

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. 9084
Order No. R-8406

APPLICATION OF ARCO OIL & GAS COMPANY
FOR DOWNHOLE COMMINGLING, LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 18, 1987, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 26th day of February, 1987, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, ARCO Oil & Gas Company, is the owner and operator of the State Y Well No. 3, located 330 feet from the North line and 1650 feet from the East line (Unit B) of Section 25, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) The applicant seeks authority to commingle Justis-Blinebry and Justis-Montoya Pool production within the wellbore of the above-described well.

(4) From both the Montoya and Blinebry zones, the subject well is capable of low marginal production only.

(5) The combined water production from the Montoya and Blinebry zones in the wellbore is currently more than is allowed by Division General Rule 303 (C).

(6) Testimony by the applicant at the hearing indicated that the well would be kept at pumped-off conditions at all times, thereby eliminating any risk of damage to the producing zones in the wellbore due to excessive water buildup.

(7) 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) 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.

(9) 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.

(10) In order to allocate the commingled production to each of the commingled zones in the subject well, eleven percent of the commingled oil production and seventy-eight percent of the commingled gas production should be allocated to the Blinebry zone, and eighty-nine percent of the commingled oil production and twenty-two percent of the commingled gas production should be allocated to the Montoya zone.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, ARCO Oil & Gas Company, is hereby authorized to commingle production from the Justis-Blinebry and Justis-Montoya Pools within the wellbore of the State Y Well No. 3, located 330 feet from the North line and 1650 feet from the East line (Unit B) of Section 25, Township 25 South, Range 37 East, NMPM, Lea County, New Mexico.

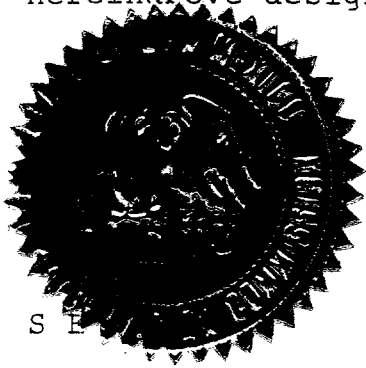
(2) Eleven percent of the commingled oil production and seventy-eight percent of the commingled gas production shall be allocated to the Blinebry zone and eighty-nine percent of the commingled oil production and twenty-two percent of the commingled gas production shall be allocated to the Montoya zone.

(3) 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) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

William J. Lemay
WILLIAM J. LEMAY
Director