



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
 OIL CONSERVATION DIVISION
 HOBBS DISTRICT OFFICE

6-13-87

POST OFFICE BOX 1980
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GARREY CARRUTHERS
 GOVERNOR

OIL CONSERVATION DIVISION
 P. O. BOX 2088
 SANTA FE, NEW MEXICO 87501

RE: Proposed:
 MC _____
 DHC _____
 NSL _____
 NSP _____
 SWD _____
 WFX _____
 PMX _____

over file? case 9164

Gentlemen:

I have examined the application for the:

Operator _____ *Lease # 2-21* *Unit* _____ *24-20-36*
 Operator Lease & Well No. Unit S-T-R

and my recommendations are as follows:

 Will require hearing _____

Yours very truly,

Jerry Sexton
 Jerry Sexton
 Supervisor, District 1

/ed

Chevron



Chevron U.S.A. Inc.
P.O. Box 670, Hobbs, NM 88240

June 25, 1987

Handwritten initials and date:
J.C.
7-2-87
M.C.

R. C. Anderson
Production Manager
Production Department
Oil & Gas

NMOCD DOCKET NO. 21-87
CASE NO. 9164
PHILLIPS PETROLEUM COMPANY
DOWNHOLE COMMINGLE APPLICATION
EUMONT QUEEN & EUNICE MONUMENT
GRAYBURG-SAN ANDRES PRODUCTION
IN THEIR NEW WELL NO. 2,
UNIT H, SECTION 26, T-20-S,
R-36-E, LEA COUNTY, NM

State of New Mexico
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504

Attn: Mr. William J. LeMay, Director

Gentlemen:

This letter is to inform the Oil Conservation Division that Chevron U.S.A. Inc. currently has no objection to Phillips' application in the subject Case No. 9164. However, we do suggest that a requirement of separately testing each zone on a periodic basis, as determined by the Commission, be incorporated in any Orders which may grant approval for Phillips to downhole commingle as advertised in Case No. 9164, Docket No. 21-87.

Chevron is making this request in view of the fact that Phillips' new Well No. 2, for which the downhole commingling application is being made, directly offsets Chevron's Eunice Monument South Unit waterflood project. This waterflood project is currently injecting into the Eunice Monument - Grayburg - San Andres zone. It is conceivable that as the waterflood matures and fill-up is achieved, pressuring-up of this zone may occur thus causing a possible cross-flow into the depleted Eumont gas zone. This could result in possible future waste of oil resources.

Your consideration of this request in making your final Orders in Case No. 9164, Docket No. 21-87 would be appreciated.

Yours very truly,

Handwritten signature of R. C. Anderson
R. C. ANDERSON

AWB-DBC/cjw

cc: Mr. Jerry Sexton
District 1 Supervisor
Oil Conservation Division
P.O. Box 1980
Hobbs, New Mexico 88240

Phillips Petroleum Company
4001 Penbrook
Odessa, Texas 79762