The foregoing procedure will allow the Atoka to produce separately until its pressure has dropped to a level equal to that of the Morrow less the hydrostatic pressure exerted on the standing valve by the fluid column between the standing valve and the bottom of the Atoka perforations.

On September 2, 1981, the Morrow completion 11,136 feet to 11,181 feet was shut-in. Seventy-two hours later on September 5, 1981, a bottom hole pressure of 685 psig was measured. A copy of the measurement is enclosed. Hydrostatic pressure for a two percent KCL water column (504 feet of 8.42 pound per gallon fluid) from 10,575 feet (bottom proposed Atoka perforations) to 11,079 feet (proposed standing valve in packer above Morrow) would be 221 psig. Therefore, commingling would not occur until Atoka bottom hole pressure dropped to 464 psi. Initial Atoka bottom hole is expected to be approximately 6,200 psig inasmuch as 11.3 pound per gallon mud was required to control the zone while drilling. To prevent unauthorized commingling, tubing pressure will be taken daily and a seventy-two hour shut in bottom hole pressure measurement will be made when tubing pressure drops to 465 psig. Using production and pressure data available at that time Yates Petroleum Corporation will apply to the New Mexico Oil Conservation Division through standard hearing procedures for approval to downhole commingle Atoka and Morrow production from this well.

Enclsoed are copies of forms C-101 and C-102 which have been submitted to the NMOCD Artesia District Supervisor for approval contingent on your acceptance of the foregoing procedure.

Sincerely,

YATES PETROLEUM CORPORATION

Albert R. Stall
Engineering Supervisor

ARS:jg
cc: NMOCD, Artesia