

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:

RECEIVED
FEB 5 1996
Oil Conservation Division

CASE NO. 11459

APPLICATION OF CONOCO, INC. TO AMEND
DIVISION ADMINISTRATIVE ORDER DHC-1149,
LEA COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by CONOCO INC. as required by the Oil Conservation Division.

APPEARANCE OF PARTIES

APPLICANT

CONOCO INC.
10 Desta Drive, Suite 100W
Midland, Texas 79705-4500
Attn: Jerry Hoover
(915) 686-6548

ATTORNEY

W. Thomas Kellahin
KELLAHIN AND KELLAHIN
P.O. Box 2265
Santa Fe, NM 87504
(505) 982-4285

STATEMENT OF CASE

APPLICANT:

Conoco Inc. is the operator of its Warren Unit No. 95 Well, located in Unit P, Section 28, T20S, R38E, NMPM, Lea County, New Mexico.

In June, 1995, Conoco attempted to effect a mechanical repair of the communication between production from the Warren Drinkard Pool and Warren Blinebry-Tubb Oil & Gas Pool in this wellbore but was unsuccessful in its attempt to separate production.

Because Conoco was unable to isolate production from the two pools in this wellbore, on September 28, 1995, Conoco sought administrative approval of the Division to continue to produce this well pursuant to the Division's commingling authority.

On December 21, 1995, the Division issued Administrative Order DHC-1170 which administratively approved the downhole commingling of production in this wellbore and in accordance with Division Rule 303.F assigned a maximum gas allowable which could be produced daily from the well based upon the gas allowable for the Warren Drinkard Pool **but excluded** any gas allowable based upon gas production attributable to the Warren Blinebry-Tubb Oil & Gas Pool.

Conoco has determined that the gas being produced from the well is coming from **both** the Warren Drinkard Oil Pool **and** the Warren Blinebry-Tubb Oil & Gas Pool. Because Administrative Order DHC-1170 does not include additional allowable to account for the Blinebry and Tubb formation gas production and adopts a straight percentage allocation formula, there is inadequate gas allowable assigned to the well and the subject well is being curtailed.

While Administrative Order DHC-1170 assigns a maximum gas allowable of 1136 MCFGPD (142 BOPD x 8000 to 1 limiting GOR) based upon the Warren Drinkard Pool gas allowable, the projected production from the wellbore based upon a January 10, 1996 production test is 800 MCFGPD from the Drinkard and 1398 MCFGPD from the Blinebry and Tubb formations.

Therefore, Conoco seeks an amendment of Administrative Order DHC-1170 so that the assigned maximum gas allowable which can be produced daily from the well is based upon the gas allowable for **both** the Warren Drinkard Pool and the Warren Blinebry-Tubb Oil & Gas Pool.

Such an amendment should be based upon a **monthly** allocation formula which achieves an equitable distribution of production between the two pools which can be established by assigning to the Warren Blinebry-Tubb Oil & Gas Pool any gas production rate over what is calculated for production from the Warren Drinkard Pool using the forecast of future production from a production decline curve of actual Drinkard production from the well prior to the September 1994 workover.

PROPOSED EVIDENCE

APPLICANT

WITNESSES	EST. TIME	EXHIBITS
Damian E. Barrett (petroleum engineer)	30-40 min.	20

PROCEDURAL MATTERS

NONE.

KELLAHIN AND KELLAHIN

By: 

W. Thomas Kellahin
P.O. Box 2265
Santa Fe, New Mexico