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August 22, 1994

HAND-DELIVERED

AUG 22 1994

David R. Catanach, Engineer
Oil Conservation Division
New Mexico Department of Energy,
Minerals & Natural Resources
State Land Office Building
Santa Fe, New Mexico 87503

Re: *Case 11075*

Application of Texaco Exploration & Production Inc. to Amend Division Order
No. R-10033 to Include Additional Wells for Downhole Commingling, Lea
County, New Mexico

Dear David:

As you are aware, by application dated June 27, 1994, Texaco sought administrative approval for downhole commingling Jalmat and Langlie Mattix production within five producing wells to be drilled within the Cooper Jal Unit. This case has been set for hearing before a Division Examiner on September 1, 1994.

It is my understanding from your August 1, 1994 letter that this matter was set for hearing because there is no provision to add wells to Order No. R-10033 which authorized downhole commingling in seven new Jalmat-Langlie Mattix wells.

A search of our files has produced Order No. R-5590 which was entered on November 22, 1977 on the application of Reserve Oil Inc., Texaco's predecessor as operator of the Cooper Jal Unit, for downhole commingling in this Unit. A copy of this Order is enclosed for your easy reference. As you will note, this Order authorizes, by administrative procedure, additional downhole commingling of Jalmat and Langlie Mattix production within the Cooper Jal Unit. The particular paragraph at issue is Order Paragraph 2 which provides as follows:

David R. Catanach, Engineer
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"(2) That the supervisor of the Commission's District Office at Hobbs is hereby authorized to grant approval for the downhole commingling of Jalmat oil and Langlie-Mattix oil production within the wellbore of additional wells within said Cooper Jal Unit."

Texaco is preparing for hearing on its June 27, 1994 application but requests clarification from the Division as to whether or not a hearing will still be required in view of the above quoted language from Order No. R-5590.

Please advise at your earliest convenience if a hearing is still required and, if so, if there are questions other than simply the need for an administrative procedure in this matter which brings the case back to the Division.

Your attention to this matter is appreciated.

Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR TEXACO EXPLORATION & PRODUCTION INC.
WFC:mlh

cc: Jim H. Ohlms (w/enclosure) (**Via Facsimile and Mailed**)
Texaco Exploration and Production Inc.
Post Office Box 730
Hobbs, New Mexico 88241-0730

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. 6085
Order No. R-5590

APPLICATION OF RESERVE OIL, INC.
FOR DOWNHOLE COMMINGLING OR POOL
CONTRACTION AND EXTENSION, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 16, 1977, at Santa Fe, New Mexico, before Examiner Richard L. Stamets,

NOW, on this 22nd day of November, 1977, 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, Reserve Oil, Inc., seeks approval for the downhole commingling of Jalmat and Langlie-Mattix production in the wellbore of its Cooper Jal Unit Wells No. 115 in Unit P of Section 13 and Nos. 121, 134, and 209 in Units B, N, and L of Section 24, Township 24 South, Range 36 East, and No. 117 in Unit N of Section 18, and Nos. 150 and 221 in Units L and N of Section 19, Township 24 South, Range 37 East, Lea County, New Mexico, and an administrative procedure for such approval for future wells.

(3) That, in the alternative, applicant seeks the contraction of the vertical limits of the Jalmat Gas Pool underlying said Cooper Jal Unit Area by the deletion of the Yates and Seven Rivers formations therefrom and the extension of the vertical limits of the Langlie-Mattix Pool to include said formations.

(4) That the applicant has been conducting separate secondary recovery operations in the Jalmat and Langlie-Mattix Pools within said Cooper Jal Unit Area.

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Case No. 6085
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(5) That the proposed commingling will permit the applicant to achieve improved drainage in each of said projects which may result in the recovery of additional hydrocarbons from each of the subject pools, thereby preventing waste, and will not violate correlative rights.

(6) 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 any such commingled well is not shut-in for an extended period.

(7) That to afford the Commission 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 any time any well downhole commingled under provisions of this order is shut-in for 7 consecutive days.

(8) That said Cooper Jal Unit secondary recovery projects have been in operation approximately 6 years and that separate production statistics have been maintained on each of said projects for this same period.

(9) That approval of the alternative application, in this case, would result in the loss of identity of production from the individual projects during their mid-life and should therefore be denied.

(10) That an administrative procedure should be established whereby additional Cooper Jal Unit Wells may be recompleted in such a manner as to permit the downhole commingling of Jalmat and Langlie-Mattix oil production therein.

(11) 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.

IT IS THEREFORE ORDERED:

(1) That the applicant, Reserve Oil, Inc., is hereby authorized to commingle Jalmat oil and Langlie-Mattix oil production within the wellbore of its Cooper Jal Unit Wells No. 115 in Unit P of Section 13 and Nos. 121, 134, and 209 in Units B, N, and L of Section 24, Township 24 South, Range 36 East, and No. 117 in Unit N of Section 18, and Nos. 150 and 221 in Units L and N of Section 19, Township 24 South, Range 37 East, Lea County, New Mexico.

(2) That the supervisor of the Commission's district office at Hobbs is hereby authorized to grant approval for the downhole commingling of Jalmat oil and Langlie-Mattix oil production within the wellbore of additional wells within said Cooper Jal Unit.

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(3) That the applicant shall consult with the supervisor of the Commission's district office at Hobbs and determine a formula for the allocation of production to each zone of any well downhole commingled under provisions of this order,

(4) That the downhole commingling authority granted by this order shall terminate upon abandonment of secondary recovery operations in the Jalmat and Langlie-Mattix Pools within said Cooper Jal Unit.

(5) That the application of Reserve Oil, Inc., for contraction of the vertical limits of the Jalmat Gas underlying said Cooper Jal Unit Area by the deletion of the Yates and Seven Rivers formations therefrom and the extension of the Langlie-Mattix Pool to include said formations is hereby denied.

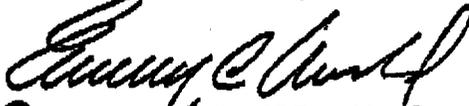
(6) That to afford the Commission the opportunity to assess the potential for waste and to expeditiously order appropriate remedial action, the operator should notify the Hobbs district office of the Commission any time any well commingled under authority granted by this order is shut-in for 7 consecutive days.

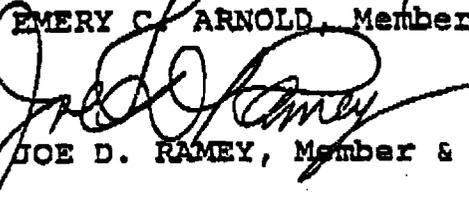
(7) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman


EMERY C. ARNOLD, Member


JOE D. RAMEY, Member & Secretary

S E A L

jr/