

Entered March 8, 1978
JAR

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. 6165
Order No. R-5660

APPLICATION OF SHELL OIL COMPANY
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 February 22, 1978, at Santa Fe, New Mexico, before Examiner, Richard L. Stamets.

NOW, on this 8th day of March, 1978, 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, Shell Oil Company, is the owner and operator of the Shell State Section 2 Well No. 3, located in Unit U of Section 2, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks authority to commingle Drinkard, Hare-McKee and Brunson-Ellenburger production within the wellbore of the above-described well.

(4) That from each of said zones, the subject well is capable of low marginal production only.

(5) 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.

(6) 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.

(7) That to afford the Commission the opportunity to assess the potential for waste and to expeditiously order appropriate

-2-

Case No. 6165
Order No. R-5660

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.

(8) That in order to allocate the commingled production to each of the commingled zones in the well, applicant should consult with the supervisor of the Hobbs district office of the Commission and determine an allocation formula for each of the production zones.

IT IS THEREFORE ORDERED:

(1) That the applicant, Shell Oil Company, is hereby authorized to commingle Drinkard, Hare-McKee, and Brunson-Ellenburger production within the wellbore of the Shell State Section 2 Well No. 3, located in Unit U of Section 2, Township 21 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 Commission and determine an allocation formula for the allocation of production to each zone in the subject well.

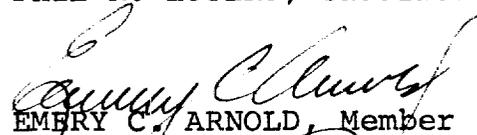
(3) That the operator of the subject well shall immediately notify the Commission's Hobbs district office any time the well has been shut-in for 7 consecutive days and shall concurrently present, to the Commission, a plan for remedial action.

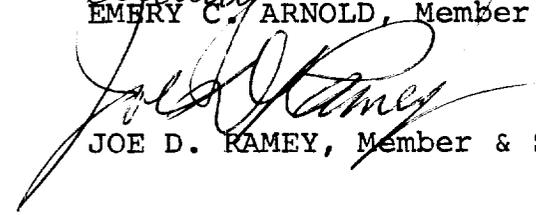
(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman


EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

S E A L

jr/