



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

OIL CONSERVATION DIVISION
BOX 2088
SANTA FE, NEW MEXICO 87501

DATE Jan 24, 1984

RE: Proposed MC _____
Proposed DHC ☒ _____
Proposed NSL _____
Proposed SWD _____
Proposed WFX _____
Proposed PMX _____

Gentlemen:

I have examined the application dated January 23, 1984
for the Southland Royalty Reel #19 B-18-28N 9W
Operator Lease and Well No. Unit, S-T-R

and my recommendations are as follows:

Approve

Yours truly,

Frank D. Day



Southland Royalty Company

January 18, 1984

Mr. Joe Ramey
New Mexico Dept. of Energy &
Minerals, Oil & Gas Division
P.O. Box 2088
Santa Fe, New Mexico

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JAN 23 1984

OIL CON. DIV.
DIST. 3

Re: SRC-Reid #19

Dear Mr. Ramey,

Southland Royalty Co. hereby requests administrative approval of downhole commingling of the Basin Dakota and Blanco Mesaverde zones in the subject well which is located in the NW/NE of Section 18, T28N, R9W, San Juan County, New Mexico.

A workover to correct a packer leak after the well failed the 1983 packer leakage test found a casing leak. The lower zone is currently logged off with drilling mud and will not produce. In a separate sundry, we have proposed remedial work to return the two zones to production.

The necessary costs of the required repairs will make the Mesaverde uneconomical to produce based on Southland's economic parameters. Although the casing leak is above the Mesaverde and separated from the Dakota by a permanent packer, a liberal allocation of only fifty percent of the workover cost was used in the economic evaluation of the Mesaverde. This estimated \$24,000 would payout in 2.1 years with full-time production, but the income is \$8,000 below our return goal and does not meet the corporate rate of return objective. Without commingling, the Mesaverde will be uneconomical to produce and would have to be plugged. The projected recovery of 14500 MCF and 700 BO would be lost.

The fluids from the zones are compatible. The oil from each zone is a light, high API gravity (DK=56.6, MV=46.6 degree API as reported by Plateau Refinery). Gas analyses are attached and show the Mesaverde to have a specific gravity of .7530 and BTU content of 1317 with the Dakota having a specific gravity of .7171 and BTU content of 1239. Water samples are not available because water production has been negligible. Recent water production is assumed to be from the casing leak.

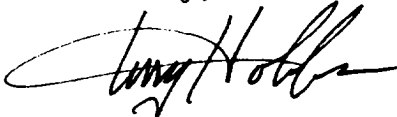
A proposed allocation formula is shown in Exhibit No. 4. Additional supporting data (production decline curves and production histories) are also attached.

The calculated BHP's for each zone are shown in Exhibit No. 5 and indicate the lower pressured Mesaverde to be eighty-four per cent of the Dakota. Therefore, there should be no cross flow between zones and the zones should produce together. As mentioned earlier, it is anticipated the additional pressure and volume from the Dakota should assist in maintaining increased production from the Mesaverde by removing the Mesaverde oil.

Southland's land department has verified that all ownership and royalty interests are equal in the Dakota and Mesaverde intervals.

The BLM and all offset operators have been notified by copy of this letter.

Sincerely,



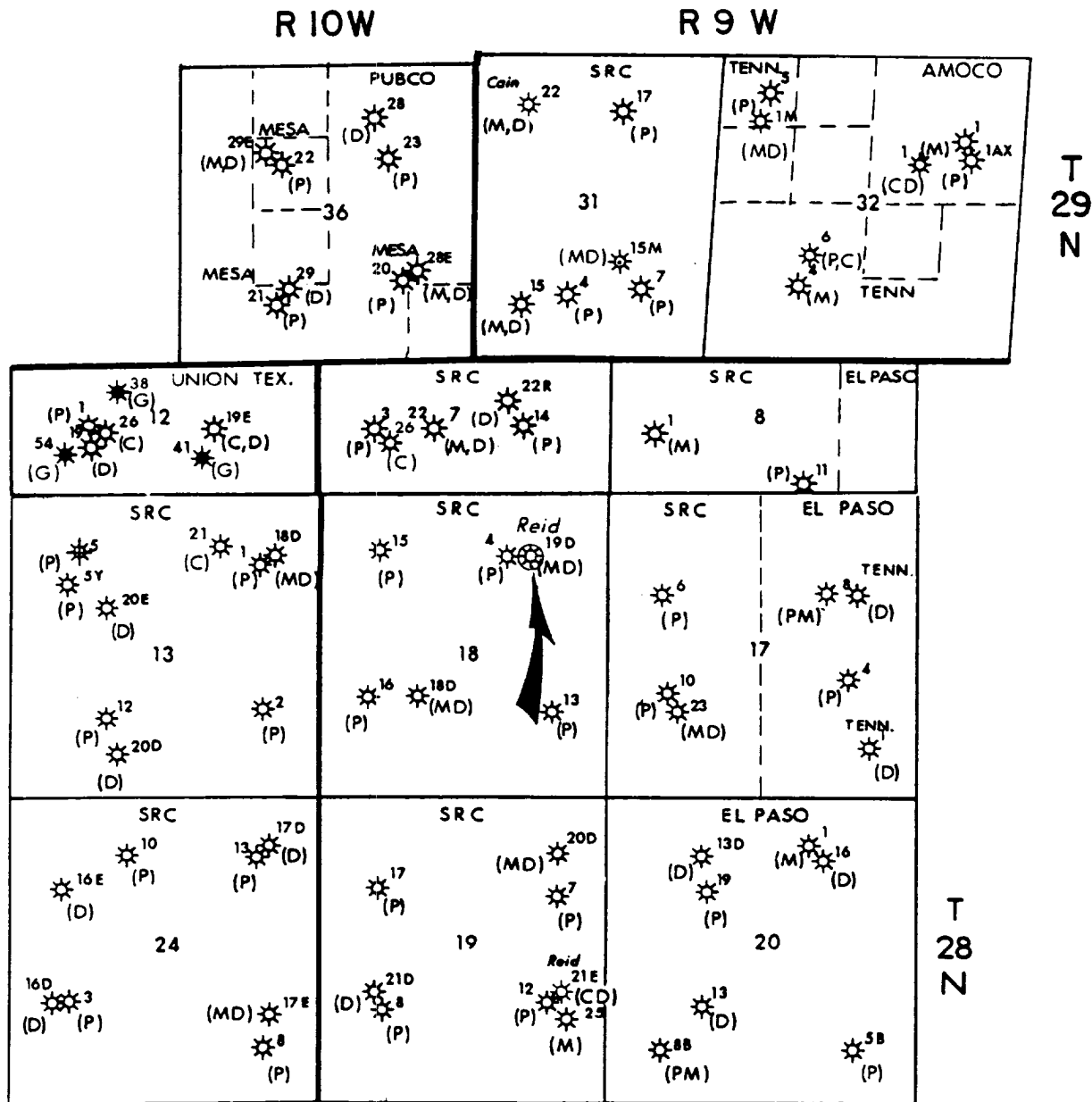
Terry Hobbs

XC: Frank Chavez
BLM
Offset Opr.

CTH:bgw

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DIST. 3

EXHIBIT No. 1



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DIST. 3



Southland Royalty Company
FARMINGTON DISTRICT
FARMINGTON, NEW MEXICO

**REQUEST FOR
DOWNHOLE COMMINGLING**

S.R.C.
Reid 19
1030' FNL & 1470' FEL
SEC. 18-T28N-R 9 W
SAN JUAN COUNTY NEW MEXICO

BY: Terry Hobbs

1" = 3000'

Jan. 15, 1984

NEW MEXICO OIL CONSERVATION COMMISSION

Well Location and Acreage Dedication Plat

Section A.

Date August 23, 1960

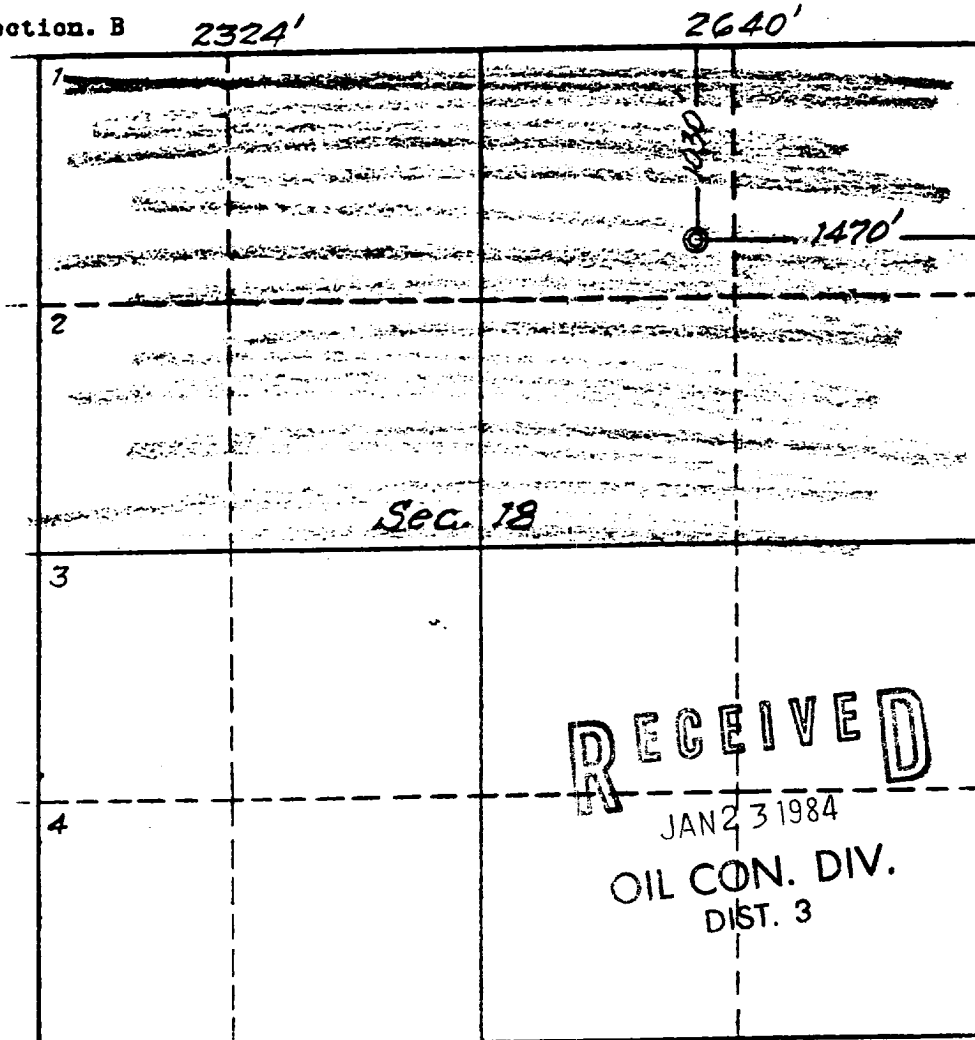
Operator Astec Oil and Gas Company Lease Reid
Well No. 19-D Unit Letter B Section 18 Township 28N Range 9N NMPM
Located 1030 Feet From North Line, 1470 Feet From East Line
County San Juan G. L. Elevation 5790 Dedicated Acreage 300.99 Acres
Name of Producing Formation Dakota Pool Angel Peak Extension

1. Is the Operator the only owner* in the dedicated acreage outlined on the plat below?
Yes XX No
2. If the answer to question one is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? Yes No . If answer is "yes,"
Type of Consolidation
3. If the answer to question two is "no," list all the owners and their respective interests below:

Owner

Land Description

Section. B



This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

Astec Oil and Gas Company
(Operator)

ORIGINAL SIGNED BY JOHN A. SALMON
(Representative)

Dwaver 570, Farmington, N.M.

This is to certify that the well location shown on the plat in Section B was located from surveys and that under my supervision that the same is true and correct to the best of my knowledge and belief.

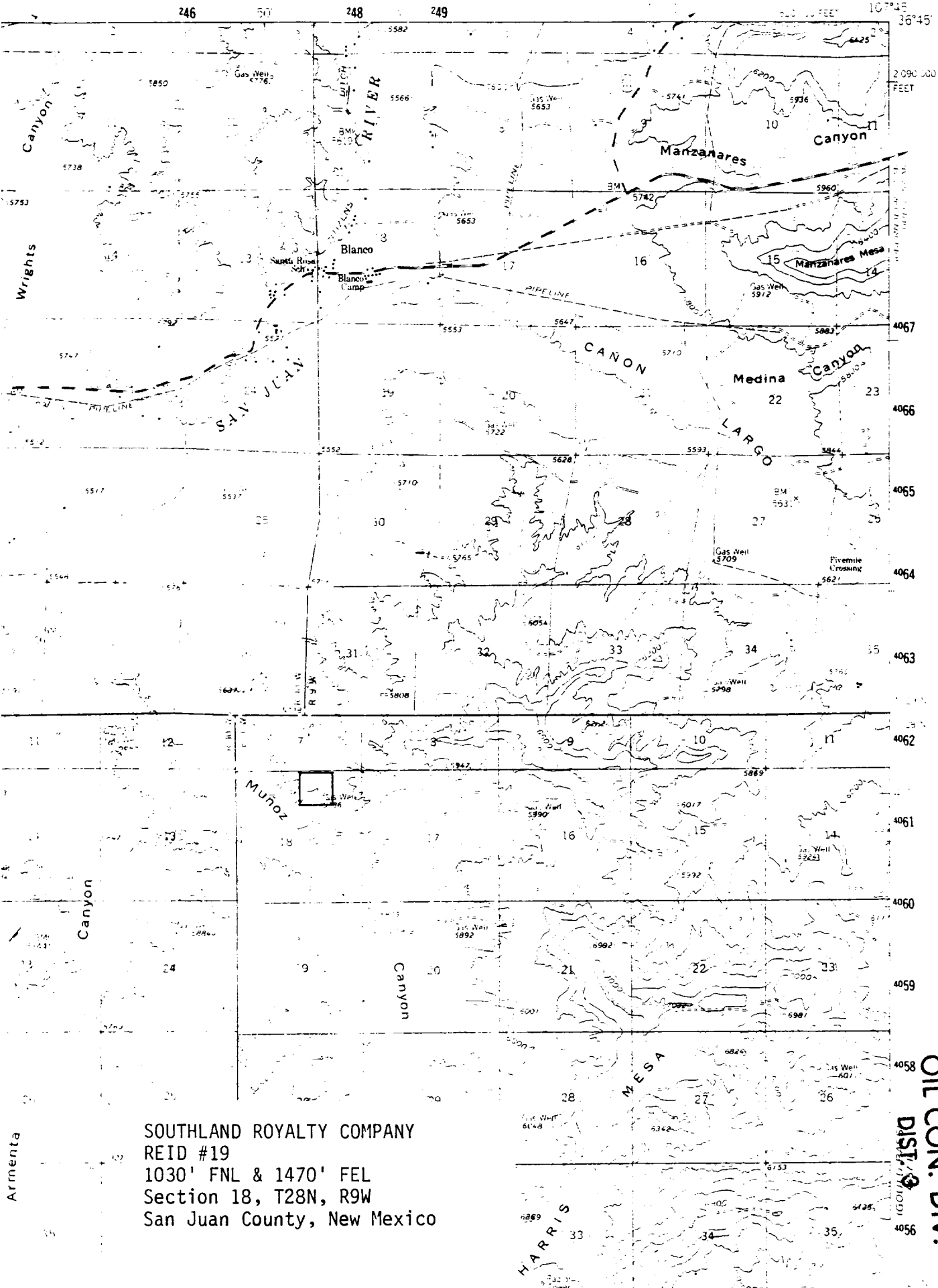
Date Surveyed Aug. 24, 1960

Ernest V. Echshaw
Ernest V. Echshaw
Registered Land Surveyor.

Certificate No. 1545

BLOOMFIELD QUADRANGLE
NEW MEXICO-SAN JUAN CO.
15 MINUTE SERIES (TOPOGRAPHIC)

44571
INAVAJUO DAM



SOUTHLAND ROYALTY COMPANY
REID #19
1030' FNL & 1470' FEL
Section 18, T28N, R9W
San Juan County, New Mexico

OIL CON. DIV.
DIST. 9

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EXHIBIT No. 2

GAS ANALYSIS: TRANSCRIPTION OF TAPE FROM AUTOMATIC CHROMATOGRAPH

NAME/LOCATION: Reid #19 mV : 3 10 91
 STREAM NO. 10 826

STATION NO. 293221.

SPECIFIC GRAVITY 0.7530 BTU/CF 14.73/60F/DRY: 1317.3✓

COMPONENT	MOL %	G.P.W.
CARBON DIOXIDE	0.438	0.0000
NITROGEN	0.267	0.0000
METHANE	76.060	0.0000
ETHANE	12.500	3.3450
PROPANE	6.519	1.7940
ISOBUTANE	0.955	0.3120
N-BUTANE	1.521	0.4730
ISOPENTANE	0.491	0.1790
N-PENTANE	0.406	0.1470
HEXANE +	0.763	0.3360
TOTAL	100.020	5.5920

(ECBTU/074)

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OIL CON. DIV.
 DIST. 3

EXHIBIT No. 3

GAS ANALYSIS: TRANSCRIPTION OF TAPE FROM AUTOMATIC CHROMATOGRAPH

NAME/LOCATION: *Road #19 DK* TE: 3 10 31
 STREAM NO. *9 (826)*

STATION NO. 258430.

SPECIFIC GRAVITY 0.7171 BTU/CF 14.73/60F/DRY: 1239.0 ✓

COMPONENT	MOL %	S.G.M.
CARBON DIOXIDE	1.002	0.0000
NITROGEN	0.362	0.0000
METHANE	79.700	0.0000
ETHANE	11.730	3.1380
PROPANE	4.141	1.1390
ISOBUTANE	0.828	0.2710
N-BUTANE	1.007	0.3170
ISOPENTANE	0.471	0.1720
N-PENTANE	0.269	0.0970
HEXANE +	0.507	0.2230
TOTAL	100.017	5.3570

(ECBTU/074)

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 DIST. 3

EXHIBIT No. 4

ALLOCATION OF PRODUCTION

A. Cumulative production through 1982:

	<u>Gas</u>	<u>%</u>	<u>Oil</u>	<u>%</u>
Mesaverde	292628 MCF	19.3	11745 B0	41.6
Dakota	1220190 MCF	80.7	16496 B0	58.4

B. Cumulative production since Mesaverde completed (1972):

Mesaverde	292628 MCF	38.9	11745 B0	59.0
Dakota	460179 MCF	61.1	8159 B0	41.0

C. Projected production rates from decline curve:

Mesaverde	545 MCFM	19.2	18 BOPM	56.0
Dakota	2300 MCFM	80.8	14 BOPM	44.0

D. Recommended production allocation:

Mesaverde	20%	55%
Dakota	80%	45%

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DIST. 3

EXHIBIT No. 5

CALCULATED BOTTOMHOLE PRESSURES

A. Formula:

$$\text{BHP} = \text{SIWHP} \times e^{.0000347 \text{ G L}}$$

Where:

G = gas gravity

L = depth to formation

SIWHP = shut in wellhead pressure from latest packer leakage test.

B. Dakota

$$\begin{aligned} \text{BHP} &= 585 \times e^{.0000347 \times .7171 \times 6513} \\ &= 688 \text{ psi} \end{aligned}$$

C. Mesaverde

$$\begin{aligned} \text{BHP} &= 515 \times e^{.0000347 \times .7530 \times 4377} \\ &= 577 \text{ psi} \end{aligned}$$

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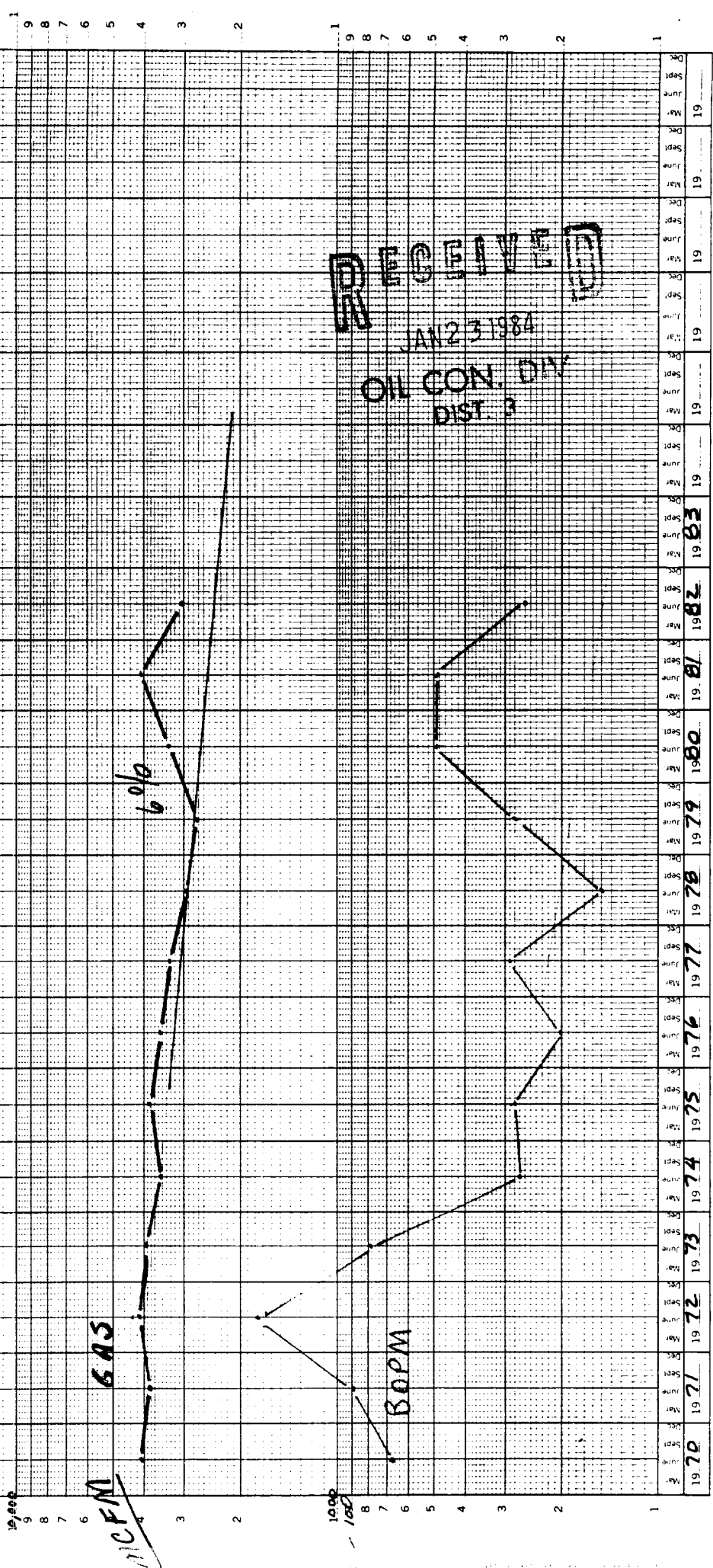
OIL CON. DIV.
DIST. 3



Southland Royalty Company

EXHIBIT No. 6

Project Name
Operator Southland Royalty Co
Lease-Well REID #19
Zone DAKOTA
Field BASIN
County SAN JUAN State NM
Location B 18 28N 9W
1st Production - 1961



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DIST. 3



Project Name
Operator Southland Royalty Co
Lease-Well REID #19
Zone MESAVERDE
Field BLANCO
County SAN JUAN State NM
Location B 18 28N 9W
1st Production - 1972

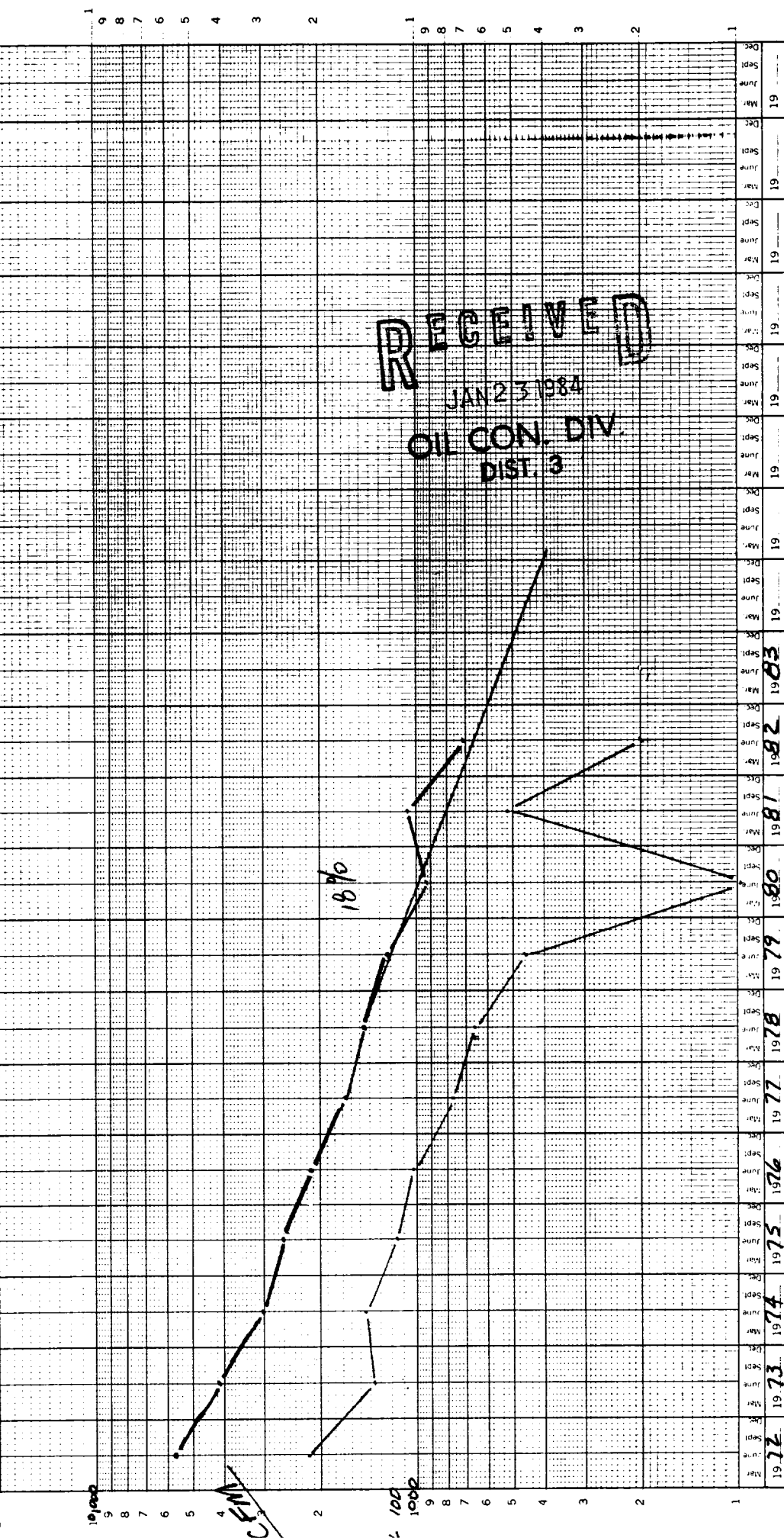


EXHIBIT No. 8
SOUTHLAND ROYALTY COMPANY
DWIGHTS PRODUCTION HISTORY REPORT

RUN 01/16/84 TIME 08:43

DWIGHTS IDENT. #	3042809W18B00DK	STATUS	ACT
WELL NAME	REID	STATUS DATE	00-00-00
WELL #	19	LIQ GATHERER	FLA
OPERATOR NAME	SOUTHLAND ROYALTY CO	GAS GATHERER	SUG
OPERATOR #	683355	COMPLETION DATE	10-18-60
FIELD NAME	BASIN DAKOTA (PRORATED GAS)	1ST GAS PROD	02-61
FLD #	008004974	TOTAL DEPTH	6652
FIELD DISCOVERY DT	00-00-00	UPPER PERF	6432
LOCATION	18B28N 09W	LOWER PERF	6598
STATE ABBREVIATION	NM	LIQ GRAVITY	.0
STATE LSE CTRL #	12150	GAS GRAVITY	1.00
STATE DISTRICT #	4	GAS-LIQ RATIO	0
COUNTY NAME	SAN JUAN	TEMP GRADIENT	.000
COUNTY #	045	N-FACTOR	50.000
API #	0750200	TC	
LEASE TYPE	GAS	PC	

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DIST. 3

RUN 01/16/84 TIME 08:43

SOUTHLAND ROYALTY COMPANY
DIGHTS PRODUCTION HISTORY REPORT

PAGE 2
DWI170AP-A

DIGHTS IDENT. # 30428N09W18B00DK

PRODUCTION HISTORY
OIL CUM THRU 12-69
GAS CUM THRU 664,685
WATER 8,337

	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	ANNUAL
1970 OIL	108	112	0	0	90	165	0	106	0	106	0	132	818
1970 GAS	564	4643	3870	3752	3670	2627	3315	4322	5155	4500	4004	3301	48800
1970 WATER	0	0	0	0	0	0	0	0	0	0	0	0	0
1970 OIL WELLS	1	1	1	1	1	1	1	1	1	1	1	1	1
1971 OIL	0	0	133	0	107	0	90	106	0	98	111	425	1070
1971 GAS	3562	4298	3182	4823	4839	4049	4713	4705	3607	1630	3729	3389	46526
1971 WATER	0	0	0	0	0	0	0	0	0	0	0	0	0
1971 OIL WELLS	1	1	1	1	1	1	1	1	1	1	1	1	1
1972 OIL	894	65	32	81	224	128	40	387	105	0	0	152	2108
1972 GAS	3110	4928	4316	3985	3698	4630	4800	4653	4081	4023	2941	4147	49914
1972 WATER	0	0	0	0	0	0	0	0	0	0	0	0	0
1972 OIL WELLS	1	1	1	1	1	1	1	1	1	1	1	1	1
1973 OIL	0	206	0	0	226	325	33	32	31	60	0	35	948
1973 GAS	3780	3627	3348	4059	3864	3517	4087	5161	4461	3931	3947	3851	47623
1973 WATER	0	0	0	0	0	0	0	0	0	0	0	0	0
1973 OIL WELLS	1	1	1	1	1	1	1	1	1	1	1	1	1
1974 OIL	57	0	37	40	0	48	0	19	37	16	36	37	329
1974 GAS	4031	3633	3503	3328	3264	4120	3191	3391	3481	3530	3494	3185	42161
1974 WATER	0	0	0	0	0	0	0	0	0	0	0	0	0
1974 OIL WELLS	1	1	1	1	1	1	1	1	1	1	1	1	1
1975 OIL	24	16	37	20	17	33	35	0	21	97	0	34	334
1975 GAS	4023	4433	4093	3733	3027	4172	3887	4126	3290	3095	4139	3522	45540
1975 WATER	0	0	0	0	0	0	0	0	0	0	0	0	0
1975 OIL WELLS	1	1	1	1	1	1	1	1	1	1	1	1	1
1976 OIL	20	24	20	36	16	70	0	16	45	0	37	0	234
1976 GAS	3925	4131	3857	4079	4016	3919	3419	3526	2635	3522	3488	3440	44003
1976 WATER	0	0	0	0	0	0	0	0	0	0	0	0	0
1976 OIL WELLS	1	1	1	1	1	1	1	1	1	1	1	1	1
1977 OIL	18	0	38	20	220	16	0	0	0	21	20	0	353
1977 GAS	3451	2978	3277	3670	2400	4039	3579	3265	2973	3262	3508	3353	39755
1977 WATER	0	0	0	0	0	0	0	0	0	0	0	0	0
1977 OIL WELLS	1	1	1	1	1	1	1	1	1	1	1	1	1

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OIL CO. L. DIV.
DISC. 3

SOUTHLAND ROYALTY COMPANY
DWIGHTS PRODUCTION HISTORY REPORT

RUN 01/16/84 TIME 08:43
DWIGHTS IDENT. # 30428N09N18B00DK

	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	ANNUAL
1978 OIL	36	3459	2972	2981	2901	3044	3022	3016	3117	2837	1716	3286	176
1978 GAS	0	0	0	0	0	0	0	0	0	0	0	0	35858
1978 WATER	0	0	0	0	0	0	0	0	0	0	0	0	0
1978 OIL WELLS	1	1	1	1	1	1	1	1	1	1	1	1	1
1979 OIL	15	29	23	58	35	41	33	35	28	13	13	8	331
1979 GAS	3099	2800	3104	3391	3088	2636	2570	2516	3225	2650	717	3658	33474
1979 WATER	0	0	0	0	0	0	0	0	0	0	0	0	0
1979 OIL WELLS	1	1	1	1	1	1	1	1	1	1	1	1	1
1980 OIL	60	71	50	100	73	39	14	3	0	11	91	70	582
1980 GAS	4444	3677	3397	3924	3465	3677	3178	2505	0	279	5972	5773	40296
1980 WATER	0	0	0	0	0	0	0	0	0	0	0	0	0
1980 OIL WELLS	1	1	1	1	1	1	1	1	1	1	1	1	1
1981 OIL	108	87	62	35	9	4	10	4	124	32	74	32	581
1981 GAS	5057	4870	3835	3898	3016	2069	4435	4851	3252	3534	4757	4733	48307
1981 WATER	4	3	4	3	4	3	4	4	3	3	4	4	43
1981 OIL WELLS	1	1	1	1	1	1	1	1	1	1	1	1	1
1982 OIL	72	21	17	10	15	0	0	13	7	27	60	47	295
1982 GAS	5340	2968	1630	2620	3727	1373	0	2093	2507	2406	4385	4253	33248
1982 WATER	4	3	4	3	3	3	0	2	3	4	4	4	37
1982 OIL WELLS	1	1	1	1	1	1	1	1	1	1	1	1	1
1983 OIL	38	22	35	20	3	1	0	14	4	38	0	0	175
1983 GAS	4537	3910	3205	3298	1568	1582	1542	2374	1966	3715	0	0	27757
1983 WATER	4	1	1	1	1	1	1	1	1	1	0	0	149
1983 OIL WELLS	1	1	1	1	1	1	1	1	1	1	1	1	1
TOTAL OIL PRODUCTION TO DATE :	16.671												
TOTAL GAS PRODUCTION TO DATE :	1.247.947												

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OIL CO. DIV.
D. 11

RUN 01/16/84 TIME 08:43

DWIGHTS IDENT. # 30428N09N18B00DK

SOUTHLAND ROYALTY COMPANY
DWIGHTS PRODUCTION HISTORY REPORT

PAGE 4
DW1170AP-A

TEST DATE	INFORMATION	WHSTP	BHP	BHP/Z	T	POTENTIAL	WH FLOW	BBLSDAY	COND	BBLSDAY	WATER
10-18-80	690877	1987	2392	2840	2	4399	0	0	0	0	0
07-18-70	787558	727	855	931	2	169	527	0	0	0	0
07-18-72	830601	727	855	931	2	169	527	0	0	0	0
06-17-73	816203	557	694	743	2	126	535	0	0	0	0
05-02-75	1003200	557	694	743	2	126	535	0	0	0	0
05-19-77	1086791	557	694	743	2	126	535	0	0	0	0
08-13-79	1173170	557	694	743	2	126	535	0	0	0	0
09-23-81		567	666	713	2	166	222	0	0	0	0

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OIL COMPANY DIV.
DIST. 3

EXHIBIT No. 9
SOUTHLAND ROYALTY COMPANY
DWIGHTS PRODUCTION HISTORY REPORT

RUN 01/16/84 TIME 08:43

DWIGHTS IDENT. #	30428N09W18B00MV	STATUS	ACT
WELL NAME	REID	STATUS DATE	00--00--00
WELL #	19	LIQ GATHERER	PLA
OPERATOR NAME	SOUTHLAND ROYALTY CO	GAS GATHERER	SUG
OPERATOR #	683355	COMPLETION DATE	10-18-71
FIELD NAME	BLANCO MESAVERDE (PRORATED GAS)	1ST GAS PROD	01--72
FLD #	008007074	TOTAL DEPTH	0
FIELD DISCOVERY DT	00--00--00	UPPER PERF	4338
LOCATION	18B28N 09W	LOWER PERF	4415
STATE ABBREVIATION	NH	LIQ GRAVITY	.0
STATE LSE CTRL #	12150	GAS GRAVITY	5.00
STATE DISTRICT #	4	GAS-LIQ RATIO	0
COUNTY NAME	SAN JUAN	TEMP GRADIENT	.000
COUNTY #	045	N-FACTOR	50.000
API #	0750200	TC	
LEASE TYPE	GAS	PC	

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DIST. 3

SOUTHLAND ROYALTY COMPANY
DWIGHTS PRODUCTION HISTORY REPORT

RUN 01/16/84 TIME 08:43

DWIGHTS IDENT. # 30428N09W18B00HV

PRODUCTION HISTORY
OIL CUM THRU 00-00 GAS CUM THRU 00-00

	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	ANNUAL
1972 OIL GAS WATER OIL WELLS	8830 0 0 1	7552 401 0 1	6110 196 0 1	6130 496 0 1	4424 193 0 1	5426 224 0 1	6260 248 0 1	5243 63 0 1	3790 125 0 1	4791 353 0 1	4890 211 0 1	4513 101 0 1	67985 2611 0 67985
1973 OIL GAS WATER OIL WELLS	4428 0 0 1	4511 214 0 1	3967 0 0 1	4426 296 0 1	4040 0 0 1	4135 0 0 1	3430 280 0 1	3417 197 0 1	4450 122 0 1	3963 314 0 1	3944 0 0 1	3485 186 0 1	48207 1619 0 48207
1974 OIL GAS WATER OIL WELLS	311 3603 0 1	3221 0 0 1	3288 194 0 1	3480 210 0 1	3080 0 0 1	2660 231 0 1	2632 0 0 1	2558 103 0 1	2569 195 0 1	2793 84 0 1	3139 190 0 1	3019 195 0 1	36050 1733 0 36050
1975 OIL GAS WATER OIL WELLS	125 3028 0 1	85 2866 0 1	192 2597 0 1	105 2302 0 1	89 2800 0 1	175 2697 0 1	186 2550 0 1	2513 0 0 1	109 2462 0 1	117 1916 0 1	3000 0 0 1	2347 180 0 1	31288 1363 0 31288
1976 OIL GAS WATER OIL WELLS	106 2153 0 1	128 2477 0 1	106 2211 0 1	189 2362 0 1	86 1910 0 1	104 2421 0 1	2278 0 0 1	1382 85 0 1	1815 234 0 1	2135 0 0 1	2335 195 0 1	2251 0 0 1	25735 1233 0 25735
1977 OIL GAS WATER OIL WELLS	93 1686 0 1	989 0 0 1	198 1954 0 1	104 1892 0 1	1931 0 0 1	85 1886 0 1	1646 0 0 1	1707 0 0 1	233 1163 0 1	108 1766 0 1	105 1788 0 1	1604 0 0 1	20012 926 0 20012
1978 OIL GAS WATER OIL WELLS	191 1740 0 1	1652 0 0 1	1383 0 0 1	192 1556 0 1	142 1483 0 1	1548 0 0 1	1297 0 0 1	1559 0 0 1	1511 0 0 1	1149 0 0 1	53 1518 0 1	46 1315 0 1	17713 793 0 17713
1979 OIL GAS WATER OIL WELLS	64 1230 0 1	60 1078 0 1	80 1563 0 1	76 1519 0 1	46 1227 0 1	32 1211 0 1	38 1103 0 1	42 1365 0 1	32 1145 0 1	28 1028 0 1	33 1013 0 1	14 1065 0 1	14551 552 0 14551

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DIST. 3

SOUTHLAND ROYALTY COMPANY
DWIGHTS PRODUCTION HISTORY REPORT

RUN 01/16/84 TIME 08:43
DWIGHTS IDENT. # 3042BN09W18R00MV

	JAN	FEB	MARCH	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	ANNUAL
1980													
OIL	1027	1148	1110	1290	1287	1082	970	845	0	29	1237	1060	11095
GAS	0	0	0	0	0	0	0	0	0	0	0	0	0
WATER	0	0	0	0	0	0	0	0	0	0	0	0	0
OIL WELLS	1	1	1	1	1	1	1	1	1	1	1	1	1
1981													
OIL	70	70	52	119	21	48	15	47	0	54	73	52	621
GAS	1405	1274	1141	890	607	1156	952	1260	1135	868	1100	1029	12826
WATER	0	0	0	0	0	0	0	0	0	0	0	0	0
OIL WELLS	1	1	1	1	1	1	1	1	1	1	1	1	1
1982													
OIL	32	10	5	35	0	0	0	35	62	15	45	0	195
GAS	1120	1178	942	994	515	0	0	987	662	633	0	75	7160
WATER	0	0	0	0	0	0	0	0	0	0	0	0	0
OIL WELLS	1	1	1	1	1	1	1	1	1	1	1	1	1
1983													
OIL	0	0	0	0	0	0	0	7	2	3	0	0	12
GAS	4	20	111	10	0	0	0	290	244	153	0	0	838
WATER	0	0	0	0	0	0	0	0	0	0	0	0	0
OIL WELLS	1	1	1	1	1	1	1	1	1	1	1	1	1

TOTAL OIL PRODUCTION TO DATE : 11.757
TOTAL GAS PRODUCTION TO DATE : 293.466

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OIL CON. DIV.
DIST. 3

RUN 01/16/84 TIME 08:43

DWIGHTS IDENT. # 30428N09W18B00HV

SOUTHLAND ROYALTY COMPANY
DWIGHTS PRODUCTION HISTORY REPORT

PAGE 8
DW1170AP--A

GAS TEST INFORMATION		WHSTP		BHP		RHP/Z		T		POTENTIAL		WH FLOW		BBL/DAY		COND		BBL/DAY		WATER	
TEST DATE	CUM TO TEST																				
10-18-71	0	893	1012	1165	23333333	916	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
09-25-72	53147	658	742	824	23333333	126	181	0	0	0	0	0	0	0	0	0	0	0	0	0	
08-17-73	98941	638	719	796	23333333	126	193	0	0	0	0	0	0	0	0	0	0	0	0	0	
08-01-74	138247	583	668	713	23333333	87	175	0	0	0	0	0	0	0	0	0	0	0	0	0	
09-01-76	199394	582	585	613	23333333	75	172	0	0	0	0	0	0	0	0	0	0	0	0	0	
07-16-78	239334	492	554	600	23333333	53	174	0	0	0	0	0	0	0	0	0	0	0	0	0	

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JAN 23 1984

OIL CON. DIV.
DIST. 3

CERTIFIED MAIL

January 18, 1984

Mr. Joe Ramey
New Mexico Dept. of Energy &
Minerals, Oil & Gas Division
P.O. Box 2088
Santa Fe, New Mexico


Southland Royalty Company

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JAN 23 1984

**OIL CON. DIV.
DIST. 3**

Re: SRC-Reid #19

Dear Mr. Ramey,

Southland Royalty Co. hereby requests administrative approval of downhole commingling of the Basin Dakota and Blanco Mesaverde zones in the subject well which is located in the NW/NE of Section 18, T28N, R9W, San Juan County, New Mexico.

A workover to correct a packer leak after the well failed the 1983 packer leakage test found a casing leak. The lower zone is currently logged off with drilling mud and will not produce. In a separate sundry, we have proposed remedial work to return the two zones to production.

The necessary costs of the required repairs will make the Mesaverde uneconomical to produce based on Southland's economic parameters. Although the casing leak is above the Mesaverde and separated from the Dakota by a permanent packer, a liberal allocation of only fifty percent of the workover cost was used in the economic evaluation of the Mesaverde. This estimated \$24,000 would payout in 2.1 years with full-time production, but the income is \$8,000 below our return goal and does not meet the corporate rate of return objective. Without commingling, the Mesaverde will be uneconomical to produce and would have to be plugged. The projected recovery of 14500 MCF and 700 BO would be lost.

The fluids from the zones are compatible. The oil from each zone is a light, high API gravity (DK=56.6, MV=46.6 degree API as reported by Plateau Refinery). Gas analyses are attached and show the Mesaverde to have a specific gravity of .7530 and BTU content of 1317 with the Dakota having a specific gravity of .7171 and BTU content of 1239. Water samples are not available because water production has been negligible. Recent water production is assumed to be from the casing leak.

CERTIFIED MAIL



Southland Royalty Company

January 18, 1984

Mr. Joe Ramey
New Mexico Dept. of Energy &
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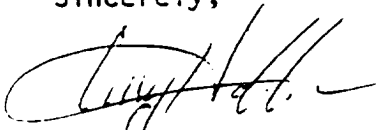
A proposed allocation formula is shown in Exhibit No. 4. Additional supporting data (production decline curves and production histories) are also attached.

The calculated BHP's for each zone are shown in Exhibit No. 5 and indicate the lower pressured Mesaverde to be eighty-four per cent of the Dakota. Therefore, there should be no cross flow between zones and the zones should produce together. As mentioned earlier, it is anticipated the additional pressure and volume from the Dakota should assist in maintaining increased production from the Mesaverde by removing the Mesaverde oil.

Southland's land department has verified that all ownership and royalty interests are equal in the Dakota and Mesaverde intervals.

The BLM and all offset operators have been notified by copy of this letter.

Sincerely,



C. Terry Hobbs

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JAN 23 1984
OIL CON. DIV
DIST. 3

XC: Frank Chavez
BLM
Offset Opr.

CTH:bgw

WAIVER

Mesa Petroleum hereby waives objection to Southland Royalty Company's application for downhole commingle for their Reid #19 as proposed above.

Date

By

CERTIFIED MAIL



Southland Royalty Company

January 18, 1984

Mr. Joe Ramey
New Mexico Dept. of Energy &
Minerals, Oil & Gas Division
P.O. Box 2088
Santa Fe, New Mexico

RECEIVED

JAN 23 1984

**OIL CON. DIV.
DIST. 3**

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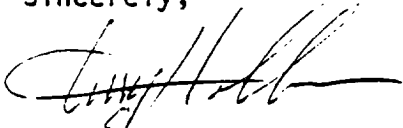
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The BLM and all offset operators have been notified by copy of this letter.

Sincerely,



Terry Hobbs

RECEIVED

JAN 23 1984

OIL CON. DIV.
DIST. 3

XC: Frank Chavez
BLM
Offset Opr.

CTH:bgw

WAIVER

El Paso Natural Gas Co. hereby waives objection to Southland Royalty Company's application for downhole commingle for their Reid #19 as proposed above.

Date

By

CERTIFIED MAIL



Southland Royalty Company

January 18, 1984

Mr. Joe Ramey
New Mexico Dept. of Energy &
Minerals, Oil & Gas Division
P.O. Box 2088
Santa Fe, New Mexico

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OIL CON. DIV.
DIST. 3

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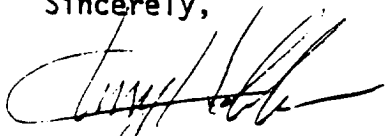
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Sincerely,



Terry Hobbs

RECEIVED
JAN 23 1984
OIL CON. DIV.
DIST. 3

XC: Frank Chavez
BLM
Offset Opr.

CTH:bgw

WAIVER

Union of Texas Petroleum hereby waives objection to Southland Royalty Company's application for downhole commingle for their Reid #19 as proposed above.

Date

By