

OIL CONSERVATION DIVISION

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Re: CASE NO. 9177
ORDER NO. R-8839

Applicant:

Phillips Petroleum Company

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,

Florence Davidson

FLORENE DAVIDSON
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD	<u>x</u>
Artesia OCD	<u>x</u>
Aztec OCD	

Other _____

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. 9177
ORDER NO. R-8839

APPLICATION OF PHILLIPS PETROLEUM
COMPANY FOR A SPECIAL OIL ALLOWABLE
AND DOWNHOLE COMMINGLING, LEA COUNTY,
NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on July 15, 1987, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 10th day of January, 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) The applicant, Phillips Petroleum Company, seeks a special capacity allowable for Eunice Monument production and approval to downhole commingle Eumont and Eunice Monument Oil production in the following described New Lease Wells in Section 26, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico:

Well No. 1 located 660 feet from the North line and 330 feet from the East line (Unit A); and,

Well No. 2 located 1980 feet from the North line and 330 feet from the East line (Unit H).

- (3) The two wells are presently completed in the following manner:

Well No. 1; open hole interval: 3696 - 3850
top of Grayburg formation - 3835
(-100 feet) subsea depth approximately - 3667

Well No. 2; perforated interval: 3540 - 3670
open hole interval: 3701 - 3880
top of Grayburg formation: 3890 (estimated)
current production: 49 bbls/day - 124 mcf
(-100 feet) subsea depth approximately - 3665

(4) Both wells are offset to the east by the Chevron U.S.A., Inc. Eunice Monument South Unit wherein the vertical limits of the Eumont Pool were established to be from the top of the Yates formation to the base of the Queen formation or to 100 feet below mean sea level, whichever is higher, and the Eunice Monument Pool extends from an upper limit described as 100 feet below mean sea level or at the top of the Grayburg formation, whichever is higher, to the base of the San Andres formation (see Division Order No. R-7767, dated December 27, 1984).

(5) Anywhere outside of the Eunice Monument South Unit Area the vertical limits of the Eumont Gas Pool are from the top of the Yates formation to the base of the Queen formation and the vertical limits of the Eunice Monument Pool extend from the top of the Grayburg formation to the base of the San Andres formation.

(6) Also, by said Division Order No. R-7767, Chevron U.S.A, Inc. was given authority to institute a waterflood project in the Eunice Monument South Unit Area by the injection of water into the "unitized interval" of the Eunice Monument Pool as described previously in Finding Paragraph No. (4) of this order.

(7) The applicant is seeking the increased allowable in both wells to permit oil which may be swept from the Eunice Monument South Unit Waterflood Project onto applicant's acreage to the west to be produced at well-capacity rates.

(8) Based on the evidence presented at the time of the hearing, the New Well No. 2 does not penetrate into and is not completed in the Eunice Monument Pool, as it exists outside of the Eunice Monument South Unit Area and should be classified as a Eumont oil well and the application to downhole commingle be dismissed.

(9) The open hole interval in the New Well No. 1 does extend approximately 15 feet into the Eunice Monument Pool, pursuant to the present nomenclature in the area outside the Eunice Monument South Unit, but was administratively classified as a Eumont well in 1955 and has not since changed its producing interval; thus there is no reason to consider downhole commingling.

(10) At the time of the hearing the applicant requested 100 percent production from Well No. 1 be allocated to the Eunice Monument Pool and zero percent to the Eumont, but since the well is classified in the Eumont pool this allocation request is without basis and should therefore be dismissed.

(11) Both Well Nos. 1 and 2 are classified as oil wells in the Eumont Gas Pool pursuant to the Special Rules and Regulations for the Eumont Gas Pool promulgated by Division Order No. R-8170, as amended, and should be governed by the rules contained in that order.

(12) The evidence presented at the hearing indicates that both wells may be showing some response to the waterflood activity to the east but not enough to warrant an increased allowable of any kind at this time.

(13) The applicant's request for an increased allowable should be denied.

IT IS THEREFORE ORDERED THAT:

(1) Based on the current nomenclature outside of the Chevron U.S.A., Inc. Eunice Monument South Unit the request of the applicant in the immediate case, Phillips Petroleum Company, for authorization to downhole commingle oil production from the Eumont Gas Pool and Eunice Monument Pool production in the wellbore of its New Well No. 2 located 1980 feet from the North line and 330 feet from the East line (Unit H) of Section 26, Township 20 South, Range 36 East, NMPM, Lea County, New Mexico, is hereby dismissed since it was found that the well is completed totally in the Eumont Gas Pool.

IT IS FURTHER ORDERED THAT:

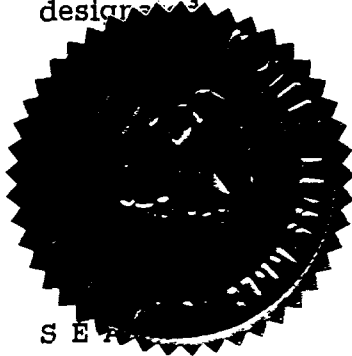
Said Well No. 2 shall be reclassified as an oil well in the Eumont Gas Pool and as such shall be subject to the appropriate provisions of the Special Rules and Regulations for the Eumont Gas Pool as promulgated by Division Order No. R-8170, as amended.

(2) Applicant's New Well No. 1 located 660 feet from the North line and 330 feet from the East line (Unit A) has been classified as a Eumont oil well since 1955, and should remain so classified in the absence of a change of its producing interval, and the requests for downhole commingling and for allocation of 100% of production to the Eunice Monument Pool are hereby dismissed.

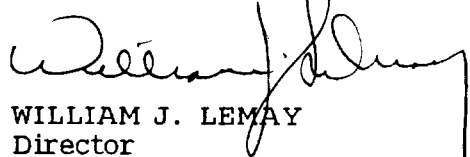
(3) The applicant's request for a special capacity allowable for the Eunice Monument production is hereby denied.

(4) 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
described.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director