

STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION HOBBS DISTRICT OFFICE

4-24-91

DHC-800

BRUCE KING GOVERNOR

POST OFFICE BOX 1980 HOBBS, NEW MEXICO 86241-1980 (505) 393-6161

OIL CONSERVATION DIVISION P. O. BOX 2088 SANTA FE, NEW MEXICO 87501

RE: Proposed: MC DHC_X NSL NSP SWD WFX PMX

Gentlemen:

I have examined the application for the:

Bia Energ <u>mmans #1-2 5-22-37</u> Lease & Well No. Unit S-T-R Øperator

and my recommendations are as follows:

. 5

ouns very truly,

Jerry Sexton Supervisor, District 1

/ed

P.S. David - this is well that shows No production From Blinebry + instead of showing 0% allocation to that zone in the order could we Just make mention that Blinery Zone is open but Non Productive + will need to be Properly Plugged when at 11 is abardoned



PHONE (505) 393-2937

HOBBS, NEW MEXICO 88241

April 18, 1991

New Mexico Oil Conservation Division P. O. Box 1980 Hobbs, New Mexico 88241

Attention: Mr. Jerry Sexton Supervisor - District 1

Dear Mr. Sexton:

Enclosed is a copy of our application for Administrative Approval for Downhole Commingling for the Zia Energy, Inc. Simmons No. 1 well located in Unit letter G, Sec. 5, T22S, R37E, Lea County, New Mexico.

You are requested to grant temporary approval to produce this well pending action on our application by your Santa Fe office.

If there is any additional information that you need, please call on us.

Sincerely,

Avris Nelson

Farris Nelson

ZIA ENERGY, INC.

PHONE (505) 393-2937

HOBBS, NEW MEXICO 88241

April 18, 1991

New Mexico Oil Conservation Division P. O. Box 2088 Santa Fe, New Mexico 87504

Attention: Mr. David R. Catanach Engineer

> Re: Request for Administrative Approval For Downhole Commingling-Rule 303-C For the Zia Energy, Inc. Simmons No. 1-G Sec. 5, T22S, R37E Lea County, New Mexico

Gentlemen:

Zia Energy, Inc. requests administrative approval to downhole commingle production from the above described well for the Blinebry, Tubbs and Drinkard formations. The commingled production will be stored in our surface facility located on the lease.

The following information is supplied as requested by OCD Rule 303-C (Downhole Commingling).

303-C(1)(a)(i), the total combined production of oil from all zones is less than the limit for the 6,000 feet to 6,999 feet depth, which is 40 barrels of oil per day.

303-C(1)(a)(ii), all zones will require artificial lift and a conventional pumping unit with sucker rods and pump will be installed.

303-C(1)(a)(111), none of the zones will produce water in excess of 40 barrels per day.

303-C(1)(a)(iv), the Blinebry zone swabbed dry on test. Then, water samples from the Tubbs and Drinkard formations were submitted to an independent laboratory for water analysis and compatibility tests. The enclosed analysis indicates that combining the fluids downhole will not result in the formation of precipitates which might damage any of the formations.

303-C(1)(a)(v), the total value of the crude will not be reduced by commingling. The gravity of the Tubbs crude was 36.6 degrees and the Drinkard crude was 36.8 degrees. Both crudes are comparable in quality. Therefore, there should be no change in the price for the crude oil or natural gas. 303-C(1)(a)(vi), all formations have the same ownership, including working interests and royalty interests. There is no overriding royalty interest.

303-C(1)(a)(vii), the commingling will not jeopardize the efficiency of any future secondary recovery operation and there is no present secondary recovery operation that would include this acreage.

The Simmons No. 1 well is a re-entry of a P&A well. Formerly this well was operated by Sonio Petroleum Company as their Grizzell No. 1. It originally produced the Drinkard formation and has a cumulative production of 67,016 barrels of oil and 22,663 MCF of gas. It was plugged back to the Tubbs formation which has a cumulative production of 1,372 barrels of oil and 467,863 MCF of gas. An attempt was made to plug back and produce the Blinebry, but it only produced 47 barrels of oil and 23 MCF of gas. The well was deemed to be uneconomical to produce and was plugged and abandoned on February 19, 1985.

We have re-entered the well and swab tested the well to produce as indicated on the enclosed C-105 and C-116 forms.

A plat has been enclosed which shows the location of the lease and the well. It also shows the ownership of offsetting leases. The three offsetting operators have been notified of our application for downhole commingling. A copy of the letter to each is enclosed.

Since this well is a recent re-entry of a P&A well, we request that the requirement for a decline curve be waived.

The best estimate of bottom hole pressures for the Blinebry, Tubbs and Drinkard formations would be 450 psi. Since artificial lift will keep the well always in a pumped-off condition, there will be no opportunity for cross-flow to occur.

Based on the enclosed C-116 test data, the following formula is suggested for allocating the production of oil, gas and water:

Formation	Percent Oil	Percent Gas	Percent Water
Blinebry	0	0	0
Tubbs	25	28	46
Drinkard	75	72	54

Your favorable consideration of this request for administrative approval for downhole commingling will allow the return to production of a well that would otherwise be uneconomical to produce. This will allow the production of reserves that would otherwise be left in the formations. This will protect correlative rights since offsetting wells are being produced from these formations.

If you have any questions or need any additional information, please contact either Farris Nelson or Don Bratton at the above address or telephone number.

Sincerely,

Farris nelson

Farris Nelson

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Submit 2 copies to Appropriate District Office. DISTRICT I P.O. Box 1980, Hobba, NM 88240 DISTRICT II P.O. Drawer DD, Artesia, NM 88210 DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410
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State of New Mexico Energy, Minerals and Natural Resources Department

Revised 1/1/89 Form C-116

OIL CONSERVATION DIVISION

P.O. Box 2088 Santa Fe, New Mexico 87504-2088

GAS - OIL RATIO TECT

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During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Division. Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60° F. Specific gravity base will be 0.60. Report casing pressure in lieu of tubing pressure for any well producing through casing.		Instructions:	Swab tested to e	Simmons	LEASE NAME		P.O. Box 2219, Hobbs, NM	abr Zia Energy, Inc.		
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(See Rule 301, Rule 1116 & appropriate pool rules.)

Date

505/393-2937 Telephone No.

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APR 2 3 1991

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State of New Mexico Energy, Minerals and Natural Resources Department

Form C-116 Revised 1/1/89

OIL CONSERVATION DIVISION

P.O. Box 2088 Santa Fe, New Mexico 87504-2088

GAS - OIL RATIO TEST

(See Rule 301, Rule 1116 & appropriate pool rules.)	spectric gravity base will be 0.00. Report casing pressure in lieu of tubing pressure for any well producing through casing.	order that well can be assigned increased allowables when authorized by the Division. Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of	During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in	Instructions:		Swab tested to evaluate the Tubbs for	Simmons 1 G 5 22S 37E	LEASE NAME NO. U S T R	0. Box 2219, Hobbs, NM 88241	Zia Energy, Inc.	(Assessed
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(See Rule 301, Rule 1116 & appropriate pool rules.)

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-116 Revised 1/1/89

OIL CONSERVATION DIVISION

P.O. Box 2088 Santa Fe, New Mexico 87504-2088

GAS - OIL RATIO TEST

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(See Rule 301, Rule 1116 & appropriate pool rules.)

505/393-2937 Telephone No.

Date

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APR 2 3 1991

Cons Harse Jonas ZIA ENERGY, INC.

HOBBS, NEW MEXICO 88241

April 18, 1991

Mr. William B. Yarborough 200 Loraine-Suite 1400 Midland, Texas 79701

> Re: Request for Administrative Approval for Downhole Commingling-OCD Rule 303-C for the: Zia Energy, Inc. Simmons No. 1-G Sec. 5-T22S-R37E, Lea County, NM

Gentlemen:

Zia Energy, Inc. has re-entered the above described P&A well. After testing the Blinebry, Tubbs and Drinkard formations, we have made application to the New Mexico Oil Conservation Division for administrative approval for downhole commingling under OCD Rule 303-C (Downhole Commingling), for these three formations.

This is intended to serve as our notice to you of our application.

Sincerely,

Farris Telson

Farris Nelson

CERTIFIED MAIL # P 715 163 199

APF 2 3 1991

the second residence of

ZIA ENERGY, INC.

PHONE (505) 393-2937

HOBBS, NEW MEXICO 88241

April 18, 1991

Cnevron USA Inc. P. O. Box 688 Eunice, New Mexico 88231

> Re: Request for Administrative Approval for Downhole Commingling-OCD Rule 303-C for the: Zia Energy, Inc. Simmons No. 1-G Sec. 5-T22S-R37E, Lea County, NM

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Sincerely,

Farris Thesen

Farris Nelson

CERTIFIED MAIL # P 175 163 200

ZIA ENERGY, INC.

PHONE (505) 393-2937

HOBBS, NEW MEXICO 88241

April 18, 1991

B. E. C. Corporation P. O. Box 1392 Midland, Texas 79702

> Re: Request for Administrative Approval for Downhole Commingling-OCD Rule 303-C for the: Zia Energy, Inc. Simmons No. 1-G Sec. 5-T22S-R37E, Lea County, NM

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