

Entered February 16, 1984

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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. 8055
Order No. R-7446

APPLICATION OF HANSON OPERATING
CORPORATION INC. FOR DOWNHOLE
COMMINGLING, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on February 15, 1984, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 15th day of February, 1984, 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, Hanson Operating Corporation Inc., is the owner and operator of the Gutman Well No. 7, located 810 feet from the North line and 880 feet from the West line of Section 19, Township 22 South, Range 38 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks authority to commingle Blinebry, Tubb, Drinkard and Granite Wash production within the wellbore of the above-described well.

(4) That the Blinebry, Tubb, and Drinkard zones are currently downhole commingled under authority granted by Division Order No. R-5240 and DHC-306.

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

(6) That the proposed commingling may result in the recovery of additional hydrocarbons from each of the subject

pools, thereby preventing waste, and will not violate correlative rights.

(7) That the reservoir characteristics of each of the subject zones are such that underground waste would not be caused by the proposed commingling provided that the well is not shut-in for an extended period.

(8) That to afford the 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.

(9) That the proposed commingling should not take place until the Granite Wash zone has been separately tested for a period of 90 days and actual or approved calculated bottomhole pressures have been obtained for the Granite Wash zone and the combined zones currently downhole commingled.

(10) That the proposed downhole commingling should not take place if the bottomhole pressures obtained vary by a factor greater than one.

(11) 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 Hobbs district office of the Division and determine an allocation formula for each of the production zones.

(12) That said Division Orders No. R-5240 and DHC-306 should be superceded.

IT IS THEREFORE ORDERED:

(1) That subject to the following provisions, the applicant, Hanson Operating Corporation, Inc. is hereby authorized to commingle Blinebry, Tubb, Drinkard and Granite Wash production within the wellbore of the Gutman Well No. 7, located 810 feet from the North line and 880 feet from the West line of Section 19, Township 22 South, Range 38 East, NMPM, Lea County, New Mexico.

PROVIDED HOWEVER, that prior to commingling, the Granite Wash zone shall be separately tested for a period of 90 days and that actual or approved calculated bottomhole pressures shall be obtained for the Granite Wash zone and the combined zones currently downhole commingled.

PROVIDED FURTHER, that the proposed downhole commingling shall not take place if the bottomhole pressures obtained vary by a factor greater than one.

(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 the subject well.

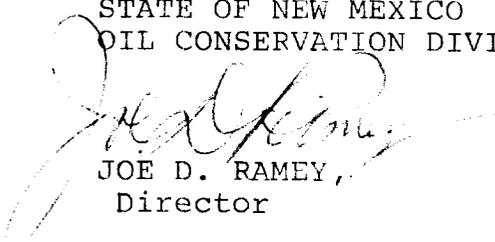
(3) That the operator of the subject well shall immediately notify the Division's Hobbs district office any time the well has been shut-in for 7 consecutive days and shall concurrently present, to the Division, a plan for remedial action.

(4) That Division Orders No. R-5240 and DHC-306 are hereby superceded.

(5) 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.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



JOE D. RAMEY,
Director

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