

CASE NO. 11429
Order No. R-10547
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(15) Applicant testified that if unable to downhole commingle existing wells within the development area, Bone Spring production may have to be prematurely abandoned, thereby causing waste.

(16) Further testimony indicates that the proposed downhole commingling will allow the applicant to economically justify drilling the SDE "31" Well Nos. 6 and 15 to a depth sufficient to recover marginal Bone Spring and Lower Brushy Canyon reserves, as opposed to drilling to a depth sufficient to recover Upper Brushy Canyon reserves only.

(17) The interest ownership between the Delaware and Bone Spring formations within the development area is common.

(18) Due to the wellbore configuration of the existing wells, dual completion of the Delaware and Bone Spring intervals would likely result in numerous mechanical difficulties within the wellbores. For this reason, applicant also seeks to avoid dual completions within the proposed SDE "31" Well Nos. 6 and 15.

(19) Applicant proposes that the subject downhole commingled wells be assigned an oil allowable equal to the top unit allowable of the shallowest commingled horizon. In this instance, the proposed allowable would equal 187 barrels of oil per day, which is the current top allowable for the West Triste Draw-Delaware Pool.

(20) The proposed allowable is in conformance with changes to Division Rule No. 303(C) (Downhole Commingling) recently recommended by the New Mexico Oil and Gas Association Industry Committee, and likely to be adopted by the New Mexico Oil Conservation Commission.

(21) The evidence and testimony in this case indicates that the producing characteristics of both the Delaware and Bone Spring formations in the development area are unique and such that downhole commingling is necessary in order to economically and efficiently drain and develop the oil and gas reserves within this area.

(22) The applicant's evidence further shows that:

- a) neither commingled zone exposes the other to damage by produced liquids;
- b) the fluids from each zone are compatible with the other;
- c) the value of the commingled production is not less than the sum of the values of the individual production;