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RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

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JASON KELLAHIN (RETIRED 1991)

October 13, 1992

Mr. William J. LeMay
Oil Conservation Division
310 Old Santa Fe Trail, Room 219
Post Office Box 2088
Santa Fe, New Mexico 87501

HAND DELIVERED

Re: Application of Conoco, Inc.
for Downhole Commingling,
Lea County, New Mexico
Warren Unit No. 98 Well

RECEIVED

OCT 13 1992

OIL CONSERVATION DIVISION

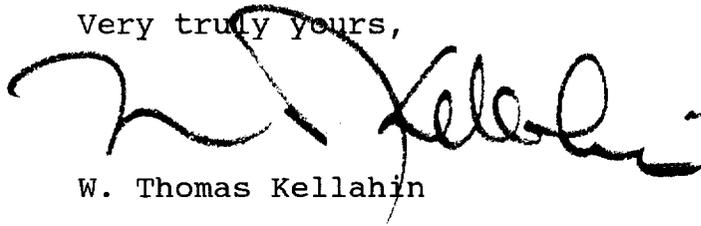
10596

Dear Mr. LeMay:

On behalf of Conoco, Inc., please find enclosed our application for downhole commingling for the referenced well which we request be set for hearing on the next available Examiner's docket now scheduled for November 5, 1992.

By copy of this letter, including the application, to all affected parties, we are notifying them by certified mail, return-receipt requested, that they have the right to appear at the hearing, to make a statement to the Division, to present evidence and cross-examine witnesses either in support of or in opposition to the application.

Very truly yours,



W. Thomas Kellahin

WTK/jcl
Enclosure

cc: Jerry Hoover - Conoco, Inc.

CERTIFIED MAIL - RETURN RECEIPT

To All Parties Entitled to Notice

ltr1013.089

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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

APPLICATION OF CONOCO INC.
FOR DOWNHOLE COMMINGLING
LEA COUNTY, NEW MEXICO.

CASE: 10596

A P P L I C A T I O N

Comes now CONOCO INC., by and through its attorneys Kellahin and Kellahin, and applies to the New Mexico Oil Conservation Division for approval to downhole commingle production from the Blinebry Oil & Gas Pool and the Warren Tubb Gas Pool in its Warren Unit No. 98 Well, located 660 feet FEL and 660 feet FNL, (Unit A) Section 28, Township 20 South, Range 38 East, NMPM, Lea County, New Mexico and in support thereof would state:

(1) Conoco Inc. is the operator of its Warren Unit No. 98 Well, located in Unit A, Section 28, T20S, R38E, NMPM, Lea County, New Mexico. See Exhibit "A."

(2) On October 10, 1991, the Well was first produced as a dually completed oil well in the Warren-Drinkard Pool and the Blinebry Oil & Gas Pool as shown on Exhibit "B."

(3) Upon depletion of the Drinkard production, Conoco plugged back and recompleted in the Tubb Gas Pool with the intent of dually producing the resulting Tubb oil completion with the Blinebry oil production. See Exhibit "C." However, the fracture stimulation of the Tubb zone communicated upward with the Blinebry.

(4) Applicant is unable to isolate production from the two pools in this wellbore and now seeks approval to produce the well as a downhole commingled oil-oil well between the Blinebry Oil & Gas Pool and the Warren-Tubb Gas Pool.

(5) The NE/4NE/4 of Section 28 currently is dedicated to the Blinebry Oil & Gas Pool production.

(6) Applicant proposes to dedicate the same 40-acre spacing and proration unit described in paragraph (5) above to production from the Warren-Tubb Gas Pool.

(7) Ownership within the NE/4NE/4 of Section 28 is common for both pools and the interests are dedicated to the Warren Unit operated by the Applicant. However, the spacing unit is dedicated to a Tubb participating area in the Unit as shown on Exhibit "D" which is different than

the Blinebry participating area as shown on Exhibit "E."
Therefore the interests are not common.

(8) Based upon current production data, Applicant anticipates that the commingled production will stabilize at the state wide gas-oil ratio of 2,000 to 1 or less as provided for in the Division General Rules and that the well will be classified as an oil well (50,000 cubic feet of gas per barrel of liquid hydrocarbons) in accordance with the Special Rules and Regulations for the Blinebry Oil and Gas Pool.

(9) In accordance with Division Rule 303-C-1.(b), the Applicant states and will demonstrate at hearing:

1. That the commingling is necessary because it is not possible to isolate the two pools in this well and it is otherwise uneconomic to plug the subject well and redrill it in order to isolate and separately produce production from each pool.

2. That there will be no crossflow between the two zones commingled.

3. Because of differences in the participating areas between the Tubb production and the Blinebry production within the Warren Unit, the ownership

within the proposed proration unit for each of the pools is not identical.

4. It is expected that the bottom hole pressure of the lower pressure zone is not less than 50 percent of the bottom hole pressure of the higher pressure zone adjusted to a common datum.

5. That the value of the commingled production will not be less than the sum of the values of the individual production.

(11) Applicant seeks the approval of an allocation formula for the equitable distribution of production between the two pools based upon analogy.

(12) Applicant requests that this matter be docketed for hearing on the Division's Examiner docket now scheduled for November 5, 1992.

(13) The subject spacing unit is located within the interior of the Warren Unit and is offset by spacing and proration units consisting of acreage dedicated to the Warren Unit. Therefore, no notification to offset operators is required by Division Rules.

(14) A copy of this application has been sent to all the owners of interests in the affected production within the Warren Unit.

(15) The Hobbs District Supervisor of the New Mexico Oil Conservation Division has given verbal approval to continue producing this well in its current commingled condition pending final action on this matter by the Division Director.

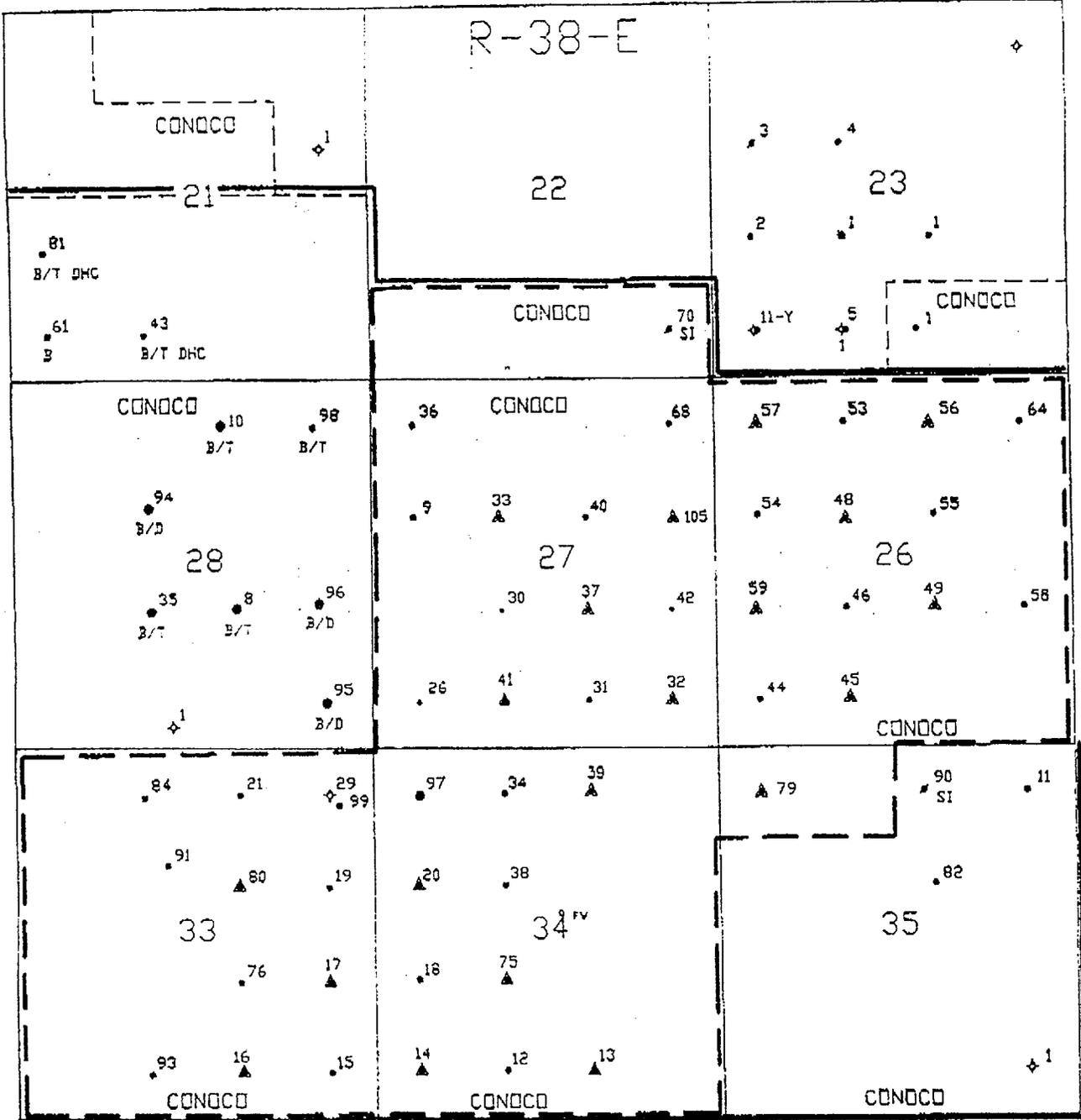
WHEREFORE Applicant requests that this matter be set for hearing on November 5, 1992 before a duly appointed Examiner of the Oil Conservation Division and that after notice and hearing as required by law, the Division enter its order granting this application.

Respectfully submitted,



W. Thomas Kellahin
KELLAHIN and KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87501
(505) 982-4285
Attorneys for Applicant

EXHIBIT "A"



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20
S



LEGEND

- WARREN UNIT BOUNDARY
- - - - - WARREN BLINEBRY-TUBB POOL AND WATERFLOOD BOUNDARY
- B/T BLINEBRY / TUBB DUAL COMPLETIONS
- B/D BLINEBRY / DRINKARD DUAL COMPLETIONS
- B BLINEBRY SINGLE COMPLETION
- B/T DHC BLINEBRY / TUBB DOWNHOLE COMMINGLED

| | | |
|--|--|------------------|
| E&P NA | | MIDLAND DIVISION |
| <p>WARREN UNIT</p> <p>LEA COUNTY, NEW MEXICO</p> <p style="text-align: center;">SCALE</p> | | |

REVISED: 10-7-92

PL1076

EXHIBIT "B"

ORIGINAL COMPLETION BLINEBRY/DRINKARD DUAL WARREN UNIT NO. 98

GLE. 3546'

KBE. 3563'

SURFACE CASING

9 5/8", 36#, K-55.
@ 1500'. TOC @ SURF

PRODUCTION CASING

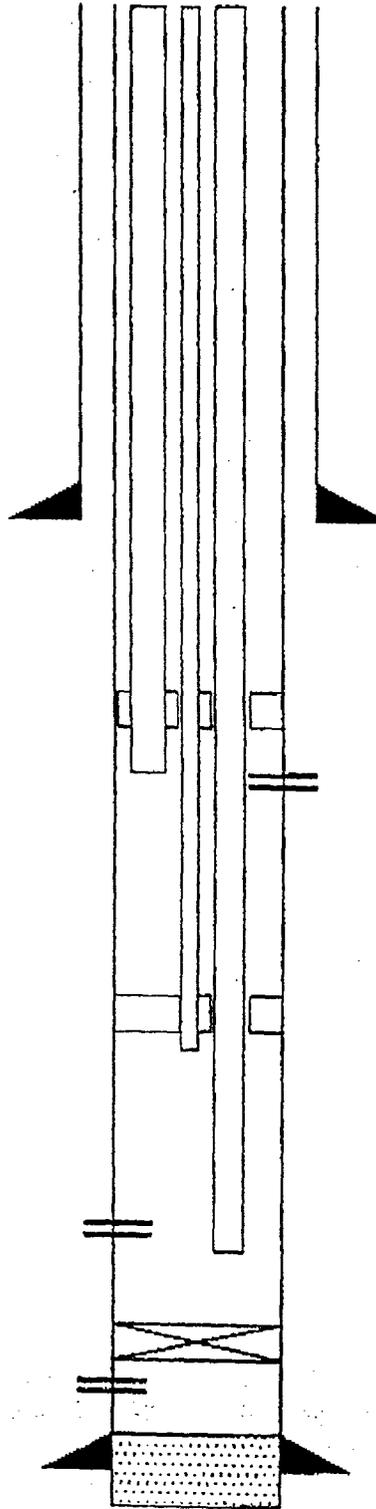
7", 26#, K-55. SET @ 7050'
TOC: 1600'

BLINEBRY TUBING: 2-3/8"
DRINKARD TUBING: 2-3/8"
DRINKARD VENT: 1"

DRINKARD perfs 1jspt
6804'-08', 6818'-34',
6838'-42', 6850'-59',

DRINKARD perfs 1jspt
6916'-23'

BY: J. MILLER



BLINEBRY perfs 1jspt
6154'-6216', 58'-70', 75'-86',
91'-94', 6300'-09', 13'-17',
34'-39', 46'-51', 54'-57',
61'-68', 73'-84'.

RBP @ 6905'

PBTD: 6905' (RBP)

TD: 7050'

DATE: 10-07-92

EXHIBIT "B"

PROPOSED COMPLETION BLINEBRY/TUBB DUAL WARREN UNIT NO. 98

GLE: 3546'

KBE: 3563'

SURFACE CASING

9 5/8", 36#, K-55,
@ 1500', TOC @ SURF

PRODUCTION CASING

7", 26#, K-55, SET @ 7050'
TOC: 1600'

BLINEBRY TUBING: 2-3/8"

TUBB TUBING: 2-3/8"

TUBB VENT: 1"

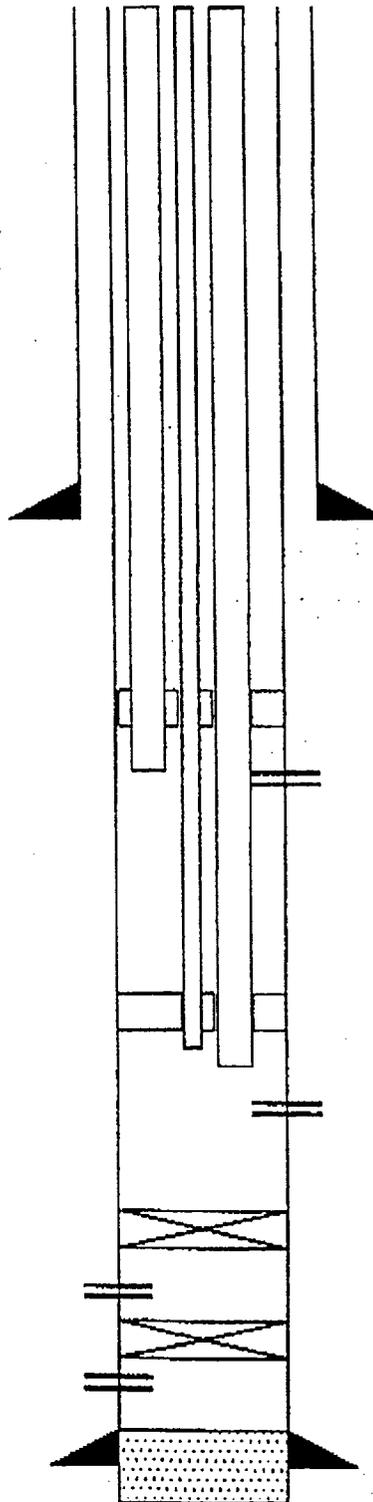
DRINKARD perfs 1jspf

6804'-08', 6818'-34',
6838'-42', 6850'-59',

DRINKARD perfs 1jspf

6915'-23'

BY: J. MILLER



BLINEBRY perfs 1jspf

5840'-43', 60'-62', 73'-76',
88'-91', 5920'-29', 43'-47',
66'-69', 75'-78', 89'-93',
5999'-6005', 13'-19', 54'-57',
61'-65', 68'-71', 93'-99',
6154'-6216', 58'-70', 75'-86',
91'-94', 6300'-09', 13'-17',
34'-39', 46'-51', 54'-57',
61'-68', 73'-84'.

TUBB perfs 2jspf

6456-63', 78'-81', 84'-87',
6497'-6501', 6514'-18',
31'-36', 45'-51', 60'-64',
70'-76', 81'-84', 6617'-24',
28'-31', 40'-46', 68'-74'.

CIBP @ 6800' W/ 2SX CMT

RSP @ 6905'

PBTD: 6800' (CIBP)

TD: 7050'

DATE: 10-07-92

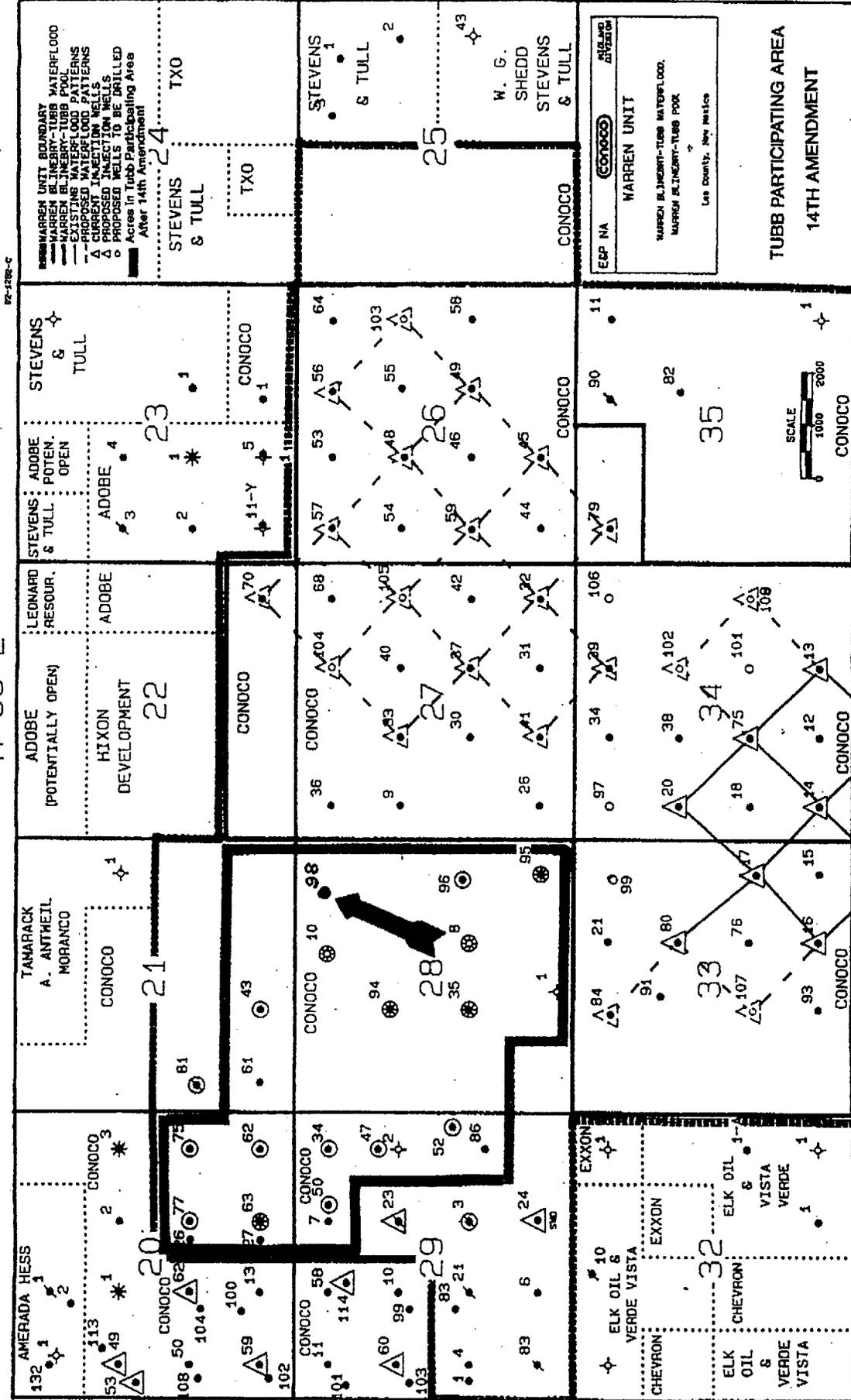
EXHIBIT "D"

T 20 S



EXHIBIT "D"

R-38-E



EXHIBIT

