

Entered August 31, 1976
JHR

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

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

CASE NO. 5706
Order No. R-5275

APPLICATION OF GULF OIL
CORPORATION FOR DOWNHOLE
COMMINGLING, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on July 7, 1976, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 31st day of August, 1976, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Gulf Oil Corporation, is the owner and operator of the William A. Ramsay (NCT-B) Well No. 6 located in Unit H of Section 25, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico.
- (3) That said well is presently completed in and producing from the Drinkard formation only.
- (4) That the applicant proposes to perforate said well to also produce from the Blinebry formation, and to commingle said Blinebry production with the Drinkard production in the wellbore of said well.
- (5) That from the Drinkard formation, said well is capable of marginal production only.
- (6) That it is expected that the Blinebry formation will be capable of marginal production only upon completion of said well in said formation.

(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 in the aforesaid well is expected to be 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 Commission 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 Commission 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, the operator, upon completion of the well, should consult with the supervisor of the Hobbs district office of the Commission to determine an allocation formula.

(11) That an administrative procedure should be established whereby additional wells may be completed in the manner described above on applicant's William A. Ramsay (NCT-B) Lease.

(12) That the authority for downhole commingling of production in the wellbore of the subject well or in wells approved by administrative procedure should be subject to rescission by the Secretary-Director of the Commission and the requirement for down-hole separation equipment in the event that high marginal or top allowable production is obtained or if reservoir pressures or other reservoir conditions are encountered which render down-hole commingling inadvisable.

IT IS THEREFORE ORDERED:

(1) That the applicant, Gulf Oil Corporation, is hereby authorized to commingle Blinebry and Drinkard production within the wellbore of its William A. Ramsay (NCT-B) Well No. 6, located in Unit H of Section 25, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico.

(2) That upon completion of said well to produce from both the Blinebry and Drinkard formations, the applicant shall consult with the supervisor of the Hobbs district office of the Commission to determine the proper formula for allocation of oil and gas production to each zone open in the well.

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

(4) That the Secretary-Director of the Commission may authorize the completion of other wells on applicant's William A. Ramsay (NCT-B) Lease, located in Section 25, Township 21 South, Range 36 East, NMPM, Lea County, New Mexico, in the manner described in Order No. (1) above and subject to the provisions of this order when the application for such commingling is filed in accordance with the applicable provisions of Rule 303 C 2 of the Commission Rules and Regulations.

(5) That the Secretary-Director of the Commission shall have authority to rescind downhole commingling authority for any well approved for such commingling by this order or pursuant to the provisions of Order No. (4) above in the event that high marginal or top allowable production is obtained or if reservoir pressures or other reservoir conditions are encountered which in his opinion render downhole commingling inadvisable.

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

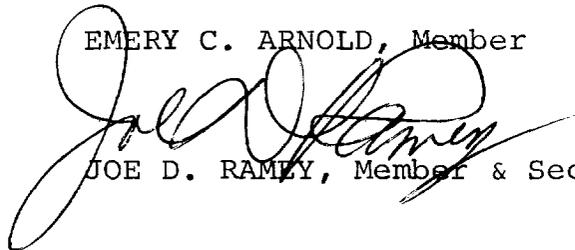
DONE at Santa Fe, New Mexico, on the day and year herein-above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



PHIL R. LUCERO, Chairman

EMERY C. ARNOLD, Member



JOE D. RAMLEY, Member & Secretary

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