

SIPES, WILLIAMSON & AYCOCK, INC.
CONSULTING ENGINEERS

Midland

1200 BLANKS BUILDING
310 WEST WALL AVENUE
MIDLAND, TEXAS 79701
915 685-6100

October 22, 1979

1212 THE MAIN BUILDING
SUITE 902
HOUSTON, TEXAS 77002
713 658-8278

DHC
Date 11/15/79

The Division Director
New Mexico Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico 87501

Penrose - Skelly
Blinebry

Dear Sir:

Subject: Request for Down-hole Commingling Permit
Rule 303-C

2. (a) Name and address of the operator.

Petro-Lewis Corporation
Energy Center One
717 17th Street
P. O. Box 2250
Denver, Colorado 80201

(b) Lease name, well number, well location.

Warlick "B" No. 1, 1,980 feet FNL and 660 feet FEL,
Section 19, T-21-S, R-37-E, Lea County, New Mexico.

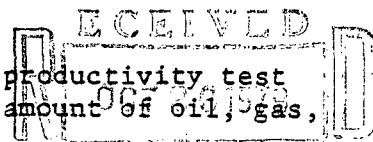
(c) Names of the pools the well is completed in and the Division order number which authorized the dual completion.

Drinkard - Plugged and Abandoned
Penrose-Skelly-Grayburg - Perforations 3,772-3,821 feet.

Blinebry - Perforations 5,706-5,995 feet. First
production August 25, 1979.

Bottom perforations, lowermost pool - 5,000-5,999 feet equals 30 barrels per day allowable total daily production under commingled operations

(d) A current (within 30 days) 24-hour productivity test on Division Form C-116 showing the amount of oil, gas, and water produced from each zone.



See Attachment No. 1

- (e) A production decline curve for both zones showing that for a period of at least one year a steady rate of decline has been established for each zone which will permit a reasonable allocation of the commingled production to each zone for statistical purposes. (This requirement may be dispensed with in the case of a newly completed or recently completed well which has little or no production history. However, a complete resume of the well's completion history including description of treating, testing, etc., of each zone, and a prognostication of future production from each zone shall be submitted.)

Production Decline Curves for each zone. See Attachment No. 2.

- (f) Estimated bottom-hole pressure for each artificially lifted zone. A current (within 30 days) measured bottom-hole pressure for each zone capable of flowing.

Estimated BHP - all zones on pump:

| | |
|-------------------------|----------|
| Blinebry | 50 psig |
| Penrose-Skelly-Grayburg | 50 psig. |

- (g) A description of the fluid characteristics of each zone showing that the fluids will not be incompatible in the well-bore.

Fluids compatible as evidenced by Petro-Lewis State "DC" Lease, S/2 NW/4 Section 19, T-21-S, R-37-E, Lea County, New Mexico. Original Commingling Order PC-435 (Attachment No. 3) by Amerada Hess Corporation, March 6, 1972 for Blinebry, Drinkard, Paddock and Penrose-Skelly-Grayburg Pools. Blinebry and Drinkard oil is 34.4° API at 58° Fahrenheit; Penrose-Skelly-Grayburg oil is 35.3° API at 78° Fahrenheit.

- (h) A computation showing that the value of the commingled production will not be less than the sum of the values of the individual streams.

Blinebry - sweet crude - ²²(37) Barrels per Day, \$28.96
per barrel current price

Penrose-Skelly-Grayburg - sour crude - 1 Barrel per
Day, \$26.28 per barrel current price.

The Division Director
New Mexico Oil Conservation Commission
October 22, 1979
Page 3

It should be noted that Penrose-Skelly-Grayburg crude is sour while Blinebry crude is sweet. However, because the production rate from the Blinebry zone is much higher than that from the Penrose-Skelly-Grayburg zone, the total stream may be classified as sweet crude. Even if the total stream is classified as sour crude, and a lower price is received for the oil, it is still more economical to commingle the two zones rather than squeeze the Penrose-Skelly-Grayburg zone or complete the well as a dual.

Because of the low production rate of the Penrose-Skelly-Grayburg zone, economics will not warrant a dual completion. Therefore, based on economics considerations and on waste prevention, downhole commingling of the produced fluids from the two zones is necessary.

There is a common ownership of the two zones.

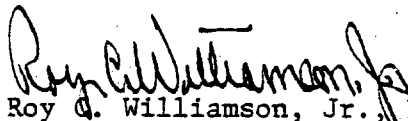
- (i) A statement that all offset operators and, in the case of a well on Federal land, the United States Geological Survey, have been notified in writing of the proposed commingling.

Offset operators have been notified, including United States Geological Survey. See Attachment No. 4.

COMMENT:

Every effort will be made to obtain waivers of objection from offset operators and United States Geological Survey, since lease storage facilities are nearing fill-up and well will have to be shut-in unless down-hole commingling permit is received soon.

Respectfully submitted,


Roy C. Williamson, Jr., P.E.

Consultant for Petro-Lewis Corporation

/djs

Copy to: Director
District I Office
New Mexico Oil Conservation Commission
Box 1980
Hobbs, New Mexico 88240
Petro-Lewis Corporation

Bottom of 5995
Pen 1 B0 370 316 net 82
Bl 22 47 70 18
22 386

ATTACHMENT NO. 1

(d) Production History - Warlick "B" No. 1

| Date | Penrose-Skelly-Grayburg Zone | | | | Blaine Zone | | | |
|-----------|------------------------------|----|-----|---------------|-------------|------|------|---------------|
| | BO | BW | MCF | GOR MCF/BO | BO | BW | MCF | GOR MCF/BO |
| 1979 | | | | | | | | |
| June | 27 | 93 | 312 | 11.6 | - | - | - | - |
| July | 35 | 93 | 338 | 9.7 | - | - | - | - |
| August | 31 | 96 | 310 | 10.0 | 20/D | 42/D | NR | .* |
| September | 30 | 95 | 315 | 10.5 | 23/D | 30/D | 70/D | 3.04 |

* Produced 6 days

Average for June,
July, August, Sept.

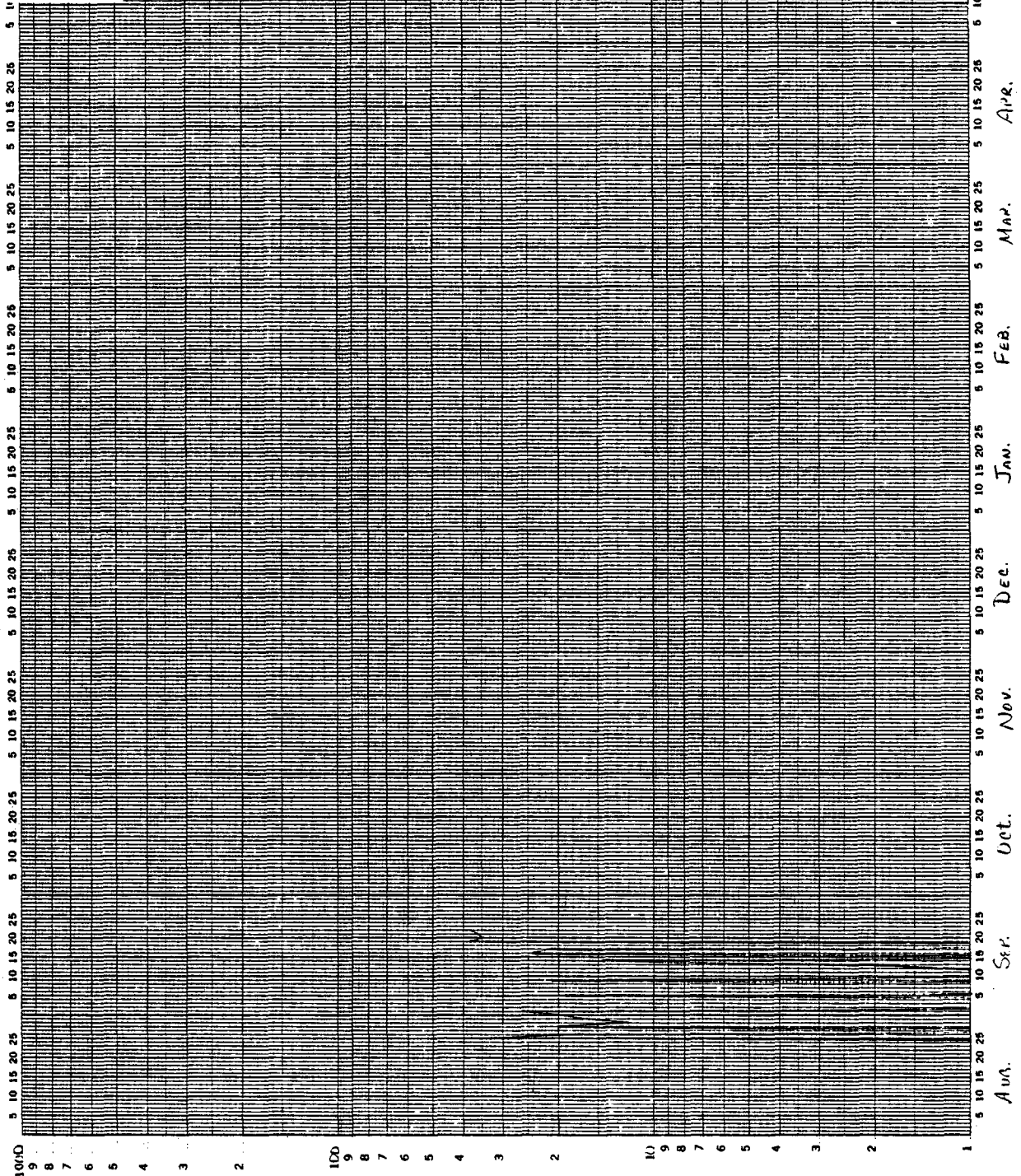
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|------|------|--------|------|------|--------|
| 1 | 3 | 10.37 | 22 | 23 | 3.04 |
| BO/D | BW/D | MCF/BO | BO/D | BW/D | MCF/BO |

END OF SEPTEMBER:

Current production from all zones equals 23 barrels of oil per day plus 26 barrels of water per day.

SIPES, WILLIAMSON & AYCOCK, INC.
1200 BLANKS BUILDING MIDLAND, TEXAS 79701
ROY C. WILLIAMSON, JR., P.E/djs 10/22/79
CONSULTANT FOR PETRO-LEWIS CORPORATION

| | |
|---|--------------------------|
| FIELD: 81 NEBBY | |
| OPERATOR: PETRO-LEWIS CORPORATION | |
| LEADER: WARLICK 'R' | DIST: NO. 10 |
| LOCATION: OR R.R. # | STATE: NH |
| COUNTY: LEA | WELL NOS: 1-H-19-215-37E |
| NO. WELLS: 1 | DATE PROD. BEGAN: |
| MIDLAND: SIPES, WILLIAMSON & AYCOCK, INC. HOUSTON | |

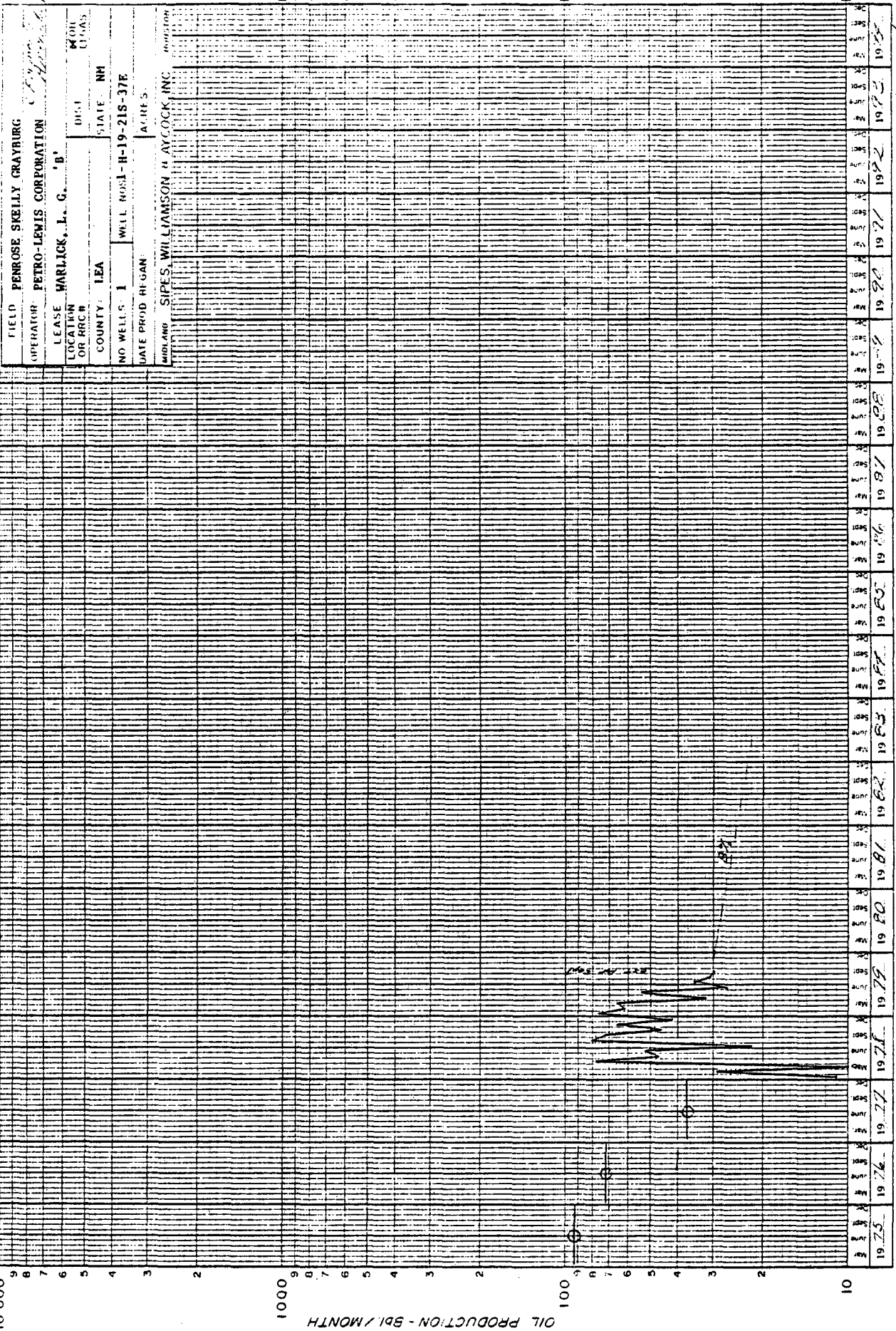


MAN 9-22-49/10-23-49

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9-1-79 CUM. 92,237.60
 9-22 extended on curve
 UPDATED 4-79 BY: [signature]
 THRU: 4-79



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NEW MEXICO OIL CONSERVATION COMMISSION
POST OFFICE BOX 2088
SANTA FE, NEW MEXICO 87501

007 18 1979

1972 MAR - 1 11:05
COMMINGLING ORDER PC-435

Company Amerada Hess Corporation
Address Drawer 817
City, State, Zip Seminole, Texas 79360
Attention: Mr. G. F. Dewhurst
Lease Name: State "DC" Lease
Description: S/2 NW/4, Sec. 19, T-21-S, R-37-E, Lea County, New Mexico

The above-named company is hereby authorized to commingle production from the following pools

Blinebry Gas Pool and Drinkard, Paddock, and Penrose Skelly Oil Pools

in a common tank battery, and to determine the production from each pool by

_____ separately metering the production from each pool prior to commingling

_____ separately metering the production from

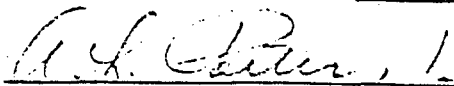
and determining the production by the subtraction method

☒ well tests (if this method is to be authorized, all commingled production must be of marginal nature; further, the operator shall notify the Santa Fe Office of the Commission in the event any well producing into the commingled battery becomes capable of top allowable production, at which time the Commission will amend this order or take such other action as may be appropriate)

Note: This installation shall be installed and operated in accordance with the applicable provisions of Rule 303 of the Commission Rules and Regulations and the Commission "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

REMARKS:

DONE at Santa Fe, New Mexico, on this 6th day of March 19 72.


A. L. PORTER, Jr., Secretary-Director

SIPES, WILLIAMSON & AYCOCK, INC.
1200 BLANKS BUILDING MIDLAND, TEXAS 79701
ROY C. WILLIAMSON, JR., P.E. 10/22/79
CONSULTANT FOR PETRO-LEWIS CORPORATION

SIPES, WILLIAMSON & AYCOCK, INC.
CONSULTING ENGINEERS

Midland

1200 BLANKS BUILDING
310 WEST WALL AVENUE
MIDLAND, TEXAS 79701
915 685-6100

October 22, 1979

1212 THE MAIN BUILDING
SUITE 902
HOUSTON, TEXAS 77002
713 658-3278

TO: OFFSET OPERATORS
(ADDRESS LIST ATTACHED)

Gentlemen:

Subject: Request for Down-hole Commingling Permits
Rule 303-C

Attached for your review are two commingling requests by Petro-Lewis Corporation for two wells, Warlick No. 3 and Warlick "B" No. 1, located as described in the requests. Your waiver of objection to these requests is respectfully solicited. Please indicate your decision in the space below and return one copy to the undersigned and one copy to the New Mexico Oil Conservation Commission in the enclosed envelopes, and retain one copy for your files.

Thank you for your cooperation.

Yours very truly,

Original Signed By
ROY C. WILLIAMSON, JR.

Roy C. Williamson, Jr., P.E.
Consultant for Petro-Lewis
Corporation

- I. Warlick No. 3 - I do () do not () object to
commingling request for this well.
- II. Warlick "B" No. 1 - I do () do not () object to
commingling request for this well.

Signed _____

Date _____

COMPANY _____

ADDRESS LIST
(Alphabetical Order)

OFFSET OPERATORS*

Amoco Production Company
P. O. Box 3092
Houston, TX 77001

Attn Mr. George M. Simmons,
Division Geologist, NM & TX
(713) 652-5222

Campbell and Hedrick
P. O. Box 401
Midland, TX 79701
(915) 684-4393

Continental Oil Company
P. O. Box 460
Hobbs, NM 88240

Attn Mr. Paul Thompson,
Division Manager
(505) 393-4141

Gulf Oil Company-U. S.
P. O. Box 670
Hobbs, NM 88240

Attn Mr. R. C. Anderson,
Production Manager
(505) 393-4121

Peery, J. W., Estate
P. O. Box 401
Midland, TX 79701
(915) 684-4651

Sun Oil Company
P. O. Box 1861
Midland, TX 79701

Attn Mr. R. K. Beggs,
District Manager
(915) 685-0300

Tenneco Oil Company
Ciudad Bldg. - Suite 139
3000 United Founders Blvd.
Oklahoma City, OK 73112

Attn Mr. Don Wright
(405) 848-8551

Texas Pacific Oil Company, Inc.
P. O. Box 4067
Midland, TX 79701

Attn Mr. R. J. Womack,
Regional Manager
(915) 684-5584

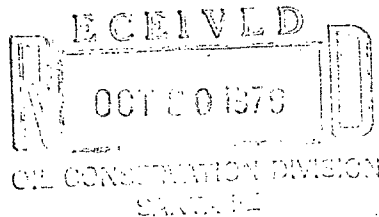
- * Offset Operators to Petro-Lewis Corporation's Warlick No. 3 well,
located 330' FEL and 660' FSL, Section 18 and Warlick "B" No. 1 well,
located 1,980' FNL and 660' FEL, Section 19, both wells in T-21-S,
R-37-E, Lea County, New Mexico.

Copy: U. S. Department of The Interior
Geological Survey
1012 Federal Building
1961 Stout Street
Denver, Colorado 80202

Sipes, Williamson & Aycock, Inc.
1200 Blanks Building Midland, Texas 79701
Roy C. Williamson, Jr., P.E./pw 10/22/79
Consultant for Petro-Lewis Corporation

OIL CONSERVATION DIVISION
DISTRICT I

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



DATE October 26, 1979

RE: Proposed MC _____
Proposed DHC X _____
Proposed NSL _____
Proposed NSP _____
Proposed SWD _____
Proposed WFX _____
Proposed PMX _____

Gentlemen:

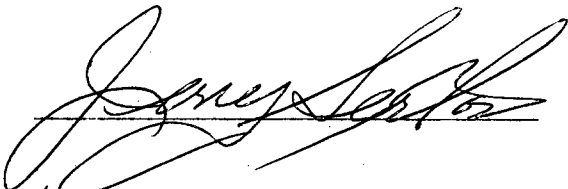
I have examined the application for the:

| | | | |
|-------------------|--------------------|-----------------|----------|
| Petro-Lewis Corp. | L. G. Warlick "B" | No. 1-H | 19-21-37 |
| Operator | Lease and Well No. | Unit, S - T - R | |

and my recommendations are as follows:

O.K.---J.S.

Yours very truly,


/inc