

Case 4310: Appl. of CONTINENTAL
FOR DENVEROLE COMINGLING, LEA
COUNTY, NEW MEXICO.

Case Number

4910

Application
Transcripts.

Small Exhibits

ETC.

dearnley, meier & mc cormick

209 SIMMS BLDG. • P.O. BOX 1082 • PHONE 245-6691 • ALBUQUERQUE, NEW MEXICO 87103
1216 FIRST NATIONAL BANK BLDG. EAST • ALBUQUERQUE, NEW MEXICO 871081
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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
CONFERENCE ROOM, STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO
February 28, 1973

EXAMINER HEARING

IN THE MATTER OF:

Application of Continental Oil Company
for downhole commingling, Lea County,
New Mexico.

Case No. 4910

BEFORE: Elvis A. Utz
Examiner

TRANSCRIPT OF HEARING

1 MR. UTZ: Call Case 4910.

2 MR. CARR: Case 4910. Application of Continental
3 Oil Company for downhole commingling, Lea County, New Mexico.

4 MR. KELLAHIN: Mr. Examiner, the appearances and
5 my Witness remain the same as appeared in Case 4909.

6 MR. UTZ: Let the record show that this Witness is
7 sworn in the previous case and is the same Witness.

8 (Whereupon, Mr. V. T. Lyon, who was previously sworn,
9 was called to the stand.)

10 * * * * *

11 W. T. LYON,

12 having already been sworn according to law, upon his oath,
13 testified as follows:

14 DIRECT EXAMINATION

15 BY MR. KELLAHIN

16 Q Mr. Lyon, have you examined and are you familiar with
17 the facts surrounding Continental's Application in Case
18 4910?

19 A Yes, I am.

20 Q Will you please describe briefly what the applicant is
21 seeking?

22 A Case 4910 is the Application of Continental Oil Company
23 for authority to commingle in the wellbore production
24 from the Arrowhead-Drinkard and Blinebry Oil Pools in
25 its Lockhart B-1 Well Number 7, located in Unit G of

1 Section 1, Township 22 South, Range 36 East, Lea County,
2 New Mexico.

3 Q I refer you to what has been marked as Applicant's
4 Exhibit Number 1 and ask you to identify it and explain
5 what information it contains?

6 A Exhibit Number 1 is a location plat showing the Lockhart
7 B-1 lease, the Number 1 Well, the location and ownership
8 of offsetting wells and properties to the best of our
9 knowledge and belief.

10 The Lockhart B-1 lease is outlined in red and is
11 described as the South half of the North half and the
12 Southeast quarter of Section 1, Township 22 South,
13 Range 36 East.

14 Well Number 7 is indicated by the circle and
15 arrow. It is located 1,980 feet from the North line,
16 1,830 feet from the East line of Section 1. This is
17 the first well drilled to the Brinebry and Drinkard
18 formations on this lease.

19 Q I refer you to what has been marked as Applicant's
20 Exhibit Number 2 and ask you to identify it and explain
21 what information it contains?

22 A Exhibit Number 2 is the Commission's Form for Multiple
23 Completion which I think is now Form C-107 that shows
24 the information which would be submitted for an
25 application for dual completion.

1 It identifies the pools as the Brinebry and
2 Arrowhead-Drinkard and shows the pay intervals, the type
3 of production, the method of production. Both zones
4 produce oil and must be artificially lifted.

5 It also shows the offset operators.

6 Q This well has not been dually completed, however?

7 A No, it has not.

8 Q I refer you to what has been marked as Applicant's
9 Exhibit Number 3 and ask you to identify it and explain
10 what information it contains?

11 A Exhibit Number 3 is a Xeroxed copy of that portion of
12 the log on Lockhart B-1 Number 7. I have indicated on
13 it the tops of the Brinebry Pool, the Tubb Pool, as
14 established by the Commission, the top of the Drinkard
15 formation and the top of the Arrow.

16 These tops are at 5655 for the Brinebry Pool, 6113
17 for the Tubb Pool, 6530 for the Drinkard formation,
18 6782 for the Abo formation.

19 Q Will you describe your perforations into the Drinkard
20 and your resulting production?

21 A The well was drilled as, well, I don't have the total
22 depth with me; but it penetrated into the Abo; and the
23 Drinkard was perforated 6557 to 6734 gross interval
24 and was treated with 3,000 gallons of acid, 45,000
25 gallons of gelled produced water, and 90,000 pounds of

1 sand.

2 The well was placed on the pump on November 24 and
3 produced pumping until December 9 on which date it
4 produced 62 barrels of oil, 45 barrels of water, 79
5 MCF of gas in 24 hours.

6 The fluid level was at the pump so that we believe
7 that this is a stabilized producing rate. The well was
8 then shut-in and a bottom-hole pressure measurement was
9 taken at which time we measured an extrapolated
10 bottom-hole pressure of 2,090 pounds per square inch.

11 A Bridge plug was set at 5821 and the well was
12 perforated 5567 to 6744 gross interval, treated with
13 1,320 gallons of acid and acid-fraced with 4,000 gallons
14 of acid and 40,000 gallons gelled treated produced
15 water and 80,000 pounds of sand.

16 The well was then placed on production and pumped
17 from December 18 to January 29, on which date it
18 produced 33 barrels of oil, 69 barrels of water, 69.6
19 MCF of gas in 24 hours.

20 Again, the fluid level was at the pump, and we
21 believe that this is a stabilized producing rate.

22 The well was shut-in for a bottom-hole pressure
23 measurement, and the extrapolated bottom-hole pressure
24 was found to be 2,170 pounds per square inch.

25 Q Please refer to what has been marked as Exhibit Number 4

1 and describe what information it contains.

2 A Exhibit Number 4 is a schematic diagram of the manner
3 in which we believe it would be necessary to equip the
4 well if it were dually completed in a conventional
5 manner. The diagram shows the size, setting depth and
6 amount of cement used in setting the casing strings.

7 It shows the over-all perforations of the two
8 zones, the probable location of the packer set at 6,400
9 between the two zones. It shows two strings of two-and-
10 three-eighths-inch tubing plus a Drinkard gas string
11 which would be of one-and-a-quarter-inch interval joint
12 tubing.

13 It would be run through the bypass and landed in
14 a snap-latch of the parallel flow tube. We believe
15 that the additional equipment necessary to equip the
16 well in this manner would cost approximately \$38,000.

17 We do not have enough production history on this
18 well to draw a reliable decline curve in order to predict
19 the future producing life and rates; but we believe
20 that probably within two years, we would be asking for
21 administrative approval to downhole commingle these
22 zones in the wellbore.

23 Q You mentioned before that in installation of pumps, do
24 these zones require the artificial lift necessitating
25 pumps?

1 A Yes.

2 Q I don't know if you mentioned that.

3 A Yes, they would.

4 Q Do you foresee any problem in the compatibility of
5 produced fluids?

6 A No. The produced fluids would be commingled on the
7 surface with the Arrowhead production that currently
8 is being produced on the lease.

9 There has been no compatibility with that
10 production. These two fluids are commingled throughout
11 the area that both the Drinkard and the Brinebry produce
12 in, Lea County, and there has been no problem of
13 compatibility.

14 Q What is the effect of the downhole commingling? What
15 effect would that have on the economics of your list
16 problem?

17 A Well, of course, to list the two zones separately would
18 cause additional operating costs such that the two
19 zones commingled would have a longer producing life
20 than they would have segregated.

21 We estimate that because of the fact that we could
22 produce the two zones commingled to a lower economic
23 limit, that we would produce an additional 8,800 barrels
24 of oil which otherwise would not be recovered on the
25 segregated basis.

1 Q Has your experience with production over this brief
2 period supplied you with any information with regard
3 to corrosion?

4 A Yes. We have found that the zones have a moderate to
5 severe corrosion problem. And the fact that we will
6 have the casing tubing annulus open in a downhole
7 commingled installation would permit us to much more
8 effectively treat for corrosion in the well.

9 Q In the event this application is granted, do you have
10 any recommendations as to the allocation of production?

11 A Yes. Based on the tests which I have testified to,
12 we would recommend that future production from the two
13 zones be allocated on the basis of 35 percent to the
14 Blinbry Zone and 65 percent to the Drinkard Zone.

15 MR. UTZ: Now, is that gas or oil and gas?

16 THE WITNESS: Oil and gas. The gas-oil ratios are
17 fairly comparable.

18 Q (By Mr. Kellahin) In your opinion, Mr. Lyon, will the
19 granting of this application prevent waste?

20 A Yes. I think that it will.

21 Q In what manner, Mr. Lyon?

22 A In that it will permit the production of oil that
23 otherwise would not be produced due to economic
24 conditions.

25 Q In your opinion will this impair the correlative rights

1 of others?

2 A I don't see any way that we could impair correlative
3 rights. And also, on prevention of waste, I think that
4 the granting of downhole commingling at this time would
5 prevent the economic waste of which would be brought
6 about by installing \$38,000 worth of equipment which --

7 Q For a short-life?

8 A For just two years or probably less.

9 Q Were Exhibits 1 through 4 prepared by you or under your
10 direction and supervision?

11 A Yes, they were.

12 MR. KELLAHIN: Mr. Examiner, we move the
13 introduction of Exhibits 1 through 4.

14 MR. UTZ: Without objection, Exhibits 1 through 4
15 will be entered into the record in this case.

16 MR. KELLAHIN: That concludes our direct testimony.

17 CROSS-EXAMINATION

18 BY MR. UTZ

19 Q Mr. Lyon, in regard to your percentage of allocation
20 for these two zones, did you base that on the test as
21 stated in your application?

22 A I don't remember what my application stated.

23 Q Well, the Drinkard set that you tested at the rate of
24 62 barrels of oil, 45 barrels of water, and 79 MCF of
25 gas.

1 A Yes. Yes, those are the same tests that I testified to
2 here.

3 Q Well, I get a little different figure based on the
4 tests. The two tests would be 95 barrels on the test
5 which would allocate 38 and 62 percent.

6 Of course, that's pretty close to what you
7 recommended.

8 A I rounded it off to the nearest five percent.

9 Q You rounded it off to 35 and --

10 MR. KELLAHIN: 65.

11 Q (By Mr. Utz) On the gas, of course, there isn't much
12 gas to talk about. The gas was 53 and 47, so you just
13 rounded it off to the same figure for both gas and oil?

14 A Yes.

15 Q Did you state the pressures of these two zones?

16 A Yes, I did; but I'll go over them again if you would
17 like.

18 Q I wish you would. I was looking at something else.

19 A The bottom-hole pressure in the Blinebry, we didn't
20 measure this. We recorded it and extrapolated it as the
21 pressure was still building at 2,170 pounds and on the
22 same basis, the pressure in the Drinkard was 2,090
23 pounds.

24 Q So the pressures of the two zones are pretty close?

25 A Pretty close, yes, sir.

1 MR. UTZ: Are there other questions of the Witness?

2 Oh, yes. I have another question.

3 Was the allowable at 100 percent on each zone?

4 A Allowable at a hundred percent?

5 Q Yes.

6 A The allowable for the Blinebry is 107 barrels, and let's
7 see, I believe the Drinkard is 142.

8 Q 142?

9 A Yes, sir.

10 Q So that it is your belief then that the combined
11 production will not exceed the allowable for either
12 zone?

13 A Yes, sir.

14 MR. UTZ: Are there other questions of the Witness?

15 He may be excused.

16 Are there statements in this case? The case will
17 be taken under advisement. We will take a short recess.

18 (Whereupon, a brief recess was taken.)

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1 STATE OF NEW MEXICO)
2) ss
3 COUNTY OF BERNALILLO)

4 I, JANET RUSSELL, a Notary Public, in and for the County
5 of Bernalillo, State of New Mexico do hereby certify that the
6 foregoing and attached Transcript of Hearing before the New
7 Mexico Oil Conservation Commission was reported by me; and
8 that the same is a true and correct record of the said
9 proceedings to the best of my knowledge, skill and ability.

10
11 Janet Russell
12 NOTARY PUBLIC

13 My Commission Expires:
14 November 24, 1976
15
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22 I do hereby certify that the foregoing is
23 a complete record of the proceedings in
24 the Examiner hearing of Case No. 4910,
25 heard by me on July 28, 1973.

James C. Mc, Examiner
New Mexico Oil Conservation Commission

I N D E XWITNESS

V. T. LYON

Direct Examination by Mr. Kellahin

3

Cross-Examination by Mr. Utz

10

E X H I B I T SADMITTEDOFFERED

Applicant's Exhibit Number 1

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Applicant's Exhibit Number 2

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Applicant's Exhibit Number 3

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Applicant's Exhibit Number 4

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OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE.
87501

GOVERNOR
BRUCE KING
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

March 16, 1973

Mr. Tom Kellahin
Kellahin & Fox
Attorneys at Law
Post Office Box 1769
Santa Fe, New Mexico

Re: Case No. 4910

Order No. **R-4492**

Applicant:

Continental Oil Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. Porter, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs	OCC	<u> x </u>
Artesia	OCC	<u> </u>
Aztec	OCC	<u> </u>

OTHER _____

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 4910
Order No. R-4492

APPLICATION OF CONTINENTAL OIL
COMPANY FOR DOWNHOLE COMMINGLING,
LEA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 28, 1973, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 16th day of March, 1973, the Commission, a quorum being present, 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 Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Continental Oil Company, is the owner and operator of the Lockhart B-1 Well No. 7, located in Unit G of Section 1, Township 22 South, Range 36 West, NMPM, Lea County, New Mexico.

(3) That the applicant proposes to complete the subject well in such a manner as to produce oil from the Blinebry and Drinkard Pools through a single string of tubing, commingling in the wellbore the production from said pools.

(4) That from the Blinebry zone, the subject well is capable of marginal production only.

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

(6) That the reservoir characteristics of the Blinebry and Drinkard zones are such that underground waste would not be caused by the proposed commingling.

-2-

Case No. 4910
Order No. R-4492

(7) That the proposed commingling may result in the recovery of additional hydrocarbons from each of the commingled zones, thereby preventing waste, and will not violate correlative rights.

(8) That in order to allocate the commingled production to each of the commingled zones in the subject well, 35 percent of the commingled oil and gas production should be allocated to the Blinebry Pool, and 65 percent of the commingled oil and gas production to the Drinkard Pool.

IT IS THEREFORE ORDERED:

(1) That the applicant, Continental Oil Company, is hereby authorized to complete its Lockhart B-1 Well No. 7, located in Unit G of Section 1, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, in such a manner as to produce oil from the Blinebry and Drinkard Pools through a single string of tubing, commingling in the wellbore the production from said pools.

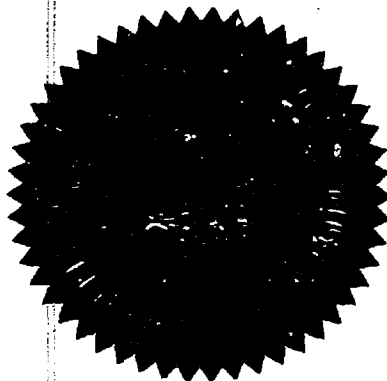
PROVIDED HOWEVER, that the applicant shall complete, operate, and produce said well in accordance with the provisions of Rule 112-A of the Commission Rules and Regulations insofar as said rule is not inconsistent with this order.

(2) That the allowable and production allocated to each zone of the subject well shall be on the basis of 35 percent Blinebry and 65 percent Drinkard.

(3) That this commingling authority shall remain in effect only for so long as the total production from the subject well is less than top unit allowable for the Blinebry Pool.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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



S E A L

dr/

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Bruce King
BRUCE KING, Chairman

Alex J. Armijo
ALEX J. ARMILLO, Member

A. L. Porter, Jr.
A. L. PORTER, Jr., Member & Secretary

Case 4910

Heard 2-28-73

Res. 3-1-73

Grant Cont. permission
to Downhole commingle the
Bleneby & Dunkard oil & Gas
in their Lockhart B-1 #7
G-1-22-36. Unit will surface
as either zone shall become
capable of producing 1-108%
allowable factor.

The production shall be
reported on the basis of
35% of the oil & Gas to the
Bleneby pool & 65% to the
Dunkard Pool.

Trust

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 28, 1973

9 A. M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Elvis A. Utz, Examiner, or Richard L. Stamets, Alternate Examiner:

CASE 4907: Application of Eastern Petroleum Company for water disposal, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water into the Dakota formation through its Navajo Well No. 21 located in Unit C of Section 3, Township 27 North, Range 17 West, Table Mesa-Dakota Oil Pool, San Juan County, New Mexico.

CASE 4908: Application of El Paso Natural Gas Company for a dual completion, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to dually complete its Vaughn Well No. 22 located in Unit G of Section 29, Township 26 North, Range 6 West, Rio Arriba County, New Mexico, in such a manner as to permit the production of gas from the South Blanco-Pictured Cliffs Pool and the Otero Chacra Pool through parallel strings of tubing cemented in a common wellbore.

CASE 4909: Application of Continental Oil Company for a non-standard unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard gas proration unit comprising the N/2 SW/4, SE/4 SW/4, and NW/4 SE/4 of Section 9, Township 21 South, Range 37 East, Blinebry Gas Pool, Lea County, New Mexico, said unit to be simultaneously dedicated to its Hawk B-1 Wells Nos. 2 and 4 located in Units J and L, respectively, of said Section 9.

CASE 4910: Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Blinebry and Drinkard production in its wellbore of its Lockhart B-1 Well No. 7 located in Unit G of Section 1, Township 22 South, Range 36 East, Blinebry and Drinkard Oil Pools, Lea County, New Mexico.

CASE 4911: Application of Anadarko Production Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Ballard Grayburg-San Andres Unit Area, comprising 2581 acres, more or less, of Federal and fee lands in Township 18 South, Range 29 East, Eddy County, New Mexico.

CASE 4912: Application of Anadarko Production Company for a waterflood project, special rules, unorthodox locations, and pool redelineation, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project by the injection of water into the Grayburg-San Andres formation through 23 injection wells, some at unorthodox locations, in its Ballard Grayburg-San Andres Unit in Sections 4, 5, 6, 7, 8, and 17, Township 18 South, Range 29 East, Loco Hills Pool, Eddy County, New Mexico. Applicant

NEW MEXICO OIL CONSERVATION COMMISSION

SANTA FE, NEW MEXICO

5-1-61

APPLICATION FOR MULTIPLE COMPLETION

C-107

Operator Continental Oil Company		County Lea		Date February 15, 1973
Address P. O. Box 460, Hobbs, New Mexico 88240		Lease Lockhart B-1		Well No. 7
Location of Well	Unit G	Section 1	Township 22 South	Range 36 East

1. Has the New Mexico Oil Conservation Commission heretofore authorized the multiple completion of a well in these same pools or in the same zones within one mile of the subject well? YES _____ NO X

2. If answer is yes, identify one such instance: Order No. _____; Operator, Lease, and Well No.: _____

3. The following facts are submitted:	Upper Zone	Intermediate Zone	Lower Zone
a. Name of Pool and Formation	Blinebry		Arrowhead-Drinkard
b. Top and Bottom of Pay Section (Perforations)	5567-5764		6557-6734
c. Type of production (Oil or Gas)	Oil		Oil
d. Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift

4. The following are attached. (Please mark YES or NO)

- _____ a. Diagrammatic Sketch of the Multiple Completion, showing all casing strings, including diameters and setting depths, centralizers and /or turbolizers and location thereof, quantities used and top of cement, perforated intervals, tubing strings, including diameters and setting depth, location and type of packers and side door chokes, and such other information as may be pertinent.
- _____ b. Plat showing the location of all wells on applicant's lease, all offset wells on offset leases, and the names and addresses of operators of all leases offsetting applicant's lease.
- _____ c. Waivers consenting to such multiple completion from each offset operator, or in lieu thereof, evidence that said offset operators have been furnished copies of the application.*
- _____ d. Electrical log of the well or other acceptable log with tops and bottoms of producing zones and intervals of perforation indicated thereon. (If such log is not available at the time application is filed, it shall be submitted as provided by Rule 112-A.)

5. List all offset operators to the lease on which this well is located together with their correct mailing address.

Marathon Oil Company, P. O. Box 220, Hobbs, New Mexico 88240

Gulf Oil Corporation, P. O. Box 670, Hobbs, New Mexico 88240

Texas Pacific Oil Company, P. O. Box 1069, Hobbs, New Mexico 88240

6. Were all operators listed in Item 5 above notified and furnished a copy of this application? YES _____ NO X. If answer is yes, give date of such notification _____.

CERTIFICATE: I, the undersigned, state that I am the _____ of the _____ (company), and that I am authorized by said company to make this report; and that this report was prepared under my supervision and direction and that the facts stated therein are true, correct and complete to the best of my knowledge.

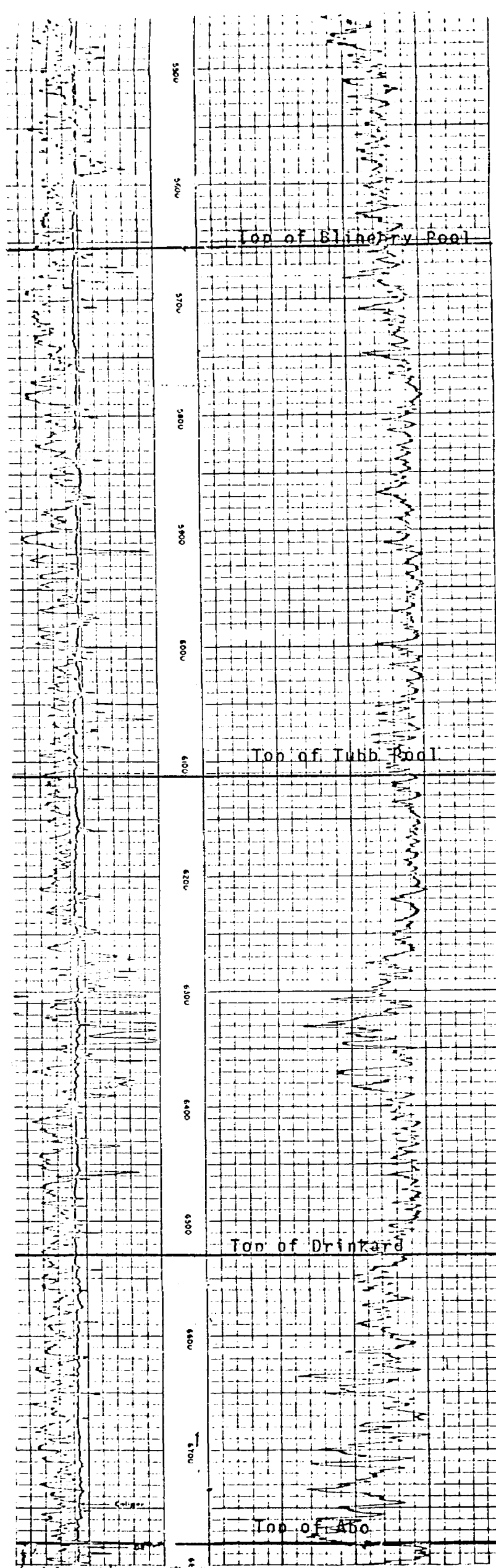
Signature

* Should waivers from all offset operators not accompany an application for administrative approval, the New Mexico Oil Conservation Commission will hold the application for a period of twenty (20) days from date of receipt by the Commission's Santa Fe office. If, after said twenty-day period, no protest nor request for hearing is received by the Santa Fe office, the application will then be processed.

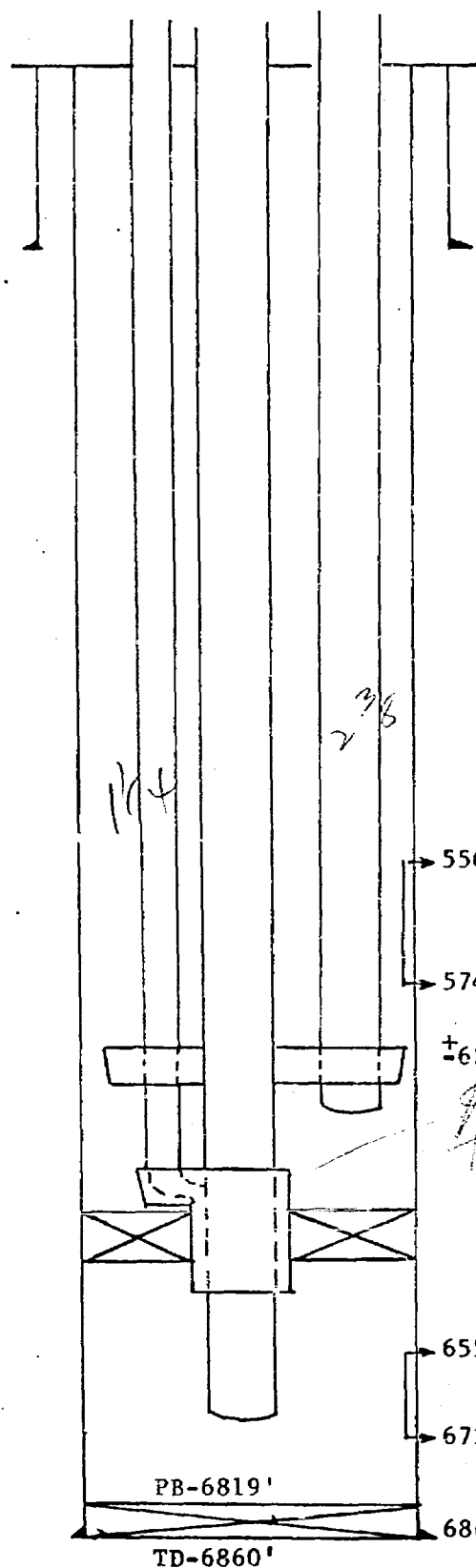
NOTE: If the proposed multiple completion will result in an unorthodox well location and/or a non-standard perforation unit in either or both of the producing zones, then separate application for approval of the same should be filed simultaneously with this application.

[illegible]

BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
EXHIBIT NO. 3
CASE NO. 4910
Submitted by Continental Oil Co.
Hearing Date Feb. 28, 1973



LOCKHART B-1 NO. 7
 UNIT G-1980' FNL & 1830' FEL
 SECTION 1 T-22S, R-36E
 LEA COUNTY, NEW MEXICO
 ELEV-3496' GL
 3506' KB



1123'-9 5/8" OD CASING SET W/700 SACKS (CMT. CIRC.)

DRINKARD TBG.-2 3/8" OD TBG W/BAKER PARALLEL FLOW
 TUBE TO LATCH INTO FA PACKER & W/2 3/8" OD TAILPIPE
 TO ±6700' & W/BAKER PARALLEL STRING ANCHOR W/BYPASS
 TO BE AT ±6250'.

DRINKARD GAS VENT STRING (1"-1 1/4" IJ TBG) TO BE RUN
 THRU BYPASS AND LANDED IN SNAP-LATCH OF PARALLEL FLOW
 TUBE.

BLINEBRY TBG - 2 3/8" OD TBG TO BE LANDED IN PARALLEL
 STRING ANCHOR

5567 BLINEBRY PERF
 5567, 99, 5607, 23, 51,
 5707, 29, 38, & 44

5744

±6250

BAKER MODEL FA PERM. PACKER TO BE SET AT 6400'

6557 DRINKARD PERF
 6557, 63, 73, 77, 6626, 34
 6678, 83, 95, 99, 6712 & 34

6734

PB-6819'

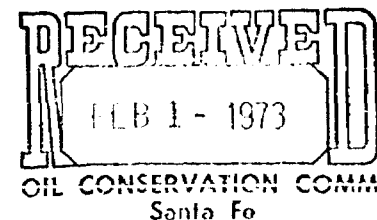
6860' - 7" OD-20#-23# & 26# CASING SET W/700 SACKS
 TOC-3100'

TD-6860'

BEFORE EXAMINED BY
 OIL CONSERVATION COMMISSION
 REPORT NO. 4
 CASE NO. 4910
 BY Continental Oil Co.
 Made Feb. 28, 1973 Exhibit No. 4

L. P. Thompson
Division Manager
Production Department
Hobbs Division

Western Hemisphere Petroleum Division
Continental Oil Company
P.O. Box 460
1001 North Turner
Hobbs, New Mexico 88240
(505) 393-4141



January 30, 1973

New Mexico Oil Conservation Commission ✓
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention Mr. A. L. Porter, Jr.
Secretary Director

Case 4918

Gentlemen:

Application for Downhole Commingling, Blinebry and Drinkard,
Lockhart B-1 No. 7

Attached are three copies of our application for hearing on the subject
matter. Please set this matter for hearing on the earliest Examiner Docket.

Yours very truly,

L. P. Thompson

rw
Enc

Copy + enc:
Amoco Production Company
Mr. Alex Clarke, Jr.
P. O. Box 3092
Houston, Texas 77001

Atlantic Richfield Company
Mr. George Ricks
P. O. Box 1978
Roswell, New Mexico 88201

Chevron Oil Company
Mr. E. O. Price
P. O. Box 1660
Midland, Texas 79701

Amoco Production Company
Mr. V. E. Staley
P. O. Box 68
Hobbs, New Mexico 88240

RLA: GAD: JWK:

DOCKET MAILED

2/16/73
Date

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
CONTINENTAL OIL COMPANY FOR AUTHORITY
TO COMMINGLE IN THE WELLBORE PRODUCTION
FROM THE BLINEBRY AND DRINKARD POOLS
IN ITS LOCKHART B-1 WELL NO. 7 LOCATED
1980' FNL AND 1830' FEL OF SECTION 1,
TOWNSHIP 22 SOUTH, RANGE 36 EAST, LEA
COUNTY, NEW MEXICO.

Case 4910

A P P L I C A T I O N

Comes now Applicant, Continental Oil Company, and respectfully requests authority to commingle in the wellbore production from the Blinebry and Drinkard Pools in its Lockhart B-1 Well No. 7 located 1980' FNL and 1830' FEL of Section 1, Township 22 South, Range 36 East, Lea County, New Mexico; and in support thereof would show:

1. Applicant is operator and co-owner of the Lockhart B-1 Lease consisting of SE/4 and S/2 N/2 Section 1, Township ~~22~~ South, Range 36 East, Lea County, New Mexico.
2. Applicant has drilled its Lockhart B-1 Well No. 7 at a location 1980' FNL and 1830' FEL of said Section 1.
3. Said well was tested in the Drinkard formation at a rate of 62 barrels oil, 45 barrels water, and 79 MCF gas by pumping. *6-7
142*
4. Applicant then temporarily plugged back the well and tested the Blinebry formation at a rate of 33 barrels oil, 69 barrels water, 69.5 MCF gas, also by pumping. *6-6
107*
5. The expense of equipping the well to permit pumping both zones efficiently when they are separated by a packer, is prohibitive.
6. That the fluids from both formations can be produced, commingled in the wellbore, efficiently, without waste and without impairing correlative rights.

*62
33
95*

WHEREFORE, Applicant respectfully requests that this matter be set for hearing before the Commission's duly appointed Examiner and that upon hearing an order be entered authorizing the commingling in the wellbore of the Blinebry and Drinkard production in its Lockhart B-1 Well No. 7 as described above.

Respectfully submitted,



Continental Oil Company
Division Manager

rw

DRAFT

dr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 4910

APPLICATION OF CONTINENTAL OIL
COMPANY FOR DOWNHOLE COMMINGLING,
LEA COUNTY, NEW MEXICO.

Order No. R-4492

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on February 28, 1973,
at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this March day of ~~February~~, 1973, the Commission,
a quorum being present, 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 Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Continental Oil Company, is the
owner and operator of the Lockhart B-1 Well No. 7, located in
Unit G of Section 1, Township 22 South, Range 36 West, NMPM,
Lea County, New Mexico.

(3) That the applicant proposes to complete the subject well in such a manner as to produce oil from the Blinebry and Drinkard Pools through a single string of tubing, commingling in the wellbore the production from said pools.

(4) That from the Blinebry zone, the subject well is capable of ~~extremely low~~ marginal production only.

(5) That from the Drinkard zone, the subject well is capable of ~~extremely low~~ marginal production only.

(6) That the reservoir characteristics of the Blinebry and Drinkard zones are such that underground waste would not be caused by the proposed commingling.

(7) That the proposed commingling may result in the recovery of additional hydrocarbons from each of the commingled zones, thereby preventing waste, and will not violate correlative rights.

(8) That in order to allocate the commingled production to each of the commingled zones in the subject well, 35 percent of the commingled oil ^{and gas} production should be allocated to the Blinebry Pool, and 65 percent of the commingled oil ^{and gas} production to the Drinkard Pool.

IT IS THEREFORE ORDERED:

(1) That the applicant, Continental Oil Company, is hereby authorized to complete its Lockhart B-1 Well No. 7, located in Unit G of Section 1, Township 22 South, Range 36 East, NMPM, Lea County, New Mexico, in such a manner as to produce oil from the Blinebry and Drinkard Pools through a single string of tubing, commingling in the wellbore the production from said pools.

PROVIDED HOWEVER, that the applicant shall complete, operate, and produce said well in accordance with the provisions of Rule 112-A of the Commission Rules and Regulations insofar as said rule is not inconsistent with this order.

(2) That the allowable and production allocated to each zone of the subject well shall be on the basis of 35 percent Blinebry, and 65 percent Drinkard.

-3-

Case No. 4910
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(3) That this commingling authority shall remain in effect only for so long as the ~~attributing of 25 percent of the well's~~ total production to the ~~Blanchy~~ pool still ~~results in~~ ^{from the} the subject well ^{is less than top unit allowable for the Blanchy} ~~being classified marginal in said pool~~

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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