

CASE 6187: CONTINENTAL OIL COMPANY
FOR DOWNHOLE COMMINGLING, LEA COUNTY,
NEW MEXICO

7

Case NO.

6187

Application

Transcripts

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
March 22, 1978

EXAMINER HEARING

IN THE MATTER OF:

Application of Continental Oil Company) CASE
for downhole commingling, Lea County,) 6187
New Mexico.)

BEFORE: Richard L. Stamets, Examiner.

TRANSCRIPT OF HEARING

For the New Mexico Oil Conservation Commission: Lynn Teschendorf, Esq.
Legal Counsel for the Commission
State Land Office Building
Santa Fe, New Mexico

For the Applicant: Jason W. Kellahin, Esq.
KELLAHIN & FOX
Attorneys at Law
500 Don Gaspar Avenue
Santa Fe, New Mexico

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825 Calle Mejia, No. 112, Santa Fe, New Mexico 87501
Phone (505) 982-9212

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1 MR. STAMETS: Call next case, Case 6187.

2 MS. TESCHENDORF: Case 6187, application of
3 Continental Oil Company for downhole commingling, Lea County,
4 New Mexico.

5 MR. STAMETS: Call for appearances in this case?

6 MR. KELLAHIN: Jason Kellahin, Kallahin and Fox,
7 Santa Fe, appearing on behalf of the applicant and we have
8 one witness to be sworn.

9 (THEREUPON, the witness was sworn.)

10
11 VICTOR T. LYON

12 was called as a witness by the applicant, and having been
13 first duly sworn, testified upon his oath as follows, to-wit:

14
15 DIRECT EXAMINATION

16 BY MR. KELLAHIN:

17 Q Would you please state your name?

18 A My name is Victor T. Lyon.

19 Q By whom are you employed and in what position, Mr.
20 Lyon?

21 A I am employed by Continental Oil Company as
22 Conservation Coordinator in the Hobbs Division office located
23 in Hobbs, New Mexico.

24 Q Have you appeared before the Oil Conservation
25 Commission and made your qualifications a matter of record?

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1 A. Yes, I have.

2 MR. KELLAHIN: Are the witness' qualifications
3 acceptable?

4 MR. STAMETS: They are.

5 Q (Mr. Kellahin continuing.) Mr. Lyon, what does
6 Continental Oil Company propose in Case Number 6187?

7 A Case Number 6187 is the application of Continental
8 Oil Company for permission to commingle in the well bore
9 for production from the Blindbry oil and gas pool and the
10 Drinkard Oil Pool in the Hawk B-1 Well No. 1 located in Unit
11 F of Section 9, Township 21 South, Range 37 East, Lea County,
12 New Mexico.

13 Q Now, have you made a study of this proposal and
14 prepared exhibits in connection with it?

15 A. Yes, I have.

16 Q Referring to what has been marked as Applicant's
17 Exhibit Number One, would you discuss that exhibit?

18 A Exhibit Number One is the location and ownership
19 plat showing the Hawk B-1 lease which is outlined in red and
20 described as the southeast quarter and the east half of the
21 southwest quarter of Section 8 and the south half and the
22 east half of the northwest quarter of Section 9, Township
23 21, South, Range 37 East, Lea County, New Mexico.

24 It also shows Well No. 1, which is the subject of
25 this hearing circled in red at a location of nineteen hundred

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1 feet from the north and west line of Section 9.

2 Q Now, what is the present status of that well?

3 A That well is a dual completion in the Blindbry
4 Oil and Gas pool and the Drinkard Oil Pool under the
5 provisions of Administrative Order DC 224.

6 Q Now, those are the zones proposed to commingle?

7 A Yes, they are.

8 Q Referring to what has been marked as Exhibit Number
9 Two, would you identify that exhibit?

10 A Exhibit Number Two consists of two sheets. Essentially
11 they are Forms C-116. The first one is a test taken on
12 February 2nd, in the Blindbry Oil and Gas completion. It
13 shows that the well produced three barrels of oil, no water,
14 and two hundred sixty-six MCF of gas per day.

15 The second form is a test in the Drinkard completion
16 dated January 31st, 1978, and that completion produced
17 three barrels of oil and eighteen MCF of gas and no water.

18 Q Would you say that that zone has reached an
19 advanced stage of completion?

20 A Yes, I would.

21 Q Referring to what has been marked as Exhibit Number
22 Three, would you identify that exhibit?

23 A Exhibit Number Three is a copy of a schematic
24 diagram showing the manner in which the well is dually
25 completed. It shows the casing strings and the depths and

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1 the amount of cement used and the location of the packer
2 and the equipment that is run in the well.

3 Q Now, if permission to commingle is granted how do
4 you propose to complete the well?

5 A Well, we would essentially remove the seals from
6 the Baker Model D packer either by moving the tubing up to
7 -- so that the tubing no longer seated in the bore of the
8 packer or they may trip the tubing and take those seals out
9 all together. Anyhow, we will just eliminate the seal in
10 the packer.

11 Q You will, however, continue to produce the well
12 through the tubing?

13 A Yes, sir.

14 Q Now, referring to what has been marked as Exhibit
15 Number Four would you identify that exhibit, please?

16 A Yes, sir, Exhibit Number Four is the decline curve
17 for the Drinkard completion. The gas production is shown by
18 the dashed line. The oil production is indicated by the
19 solid line.

20 Now, due to the scale that was used in preparing
21 this exhibit production less than one hundred barrels per
22 month is not shown because the zero line there is the one
23 hundred barrels per month rate.

24 Actual production during 1975, was thirteen hundred
25 and twenty-three barrels of oil, an average of three point

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1 six barrels per day.

2 The well actually produced three months in 1976
3 and it totaled during that year one hundred and forty-four
4 barrels. Obviously, the well is having difficulty pumping
5 beneath that packer and extrapolating the curve shown during
6 the period from January 1st, of '72, through the middle of
7 1975, I calculate that there are remaining recoverable
8 reserves from that completion seven thousand three hundred and
9 fifty barrels. Assuming that the gas-oil ratio continues at
10 approximately six thousand cubic feet per barrel there would be
11 forty-four thousand one hundred MCF of gas remaining
12 recoverable from the Drinkard. This is extrapolated to an
13 economic limit of two barrels of oil per day.

14 Q Referring to what has been marked as Exhibit Number
15 Five would you identify that exhibit?

16 A Exhibit Number Five is a decline curve of the
17 Blindbry oil and gas completion. This well is classified
18 as a gas well and it shows that its producing history is
19 rather erratic. Apparently, the well has been used as a
20 swing well by the purchaser and so it has periods of high
21 production and then relatively extended periods of shut in.

22 It was reclasssified to marginal status on July 1st,
23 1976. It is possible that this well is loading up with
24 liquids but it does not produce at a high enough rate to
25 justify its classification as a non-marginal well.

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1 It has only forty acres assigned to it and therefore
2 the well is evidently properly classified as marginal.

3 I believe that downhole commingling of production
4 of the well will materially improve production from both
5 zones. I think there is sufficient gas in the Blindbry or
6 in the combined stream to lift the fluids in the well by
7 flowing.

8 If we find that this is not the case, of course,
9 we will run pumping equipment and produce the well by
10 pumping -- produce the liquids by pumping the gas through
11 the annulus.

12 Q Now, is the curde oil compatible in these two wells?

13 A Yes. The Blindbry and Drinkard crude have been
14 commingled at the surface on this property for many years.
15 There has been no problem commingling the two crudes.

16 Q Who is purchasing the gas from these two zones?

17 A The gas from the Drinkard is purchased by Getty.
18 The Blindbry is being purchased by El Paso as the gas well.
19 We have made contact with both of these parties and an
20 arrangement is being worked out whereby Getty will take the
21 combined gas stream and will deliver the gas to El Paso
22 under a processing agreement. This is quite a commonplace
23 arrangement in this area as these reservoirs decline.

24 MR. STAMETS: Excuse me, that will allow this well,
25 then, to more or less remain on stream all of the time? That's

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1 the intent of getting Getty to be the purchaser?

2 A Well, the intent of getting Getty to be the
3 purchaser is that there is a diversity in there and we do
4 not have a separate stream of gas. We have gas that is dedicated
5 to El Paso going to Getty.

6 So, we felt that it was essential that those
7 parties work out an arrangement where both contracts can
8 continue to exist and operate and we are working it out.

9 Q (Mr. Kellahin continuing.) In your opinion, Mr.
10 Lyon, will approval of this application result in the recovery
11 of oil and gas not otherwise recovered?

12 A Yes.

13 Q Would it prolong the productive life of this well?

14 A Yes, it would.

15 Q Is the ownership common throughout?

16 A Yes.

17 Q In both zones?

18 A Yes, sir.

19 Q Do you propose any kind of allocation of production
20 between the two zones?

21 A No, I hadn't thought of that.

22 MR. STAMETS: Is it possible, Mr. Lyon, to project
23 the remaining reserves to the Blindbry zone as you have done
24 to the Drinkard zone?

25 A Say again?

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1 MR. STAMETS: Could you or have you made a projection
2 in the remaining reserves in the Blindbry zone as you have
3 done in the Drinkard zone?

4 A My Blindbry decline curve does not show the liquids
5 and this is for gas only. I would suggest that the gas be
6 allocated to the Blindbry since it produces considerably more
7 than ninety percent of the gas based on these tests and
8 that the liquid production be allocated fifty-fifty.

9 MR. STAMETS: Perhaps another alternative would be
10 to allow you to work with the District Supervisor at the
11 Hobbs District Office to arrive at a formula subsequent to
12 this hearing?

13 A I think that would be advisable because the
14 producing characteristics of these two zones on a commingled
15 basis may be somewhat different from what we have measured
16 separately.

17 Q (Mr. Kellahin continuing.) Were Exhibits One
18 through Five prepared by you or under your supervision?

19 A Yes, sir.

20 MR. KELLAHIN: At this time we offer Exhibit One
21 through Five into evidence.

22 MR. STAMETS: These exhibits will be admitted.

23 MR. KELLAHIN: That's all we have, Mr. Examiner.

24

25

CROSS EXAMINATION

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1 BY MR. STAMETS:

2 Q Mr. Lyon, what kind of shut in pressures would you
3 find in the Drinkard and in the Blindbry in this well?

4 A I have that set out here and forgot to testify to
5 it. We estimate the bottomhole pressure in the Blindbry is
6 about five hundred and thirty-seven pounds and that the Drinkard
7 bottomhole pressure is about six hundred and ninety pounds.
8 This is based on pressures measured in nearby wells and the
9 trend in the area.

10 Q Do you get any indication from Getty that they will
11 be able to keep this well on the line and producing all of
12 the time and avoid this erratic production behavior that
13 you had when El Paso was the purchaser?

14 A Yes. I think it will smooth out that production
15 curve. I might also mention that the indicated combined
16 gas stream of these two reservoirs is less than the limiting --
17 the gas limit for either of the formations so that there should
18 not be a gas production in excess of either gas limit.

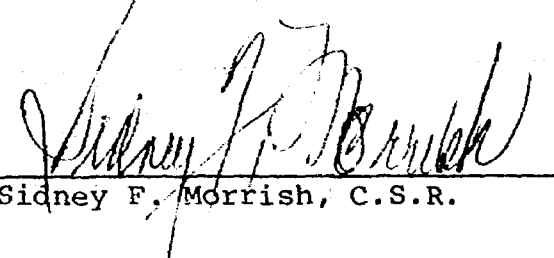
19 MR. STAMETS: All right. Any other questions of the
20 witness? He may be excused. Anything further in this case?
21 The case will be taken under advisement.

22 (THEREUPON, the case was concluded.)
23
24
25

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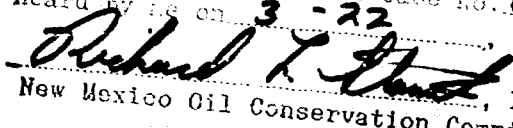
REPORTER'S CERTIFICATE

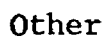
I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill and
ability.


Sidney F. Morrish, C.S.R.

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I do hereby certify that the foregoing is
a complete and correct transcript of the proceedings in
the Matter of Case No. 6187,
heard by me on 3-22, 1978.

Richard L. Hunt, Examiner
New Mexico Oil Conservation Commission



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. 6187
Order No. R-5689

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 March 22, 1978, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 4th day of April, 1978, 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 Hawk B-1 Well No. 1, located in Unit F of Section 9, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks authority to commingle Blinebry and Drinkard production within the wellbore of the above-described well.

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

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

(6) That 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.

-2-

Case No. 6187
Order No. R-5689

(7) That 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.

(8) That to afford the Oil Conservation Division of the New Mexico Energy and Minerals Department 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.

(9) That in order to allocate the commingled production to each of the commingled zones in the wells, applicant should consult with the supervisor of the Hobbs District Office of the Division and determine an allocation formula for each of the production zones.

IT IS THEREFORE ORDERED:

(1) That the applicant, Continental Oil Company, is hereby authorized to commingle Blinbry and Drinkard production within the wellbore of the Hawk B-1 Well No. 1, located in Unit F of Section 9, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

(2) That the applicant shall consult with the Supervisor of the Hobbs District Office of the Division and determine an allocation formula for the allocation of production to each zone in each of the subject wells.

(3) That 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.

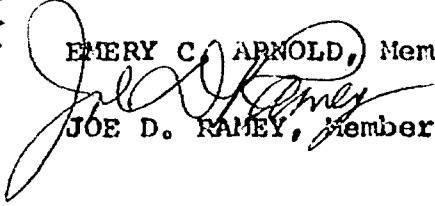
(4) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


PHIL R. LUCERO, Chairman

EMERY C. ARNOLD, Member


JOE D. RAMEY, Member and Division Director

CASE 6184: Application of Mesa Petroleum Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the E/2 of Section 24, Township 18 South, Range 24 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6185: (This Case will be dismissed)

Application of Mesa Petroleum Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 32, Township 18 South, Range 35 East, Lea County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6186: Application of Sun Production Company for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard gas proration unit comprising the NE/4 of Section 20 and the NW/4 of Section 21, both in Township 22 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to be dedicated to applicant's Boren & Greer Gas Unit Well No. 2 to be located 890 feet from the North line and 1780 feet from the West line of said Section 21.

CASE 6187: Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinebry and Drinkard production in the wellbore of its Hawk B-1 Well No. 1 located in Unit F of Section 9, Township 21 South, Range 37 East, Lea County, New Mexico.

CASE 6170: Application of Aminoil USA, Inc., for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for its Westlake Unit Area comprising 1920 acres, more or less, of State lands in Township 24 South, Range 33 East, Lea County, New Mexico.

CASE 6188: Application of Sam D. Ares for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Seven Rivers formation through the open-hole interval from 3465 feet to 3497 feet in his Zattu Cushing Well No. 1 located in Unit F of Section 23, Township 24 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico.

CASE 6189: Application of Merrion & Bayless for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Pictured Cliffs and Mesaverde production in the wellbore of its North Lindrith Com Well No. 2, to be drilled in the NW/4 of Section 20, Township 26 North, Range 2 West, Rio Arriba County, New Mexico.

L. P. Thompson
Division Manager

E. L. Oshlo
Assistant Division Manager

Production Department
Hobbs Division
North American Production

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

March 2, 1978

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

Attention Mr. R. L. Stamets

Gentlemen:

Application for Downhole Commingling - Hawk B-1 Well No. 1

Enclosed in triplicate is our application for authority to commingle in the wellbore production from the Drinkard and Blinebry Pools in our Hawk B-1 Well No. 1-F-9-21-37, Lea County, New Mexico.

Please set this matter for hearing on your March 22, 1978 docket.

Yours very truly,

E. L. Oshlo

VTL/jj

Enc

CC:

C. F. Ellis - Houston
F. O. Hull - Houston
J. W. Kellahin - Santa Fe

BEFORE THE OIL CONSERVATION COMMISSION

OF THE STATE OF NEW MEXICO

APPLICATION OF CONTINENTAL OIL COMPANY
FOR AUTHORITY TO COMMINGLE IN THE WELL-
BORE PRODUCTION FROM THE BLINEBRY OIL &
GAS POOL AND DRINKARD OIL POOL IN ITS
HAWK B-1 WELL NO. 1, LOCATED IN UNIT "F",
SECTION 9, T-21-S, R-37-E, LEA COUNTY,
NEW MEXICO.

APPLICATION

Applicant, CONTINENTAL OIL COMPANY, hereby respectfully requests authority to commingle in the wellbore production from the Blinebry Oil & Gas Pool and Drinkard Oil Pool in its Hawk B-1 Well No. 1, located in Unit "F", Section 9, T-21-S, R-37-E, Lea County, New Mexico, and in support thereof would show:

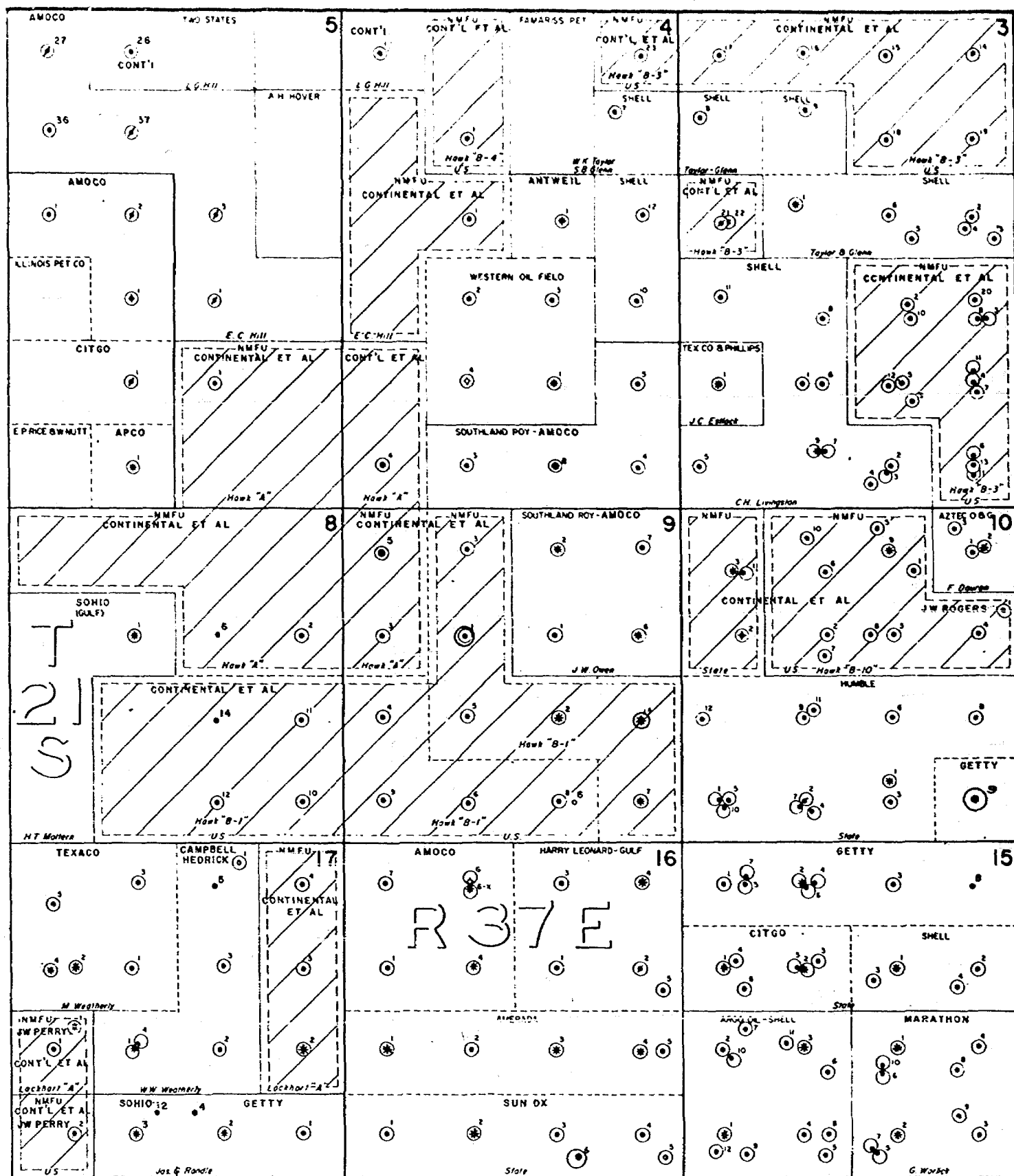
1. Applicant is operator and co-owner of the Hawk B-1 lease consisting of, in addition to other lands, S/2 and E/2 NW/4 Section 9, T-21-S, R-37-E, Lea County, New Mexico.
2. Applicant has heretofore drilled several wells on said lease, including Well No. 1 located 1980' FN&WL of said Section 9.
3. Said Well No. 1 was drilled and completed in the Drinkard Oil Pool and subsequently dually completed in the Drinkard and the Blinebry Oil & Gas Pool, under the provisions of Order No. DC-224.
4. That production from the two pools in said well has declined to the point that it is no longer economical to continue production on a segregated basis and applicant, therefore, requests authority to commingle production from the two zones in the wellbore.
5. That the granting of this application will result in the prevention of waste and will not impair correlative rights.

WHEREFORE, applicant respectfully requests that this matter be set for hearing before the Commission's duly authorized examiner, and upon hearing an order be entered authorizing the commingling in the wellbore as described above.

Respectfully submitted,

CONTINENTAL OIL COMPANY

BY E. L. Oshlo
E. L. OSHLO, Assistant Division Manager



CONTINENTAL OIL COMPANY
PRODUCTION DEPARTMENT
HOBBS DISTRICT

HAWK B-1 LEASE

LEA COUNTY, NEW MEXICO

1" = 2000'

BEFORE THE OIL CONSERVATION COMMISSION

OF THE STATE OF NEW MEXICO

APPLICATION OF CONTINENTAL OIL COMPANY
FOR AUTHORITY TO COMMINGLE IN THE WELL-
BORE PRODUCTION FROM THE BLINEBRY OIL &
GAS POOL AND DRINKARD OIL POOL IN ITS
HAWK B-1 WELL NO. 1, LOCATED IN UNIT "F",
SECTION 9, T-21-S, R-37-E, LEA COUNTY,
NEW MEXICO.

APPLICATION

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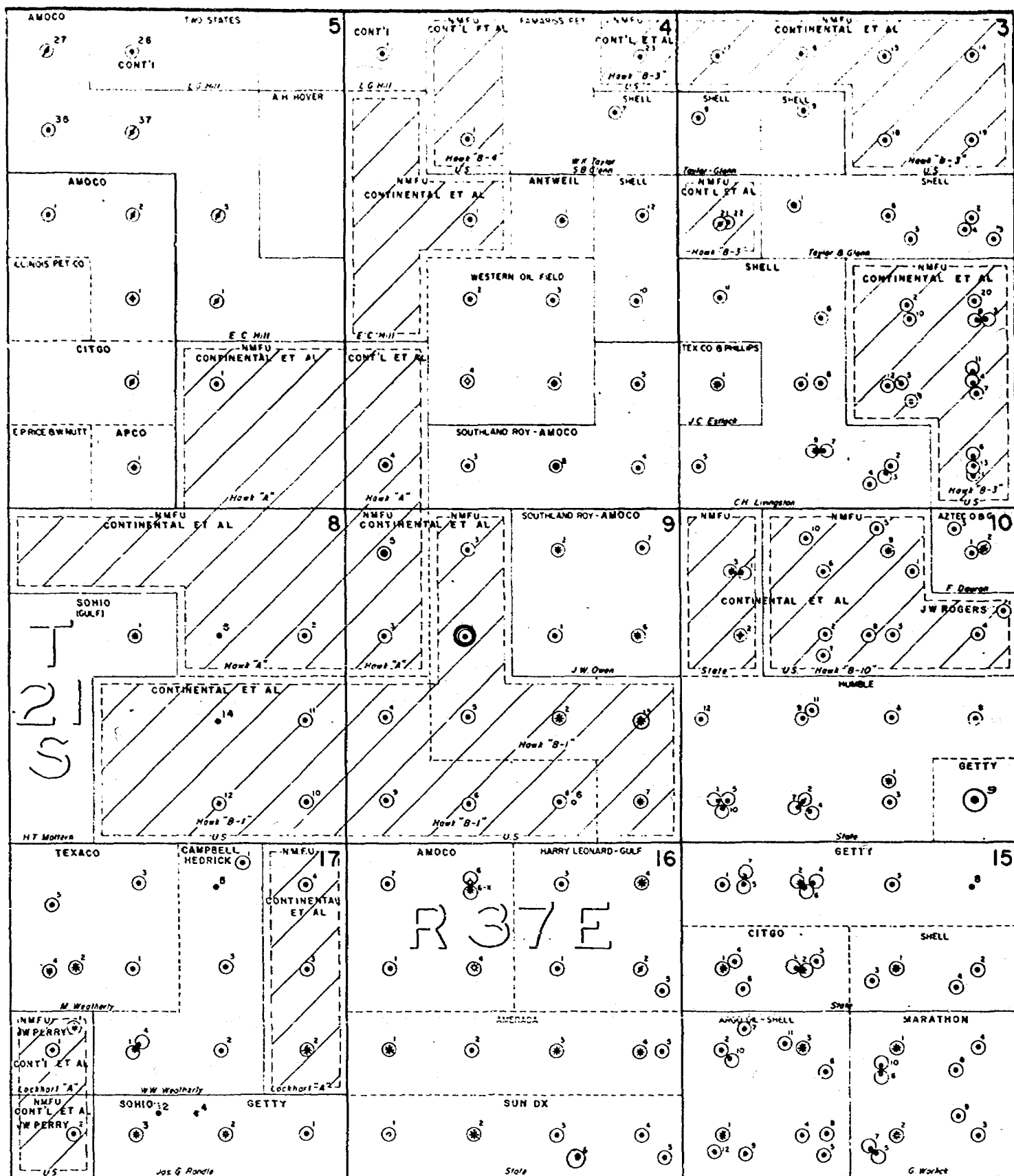
1. Applicant is operator and co-owner of the Hawk B-1 lease consisting of, in addition to other lands, S/2 and E/2 NW/4 Section 9, T-21-S, R-37-E, Lea County, New Mexico.
2. Applicant has heretofore drilled several wells on said lease, including Well No. 1 located 1980' FN&WL of said Section 9.
3. Said Well No. 1 was drilled and completed in the Drinkard Oil Pool and subsequently dually completed in the Drinkard and the Blinebry Oil & Gas Pool, under the provisions of Order No. DC-224.
4. That production from the two pools in said well has declined to the point that it is no longer economical to continue production on a segregated basis and applicant, therefore, requests authority to commingle production from the two zones in the wellbore.
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Respectfully submitted,

CONTINENTAL OIL COMPANY

BY E. L. Oshlo
E. L. OSHLO, Assistant Division Manager



CONTINENTAL OIL COMPANY
PRODUCTION DEPARTMENT
HOBBS DISTRICT

HAWK B-1 LEASE

LEA COUNTY, NEW MEXICO

1" = 2000'

BEFORE THE OIL CONSERVATION COMMISSION

OF THE STATE OF NEW MEXICO

APPLICATION OF CONTINENTAL OIL COMPANY
FOR AUTHORITY TO COMMINGLE IN THE WELL-
BORE PRODUCTION FROM THE BLINEBRY OIL &
GAS POOL AND DRINKARD OIL POOL IN ITS
HAWK B-1 WELL NO. 1, LOCATED IN UNIT "F",
SECTION 9, T-21-S, R-37-E, LEA COUNTY,
NEW MEXICO.

APPLICATION

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1. Applicant is operator and co-owner of the Hawk B-1 lease consisting of, in addition to other lands, S/2 and E/2 NW/4 Section 9, T-21-S, R-37-E, Lea County, New Mexico.
2. Applicant has heretofore drilled several wells on said lease, including Well No. 1 located 1980' FN&WL of said Section 9.
3. Said Well No. 1 was drilled and completed in the Drinkard Oil Pool and subsequently dually completed in the Drinkard and the Blinebry Oil & Gas Pool, under the provisions of Order No. DC-224.
4. That production from the two pools in said well has declined to the point that it is no longer economical to continue production on a segregated basis and applicant, therefore, requests authority to commingle production from the two zones in the wellbore.
5. That the granting of this application will result in the prevention of waste and will not impair correlative rights.

WHEREFORE, applicant respectfully requests that this matter be set for hearing before the Commission's duly authorized examiner, and upon hearing an order be entered authorizing the commingling in the wellbore as described above.

Respectfully submitted,

CONTINENTAL OIL COMPANY

BY E. L. Oshlo
E. L. OSHLO, Assistant Division Manager

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. 6187

Order No. R- 5689

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 March 22,
19 78, at Santa Fe, New Mexico, before Examiner Richard L. Stamets

NOW, on this _____ day of _____, 1978, 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 Hawk B-1 Well No. 1, located
in Unit F of Section 9, Township 21 South, Range
37 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks authority to commingle _____
Blinebry and Drinkard production
within the wellbore of the above-described well.

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

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

(6) That 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.

Case No. _____
Order No. R- _____

(7) That 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.

Oil Conservation Division of the New Mexico Energy and Minerals Department
(8) That to afford the ~~Commission~~ ^{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 ~~Commission~~ ^{Division} any time the subject well is shut-in for 7 consecutive days.

Division (9) ~~(10)~~ That in order to allocate the commingled production to each of the commingled zones in the wells, applicant should consult with the supervisor of the Hobbs District Office of the ~~Commission~~ and determine an allocation formula for each of the production zones.

one Blinebry zone, and _____ percent of the commingled _____ production to the Drinkard zone.

IT IS THEREFORE ORDERED:

(1) That the applicant, Continental Oil Company, is hereby authorized to commingle Blinebry and Drinkard production within the wellbore of the Hawk B-1 Well No. 1, located in Unit F of Section 9, Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

(2) That the applicant shall consult with the Supervisor of the Hobbs District Office of the ~~Commission~~ ^{Division} and determine an allocation formula for the allocation of production to each zone in each of the subject wells.

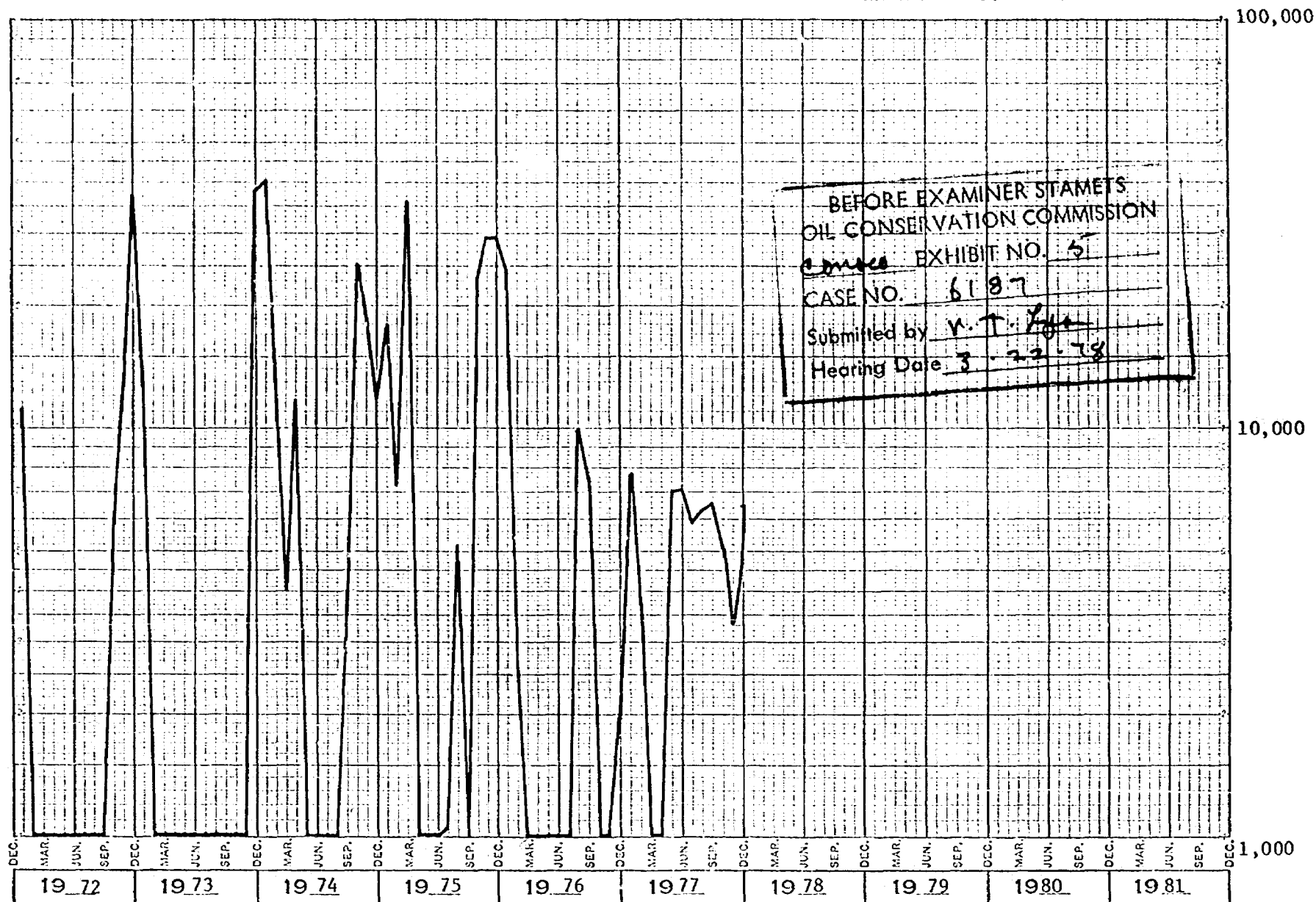
production shall be allocated to the Drinkard zone.

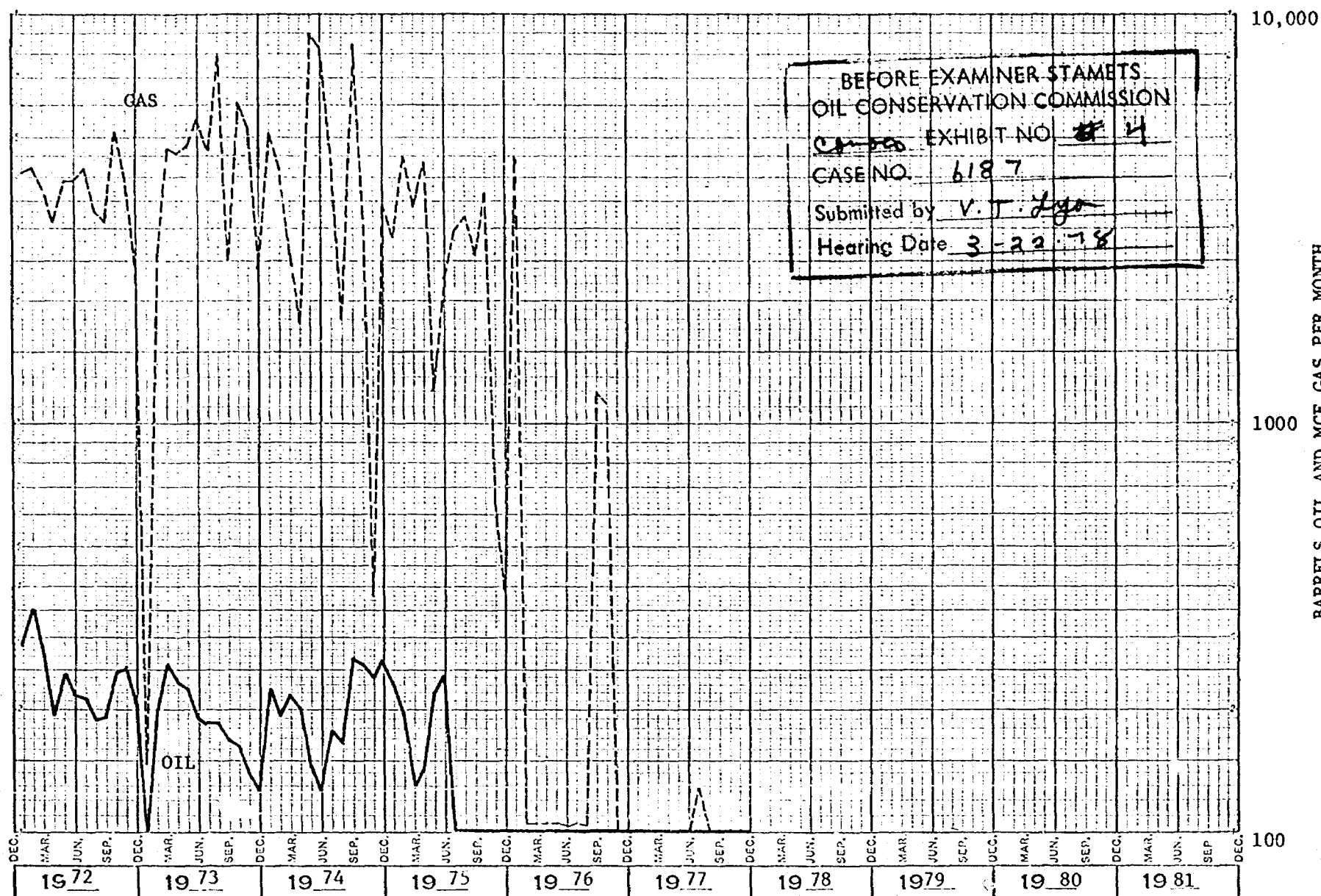
(3) That the operator of the subject well shall immediately notify the ~~Commission's~~ ^{Division's} Hobbs district office any time the well has been shut-in for 7 consecutive days and shall concurrently present, to the Commission, a plan for remedial action.

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

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

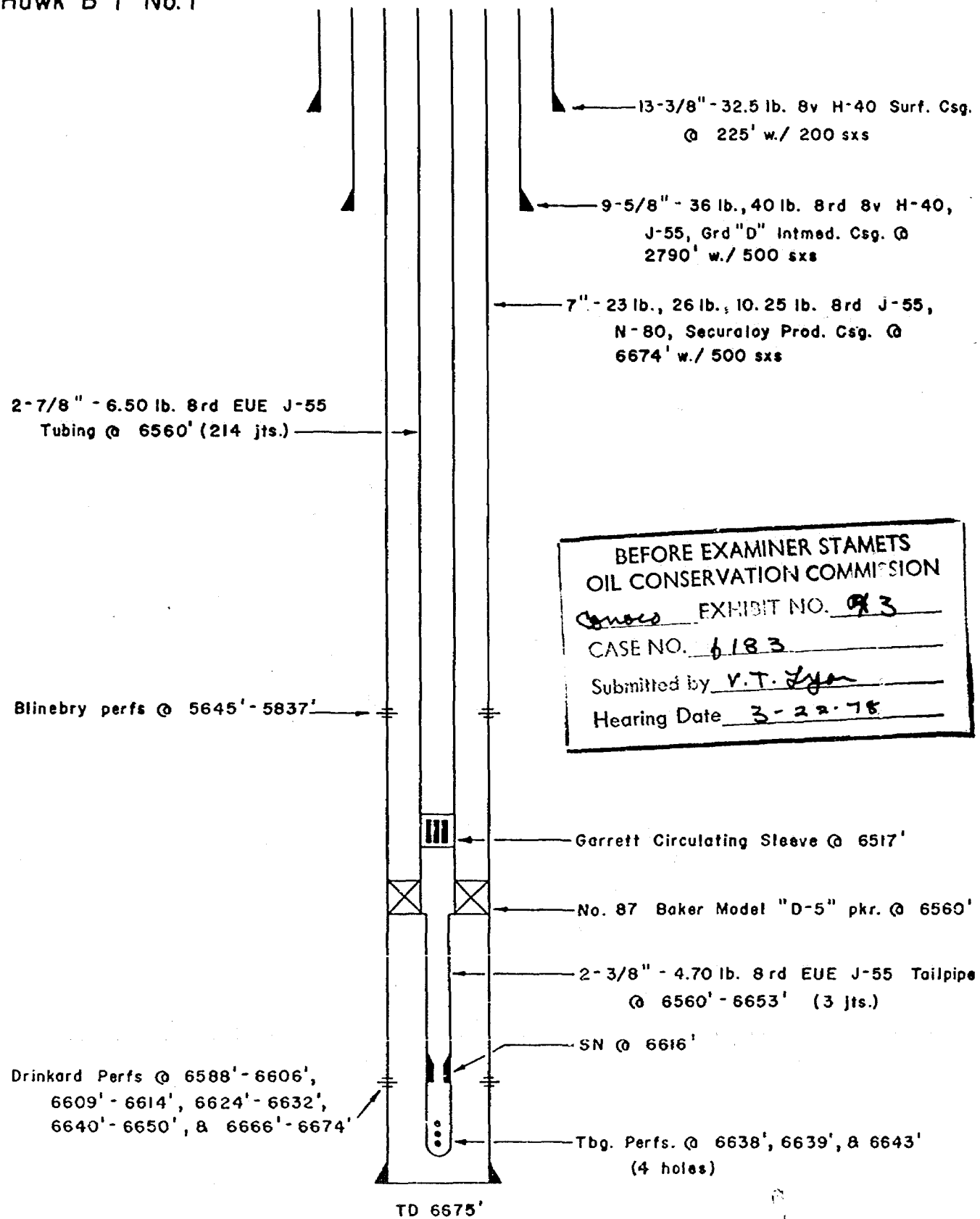
State of N.M.
Oil Conservation Commission
Alvaro Chavez
General Member
Alvaro Chavez
General Member and Division Director





WELLBORE DIAGRAM

Hawk B-1 No. 1



BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION

Case NO. 6183

Submitted by V.T. Lyon

Hearing Date 3-22-78

EXHIBIT NO. 3

~~April~~

2-28-78

Case
1187

Application of Continental
Oil Co for DHC

Hawk ~~B-1~~ Well No 1 F 9-215.372

Lea Co

Blumby Gas and Drinkard oil

by Vic Lyon
RHS

Called Vic

3-10-78

Will send Sup license