmat wells have perforations extending across the aforesaid 100-foot marker in the Seven Rivers formation into the upper portion of the Langlie-Mattix Pool.

(8) That such crossing over from one pool into the other in this case appears to be an unintentional error.

(9) That to rectify the aforesaid error would require workover operations on the subject well which would be expensive and might endanger the productivity of the subject well, and would actually serve no beneficial purpose, inasmuch as the production and reservoir characteristics of the perforations immediately above and below the 100-foot marker are quite similar.

(10) That a reasonable solution to the problem in this case is to authorize the commingling of Jalmat production with the production from the upper portion of the Langlie-Mattix Pool in the subject well.

(11) That such commingling will prevent waste and should not impair correlative rights and should be approved.

(12) That in order to allocate the commingled production to each of the commingled zones in the subject well, 86 percent of the commingled production should be allocated to the Jalmat zone, and 14 percent of the commingled production to the Langlie-Mattix zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, El Paso Natural Gas Company, is hereby authorized to commingle Jalmat and Upper Langlie-Mattix production within the wellbore of the Carlson Federal Well No. 2, located in Unit N of Section 23, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico.

(2) That 86 percent of the commingled production shall be allocated to the Jalmat zone and 14 percent of the commingled production shall be allocated to the Langlie-Mattix zone.

(3) That the effective date of the aforesaid commingling authority shall be the date the Carlson Federal Well No. 2 was perforated between 2948 feet and 3174 feet.

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

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

SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

JOE D. RAMEY
Director

fd/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
29 October 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of El Paso Natural Gas Company for downhole commingling, Lea County, New Mexico. CASE 7062

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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

For the Applicant: David T. Burleson, Esq.
El Paso Natural Gas Company
El Paso, Texas

I N D E X

PAUL W. BURCHELL

MR. NUTTER: Call Case Number 7062.

MR. PEARCE: Application of El Paso Natural Gas Company for downhole commingling, Lea County, New Mexico.

MR. BURLESON: David T. Burleson, in association with the law firm of Montgomery and Andrews.

(Witness sworn.)

PAUL W. BURCHELL

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

DIRECT EXAMINATION

BY MR. BURLESON:

Q Will you please state your name and where you reside?

A My name is Paul W. Burchell and I reside in El Paso, Texas.

Q By whom are you employed and in what capacity?

A I am employed by the El Paso Natural Gas Company and in the capacity of Senior Proration Engineer.

Q As a proration engineer have you pre-

viously testified before this Division or one of its Examiners?

A. Yes, I have.

Q. And your qualifications were accepted by the Division at those times?

A. Yes, they were.

Q. Are you familiar with the application in this case?

A. Yes, I am.

MR. BURLESON: Are the witness' qualifications acceptable to the Division?

MR. NUTTER: Yes, they are.

Q. Mr. Burchell, who is the operator of the well which is the subject of this case?

A. El Paso Natural Gas is the operator.

Q. What is El Paso seeking in this case?

A. El Paso is seeking to downhole commingle production of the Jalmat Gas Pool with production from the Langlie Mattix Pool and produce this gas through one meter in its Carlson Federal No. 2 Well.

This well is located in Unit N of Section 23, Township 25 South, Range 37 East, Lea County, New Mexico.

This well presently produces from both these formations as a single completion. El Paso proposes that the allocation of gas and fluid to each of these forma-

tions, and it will be explained to you in such a manner later on in my testimony.

Q How long has this well been producing from what is now found to be two separate formations?

A This well was originally perforated, I believe, back around 1954 or 55, in a gross interval in 2350 feet to 2406 feet, which was entirely in the Jalmat Gas Pool.

Then, in 1976 El Paso Natural Gas reworked the well and additional perforations were made from a gross interval of 3098 feet to 3174 feet, which overlapped into the Langlie Mattix Pool.

Therefor, this well has been producing commingled gas and liquids from both of these pools since 1976.

MR. NUTTER: Do you have exhibits which show these perforation intervals, and so forth, Mr. Burchell?

A No, I did not prepare an exhibit.

MR. NUTTER: Okay, I'm going to have to take some notes, then.

A Okay.

MR. NUTTER: You'll have to repeat some of that. You don't have to take all of this, Sally.

(Thereupon the following was off the record.)

MR. NUTTER: Back on the record.

A. Then, of course, the New Mexico Oil Conservation Division recently reviewed the wells in these pools and found approximately fifty wells crossing the vertical pool boundaries, and the Carlson Federal No. 2, of course, was one of them.

Q. Mr. Burchell, would you want to deal with the Examiner's question with respect to the producing characteristics of both zones prior to the time that the well was reworked at this time?

A. I think when we get to the question of discussing production here, then I can go into that.

Q. Okay. Why is El Paso asking for this permission to continue to downhole commingle?

A. Downhole commingling is considered by El Paso the most economic and conservative method to undertake due to the very low productivity of both zones and due to the high cost of dualing the well.

Q. How much would you estimate it would cost to re-enter the well and to complete it as a dual well?

A. It would cost approximately $35,465, and this would include a necessary pump and associated equipment.

Q. What are the producing characteristics

of the -- of this well at the present time?

A. At the present time, Mr. Examiner, let's say as of September, 1980, the combined production from the well from both zones was 20 Mcf per day and it's making about 1/2 barrel of oil per day and around 2 barrels of water per day.

The well averaged for the year of 1980 up to September, it was averaging around 27 Mcf per day, and it is classified as marginal.

On July the 15th, 1980, the well was approved as a stripper well by the USGS for NGPA purposes.

Now, to go back to the -- to the time when the workover was completed, if my memory is correct, I think the well was making somewhere around 60 Mcf of gas per day from the upper set of perfs and there was no surface separation for fluids, so I cannot tell you what the well was making in oil or water prior to the workover.

Then after the workover the well was making something slightly increased, around 80 Mcf of gas per day, and it's been decreasing down to the present time of 20.

Q. Mr. Burchell, what advantage would there be in continuing to commingle the well in both zones?

A. Well, really, there are three main advantages with this well.

First, it is believed by commingling the small volume of gas, neither formation would have to be prematurely abandoned. Based upon the extrapolation of State tests, it is estimated that the Jalmat has around 219.7 million cubic feet of remaining gas reserves, and the Langlie Mattix has about 35.1 million cubic feet, and both of these figures are based on a January 1, 1980, date.

It is believed that these reserves can be recovered through commingling.

Now the second advantage, of course, is saving the $35,000+ by not dually completing the existing wells, and besides the better economics, the third advantage would be the efficiency in production whereby a large volume of gas is -- a larger volume of gas will be available to help lift the liquids.

Q. If Division approval is granted, do you propose a formula by which the gas and liquid production can be apportioned as between the two pools?

A. Yes. What I would like to do is base it on my prior testimony related to the remaining reserves in each pool.

It is recommended that 86 percent of the well's gas and liquid production be attributed to the Jalmat Pool, and 14 percent to the Langlie Mattix Pool.

Q Mr. Burchell, is the nature of ownership common as between the two zones which would be commingled?

A Yes, they are.

Q In your opinion would the granting of this application protect correlative rights and prevent waste?

A Yes, it would.

Q Do you have anything further to present in this case?

A No, I do not.

MR. BURLESON: Mr. Examiner, this completes our direct examination.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Burchell, how did you calculate the 219 million cubic feet of remaining reserves in the Jalmat and 35.1 million in the Langlie Mattix?

A The -- it is on the extrapolation of all the State tests prior to the workover, gave me the first figure, and then the -- after the well was completed it increased from 219 to 254-something, so the difference I attributed to the lower perforations.

Q Now you said before the workover it apparently wasn't making any liquids because you didn't have

any surface --

A. Right.

Q. -- separation facilities out there.

A. Right.

Q. When were those surface separation facilities installed, then?

A. Apparently right after it was worked over.

Q. So you got down into the Langlie Mattix and started making oil, then.

A. Yes, and whether it made oil and water prior to that, I just can't answer that.

Q. Well, if the -- I think the answer itself is obvious, it didn't, or you'd have had surface separation facilities, wouldn't you?

A. Yes, if it was a lot, yes.

Q. Almost any you'd have to separate it out. What kind of a gas pipeline did it go into?

A. I'm not sure about that, Mr. Examiner.

Q. You don't know how much liquid it made, though, on recompletion?

A. It was more than a half barrel a day at first.

Q. Do you know what the cumulative liquid

production or hydrocarbon production has been from the well?

A. Let's see, I think I did have that down somewnere. On, yes, as of January the 1st, 1980, the oil had a cumulative production of 2185 barrels, and for the year of 1979 it made 68 barrels of oil and 720 barrels of water.

Q. So its cumulative oil is only 200 barrels and presumably that would have all been made since the new perrorations were opened in 1976.

A. Yes, sir. Yes, that is from 1976.

Q. So I suppose it would be reasonable on the allocation, if your figures are correct of 86 percent of the gas to the Jalmat and 14 percent to the Langlie Mattix, to attribute all of the liquid production to the Langlie Mattix.

A. It would seem to be most reasonable.

MR. NUTTER: Are there any other questions of Mr. Burchell? He may be excused.

Do you have anything further, Mr. Burleson?

MR. BURLESON: No, sir.

MR. NUTTER: Does anyone have anything they wish to offer in Case Number 7062?

We'll take the case under advisement.

(Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil 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.

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. 2062 heard by me on 10/29 1962.

, Examiner
Oil Conservation Division

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
29 October 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of El Paso Natural Gas Company for downhole commingling, Lea County, New Mexico.

CASE 7062

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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

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I N D E X

PAUL W. BURCHELL

MR. NUTTER: Call Case Number 7062.

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MR. BURLESON: David T. Burleson, in association with the law firm of Montgomery and Andrews.

(Witness sworn.)

PAUL W. BURCHELL

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Q. -- separation facilities out there.

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A. Yes, sir. Yes, that is from 1976.

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A. It would seem to be most reasonable.

MR. NUTTER: Are there any other questions of Mr. Burchell? He may be excused.

Do you have anything further, Mr. Burleson?

MR. BURLESON: No, sir.

MR. NUTTER: Does anyone have anything they wish to offer in Case Number 7062?

We'll take the case under advisement.

(Hearing concluded.)

CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing 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.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7062, heard by me on 10/29, 1980.

Examiner
Oil Conservation Division

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

EP Carlson Fed #2

1954 Orig perfs 2350 to 2406' Jalmat only
pool boundary

'76 new perfs 3098' to 3174' into Langlie Mattix

cost 35465 to dually comp

~~current 20 MCF/day ½ BOPD ½ BWPD~~

1980 20 MCF/day

July approved as NGPA stripper

60 MCF/day from upper perfs prior to workover - no surf sep facilities

made about 80 after WO.

decreased down to present 20

est remaining reserves: 219 MM remaining gas Jalmat
351 MM cuft Langlie Mattix

suggested fla for allocation based on remaining reserves
86% to Jalmat
14% to Langlie Mattix

as of 1-1-80 cum oil 2,185 barrels
yr 79: 68 barrels 720 bbls wtr

alloc all hydrocarbon liquids to LM

J. O. SETH (1883-1963)

A. K. MONTGOMERY
FRANK ANDREWS
SETH D. MONTGOMERY
FRANK ANDREWS III
OWEN M. LOPEZ
VICTOR R. ORTEGA
JOHN B. POUND
GARY R. KILPATRIC
THOMAS W. OLSON
BRUCE L. HERR
MICHAEL W. BRENNAN
ROBERT P. WORCESTER
JOHN B. DRAPER
NANCY M. ANDERSON
RUDOLPH B. SACKS, JR.
W. CLINT PARSLEY
JANET McL. McKAY
EDWARD F. MITCHELL III

MONTGOMERY & ANDREWS
PROFESSIONAL ASSOCIATION
ATTORNEYS AND COUNSELORS AT LAW
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SANTA FE, NEW MEXICO 87501

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ALBUQUERQUE OFFICE
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4TH AND GOLD AVENUE, S.W.
POST OFFICE BOX 1398
ALBUQUERQUE, NEW MEXICO 87103

TELEPHONE 505-243-3733

October 28, 1980

New Mexico Energy and
Minerals Department
Oil Conservation Division
Land Office Building
Santa Fe, New Mexico 87503

Re: NMOCD Case No. 7062 - Application of El Paso Natural Gas Company for Downhole Commingling, Lea County, New Mexico

Gentlemen:

Please be advised that David T. Burleson of the office of General Counsel of El Paso Natural Gas Company, El Paso, Texas, is associated with our firm for the presentation of evidence and argument in the above-referenced case.

Sincerely,

Owen M. Lopez

OML:to

Docket No. 34-80

Dockets Nos. 36-80 and 37-80 are tentatively set for November 12 and 25, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 29, 1980

9 A.M. - OIL CONSERVATION DIVISION 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:

CASE 7055: (This case will be continued to the November 25 hearing.)

Application of Union Oil Company of California for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Eaves-Lea Unit Area, comprising 2209 acres, more or less, of State and Federal lands in Township 21 South, Ranges 32 and 33 East.

CASE 7056: Application of Getty Oil Company for the extension of vertical limits of the Langlie Mattix Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Jalmat Pool and the upward extension of the vertical limits of the Langlie Mattix Pool to a depth of 3540 feet, subsurface, under the NW/4 SW/4 of Section 3, Township 24 South, Range 36 East.

CASE 7057: Application of Doyle Hartman for the extension of vertical limits of the Langlie Mattix Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Jalmat Pool and the upward extension of the vertical limits of the Langlie Mattix Pool to the following depths underlying the following 40-acre tracts in Township 24 South, Range 37 East: SE/4 SE/4 of Section 30: 3364 feet; NE/4 SE/4 of Section 30: 3389 feet; and SE/4 SW/4 of Section 20: 3390 feet.

CASE 7058: Application of Tenneco Oil & Cattle Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Jalmat and Langlie Mattix production in the wellbores of its Harrison Wells Nos. 1 and 2 located in Units A and H, respectively, and its Judy Well No. 1 located in Unit C, all in Section 7, Township 25 South, Range 37 East.

CASE 7059: Application of Gulf Oil Corporation for the extension of vertical limits of the Langlie Mattix Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Jalmat Pool and the upward extension of the vertical limits of the Langlie Mattix Pool to a depth of 3406 feet under the W/2 SW/4 of Section 30, Township 24 South, Range 37 East.

CASE 7060: Application of Mobil Producing Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Jalmat and Langlie Mattix production in the wellbores of its Humphrey Queen Unit Wells Nos. 13 in Unit I of Section 4 and 16 in Unit K of Section 3 and its Langlie Mattix Queen Unit Well No. 10 in Unit C of Section 15, all in Township 25 South, Range 37 East.

CASE 7061: Application of Bettis, Boyle & Stovall for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Jalmat and Langlie Mattix production in the wellbore of its Justis B Well No. 8 located in Unit G of Section 20, Township 25 South, Range 37 East.

CASE 7062: Application of El Paso Natural Gas Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Jalmat and Langlie Mattix production in the wellbore of its Carlson Federal Well No. 2 located in Unit N of Section 23, Township 25 South, Range 37 East.

CASE 7063: Application of Lewis Burleson for the extension of vertical limits of the Langlie Mattix Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Jalmat Pool and the upward extension of the vertical limits of the Langlie Mattix Pool to a depth of 3150 feet under the SE/4 NW/4 of Section 22, Township 25 South, Range 37 East.

CASE 7041: (Continued from October 8, 1980, Commission Hearing)

Application of John Yuronka for the extension of vertical limits of the Langlie Mattix Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Jalmat Pool and the upward extension of the vertical limits of the Langlie Mattix Pool to a depth of 3,408 feet, subsurface, under the NW/4 SW/4 of Section 17, Township 24 South, Range 37 East.

CASE 7064: Application of El Paso Natural Gas Company for an unorthodox location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the simultaneous dedication of a previously approved 440-acre proration unit comprising the S/2, S/2 NW/4, and NW/4 NW/4 of Section 33, Township 25 South, Range 37 East, Jalmat Gas Pool, to its Gregory Fed. Well No. 1 located in Unit J and its Gregory Fed. A Well No. 2, at an unorthodox location in the center of Unit L of said Section 33.

El Paso NATURAL GAS COMPANY

P. O. BOX 1492
EL PASO, TEXAS 79978
PHONE: 915-543-2600

August 26, 1980

Case 7062

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

El Paso Natural Gas Company respectfully requests a hearing be set before the Division or its designated examiner on September 17, 1980, if possible. El Paso seeks approval to downhole commingle production from the Jalmat Gas Pool with production from the Langlie-Mattix Pool in its Carlson Federal No. 2 Well. This well is located in Unit Letter N of Section 23, T25S-R37E, Lea County, New Mexico.

Very truly yours,

E. R. Manning

E. R. Manning

ERM/rv

cc: John F. Eichelmann, Jr.
David T. Burleson
L. G. Truby
Carl E. Matthews
W. D. Dawson
D. N. Canfield
R. H. Nordhausen
Dayne Adams

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. 7062

Order No. R-6527

APPLICATION OF EL PASO NATURAL GAS COMPANY

FOR DOWNHOLE COMMINGLING, LEA

COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 29, 19 80, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of _____, 19 80, 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, El Paso Natural Gas Company, is the owner and operator of the Carlson Federal Well No. 2, located in Unit N of Section 23, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico.

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

(4) That the vertical limits of the Jalmat Pool as defined by Order No. R-520, dated August 12, 1954, include the Tansill and Yates formations and all but the lowermost 100 feet of the Seven Rivers formation.

(5) That the vertical limits of the Langlie-Mattix Pool, as defined by said Order No. R-520, include the lowermost 100 feet of the Seven Rivers formation and all of the Queen formation.

(6) That there has been some disparity among some geologists as to the actual base of the Seven Rivers formation and the top of the Queen formation and hence as to the location of the 100-foot marker separating the Jalmat and Langlie Mattix pools.

(7) That as a result of this disparity, the subject well and certain other wells in the general area which are classified as Jalmat ~~Langlie Mattix~~ wells have perforations extending across the aforesaid 100-foot marker in the Seven Rivers formation into the upper portion of the Langlie-Mattix Pool.

(8) That such crossing over from one pool into the other in this case appears to be an unintentional error.

(9) That to rectify the aforesaid error would require workover operations on the subject well, which would be expensive and might endanger the productivity of the subject well, and would actually serve no beneficial purpose, inasmuch as the production and reservoir characteristics of the perforations immediately above and below the 100-foot marker are quite similar.

(10) That a reasonable solution to the problem in this case is to authorize the commingling of Jalmat production with the production from the upper portion ~~is to adjust the vertical limits~~ of the Langlie-Mattix Pool ~~upward to accommodate the present perforations in the lower Seven Rivers formation which are actually within the present Jalmat vertical limits.~~ in the subject well.

(11) That such commingling ~~adjustment~~ will prevent waste and should not impair correlative rights and should be approved.

(12) That in order to allocate the commingled production to each of the commingled zones in the subject well, 86 percent of the commingled _____ production should be allocated to the Jalmat zone, and 14 percent of the commingled _____ production to the Langlie Mattix zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, El Paso Natural Gas Company, is hereby authorized to commingle Jalmat and Langlie Mattix production within the wellbore of the Carlson Federal Well No. 2, located in Unit N of Section 23, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico.

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

~~(ALTERNATE)~~

(2) That 86 percent of the commingled production shall be allocated to the Jalmat zone and 14 percent of the commingled production shall be allocated to the Langlie Mattix zone.

(2) That the effective date of the aforesaid ~~revision~~ commingling authority of the vertical limits of said pools shall be the date the Carlson Federal Well No. 2 was perforated between 2948 feet and 3174 feet.

(3) Jurisdiction.

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