

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:

CASE NO. 9663
Order No. R-7269-A

APPLICATION OF THE PETROLEUM
CORPORATION OF DELAWARE FOR
DOWNHOLE COMMINGLING, THE AMEND-
MENT OF DIVISION ORDER NO. R-7269,
AND THE AMENDMENT OF DIVISION
ADMINISTRATIVE ORDER NO. NSP-1290,
EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on August 23, 1989, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 15th day of September, 1989, 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) By Order No. R-7269, dated April 25, 1983, the Division authorized the applicant, The Petroleum Corporation of Delaware, to dually complete its Superior Federal Well No. 6 located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 6, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico, in the East Burton Flat-Morrow and the East Burton Flat-Strawn Gas Pools. Said order further required that the Morrow formation be produced through tubing and the Strawn formation be produced through the casing-tubing annulus.

(3) By Administrative Order No. NSP-1290, dated April 28, 1982, the Division, upon the application of The Petroleum

Corporation of Delaware, established a 299.84-acre non-standard gas spacing and proration unit comprising Lots 6 and 7, the E/2 SW/4, and the SE/4 (S/2 equivalent) of said Section 6, said non-standard unit to be dedicated to the above-described Superior Federal Well No. 6 in the East Burton Flat-Morrow Gas Pool.

(4) The applicant in the immediate case, The Petroleum Corporation of Delaware, seeks to amend said Order No. R-7269 by authorizing the downhole commingling of East Burton Flat-Morrow Gas Pool and Undesignated East Burton Flat-Atoka Gas Pool production (said commingled production to be produced through tubing), within the wellbore of the above-described Superior Federal Well No. 6.

(5) The applicant further seeks the amendment of said Order No. NSP-1290 to include authorization for the non-standard gas proration unit as to the East Burton Flat-Strawn and Undesignated East Burton Flat-Atoka Gas Pools.

(6) The applicant further requested that any order issued in this case be made retroactive to May, 1987.

(7) The evidence and record in this case indicates that the subject well was drilled during December, 1981, and January, 1982, and was dually completed in the Strawn and Morrow formations in March, 1982, as per approval by Division Order No. R-7926.

(8) The evidence further indicates that during a workover on the subject well in May, 1987, additional pay sands in the Morrow formation were perforated as follows: 10,951 feet-10,956 feet, 11,006 feet-11,011 feet, and 11,118 feet-11,122 feet. Production from the Morrow zone prior to the workover averaged 482 MCFGPD and subsequent to the workover averaged 544 MCFGPD.

(9) On April 4, 1988, the Artesia district office of the Division informed the applicant that the perforated interval from approximately 10,951 feet to 10,956 feet was actually in the Atoka formation.

(10) The evidence indicates that a triple completion within the subject wellbore is not feasible and that a requirement to isolate the Atoka perforations at this time may result in lost Atoka gas reserves and may also cause irreparable damage to the Morrow formation thereby reducing recoverable Morrow gas reserves.

(11) Based upon geologic and engineering evidence presented, the Atoka formation in the subject well is marginally productive, contributing approximately 25 MCFGPD or 5 percent of the total well's production.

(12) Evidence presented indicates that the ownership of the zones within the subject wellbore is common.

(13) The non-standard gas proration unit described in Finding No. (3) above is the result of a variation in the United States Public Lands Survey and said non-standard unit can be efficiently and economically drained and developed by the subject well in the Strawn and Atoka formations.

(14) No offset operator appeared and/or objected to the proposed amendment of Division Order No. R-7269 and Administrative Division Order No. NSP-1290.

(15) Approval of the proposed amendments to Division Order No. R-7269 and Administrative Division Order No. NSP-1290 may result in the recovery of additional gas reserves from each of the subject pools, thereby preventing waste, and will not violate correlative rights.

(16) It appears from evidence and testimony presented that the proposed amendments made retroactive to May, 1987, will not have an adverse effect on any interest owner and/or offset operator and this request should therefore be approved.

(17) Based on the evidence presented, the oil and gas production from the Atoka and Morrow zones in the subject well should be allocated as follows:

Morrow zone:	95%
Atoka zone:	5%

(18) The applicant should be required to file amended Division Form C-115 (Monthly Production Report) for the subject well from the period commencing May, 1987 through the present in order that the Morrow and Atoka production may be correctly recorded.

IT IS THEREFORE ORDERED THAT:

(1) Division Order No. R-7269, dated April 25, 1983, is hereby amended to authorize The Petroleum Corporation of Delaware to downhole commingle East Burton Flat-Morrow Gas

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Pool and Undesignated East Burton Flat-Atoka Gas Pool production within the wellbore of its dually completed Superior Federal Well No. 6 located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 6, Township 20 South, Range 29 East, NMPM, Eddy County, New Mexico, said commingled production to be produced through tubing, and East Burton Flat-Strawn Pool production to be produced through the casing-tubing annulus.

(2) Division Administrative Order No. NSP-1290, dated April 28, 1982, is hereby amended to include authorization for a 299.84-acre non-standard gas spacing and proration unit comprising Lots 6 and 7, the E/2 SW/4, and the SE/4 (S/2 equivalent) of said Section 6 for the above-described well as to the East Burton Flat-Strawn Gas Pool and the Undesignated East Burton Flat-Atoka Gas Pool.

(3) Allocation of Morrow and Atoka production from the Superior Federal Well No. 6 shall be as follows:

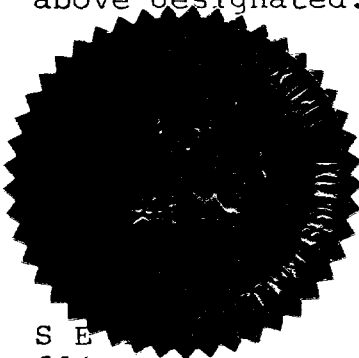
Morrow zone:	95%
Atoka zone:	5%

(4) The applicant shall file amended Division Form C-115 (Monthly Production Report) for the subject well for commingled Morrow and Atoka zones from the period commencing May, 1987 through the present.

(5) The effective date of the amendments approved herein shall be May, 1987.

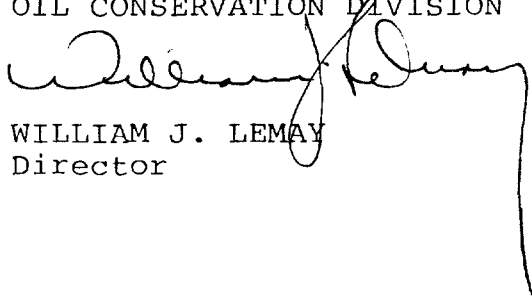
(6) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director