

**STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**NOMENCLATURE
CASE NO. 11181
Order No. R-10304**

**APPLICATION OF ENRON OIL & GAS
COMPANY FOR POOL CREATION AND
DOWNHOLE COMMINGLING, EDDY COUNTY,
NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on January 5, 1995, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 24th day of January, 1995, 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, Enron Oil & Gas Company, seeks approval to downhole commingle Wildcat-Wolfcamp and Los Medanos-Bone Spring Pool production within the wellbore of its James Ranch Unit Well No. 71 located 330 feet from the North line and 660 feet from the East line (Unit A) of Section 36, Township 22 South, Range 30 East, NMPM, Eddy County, New Mexico.

(3) The applicant further seeks the creation of a new pool for the production of oil from the Wolfcamp formation comprising the NE/4 NE/4 of Section 36, Township 22 South, Range 30 East, NMPM, Eddy County, New Mexico.

(4) The James Ranch Unit Well No. 71 was drilled in September, 1994, to a depth of approximately 11,250 feet. The Bone Spring and Wolfcamp formations were perforated from depths of 10,880 feet to 10,938 feet and 11,091 feet to 11,124 feet, respectively.

(5) On November 5, 1994, the subject well tested a commingled Bone Spring/Wolfcamp Pool rate of approximately 169 barrels of oil, 45 barrels of water and 295 MCF gas per day.

(6) The applicant subsequently obtained Division approval to test the subject well as a Bone Spring/Wolfcamp Pool commingled well in order to gather sufficient data to obtain subsequent downhole commingling approval.

(7) The current commingled production rate from the subject well is approximately 85 barrels of oil, 30 barrels of water and 185 MCF gas per day.

(8) The subject well is located within one mile of the Los Medanos-Bone Spring Pool and is also located within one mile of the Los Medanos-Wolfcamp Pool.

(9) The Los Medanos-Bone Spring Pool is currently classified as an oil pool governed by Statewide Rules and Regulations. The Los Medanos-Wolfcamp Pool is currently classified as a gas pool and is also governed by Statewide Rules and Regulations, including 320-acre gas spacing.

(10) The applicant seeks the creation of a new Wolfcamp oil pool and in support thereof presented geologic evidence and testimony which indicates that:

- a) the Mitchell Energy Corporation Apache "25" Federal Comm Well No. 2, located in Unit P of Section 25, Township 22 South, Range 30 East, NMPM, is currently producing from the Los Medanos-Wolfcamp Pool through the perforated interval from 11,824 feet to 12,154 feet;
- b) the James Ranch Unit Well No. 71 is producing from an oil bearing Wolfcamp interval some 700 feet above the Wolfcamp interval being produced in the aforesaid Apache "25" Federal Comm Well No. 2;
- c) there does not appear to be any vertical communication between the two Wolfcamp intervals;

(11) The applicant's evidence and testimony further indicates that:

- a) the James Ranch Unit Well No. 71 is not deep enough to produce from the deeper Wolfcamp interval. In addition, applicant has no plans to deepen said well;

- b) the Apache "25" Federal Comm Well No. 2, which was completed in April, 1994, is currently producing at low rates of approximately 100 MCF gas per day.

(12) The evidence presented indicates that the James Ranch Unit Well No. 71 has discovered a separate common source of supply in the Wolfcamp formation which should be developed on Statewide Rules and Regulations for oil pools.

(13) A new pool for the production of oil from the Wolfcamp formation should be created and designated the South Los Medanos-Wolfcamp Pool. The South Los Medanos-Wolfcamp Pool should initially comprise the NE/4 NE/4 of Section 36, Township 22 South, Range 30 East, NMPM.

(14) The evidence presented indicates that the proposed commingling is necessary in order to economically recover the oil and gas reserves in the Bone Spring and Wolfcamp intervals.

(15) The applicant further demonstrated through its evidence and testimony that:

- a) there will be no crossflow between the commingled pools;
- b) none of the commingled zones exposes the others to damage by produced liquids;
- c) the fluids from each of the zones are compatible with the others;
- d) the bottomhole pressure of the lower pressure zone should not be less than 50 percent of the bottomhole pressure of the higher pressure zone adjusted to a common datum; and,
- e) the value of the commingled production is not less than the sum of the values of the individual production.

(16) According to applicant's evidence and testimony, given the creation of a new Wolfcamp oil pool, the interest ownership between the two zones is currently common.

(17) No interest owner and/or offset operator appeared at the hearing in opposition to the application.

(18) In the interest of prevention of waste and protection of correlative rights, the proposed downhole commingling should be approved.

(19) Production from the subject well should be allocated as follows:

<u>POOL</u>	<u>ALLOCATION</u>	
	<u>OIL</u>	<u>GAS</u>
South Los Medanos-Wolfcamp Pool	80%	20%
Los Medanos-Bone Spring Pool	20%	80%

(20) To afford the Division an opportunity to assess the potential of waste and to expeditiously order the appropriate remedial action, the operator should notify the Artesia District Office of the Division any time the subject well is shut-in for seven consecutive days.

IT IS THEREFORE ORDERED THAT:

(1) A new pool for the production of oil from the Wolfcamp formation is hereby created and designated the South Los Medanos-Wolfcamp Pool. The South Los Medanos-Wolfcamp Pool shall comprise the following described area in Eddy County, New Mexico.

TOWNSHIP 22 SOUTH, RANGE 30 EAST, NMPM
Section 36: NE/4 NE/4

(2) Enron Oil & Gas Company is hereby authorized to downhole commingle South Los Medanos-Wolfcamp and Los Medanos-Bone Spring Pool production within the wellbore of its James Ranch Unit Well No. 71 located 330 feet from the North line and 660 feet from the East line (Unit A) of Section 36, Township 22 South, Range 30 East, NMPM, Eddy County, New Mexico.

(3) Production from the subject well shall be allocated as follows:

<u>POOL</u>	<u>ALLOCATION</u>	
	<u>OIL</u>	<u>GAS</u>
South Los Medanos-Wolfcamp Pool	80%	20%
Los Medanos-Bone Spring Pool	20%	80%

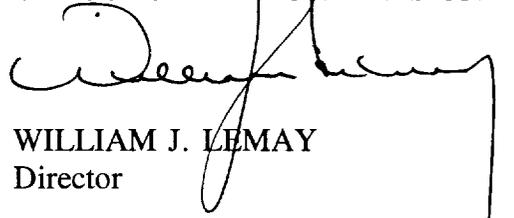
(4) The operator shall immediately notify the supervisor of the Artesia District Office of the Division any time the subject well has been shut-in for seven consecutive days and shall concurrently present, to the Division, a plan for remedial action.

NOMENCLATURE
CASE NO. 11181
Order No. R-10304
Page -5-

(5) Jurisdiction is hereby 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 DIVISION



WILLIAM J. LEMAY
Director

S E A L