



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

4-24-91

BRUCE KING
GOVERNOR

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

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

DHC-800

RE: Proposed:

MC
DHC ☒
NSL
NSP
SWD
WFX
PMX

Gentlemen:

I have examined the application for the:

Zia Energy Inc. Simmons #1-2 5-22-37
Operator Lease & Well No. Unit S-T-R

and my recommendations are as follows:

5

Yours very truly,

Jerry Sexton
Supervisor, District 1

/ed

P.S. David - this is well that shows NO production from Blinberry & instead of showing 0% allocation to that zone in the order could we just make mention that Blinberry zone is open but non productive & will need to be properly plugged when it is abandoned

P. O. BOX 2219

ZIA ENERGY, INC.

HOBBS, NEW MEXICO 88241

PHONE (505) 393-2937

April 18, 1991

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

Attention: Mr. Jerry Sexton
Supervisor - District 1

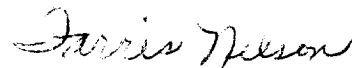
Dear Mr. Sexton:

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,



Farris Nelson

P. O. BOX 2219

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)(iii), 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 Sohio 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:

<u>Formation</u>	<u>Percent Oil</u>	<u>Percent Gas</u>	<u>Percent Water</u>
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

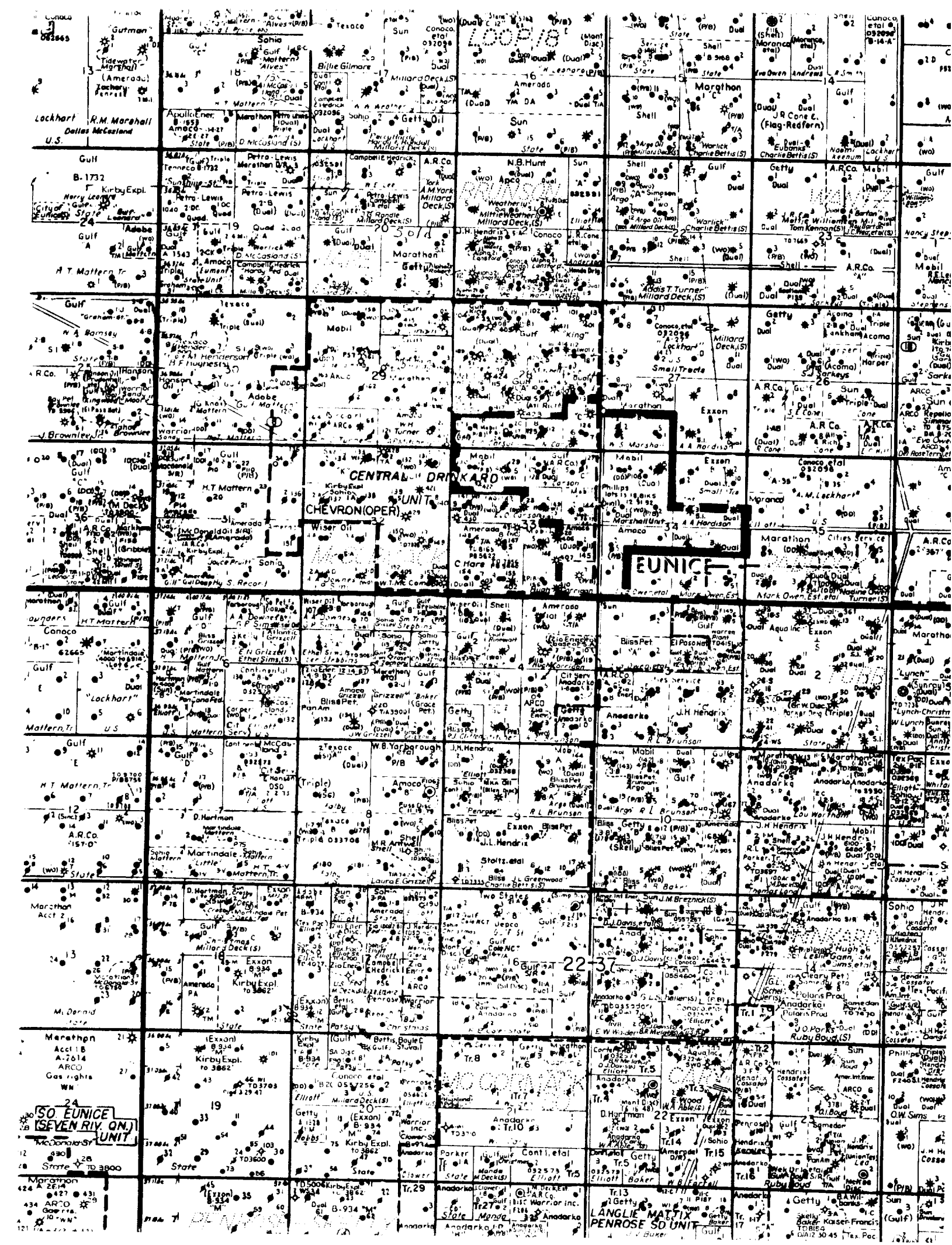
of a well that would otherwise be uneconomical to produce. This will allow the production of reserves that would otherwise be left in the formations. This will protect correlative rights since offsetting wells are being produced from these formations.

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



Submit 2 copies to Appropriate District Office.
DISTRICT I
P.O. Box 1980, Hobbs, NM 88240
DISTRICT II
P.O. Drawer DD, Aracua, NM 88210
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department
OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-116
Revised 1/1/89

GAS - OIL RATIO TEST

Operator Zia Energy, Inc.		Pool Blinebry		County Lea											
Address P.O. Box 2219, Hobbs, NM 88241			TYPE OF TEST (X) <input checked="" type="checkbox"/>	Scheduled <input type="checkbox"/>	Completion <input checked="" type="checkbox"/> Special <input type="checkbox"/>										
LEASE NAME	WELL NO.	LOCATION				DATE OF TEST	3 DAYS	CHOKE SIZE	TBG. PRESS.	DAILY ALLOW-ABLE	LENGTH OF TEST HOURS	PROD. DURING TEST			GAS - OIL RATIO CU FT/8BL.
		U	S	T	R							WATER BBL.S.	GRAV. OIL BBL.S.	GAS M.C.F.	
Simmons	1	G	5	22S37E		3/1/91		-	-	-	24	0	-	0	TSTM
Swab tested to evaluate the Blinebry formation.															

Instructions:

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 15025 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.

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

I hereby certify that the above information is true and complete to the best of my knowledge and belief.

Signature *Farris Nelson*
Farris Nelson Engineer
Printed name and title
04/17/91 505/393-2937
Date Telephone No.

RECEIVED

APR 23 1991

OF
HONORARY

Submit 2 copies to Appropriate
District Office:
DISTRICT I
P.O. Box 1980, Hobbs, NM 88240
DISTRICT II
P.O. Drawer DD, Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department
OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-116
Revised 1/1/89

GAS - OIL RATIO TEST

Operator Zia Energy, Inc.		Pool Tubbs		County Lea											
Address P.O. Box 2219, Hobbs, NM 88241		TYPE OF TEST - (X) <input checked="" type="checkbox"/> Scheduled <input type="checkbox"/> Special		Completion <input checked="" type="checkbox"/> <input type="checkbox"/>											
LEASE NAME	WELL NO.	LOCATION			DATE OF TEST	% OF TEST	CHOKE SIZE	TBG. PRESS.	DAILY ALLOW-ABLE	LENGTH OF TEST HOURS	PROD. DURING TEST			GAS - OIL RATIO CU. FT./BBL.	
		U	S	T							R	WATER BBL.S.	GRAV. OIL BBL.S.		GAS M.C.F.
Simmons	1	G	5	22S	37E	3/11/91	-	-	-	24	6.0	36.6	1.5	10	6,667
Swab tested to evaluate the Tubbs formation															

Instructions:

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

I hereby certify that the above information is true and complete to the best of my knowledge and belief.

Signature Jarvis Nelson
Printed name and title **Jarvis Nelson Engineer**
Date 4/17/91 505/393-2937
Telephone No.

Submit 2 copies to Appropriate
District Office.
DISTRICT I
P.O. Box 1960, Hobbs, NM 88240
DISTRICT II
P.O. Drawer DD, Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department
OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-116
Revised 1/1/89

GAS - OIL RATIO TEST

Operator		Pool		County	
Zia Energy, Inc.		Drinkard		Lea	
Address				P.O. Box 2219, Hobbs, NM 88241	
LEASE NAME				WELL NO.	
Simmons				1	
LOCATION				DATE OF TEST	
U S T R				3/22/91	
CHOKE SIZE				TBG. PRESS.	
-				-	
DAILY ALLOW-ABLE				LENGTH OF TEST HOURS	
-				24	
COMPLETION				PROD. DURING TEST	
Completion <input checked="" type="checkbox"/> Special <input type="checkbox"/>				WATER BBL.S. GRAV. OIL BBL.S. GAS M.C.F. GAS - OIL RATIO CU FT/BBL.	
7.0				36.8 4.5 25.0 5,556	

Instructions:

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.

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

I hereby certify that the above information is true and complete to the best of my knowledge and belief.

Signature

Farris Nelson

Printed name and title

Engineer

Date

4/17/91

505/393-2937

Date

Telephone No.

FSC 100

APR 23 1991

EX-100
EX-100-1000000

P. O. BOX 2219

ZIA ENERGY, INC.

PHONE (505) 393-2937

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 Blinbry, 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 Nelson

CERTIFIED MAIL # P 715 163 199

FROM

APR 23 1991

0000

HONORABLE MEMBER

P. O. BOX 2219

ZIA ENERGY, INC.

PHONE (505) 393-2937

HOBBS, NEW MEXICO 88241

April 18, 1991

Chevron 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

Gentlemen:

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

Sincerely,



Farris Nelson

CERTIFIED MAIL # P 175 163 200

P. O. BOX 2219

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

Gentlemen:

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Sincerely,



Farris Nelson

CERTIFIED MAIL # P 175 163 202

RECEIVED

APR 23 1991

OF
HONOR