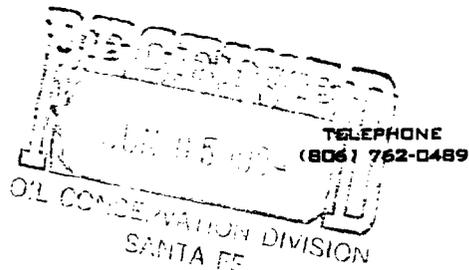


PETROLEUM GEOLOGIST
RESERVOIR ENGINEERING

JOHN C. BYERS
BYERS ENGINEERING CO.
LUBBOCK NATIONAL BANK BLDG.
SUITE 6E P. O. BOX 6308
LUBBOCK, TEXAS 79413

May 30, 1984



Bravo Energy, Inc.
P.O. Box 758
Hobbs, New Mexico 88240

Re: J. R. Cone #2 Eubanks Well
Unit L, Section 14, T21S R37E
Lea County, New Mexico
Application to Downhole
Commingle Production

Gentlemen:

As operator of the referenced well J. R. Cone has filed application with the Oil Conservation Division, Energy and Minerals Department, State of New Mexico for additional downhole commingling of production from the Drinkard formation, along with that previously approved for Blinebry and Tubb within the borehole of the referenced well. A copy of this application is attached hereto for your convenience.

The J. R. Cone #2 Eubanks produced Drinkard oil from May of 1949 through March of 1964, at which time it was re-completed as a dual producer from the Drinkard and Tubb formations. Approval to downhole commingle production from the Blinebry and Tubb was approved by the Oil Conservation Division through it's order R5481, dated June 28, 1977. The well is now producing by flowing at marginal economic rates from these formations.

The plan for which this application is made provides for isolation and testing of the Drinkard formation, and subsequent to test commingle production from the Blinebry, Tubb and Drinkard within the borehole and produce all three formations by pumping.

In the event that you find no objection to this application, it will be sincerely appreciated if you will so indicate in the space provided below, and forward one copy each of this waiver to the Oil Conservation Commission, State of New Mexico, and to J. R. Cone in Lubbock, through the self addressed envelopes provided herewith.

Bravo Energy, Inc.
Page Two

Your consideration and attention to this request is
sincerely appreciated.

Yours very truly,


John C. Byers

JCB:bp

Encls.

Bravo Energy Inc
Company Name

Kel McGowan
Approved By:

6-1-84
Date

PETROLEUM GEOLOGIST
RESERVOIR ENGINEERING

JOHN C. BYERS
BYERS ENGINEERING CO.
LUBBOCK NATIONAL BANK BLDG.
SUITE 6E P. O. BOX 6308
LUBBOCK, TEXAS 79413

TELEPHONE
(806) 762-0489

May 30, 1984

Shell Oil Corporation
Woodcreek #4434
P.O. Box 991
Houston, Texas 77001

Attention: Production Administration

Re: J. R. Cone #2 Eubanks Well
Unit L, Section 14 T21S R37E
Lea County, New Mexico
Application to Downhole
Commingle Production

Gentlemen:

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Shell Oil Corporation
Page Two

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sincerely appreciated.

Yours very truly,


John C. Byers

JCB:bp

Encls.

Company Name

Approved By:

Date

PETROLEUM GEOLOGIST
RESERVOIR ENGINEERING

JOHN C. BYERS
BYERS ENGINEERING CO.
LUBBOCK NATIONAL BANK BLDG.
SUITE 6E P. O. BOX 6308
LUBBOCK, TEXAS 79413

TELEPHONE
(806) 762-0489

May 30, 1984

Gulf Oil Corporation
P.O. Box 1150
Midland, Texas 79702

Attention: Production Manager

Re: J. R. Cone #2 Eubanks Well
Unit L, Section 14, T21S R37E
Lea County, New Mexico
Application to Downhole
Commingle Production

Gentlemen:

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Gulf Oil Corporation
Page Two

Your consideration and attention to this request is
sincerely appreciated.

Yours very truly,


John C. Byers

JCB:bp

Encls..

Company Name

Approved By:

Date

PETROLEUM GEOLOGIST
RESERVOIR ENGINEERING

JOHN C. BYERS
BYERS ENGINEERING CO.
LUBBOCK NATIONAL BANK BLDG.
SUITE 6E P. O. BOX 6308
LUBBOCK, TEXAS 79413

TELEPHONE
(806) 762-0489

May 30, 1984

Getty Oil Company
Two Midland National Bank Center
Midland, Texas 79701

Re: J. R. Cone #2 Eubanks Well
Unit L, Section 14, T21S R37E
Lea County, New Mexico
Application to Downhole
Commingle Production

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Getty Oil Company
Page Two

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sincerely appreciated.

Yours very truly,


John C. Byers

JCB:bp

Encls.

Company Name

Approved By:

Date

PETROLEUM GEOLOGIST
RESERVOIR ENGINEERING

JOHN C. BYERS
BYERS ENGINEERING CO.
LUBBOCK NATIONAL BANK BLDG.
SUITE 6E P. O. BOX 6308
LUBBOCK, TEXAS 79413

TELEPHONE
(806) 762-0489

May 30, 1984

Marathon Oil Company
P.O. Box 2409
Hobbs, New Mexico 88240

Attention: Production Supervisor

Re: J. R. Cone #2 Eubanks Well
Unit L, Section 14, T21S R37E
Lea County, New Mexico
Application to Downhole
Commingle Production

Gentlemen:

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Marathan Oil Company
Page Two

Your consideration and attention to this request is
sincerely appreciated.

Yours very truly,


John C. Byers

JCB:bp

Encls.

Company Name

Approved By:

Date

PETROLEUM GEOLOGIST
RESERVOIR ENGINEERING

JOHN C. BYERS
BYERS ENGINEERING CO.
LUBBOCK NATIONAL BANK BLDG.
SUITE 6E P. O. BOX 6308
LUBBOCK, TEXAS 79413

TELEPHONE
(806) 762-0489

May 30, 1984

ARCO
P.O. Box 1610
Midland, Texas 79702

Attention: Production Supervisor

Re: J. R. Cone #2 Eubanks Well
Unit L, Section 14, T21S R37E
Lea County, New Mexico
Application to Downhole
Commingle Production

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ARCO
Page Two

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Yours very truly,


John C. Byers

JCB:bp

Encls.

Company Name

Approved By:

Date

PETROLEUM GEOLOGIST
RESERVOIR ENGINEERING

JOHN C. BYERS
BYERS ENGINEERING CO.
LUBBOCK NATIONAL BANK BLDG.
SUITE 6E P. O. BOX 6308
LUBBOCK, TEXAS 79413

TELEPHONE
(806) 762-0489

May 30, 1984

Marathon Oil Company
P.O. Box 2409
Hobbs, New Mexico 88240

Attention: Production Supervisor

Re: J. R. Cone #2 Eubanks Well
Unit L, Section 14, T21S R37E
Lea County, New Mexico
Application to Downhole
Commingle Production

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Marathan Oil Company
Page Two

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Yours very truly,


John C. Byers

JCB:bp

Encls.

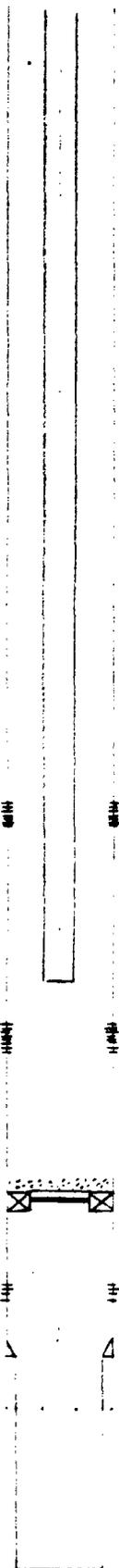
Marathan Oil Co
Company Name

John C. Byers - District Engineer
Approved By:

6/1/54
Date

J. R. CONE
Eubanks No 2
Unit L Sec 14 T21SR37E

Elevation 3422' DF
13 3/8" Csg @ 242' with 200 sax circulated
8 5/8" Csg @ 2791' with 1200 sax



Blinebry Oil/Gas Perfs 5672'-5984'

2 3/8" tubing @ 5984'

Tubb Oil/Gas Perfs 6055'-6230'

Baker Mod D retainer @ 6420' cap with 2 sax
cement

Drinkard Oil/Gas Perfs 6535'-6545'

5 1/2" csng @ 6567' with 500 sax, Top of
cement 3550'

Drinkard Oil/Gas open hole 6567'-6622'
17 4 3/4" hole

TD 6622'

OFFSET OPERATORS

EUBANKS #2 WELL

Bravo Energy, Inc.
P.O. Box 758
Hobbs, New Mexico 88240

Shell Oil Corporation
Attn: Production Administration
Woodcreek #4434
P.O. Box 991
Houston, Texas 77001

Gulf Oil Corporation
Attn: Production Manager
P.O. Box 1150
Midland, Texas 79702

Getty Oil Company
Two Midland National Bank Center
Midland, Texas 79701

Marathon Oil Company
Attn: Production Supervisor
P.O. Box 2409
Hobbs, New Mexico 88240

ARCO
Attn: Production Supervisor
P.O. Box 1610
Midland, Texas 79702

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

KELLAHIN and KELLAHIN
Attorneys at Law
El Patio - 117 North Guadalupe
Post Office Box 2265
Santa Fe, New Mexico 87504-2265

Telephone 982-4285
Area Code 505

June 4, 1984

Mr. Joe D. Ramey
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

"Hand Delivered"

Re: Administrative application for
Downhole Commingling
J. R. Cone #2 Eubanks Well
Unit L, Sec. 14, T21S, R37E
Lea County, New Mexico

RECEIVED

JUN - 5 1984

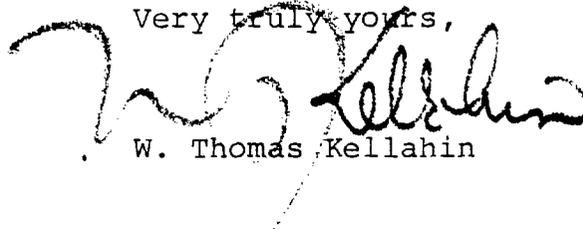
Dear Mr. Ramey:

OIL CONSERVATION DIVISION

On behalf of J. R. Cone, please find enclosed for administrative approval an original plus one copy of an application pursuant to Rule 303 for addition of the Drinkard formation as a downhole commingled formation to the previously approved DHC of the Blinberry and Tubb formations in the subject well.

Please call me if you have any questions.

Very truly yours,



W. Thomas Kellahin

WTK:ca
Enc.

cc: John C. Byers
Byers Engineering Company
P. O. Box 6308
Lubbock, Texas 79413

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

Form C-103
Revised 10-1-7

NO. OF COPIES RECEIVED		
DISTRIBUTION		
SANTA FE		
FILE		
U.S.G.S.		
LAND OFFICE		
OPERATOR		

5a. Indicate Type of Lease
State Fee

5. State Oil & Gas Lease No.
No

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT -" (FORM C-101) FOR SUCH PROPOSALS.)

1. OIL WELL GAS WELL OTHER

2. Name of Operator
J. R. Cone

3. Address of Operator
P.O. Box 10217, Lubbock, Texas 79408

4. Location of Well
UNIT LETTER L 1980 FEET FROM THE South LINE AND 660 FEET FROM
THE West LINE, SECTION 14 TOWNSHIP 21S RANGE 37E N.M.P.M.

7. Unit Agreement Name
No

8. Farm or Lease Name
Eubanks

9. Well No.
2

10. Field and Pool, or WHdcat
Blinebry & Tubb

15. Elevation (Show whether DF, RT, GR, etc.)
3422' DF

12. County
Lea

16. Check Appropriate Box To Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPWB. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	OTHER <u>Test added formation</u> <input type="checkbox"/>	CASING TEST AND CEMENT JOB <input type="checkbox"/>	OTHER <input type="checkbox"/>

17. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

This well produced from Drinkard Pool through Drinkard perms. 6535-6545 and open hole 6547'-6622' from 5/49 to 3/64. End prod. 3 barrels oil per day, GOR 7600/1. Currently producing from Blinebry and Tubb (commingled downhole by Order No. R-5481. Propose to kill Blinebry and Tubb with foam, remove Baker Model D retainer over Drinkard at 6420'. Run Baker production packer on 2 3/8" tubing to seat at 6400'+. Stimulate Drinkard with 500 gallons acid and peraffin solvent. Test Drinkard to stabilized rates compatible in pressure with Blinebry and Tubb. Remove production packer to commingle Blinebry, Tubb and Drinkard. Run 2 3/8" tubing to 6530', put on production with rod pump to produce Blinebry, Tubb and Drinkard.

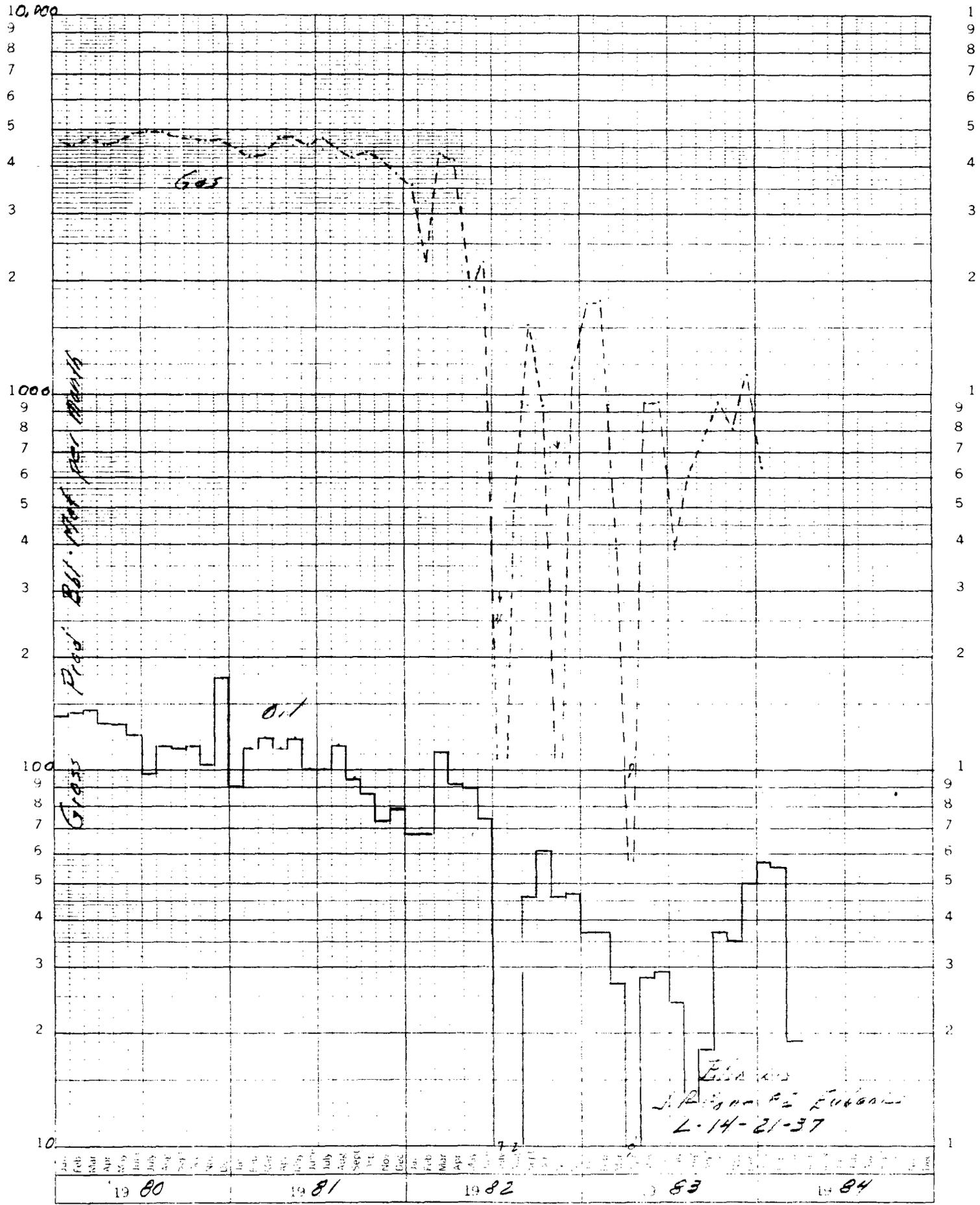
8. I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNED J. R. Cone TITLE Engineer DATE 5/11/84

APPROVED BY _____ TITLE _____ DATE _____

K-E 5 YEARS BY MONTHS X 3 LOG CYCLES
KEUFFEL & ESSER CO. MADE IN U.S.A.

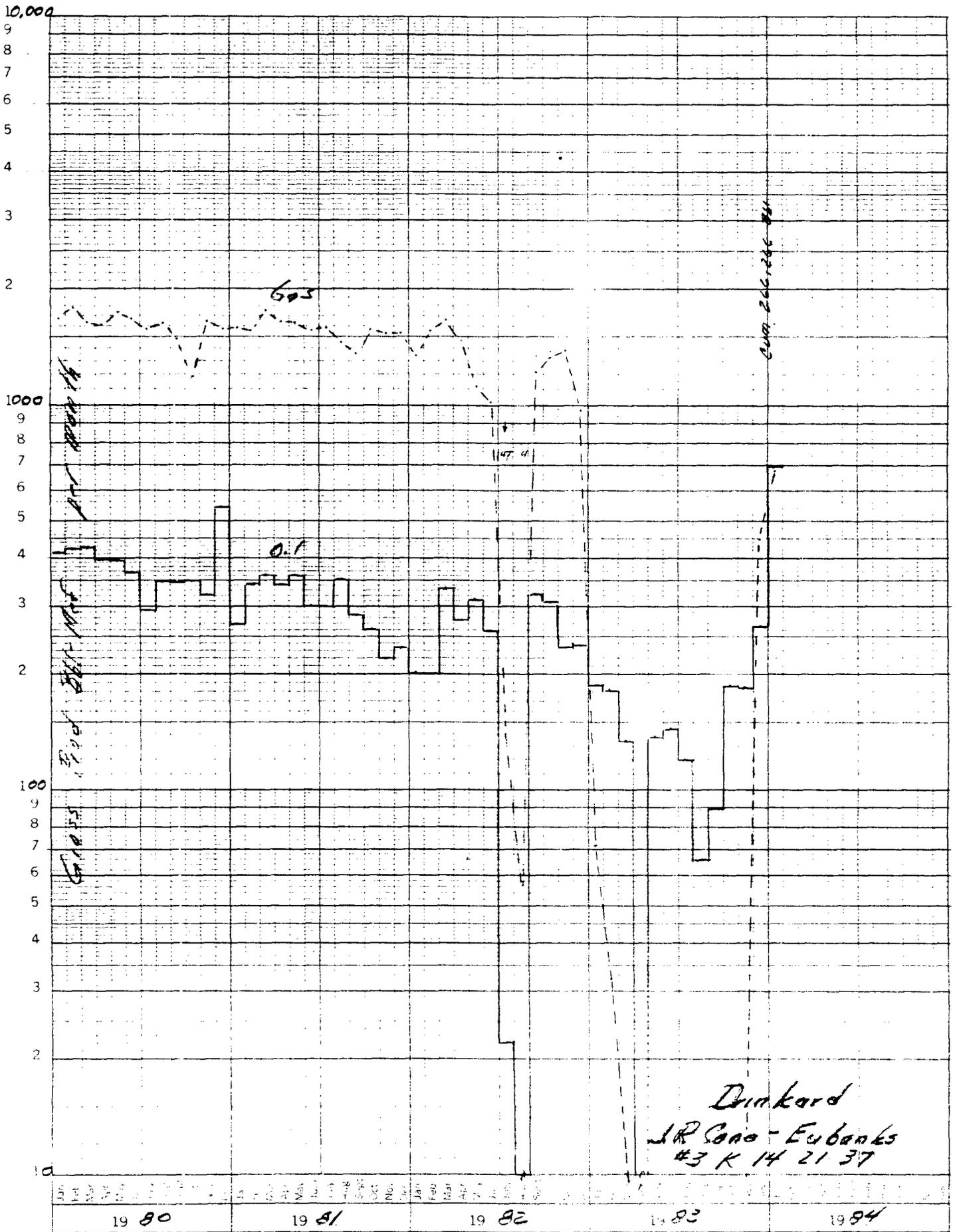
46 6690



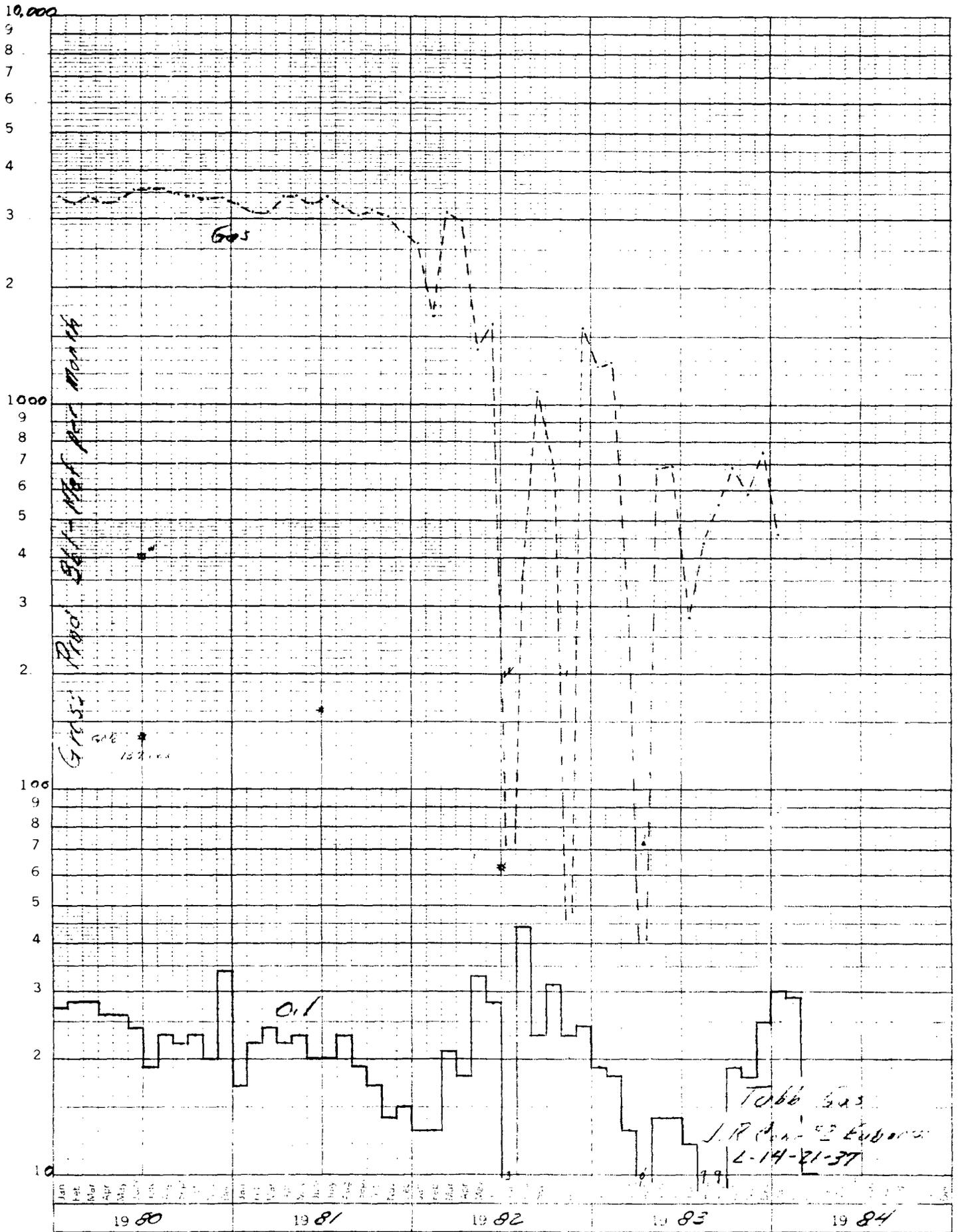
ILLEGIBLE

46 6690

K-E 5 YEARS BY MONTHS x 3 LOG CYCLES
KEUFFEL & ESSER CO. MADE IN U.S.A.



ILLEGIBLE



ILLEGIBLE

All distances must be from the outer boundaries of the Section.

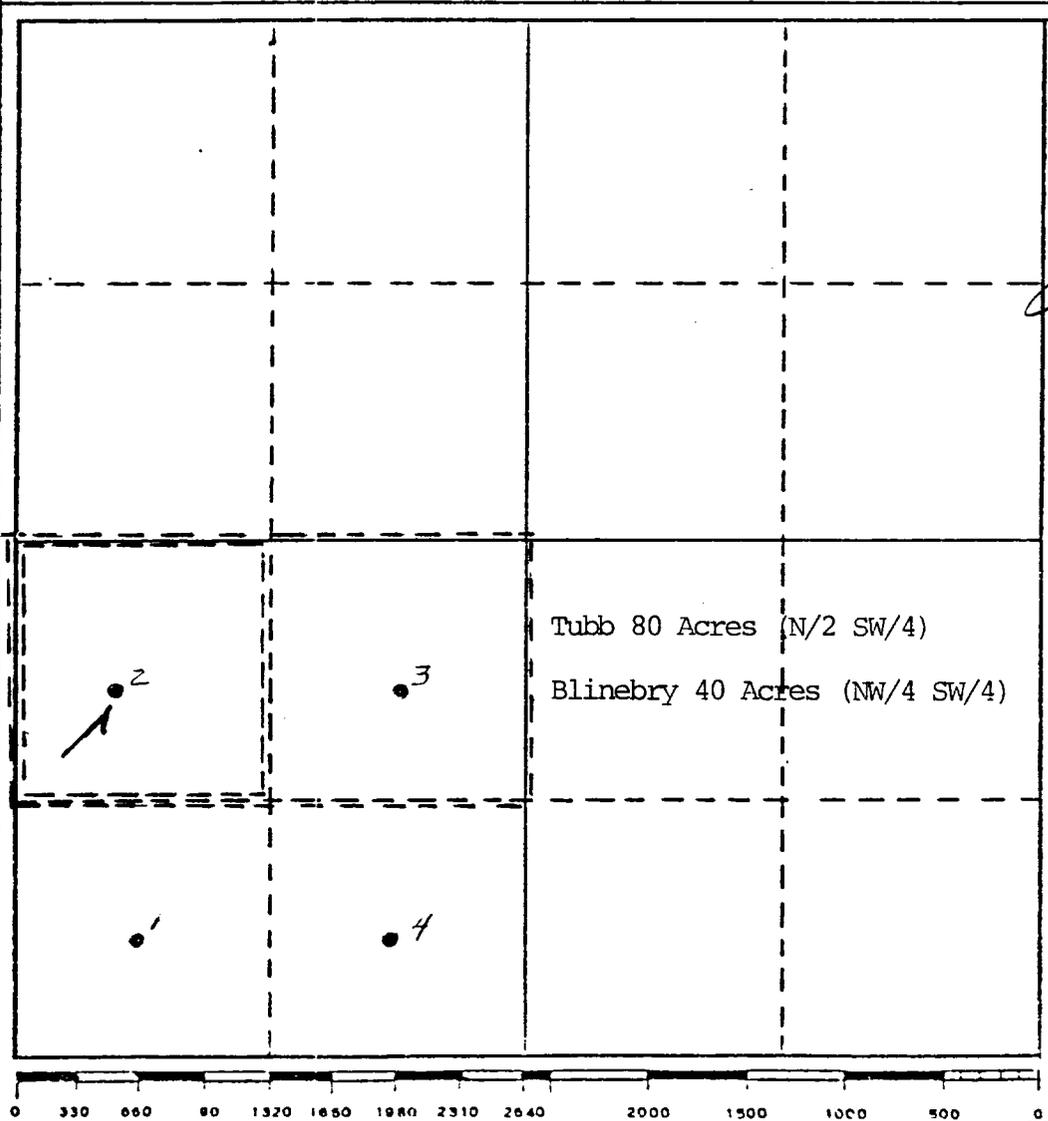
Operator J. R. Cone		Lease Eubanks			Well No. 2
Unit Letter L	Section 14	Township 21S	Range 37E	County Lea	
Actual Footage Location of Well: 1980 feet from the South line and 660 feet from the West line of Section					
Ground Level Elev. 3412	Producing Formation Blinebry & Tubb		Pool Blinebry & Tubb	Dedicated Acreage: 40 & 80 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

John C. Byers
Name John C. Byers
Engineer
Position
Byers Engineering Company
Company
May 11, 1984
Date

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed _____
Registered Professional Engineer and/or Land Surveyor _____
Certificate No. _____



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONY ANAYA
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

June 27, 1984

Administrative Order No. DHC-473

J. R. Cone
P.O. Box 10217
Lubbock, Texas 79417

Attention: J. R. Cone

Re: J. R. Cone #2 Eubanks
Unit L, Sec. 14, T-21S, R-37E,
Blinebry, Tubb and Drinkard
Pools, Lea County, NM

Gentlemen:

Reference is made to your recent application for an exception to Rule 303-A of the Division Rules and Regulations to permit the subject well to commingle the production from Blinebry, Tubb and Drinkard pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303-C, and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above.

In accordance with the provisions of Rule 303.C.4., total commingled oil production from the subject well shall not exceed 40 barrels per day, and total water production from the well shall not exceed 80 barrels per day. The maximum amount of gas which may be produced daily from the well shall be determined by multiplying 2,000 by top unit allowable for the Tubb.

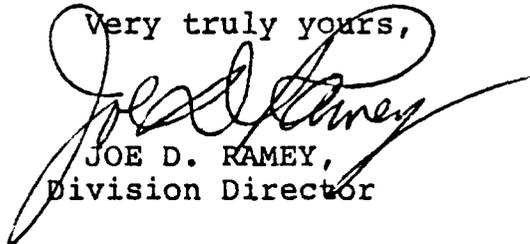
Assignment of allowable to the well and allocation of production from the well shall be on the following temporary basis:

Blinebry Pool: Oil 33 %, Gas 54 %
Tubb Pool: Oil 17 %, Gas 40 %
Drinkard Pool: Oil 50 % Gas 6 %

NOTE: Division Order R-5481 previously authorized the downhole commingling of the Tubb and Blinebry pools. This administrative order will allow commingling of the Drinkard Pool with the two pools authorized in Division Order R-5481. Authorization to commingle the Drinkard with the Tubb and Blinebry Pools is contingent on the well meeting administrative commingling requirements. Should these requirements not be met, commingling authority granted by this Order will automatically be rescinded and a Division Examiner Hearing will be required if commingling of the subject pool is to be pursued further. A temporary allocation of production has been assigned to the well. When stabilized production from the Drinkard Pool has been determined, a revised allocation formula should be submitted to the Division and District offices. Also, include the total oil production from the well and pressure data from the Drinkard Pool.

Pursuant to Rule 303-C 5, the commingled authority granted by this order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Very truly yours,



JOE D. RAMEY,
Division Director

PETROLEUM GEOLOGIST
RESERVOIR ENGINEERING

JOHN C. BYERS
BYERS ENGINEERING CO.
LUBBOCK NATIONAL BANK BLDG.
SUITE 6E P. O. BOX 6308
LUBBOCK, TEXAS 79413

TELEPHONE
(806) 762-0489

May 30, 1984

Oil Conservation Division
Energy & Minerals Department
State of New Mexico
Santa Fe, New Mexico 87501

Attention: Mr. Joe D. Ramey

Re: J. R. Cone #2 Eubanks Well
Unit L, Sec. 14, T21S, R37E
Lea County, New Mexico
Application to Downhole
Commingling Production

Gentlemen:

Through this letter J. R. Cone respectfully request approval by the Oil Conservation Division for an exception to Rule 303A to permit additional downhole commingling of production from the Drinkard formation with that previously approved for the referenced well by Order Number R5481 covering the Blinebry and Tubb sections in the same well.

The J. R. Cone #2 Eubanks, as referenced above, produced Drinkard oil from May of 1949 through March of 1964, with a cumulative production of 125,655 barrels of oil. At the end of it's producing life, the Drinkard was producing an average three barrels oil per day with a gas/oil ratio of 7,600 to 1. On March 13, 1964, the Drinkard formation was isolated from the borehole with a cement capped re-tainer, and opened to production from the Blinebry zone and the Tubb zone through parallel tubing string dual completion. The well was produced as a dual Blinebry-Tubb well through parallel strings until June 28, 1977, at which time the Commission issued its order R5481 authorizing downhole commingling of production in this well from the Tubb and Blinebry formations.

Tests from the commingled Blinebry and Tubb formations in the referenced well, as exhibited through Form C-116 attached hereto, found the well currently producing by flowing three barrels of oil and 40.4 Mcf gas. During a twenty-four hour period on April 19, 1984, no water production was detected during this test.

Production from the combined Blinebry and Tubb zones

have declined drastically over the past eighteen months, and now require artificial life in order to maintain adequate levels of production. Production history curves representing gas and oil produced from the respective zones, now commingled in this well, are attached hereto.

Clean out and restimulation operations conducted within this lease in the J. R. Cone Eubanks #1 and Eubanks #3 in the Drinkard formation have indicated that production levels from the Drinkard can be elevated to respective levels for a reasonable period of time through this process.

Attached hereto is diagrammatic sketch of the current conditions within the borehole of the Cone #2 Eubanks.

With the approval of the Conservation Commission it is proposed, as further set out in Form C-101, that the Baker Model D retainer at 6,420' in this well be cleaned out, and the Drinkard formation exposed through perforations in the interval 6,535' to 6,545', along with the open hole section from 6,567' to 6,622' be cleaned out and restimulated with acid and paraffin solvent. After clean out, it is proposed that a packer be run in the hole to isolate the Blinebry and Tubb section from the Drinkard, allowing the Drinkard to be produced separately and tested. At such time that pressure and production levels from the reopened Drinkard section decline to a level that is compatible with the Blinebry and Tubb. Authority to remove the packer and downhole commingle production from Blinebry, Tubb and Drinkard is hereby requested.

Bottom hole pressure bombs have not been run in this well to evaluate pressures in the Blinebry and Tubb, However, shut in pressures indicates twenty-four hour shut in pressure from these zones to be approximately 409 psig. The last shut in pressure taken in the Drinkard formation, prior to its abandonment in 1964, indicated a similar level of bottom hole pressure. It is, therefore, anticipated that if the Drinkard is placed on production within a short period of time, it will be found that pressures from that horizon will be fully compatible with those of the Tubb and Blinebry.

The fluid characteristics from the Blinebry, Tubb and Drinkard are similar, and found to be fully compatible, such that no diminuation in quality or value of the fluids should be anticipated through the commingling of fluids from

these three horizons.

In order to maintain satisfactory rates of production, artificial lift will be required for all three zones. A rod pump system is anticipated for installation as soon as the three zones are commingled. Thus enabling the well to maintain satisfactory rates of production and adequately lower borehole pressures to prevent migration as between the respective zones.

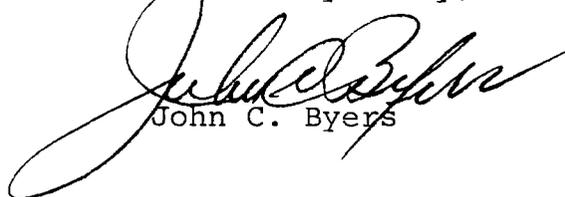
It is anticipated that under the system of production for which approval is requested, hereby, total daily rates should be increased to some ten barrels oil at an average gas/oil ratio of some 20,000 to 1. Thus providing for economic rates of production that will sustain the life of this well over an extended period of time.

Ownership in all three horizons anticipated to be commingled under this request is common.

There is no secondary recovery operation anticipated for this area at this time. And in the event such operation is considered in the the future commingline of the three horizons will not jeopardize the effectiveness of such secondary recovery program.

J. R. Cone respectfully request the Commission give due consideration of this application for downhole commingling of three horizons. In the event that administrative approval can be considered, we will appreciate that consideration. In the further event that hearing is required, we will appreciate the Commission so setting that hearing at its convenience.

Yours very truly,



John C. Byers

JCB:bp

Encls.

KELLAHIN, KELLAHIN and AUBREY

Attorneys at Law

El Patio - 117 North Guadalupe
Post Office Box 2265

Santa Fe, New Mexico 87504-2265
May 16, 1988

Telephone 982-4285
Area Code 505

W. Thomas Kellahin
Karen Aubrey

Jason Kellahin
Of Counsel

Mr. William J. LeMay
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

"Hand Delivered"

Re: Application of J. R. Cone for
Determination of Permanent
Allocation of Production and
for the Adjustment of said
Production Allocation Retroactive
to August 16, 1984; from the
Blinebry, Tubb and Drinkard Pools,
Lea County, New Mexico

Case 7408
RECEIVED
MAY 16 1988
OIL CONSERVATION DIVISION

Dear Mr. LeMay:

Please find enclosed our application on behalf of
J. R. Cone. We request that this application be set on
the examiner's docket now scheduled for June 8, 1988.

We suggest the following for an advertisement for
the newspaper and for the docket:

Application of J. R. Cone for Determination of
Permanent Allocation of Production in its Eubanks #2
well, Lea County, New Mexico. Applicant, in the
above-styled cause, seeks an order determining the
permanent allocation of production from the
Blinebry, Tubb, and Drinkard Pools and for the
adjustment of said production allocation retroactive
to August 16, 1984 for its J. R. Cone #2 Eubanks
well located in Unit L, SW/4 of Section 14, T21S,
R37E, Lea County, New Mexico;

By copy of this letter, mailed Certified-Return
Receipt Requested, to all offset operators and interested
parties we are notifying them 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:ca
Enc.

KELLAHIN, KELLAHIN & AUBREY

Mr. William J. LeMay
May 16, 1988
Page 2

cc: Mr. John C. Byers
Byers Engineering Co.
P. O. Box 6308
Lubbock, Texas 79493

"Certified-Return Receipt Requested:"

El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas 79978

Chevron, U.S.A.
P. O. Box 670
Hobbs, New Mexico 88240

Shell Western Exploration & Production Inc.
P. O. Box 1950
Hobbs, New Mexico 88240



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

June 27, 1984

Administrative Order No. DHC-473

J. R. Cone
P.O. Box 10217
Lubbock, Texas 79417

Attention: J. R. Cone

Re: J. R. Cone #2 Eubanks
Unit L, Sec. 14, T-21S, R-37E,
Blinebry, Tubb and Drinkard
Pools, Lea County, NM

Gentlemen:

Reference is made to your recent application for an exception to Rule 303-A of the Division Rules and Regulations to permit the subject well to commingle the production from Blinebry, Tubb and Drinkard pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303-C, and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above.

In accordance with the provisions of Rule 303.C.4., total commingled oil production from the subject well shall not exceed 40 barrels per day, and total water production from the well shall not exceed 80 barrels per day. The maximum amount of gas which may be produced daily from the well shall be determined by multiplying 2,000 by top unit allowable for the Tubb.

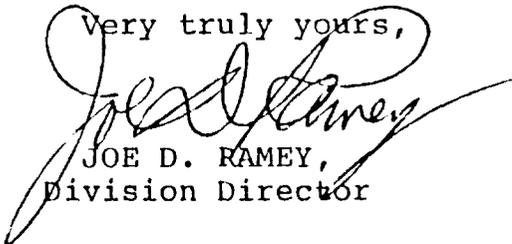
Assignment of allowable to the well and allocation of production from the well shall be on the following temporary basis:

Blinebry Pool: Oil 33 %, Gas 54 %
Tubb Pool: Oil 17 %, Gas 40 %
Drinkard Pool: Oil 50 % Gas 6 %

NOTE: Division Order R-5481 previously authorized the downhole commingling of the Tubb and Blinebry pools. This administrative order will allow commingling of the Drinkard Pool with the two pools authorized in Division Order R-5481. Authorization to commingle the Drinkard with the Tubb and Blinebry Pools is contingent on the well meeting administrative commingling requirements. Should these requirements not be met, commingling authority granted by this Order will automatically be rescinded and a Division Examiner Hearing will be required if commingling of the subject pool is to be pursued further. A temporary allocation of production has been assigned to the well. When stabilized production from the Drinkard Pool has been determined, a revised allocation formula should be submitted to the Division and District offices. Also, include the total oil production from the well and pressure data from the Drinkard Pool.

Pursuant to Rule 303-C 5, the commingled authority granted by this order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Very truly yours,



JOE D. RAMEY,
Division Director

PETROLEUM GEOLOGIST
RESERVOIR ENGINEERING

JOHN C. BYERS

BYERS ENGINEERING CO.
REPUBLICBANK BLDG.

916 MAIN SUITE 614 P. O. BOX 6308
LUBBOCK, TEXAS 79493

TELEPHONE
(806) 762-0489

February 17, 1988

State of New Mexico
Energy & Mineral Department
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Victor Lyon

Re: J. R. Cone #2 Eubanks
Unit L, Section 14, T21S R37E
Blinebry, Tubb & Drinkard Pools
Lea County, New Mexico
Order #R-5481 & #DHC-473

Gentlemen:

Pursuant to your notification of over production from the referenced well, along with well #3-K in the same quarter section, dated June 16, 1987, a considerable effort has been put forth to resolve this problem.

A portion of this problem results from El Paso Natural Gas having not reported any of the gas dedicated from these two wells to the Drinkard formation. This has in part been resolved through the efforts of Evelyn Downs of your Hobbs office, who has re-allocated 48,090 Mcf from the Blinebry production from these two wells to the Drinkard. This re-allocation covers the period 1986 and the first ten months of 1987.

An additional portion of the problem revolves around allocation formula for the Eubanks #2-L well. A chronological history of this well is believed to be the best approach to resolution of this portion of the problem, hence the following:

June 22, 1987: Division Order #R-5481 was issued authorizing that downhole commingling of the Tubb and Blinebry Pools in the referenced wellbore.

June 27, 1984: Administrative Order #DHC-473 was issued covering the referenced well, authorizing the downhole commingling of the Blinebry, Tubb and Drinkard Pool in this well. This order assigned a temporary allocation of production from

this well on the bases:

	<u>Oil</u>	<u>Gas</u>
Blinebry Pool	33%	54%
Tubb Pool	17%	40%
Drinkard	50%	6%

May 11, 1984: Form C-103 was filed outlining the procedure to be followed toward isolation of the Blinebry and Tubb formations from this bore hole with a packer in order to test production from the Drinkard Pool in the interval 6,535' to 6,622', which had produced from May of 1949 through March of 1964. On July 17, 1984 a packer was set at 6,405' with 2 3/8" tubing to 6,536' in preparation for testing the Drinkard formation.

July 24, 1984: Form C-116 was filed to report a test from the Drinkard formation taken on July 20, 1984. This twenty-four hour test indicated 13 barrels of oil and 53 Mcf gas, for a gas/oil ratio of 3841 to 1. Although it is insignificant, our desk notes indicate this test to have represented 56.5 Mcf, which at 13 barrels production yields a gas/oil ratio of 4346 to 1, indicating an error in calculation of the gas/oil ratio in this form.

August 17, 1984: Form C-116 was filed to describe test of the Drinkard formation under a packer taken on August 14, 1984. This test revealed production of 6 barrels of oil and 39 Mcf gas, for a gas/oil ratio of 6500 to 1.

August 16, 1984: The packer was removed from the referenced well, tubing was run and the well was placed on production with commingled production from the Blinebry, Tubb and Drinkard zones in accordance with Order #DHC-473. Form C-103, dated August 17, 1984 was filed reflecting this work. Simultaneously, Form C-104 was filed with the Commission for authorization to transport oil and gas from this commingled wellbore.

October 24, 1984: Form C-116 was filed to report test of October 8, 1984 from the commingled production from this wellbore, a gross amount of 14 barrels oil per gas, 523 Mcf gas, for a combined gas/oil ratio of 37,357 to 1. On this form downhole commingling permit #DHC-473 is cited. Allocation:

	<u>Oil</u>	<u>Gas</u>
Blinebry	50%	56%
Tubb	20%	21%
Drinkard	30%	23%

September 24, 1984: Form C-115, Operator's Monthly Production report, was filed covering the period of August, 1984. It will be noticed that the allocation for the #2-L well covered by this report allocates:

	<u>Oil</u>	<u>Gas</u>
Blinebry	50%	10.5%
Tubb	20%	28%
Drinkard	30%	61.5%

This period represents the month during which the Drinkard produced by itself through August 15, and all three formations produced the remainder of that month.

October 24, 1984: Form C-115 was filed to report production for the month of Septmeber, 1984 for the referenced lease. It will be noted that the allocation to commingle production from the #2-L well is:

	<u>Oil</u>	<u>Gas</u>
Blinebry	50%	21%
Tubb	20%	56%
Drinkard	30%	23%

This reporting conforms to the allocation referenced to #DHC-473 on Form C-116 cited in the foregoing, and also dated October 24, 1984.

November 20, 1984: Form C-115 was filed to report production for the month of October from the referenced lease. In this report, allocation of oil and gas to the respective producing zones in the #2-L well are identical to that reported for September, and also conform to the Form C-116 report filed on October 24, 1984.

All Form C-115 pertaining to the referenced lease have allocated production from the #2-L well under #DHC-473 in the same porportions as reported in Form C-116 filed October 24, 1984.

November 8, 1984: Form C-103 was filed notifying the Commission of the installation of a pumping unit on this well. The well had been flowing with an intermitter, and pressures had diminished to the point that the well would load-up and die; therefore the pumping unit was installed.

January 22, 1985: Form C-116 was filed to report a test of January 16, 1985, during which twenty-four hour period this well made 18 barrels of oil and 588 Mcf gas, for a gas/oil ratio of 32,667 to 1. Downhole commingling permit #DHC-473 is cited on this form, along with allocation for that order. With these allocations being the same as filed through Form C-116 in October of 1984.

November 15, 1985: Form C-116 was filed to report production test of the #2-L Eubanks well on May 14, 1985, and reported production of 8 barrels of oil per day and 430 Mcf gas, for a combined gas/oil ratio of 53,750 to 1. Downhole commingling permit #DHC-473 is cited on this form, along with allocations per that order and allocations being the same as reported in Form C-116 forwarded in October 24, 1984.

In view of the foregoing it is our belief that Form C-116 filed October 24, 1984 served to correct the temporary allocation of commingled production as between the Blinebry, Tubb and Drinkard formations, as set out in Administrative Order DHC-473, dated June 27, 1984. Which date was prior to first test and re-working of the Drinkard formation for commingled production in this well.

Evelyn Downs of your Hobbs' office put forth considerable effort to re-allocate production from the Eubanks #2-L and #3-K wells from the Blinebry into the Drinkard to correct failure to previously allocated production to the Drinkard. The period corrected in this effort was the year 1986 and the first ten months of 1987. This effort removed 8,834 Mcf from the #2-L Blinebry and 39,256 Mcf from the #3-K Blinebry and credited this production to the Drinkard.

This effort reduced over production to the Blinebry of these two wells in the amount of 48,090 Mcf.

If allocation as indicated to have been proper for the Eubanks #2-L well as set forth in Form C-116 filed October 24, 1984 and is used in all Form C-115 reports, subsequent to the month of August 1984, we believe a total of 56,661

Mcf should have been transferred from the Blinebry to the Drinkard formation, and additionally the allocation to the Blinebry production from this well was overstated by 81,299 Mcf, for a combined reduction in over production of 123,881 Mcf in the period 1985 through 1987. Mrs. Downs had previously removed 8,834 Mcf due to failure of allocation to the Drinkard from this well, leaving a net reduction at the end of 1987, in our opinion, of 115,047 Mcf.

Additionally, if the period 1985 through 1987, production from the #3-K well is considered and gas that was not allocated to the Drinkard is taken into consideration, we find that a total 64,640 Mcf should be removed from the Blinebry allocation and placed under the Drinkard. Mrs. Downs had previously removed 39,256 Mcf from the Blinebry allocation to this well and placed it under the Drinkard, leaving a net additional reduction, in our opinion, of 25,384 Mcf for the period 1985 through 1987.

With a reduction, as outlined in the foregoing, of 115,047 Mcf from the #2-L well and 25,384 from the #3-K well, we find that the Blinebry allocation for these two wells on January 1, 1988 should have been 140,431 Mcf.

In view of the foregoing, if 140,431 Mcf is removed from Blinebry allocation from the #2-L and #3-K wells of this lease, the over production as of January 1, 1988 will be fully satisfied, plus an addition of approximately 31,000 Mcf.

Attached hereto in chronological order by dates cited in the foregoing are instruments we believe were filed concerning proper allocation under Order DHC-473. Also, in tabular form is our summary of allocations for the years 1984 through 1987 concerning commingled production from the Eubanks #2-L and #3-K wells as stated in the respective commingling orders, along with the corrections that should apply, and which we believe will alleviate the over production from these two wells.

We sincerely appreciate your consideration of these proposals and concepts. If you find it advisable, we will be pleased to meet with you at your convenience.

Yours very truly,

John C. Byers

JCB:bp
Enclosures

State of New Mexico
Page -6-

cc: Mr. Jerry Sexton
State of New Mexico
Oil Conservation Division
P.O. Box 1980
Hobbs, New Mexico 88240

Mr. J. R. Cone
P.O. Box 10217
Lubbock, Texas 79408

EUBANKS #2-L
Commingled Production Allocation (Gas)

Allocated:	Tubb	40%	56%	Net
	Blinebry	54%	21%	Correc-
	Drinkard	6%	23%	tion
1984	Tubb	5,040	7,056	2,016
	Blinebry	6,804	2,646	(4,158)
	Drinkard	756	2,898	2,142
		<u>12,600</u>	<u>12,600</u>	
1985	Tubb	29,169	40,835	11,666
	Blinebry	39,375	15,313	(24,062)
	Drinkard	4,375	16,771	12,396
		<u>72,919</u>	<u>72,919</u>	
1986	Tubb	29,354	41,095	11,741
	Blinebry	39,628	15,410	(24,218)
	Drinkard	4,401	16,878	12,477
		<u>73,383</u>	<u>73,383</u>	
1987 to 11/1/87	Tubb	29,552	41,375	11,823
	Blinebry	39,899	15,516	(24,383)
	Drinkard	4,433	16,993	12,560
		<u>73,884</u>	<u>73,884</u>	
1987, Nov. & Dec.	Tubb	10,467	14,654	4,187
	Blinebry	14,131	5,495	(8,636)
	Drinkard	1,570	6,019	4,499
		<u>26,168</u>	<u>26,168</u>	
Total	Tubb	103,582	145,015	41,433
	Blinebry	139,837	54,380	(85,457)
	Drinkard	15,535	59,559	44,024
		<u>258,954</u>	<u>258,954</u>	
Total allocation corrected				
1985-1/1/88				
Transfer from Blinebry to Drinkard				(56,661)
Reduced allocation to Blinebry				(81,299)
Net reduction to o/u production				<u>(123,881)</u>
Previously credited by E. Downs				8,834

Net deduction to o/u Blinebry				(115,047)
Add from #3-K				(25,384)

Net deduction 1/1/85 - 1/1/88				
Blinebry o/u #2-L & #3-K				(140,431)

EUBANKS #3-K
 Commingled Production Allocation (Gas)

Allocated:	Blinebry Drinkard	81% 19%	81% 19%	Net Correction
1983	Blinebry Drinkard	1,909 448 <u>2,357</u>		
1984	Blinebry Drinkard	51,740 12,135 <u>63,875</u>		
1985	Blinebry Drinkard	83,665 19,626 <u>103,291</u>		
1986	Blinebry Drinkard	91,973 21,576 <u>113,549</u>		
1987 to 11/1/87	Blinebry Drinkard	75,362 17,680 <u>93,042</u>		
1987, Nov. & Dec.	Blinebry Drinkard	24,547 5,758 <u>30,305</u>		
Total	Blinebry Drinkard	329,196 77,223 <u>406,419</u>		
Total allocation correction 1985-1/1/88				
Transfer from Blinebry to Drinkard				(64,640)
Previously credited by E. Downs				39,256
Net Deduction to o/u Blinebry				(25,384)
Add from #2-L				(115,047)
Net Deuction to o/u #3-K & #2-L				<u>(140,431)</u>

PETROLEUM GEOLOGIST
RESERVOIR ENGINEERING

JOHN C. BYERS

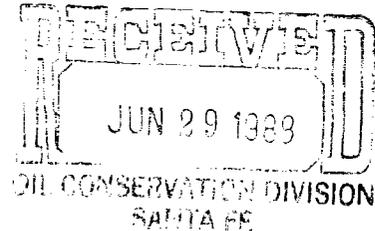
BYERS ENGINEERING CO.

REPUBLICBANK BLDG.

916 MAIN SUITE 614 P. O. BOX 6308
LUBBOCK, TEXAS 79493

TELEPHONE
(806) 762-0489

June 20, 1988



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

Attention: Mr. Michael E. Stogner

Re: J. R. Cone NMOCD Case 9408
Eubanks Well No. 2

Dear Mr. Stogner:

Thank you for your telephone call on Friday, June 17, 1988 during which we discussed Exhibit 2 to the referenced case.

Our reasoning in arriving at the proposed permanent allocation for DHC-473 shown at the bottom of the exhibit results from the following.

A test reported through Form C-116 from this well dated 8/17/84 indicated production of nine (9) barrels of oil per day and 68.4 Mcf gas per day for a combined gas/oil ratio of 7,600 to 1. Of this the Blinebry and Tubb produced three (3) barrels of oil per day and 29.4 Mcf gas for a combined gas/oil ratio of 9,800 to 1.

By the later part of 1984 production from this well had stabilized at approximately nine (9) barrels oil per day and 79.4 Mcf gas for a combined gas/oil ratio of 8,822 to 1. This is an increase in gas/oil ratio over the test of 8/17/84 by a factor of 1.16 fold.

Therefore, in accordance with the respective allocations as between the combined Blinebry and Tubb as one entity and the Drinkard as a second entity. From the test of 8/17/84 the increased proportion of gas was allocated as 34.14 Mcf to the combined Blinebry and Tubb, and 45.26 Mcf to the Drinkard. Indicating a Drinkard gas/oil ratio of 7,543 to 1, and a combined gas/oil ratio as between the Blinebry and Tubb of 11,380 to 1. Then allocating the gas as between the Blinebry and Tubb in accordance with the allocation set out in Order R-5841, we would assign 19.85 Mcf to the Blinebry and 14.29 to the Tubb for respective gas/oil ratios of 9,319 to 1 and 16,425 to 1.

In this fashion the relationship between the Blinebry and Tubb as provided for in Order R-5841 is held in tact.

While we also provided for the increased gas production as provided for in DHC-473 from the Drinkard in the same proportions as that for the Blinebry and Tubb was increased. We allocated in this fashion because the source of the increased gas was not determinable, and the fact that the well was placed on pump. Therefore, we have assumed a uniform rate of gas increase from the respective formations.

From this we derived the recommended permanent allocation for DHC-473 shown at the bottom of the exhibit.

We transmit herewith a copy of an annual production history curve from this well. Which indicates a declining gas/oil ratio from the combined Blinebry and Tubb up until the time of the issuance of DHC-473, and the ensuing work-over to introduce the Drinkard into this wellbore. After that time oil production increased in approximately the same proportion as shown in the recommended permanent allocation for DHC-473. Also, the gas/oil ratio increased in similar proportion and has shown an increasing trend since the time of introduction of the Drinkard into this wellbore.

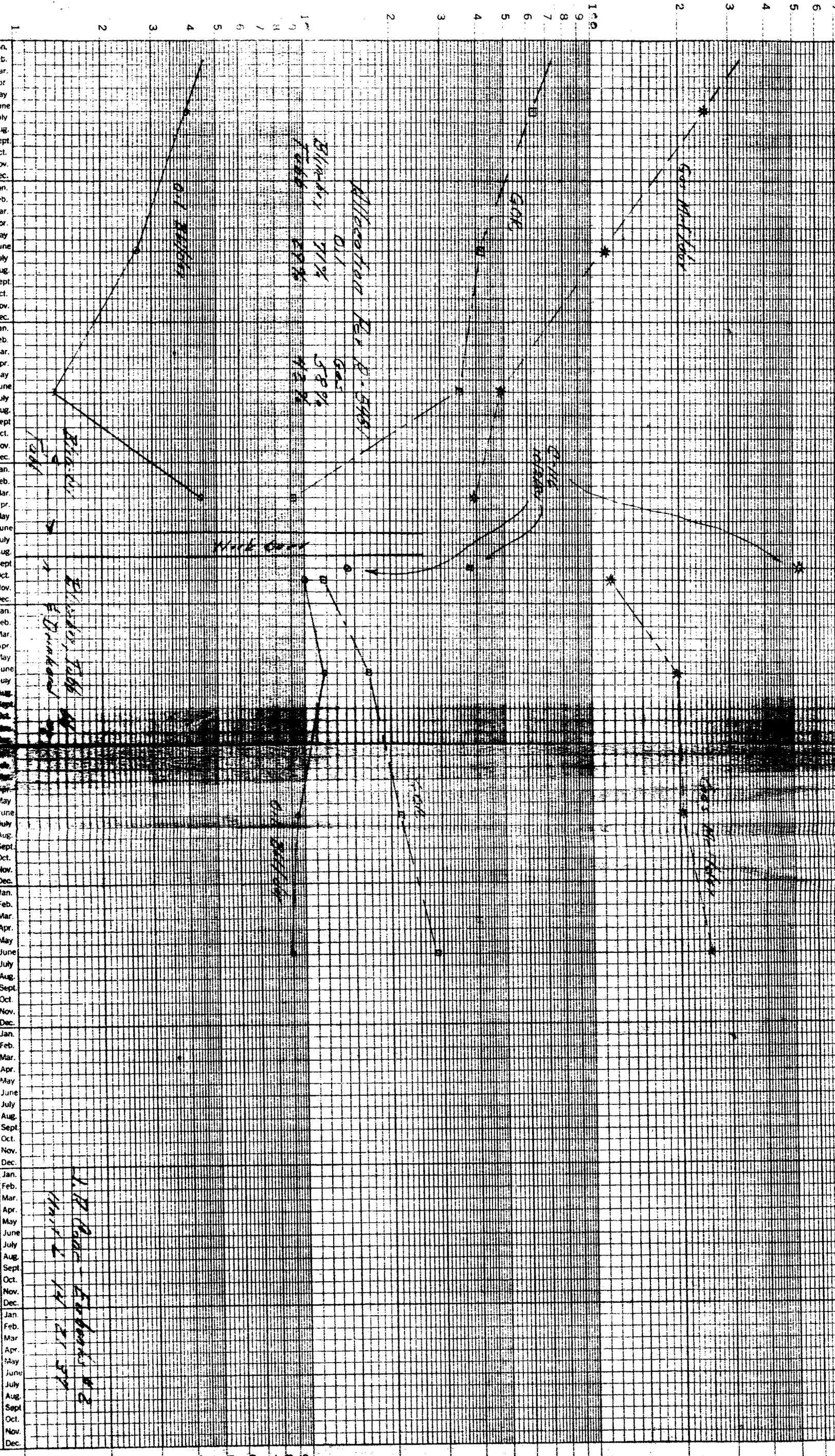
We trust the foregoing will give you a better insight into our thoughts in arriving at the recommended permanent allocation for DHC-473.

Yours very truly,

John C. Byers
John C. Byers *by Betty*

JCB:bp

Encl.



J.P. Rodgers - Edwards #2
H.M. L. W. S. S.

KELLAHIN, KELLAHIN and AUBREY

Attorneys at Law

El Patio - 117 North Guadalupe
Post Office Box 2265

Santa Fe, New Mexico 87504-2265
June 10, 1988

Telephone 982-4285
Area Code 505

W. Thomas Kellahin
Karen Aubrey

Jason Kellahin
Of Counsel

RECEIVED

JUN 13 1988

OIL CONSERVATION DIVISION

Mr. Michael E. Stogner
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

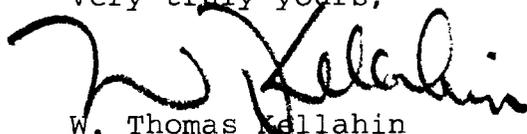
"Hand Delivered"

Re: J. R. Cone
NMOCD Case 9408
Eubanks Well #2

Dear Mr. Stogner:

In accordance with your request at the hearing held on June 8, 1988 for the referenced application requesting an adjustment in the allocation of production from this well, please find enclosed a proposed order.

Very truly yours,


W. Thomas Kellahin

WTK:ca
Enc.

cc: Mr. John C. Byers
Byers Engineering Co.
P. O. Box 6308
Lubbock, Texas 79493

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY AND MINERALS
OIL CONSERVATION DIVISION

RECEIVED

JUN 13 1988

OIL CONSERVATION DIVISION

IN THE MATTER OF THE APPLICATION OF
J. R. CONE FOR DETERMINATION OF
PERMANENT ALLOCATION OF PRODUCTION
AND FOR THE ADJUSTMENT OF SAID
PRODUCTION ALLOCATION RETROACTIVE TO
AUGUST 16, 1984, FROM THE BLINEBRY,
TUBB AND DRINKARD POOLS FOR ITS
J. R. CONE #2 EUBANKS WELL,
LEA COUNTY, NEW MEXICO.

CASE: 9408

ORDER NO:

J. R. CONE PROPOSED

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 8, 1988, at Santa Fe, New Mexico before Alternate Examiner, Michael E. Stogner.

NOW on this ____ day of June, 1988, 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, J. R. Cone seeks to amend Administrative Order DHC-473, dated June 27, 1984, by determining the permanent allocation of production from the Blinebry, Tubb, and Drinkard Pools and for the adjustment of said production allocation retroactive to August 16, 1984 for its J. R. Cone Eubanks Well No. 2 located 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 14, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

JUN 1 1985

Case No. 9408

OIL CONSERVATION DIVISION

(3) On June 28, 1987 Division Order R-5481 was issued authorizing the downhole commingling of the Tubb and Blinebry Pools in the referenced wellbore.

(4) On June 27, 1984 Administrative Order DHC-473 was issued covering the referenced well, authorizing the downhole commingling of the Blinebry, Tubb and Drinkard Pools in this well and assigning a temporary allocation of production from this well as follows:

	<u>Oil</u>	<u>Gas</u>
Blinebry Pool	33%	54%
Tubb Pool	17%	40%
Drinkard Pool	50%	6%

(5) This temporary allocation was in error, in that it neglected the relationship between the Blinebry and Tubb allocations provided for in Order R-5481, and did not accurately reflect the actual production from each zone. It also failed to consider the last Drinkard production from this well.

(6) The temporary allocation under Order DHC-473 in effect from June 27, 1984 until January 1, 1985 should have been Blinebry 35.5% of the oil and 37% of the gas, Tubb 14.5% oil and 27% gas, and Drinkard 50% oil and 36% gas.

(7) By January 1, 1985 production from the three commingled zones had stabilized and the permanent allocation of production from the well since that date should be as follows:

	<u>Oil</u>	<u>Gas</u>
Blinebry Pool	24%	25%
Tubb Pool	10%	18%
Drinkard Pool	66%	57%

(8) As a result of the erroneous allocation of production from the well as of January 1, 1988 the Blinebry production has been underallocated by 89,121 MCF, the Tubb production under allocated 55,837 MCF of gas, and the Drinkard was overallocated with 144,958 MCF of gas.

(9) The 144,958 MCF of gas erroneously charged to the Drinkard Pool should have been allocated so that 89,121 MCF was charged to the Blinebry and 55,837 MCF was charged to the Tubb Pool.

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(10) The allocation of production from the well should be reallocated and balanced on an annual basis as shown on Exhibit "A" attached hereto and incorporated by reference herein.

(11) It creates an unreasonable risk to attempt to separate each of the commingled zones in order to arrive at a current ratio of production among the three pools.

(12) The adoption of a reallocation formula as shown on Exhibit "A" is in the best interest of conservation, the protection of correlative rights and the prevention of waste.

(13) That the ownership of the production from the commingled pools is common.

IT IS THEREFORE ORDERED:

(1) That the production from the Blinebry, Tubb, and Drinkard Pools for the J. R. Cone Eubanks Well No. 2 located 1980 feet from the South line and 660 feet from the West line (Unit L) of Section 14, T21S, R37E, NMPM, Lea County, New Mexico:

(a) For the period from June 27, 1984 to January 1, 1985 Division Administrative Order DHC-473 is hereby corrected as follows:

	<u>Oil</u>	<u>Gas</u>
Blinebry Pool	35.5%	37%
Tubb Pool	14.5%	27%
Drinkard Pool	50%	36%

(b) From January 1, 1985 forward a permanent allocation is hereby adopted as follows:

	<u>Oil</u>	<u>Gas</u>
Blinebry Pool	24%	25%
Tubb Pool	10%	18%
Drinkard Pool	66%	35%

(2) That any pipeline purchaser from this well for the period involved shall submit to the Division revised Division Forms C-111 correcting the allocation as set forth in Exhibit "A" attached to this order.

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(3) That jurisdiction of this cause is retained for the entry of such further orders as the Division deems necessary.

William J. LeMay
Director

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EUBANKS #2-L
Commingled Production Allocation

OIL CONSERVATION DIVISION

	Pre DHC-473 Oil/Gas		Temporary DHC-473 Oil/Gas		Correct DHC-473 Oil/Gas		1/1/85 Perm. DHC-473 Oil / Gas	
Blinebry	71%	58%	33%	54%	35.5%	37%	24%	25%
Tubb	29%	42%	17%	40%	14.5%	27%	10%	18%
Drinkard	-0-	-0-	50%	6%	50%	36%	66%	57%

	Allocation Per DHC-473		Allocated Per Correct DHC-473 to 1/1/85 then Perm Allocation		Net Correction	
	Oil	Gas	Oil	Gas	Oil	Gas
Blinebry	33%	54%	35.5% - 24%	37% - 25%		
Tubb	17%	40%	14.5% - 10%	27% - 18%		
Drinkard	50%	6%	50.0% - 66%	36% - 57%		
<u>1984</u>						
Blinebry	404	6,804	434	4,662	30	(2,142)
Tubb	208	5,040	177	3,402	(31)	(1,638)
Drinkard	611	756	612	4,536	1	3,780
Total	1,223	12,600	1,223	12,600	-0-	-0-
<u>1985</u>						
Blinebry	1,421	39,376	1,033	18,230	(388)	(21,146)
Tubb	732	29,168	431	13,125	(301)	(16,043)
Drinkard	2,153	4,375	2,842	41,564	689	37,189
Total	4,306	72,919	4,306	72,919	-0-	-0-
<u>1986</u>						
Blinebry	1,148	39,627	835	18,346	(313)	(21,281)
Tubb	592	29,353	348	13,209	(244)	(16,144)
Drinkard	1,740	4,403	2,297	41,828	557	37,425
Total	3,480	73,383	3,480	73,383	-0-	-0-
<u>1987</u>						
Blinebry	1,078	54,028	784	25,013	(294)	(29,015)
Tubb	556	40,021	327	18,009	(229)	(22,012)
Drinkard	1,634	6,003	2,157	57,030	523	51,027
Total	3,268	100,052	3,268	100,052	-0-	-0-
<u>Total</u>						
Blinebry	4,051	139,835	3,086	66,251	(965)	(73,584)
Tubb	2,088	103,582	1,283	47,745	(805)	(55,837)
Drinkard	6,138	15,537	7,908	144,958	1,770	129,421
TOTAL	12,277	258,954	12,277	258,954	-0-	-0-

Allocation for purpose of allowable (gas) 9/1/84 - 1/1/88

Blinebry	155,372	66,251	(89,121)
Tubb	103,582	47,745	(55,837)
Drinkard	-0-	144,958	144,958
Total	258,954	258,954	-0-

1) Note: Correct temp. allocation 9/1/84-1/1/85, thereafter perm. DHC-473 allocation

KELLAHIN, KELLAHIN and AUBREY

Attorneys at Law

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Santa Fe, New Mexico 87504-2265
June 15, 1988

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Karen Aubrey

Jason Kellahin
Of Counsel

Mr. Michael E. Stogner
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504

"Hand Delivered"

Re: J. R. Cone
NMOCD Case 9408
Eubanks Well #2

Dear Mr. Stogner:

On June 10, 1988 we delivered a proposed order for the above referenced case to the Oil Conservation Division. Today, I am informed by Mr. John Byers that paragraphs (3) and (8) of the Findings are in error and should read as follows:

(3) On June 28, 1977 Division Order R-5481 was issued authorizing the downhole commingling of the Tubb and Blinebry Pools in the referenced wellbore.

(8) As a result of the erroneous allocation of production from the well as of January 1, 1988, the Blinebry production has been overallocated by 89,121 MCF, the Tubb production overallocated 55,837 MCF of gas, and the Drinkard was underallocated with 144,958 MCF of gas.

Accordingly, we would appreciate the changes being made to the proposed order. If you have any questions, please call me.

Very truly yours,


W. Thomas Kellahin

WTK:ca
Enc.

cc: Mr. John C. Byers
Byers Engineering Co.
P. O. Box 6308
Lubbock, Texas 79493

PETROLEUM GEOLOGIST
RESERVOIR ENGINEERING

JOHN C. BYERS
BYERS ENGINEERING CO.
REPUBLICBANK BLDG.
916 MAIN SUITE 614 P. O. BOX 6308
LUBBOCK, TEXAS 79493

TELEPHONE
(806) 762-0489

June 20, 1988

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

Attention: Mr. Michael E. Stogner

Re: J. R. Cone NMOCD Case 9408
Eubanks Well No. 2

Dear Mr. Stogner:

Thank you for your telephone call on Friday, June 17, 1988 during which we discussed Exhibit 2 to the referenced case.

Our reasoning in arriving at the proposed permanent allocation for DHC-473 shown at the bottom of the exhibit results from the following.

A test reported through Form C-116 from this well dated 8/17/84 indicated production of nine (9) barrels of oil per day and 68.4 Mcf gas per day for a combined gas/oil ratio of 7,600 to 1. Of this the Blinebry and Tubb produced three (3) barrels of oil per day and 29.4 Mcf gas for a combined gas/oil ratio of 9,800 to 1.

By the later part of 1984 production from this well had stabilized at approximately nine (9) barrels oil per day and 79.4 Mcf gas for a combined gas/oil ratio of 8,822 to 1. This is an increase in gas/oil ratio over the test of 8/17/84 by a factor of 1.16 fold.

Therefore, in accordance with the respective allocations as between the combined Blinebry and Tubb as one entity and the Drinkard as a second entity. From the test of 8/17/84 the increased proportion of gas was allocated as 34.14 Mcf to the combined Blinebry and Tubb, and 45.26 Mcf to the Drinkard. Indicating a Drinkard gas/oil ratio of 7,543 to 1, and a combined gas/oil ratio as between the Blinebry and Tubb of 11,380 to 1. Then allocating the gas as between the Blinebry and Tubb in accordance with the allocation set out in Order R-5841, we would assign 19.85 Mcf to the Blinebry and 14.29 to the Tubb for respective gas/oil ratios of 9,319 to 1 and 16,425 to 1.

In this fashion the relationship between the Blinebry and Tubb as provided for in Order R-5841 is held in tact.

While we also provided for the increased gas production as provided for in DHC-473 from the Drinkard in the same proportions as that for the Blinebry and Tubb was increased. We allocated in this fashion because the source of the increased gas was not determinable, and the fact that the well was placed on pump. Therefore, we have assumed a uniform rate of gas increase from the respective formations.

From this we derived the recommended permanent allocation for DHC-473 shown at the bottom of the exhibit.

We transmit herewith a copy of an annual production history curve from this well. Which indicates a declining gas/oil ratio from the combined Blinebry and Tubb up until the time of the issuance of DHC-473, and the ensuing work-over to introduce the Drinkard into this wellbore. After that time oil production increased in approximately the same proportion as shown in the recommended permanent allocation for DHC-473. Also, the gas/oil ratio increased in similar proportion and has shown an increasing trend since the time of introduction of the Drinkard into this wellbore.

We trust the foregoing will give you a better insight into our thoughts in arriving at the recommended permanent allocation for DHC-473.

Yours very truly,


John C. Byers

JCB:bp

Encl.

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