

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. 8181
Order No. R-7537

APPLICATION OF AMOCO PRODUCTION COMPANY
FOR DOWNHOLE COMMINGLING, LEA COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8 a.m. on May 9, 1984,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 21st day of May, 1984, 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, Amoco Production Company, is the
owner and operator of the following four wells in Lea County,
New Mexico:

Southland Royalty "A" Well No. 1
1980' FNL and 1980' FEL,
Unit G, Section 9, Township 21 South, Range 37 East,

Southland Royalty "A" Well No. 2
660' FNL and 1980' FEL,
Unit B, Section 9, Township 21 South, Range 37 East,

Southland Royalty "A" Well No. 3
660' FSL and 1650' FWL,
Unit V, Section 4, Township 21 South, Range 37 East, and

Southland Royalty "A" Well No. 7
660' FNL and 585' FWL,
Unit A, Section 9, Township 21 South, Range 37 East.

-2-

Case No. 8181
Order No. R-7537

(3) That the applicant seeks authority to commingle Blinebry, Drinkard and Tubb production within the wellbores of the above-described wells.

(4) That from each of said zones, the subject wells are or are expected to be capable of low marginal production only.

(5) 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.

(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 no well is shut-in for an extended period.

(7) 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 any of the subject wells is shut-in for 7 consecutive days.

(8) 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.

(9) That Division Administrative Orders Nos. DHC-30, DHC-32, and DHC-373 should be superseded.

IT IS THEREFORE ORDERED:

(1) That the applicant, Amoco Production Company, is hereby authorized to commingle Blinebry, Drinkard and Tubb production within the wellbores of the following four wells in Lea County, New Mexico:

Southland Royalty "A" Well No. 1
1980' FNL and 1980' FEL
Unit G, Section 9, Township 21 South, Range 37 East

Southland Royalty "A" Well No. 2
660' FNL and 1980' FEL
Unit B, Section 9, Township 21 South, Range 37 East

Southland Royalty "A" Well No. 3
660' FSL and 1650' FWL
Unit V, Section 4, Township 21 South, Range 37 East, and

-3-

Case No. 8181
Order No. R-7537

Southland Royalty "A" Well No. 7
660' FNL and 585' FWL
Unit A, Section 9, Township 21 South, Range 37 East

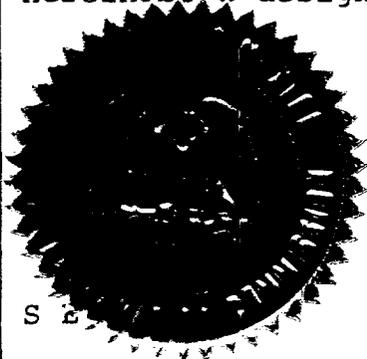
(2) That the applicant shall consult with the Supervisor of the Hobbs district office of the Division and determine an allocation formula for the allocation of production to each zone in each of the subject wells.

(3) That the operator of the subject wells shall immediately notify the Division's Hobbs district office any time any of said wells has been shut-in for 7 consecutive days and shall concurrently present, to the Division, a plan for remedial action.

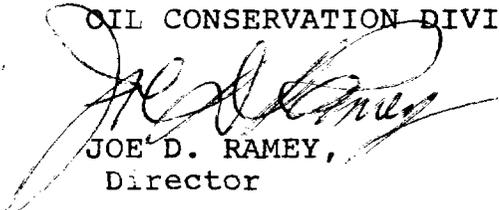
(4) That Division Administrative Orders Nos. DHC-30, DHC-32, and DHC-373 are hereby superseded.

(5) 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