

Entered September 30, 1981  
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STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

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

CASE NO. 7342  
Order No. R-6783

APPLICATION OF ARCO OIL AND GAS COMPANY  
FOR DOWNHOLE COMMINGLING, LEA COUNTY,  
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on September 9, 1981,  
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 30th day of September, 1981, the Division  
Director, 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 Division has jurisdiction of this cause and the subject  
matter thereof.
- (2) That the applicant, Arco Oil and Gas Company, is  
the owner and operator of the State 367 Well No. 2, located in  
Unit L of Section 36 and its Roy Barton Well No. 2 located in Unit  
B of Section 23, both in 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 wellbores of the above-described  
wells.
- (4) That from the Blinebry zone, the subject wells are capable  
of low marginal production only.
- (5) That from the Drinkard zone, the subject wells are capable  
of low marginal production only.



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(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.

(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 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 Division any time either of the subject wells are 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, Arco Oil and Gas Company, is hereby authorized to commingle Blinebry and Drinkard production within the wellbores of the State 367 Well No. 2, located in Unit L of Section 36 and its Roy Barton Well No. 2 located in Unit B of Section 23, both in Township 21 South, Range 37 East, NMPM, Lea County, New Mexico.

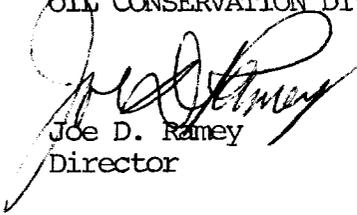
(2) That the applicant shall consult with the Supervisor of the Hobbs district office of the Division and determine an allocation formula for the allocation of production to each zone in each of the subject wells.

(3) That the operator of the subject wells shall immediately notify the Division's Hobbs district office any time either of the wells have 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 DIVISION

  
Joe D. Ramey  
Director

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