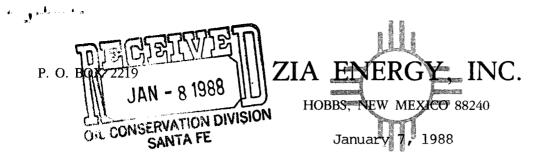
PHONE (505) 393-2937



New Mexico Oil Conservation Division P.O. Box 2088 Santa Fe, N.M. 87504-5800

Subject: Request for Administrative Approval for Downhole Commingling

Dear Sir:

(a) Zia Energy, Inc.("Zia"), P.O. Box 2219, Hobbs, N.M. 88240, respectfully request administrative approval to downhole commingle production in the well described below and to store commingled production in our surface storage facility. Information required by the Commission has been provided below.

(b) Zia requests that downhole commingling be authorized in its New Mexico State "M" Lease, Well No. 48, located in Unit Letter D, Section 17, Township 22 South, Range 37 East, Lea County, N.M. from the Blinebry, Drinkard, and Tubb formations. Royalty and working interest ownership is the same for all three producing zones.

(c) A plat (Exhibit 'A') showing the acreage dedicated to this well and the ownership of offsetting leases is attached.

(d) Division Form C-116 showing recent well test from each of the zones has been attached. Tests from the Blinebry and Drinkard refect 24 hour pumping test, while the test from the Tubb is based on a swab test. Tests results show that the combined production from all three zones will not exceed the allowable 40 barrels of oil per day nor will the water volumes exceed that amount.

(e) Production decline curves (Exhibit 'B') have been provided for the Drinkard formation. Decline patterns for the Blinebry and Tubb are not available because of the recent completion in these two zones. A copy of the completion report describing treating and testing for each zone has been attached. We believe that production decline rates in the Blinebry and Tubb formations will approximate that of the Drinkard.

(f) Bottom-hole pressures were not measured in this wellbore. However, bottomhole pressures in the Tubb and Blinebry formations are expected to be several hundred pounds higher than that of the Drinkard formation (which is estimated at 450 psi) due to the recent completion of these zones. We do not believe pressure differences pose any problem since the well is equipped to pump and production is from tight, low permeability formations in all three zones.

(g) Fluid sample analyses have been provided from the Blinebry, Drinkard and Commingled production stream. Tests indicate that the fluids will not be incompatable in the well-bore nor will the mixing of formation fluids cause the formation of precipitates. (h) Production from all three zones is priced on the same basis for both oil and gas, therefore the value of oil and gas produced and sold from the commingled stream will be the same as if the streams were produced and sold separately. It should be noted that by downhole commingling production, the economic life of the well can be extended, thereby increasing recovery and revenue from all three formations.

(i) Zia proposes that total production from the three zones be allocated to each formation on the basis of the Form C-116 tests that are being submitted with this request.

(j) We have attached a statement that all offset operators have been notified of our request to downhole commingle.

If you should have any questions concerning our request or the material presented, please contact Don Bratton or Farris Nelson at 505-393-2937.

Sincerely,

D.E. Bratton Zia Energy, Inc.

Enclosures cc: NMOCD - Hobbs Certified P713 503 717 1/7/88 EXHIBIT 'A'

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	13 •	48 •	•3-B Sun Expl & Prod (Elliott)
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T-22-S, R-37-E LEA COUNTY, N.M.

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P. O. BOX 2018 SANTA FE, NEW MEXICO 87501

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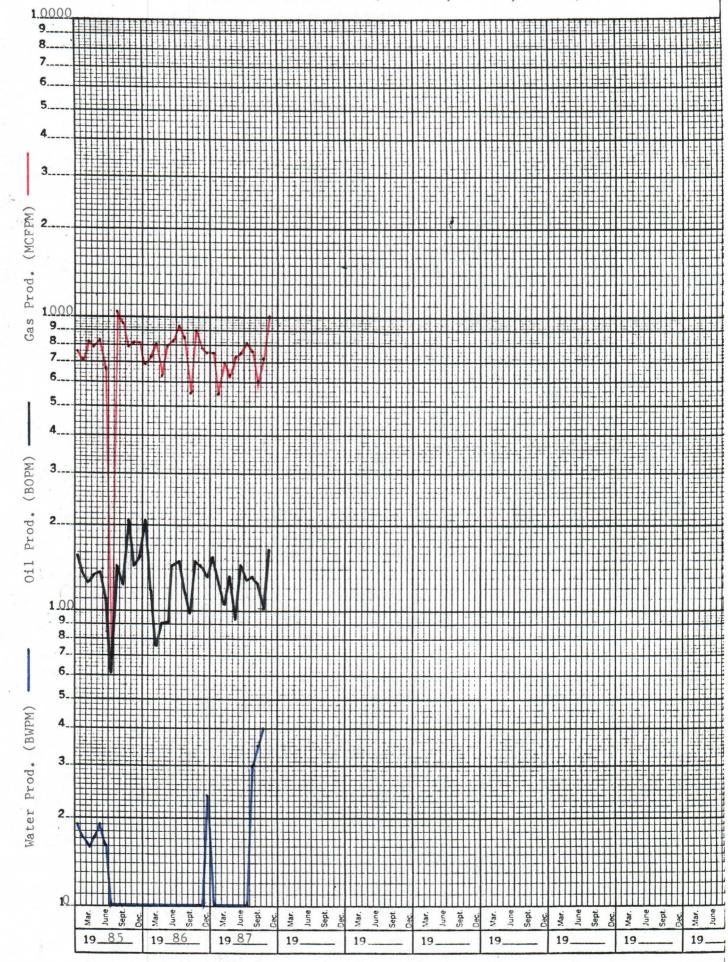
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F O. 80X 2018 Santa FE, New Mexico 87501

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'M' State # 48 (Sect. 17, T-22-S, R-37-E) N.M.



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K+ 20 YEARS BY MONTHS X 3 LOG CYCLES Keuffel & Esser Co. 440€ 18 LOG • •

STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT	
OIL CONSERVATION DIVISION	• ·
DISTRIBUTION P. O. BOX 2088	Form C-103
SANTA FE SANTA FE, NEW MEXICO 87501	Revised 10-1-78
FILE	5a. Indicate Type of Lease
U.S.O.S.	
LAND OFFICE	State X Fee
OPERATOR	5. State Oil & Gas Lease No.
	B-934
SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT	
1. BIL X GAB OTHER-	7. Unit Agreement Name
2. Name of Operator	8. Farm or Lease Name
Zia Energy, Inc.	New Mexico 'M' State
3. Address of Operator	9. Well No.
P.O. Box 2219, Hobbs, NM 88240	48
4. Location of Well	10. Field and Pool, or Wildcat
UNIT LETTER D . 660 PEET FROM THE NOTTH LINE AND 560 PEET FROM	Drinkard
THE West LINE, SECTION 17 TOWNSHIP 22 South RANGE 37 East NMPM.	
15. Elevation (Show whether DF, RT, GR, etc.)	12. County
3416' RKB 3404' GR	Lea
16. Check Appropriate Box To Indicate Nature of Notice, Report or Oth	
	REPORT OF:
PERFORM REMEDIAL WORK	ALTERING CASING
TEMPORARILY ABANDON	PLUG AND ABANDONMENT
PULL OR ALTER CASING	
OTHER	
OTHER	
17. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including work) SEE RULE 1103.	estimated date of starting any proposed
What see Note 1103.	
· · · · · · · · · · · · · · · · · · ·	

- 6066'. Treated Tubb with 5000 gals 15% NEFE Acid. ISIP 1200 psi 2.
- Set RBP at 6066'. Perforated Blinebry from 5496'-6045' (49 Holes). Set Pkr at 5376'. Treated Blinebry with 15,000 gals 15% NEFE Acid in three 5000 gal stages, using rock salt and 7/8" balls for staging. ISIP 1150 psi
- Released Pkr. RIH with pump and rods. Placed Blinebry on test 11-20-87. 3. Tested 8.5 BOPD, 12 BWPD, and 58 MCFPD on 12-2-87.
- POH with rods and pump 12-3-87. Isolated Tubb perfs and swab tested. 4. Estimated recovery of .5 BOPD, no water, and gas to small to measure 12-4-87.
- 5. POH with Pkr and RBP. Commingled production from the Blinebry, Drinkard and Tubb formations. Placed well on pump. Well tested 13.5 BOPD, 18 BWPD, and 72 MCFPD on 12-16-87.

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18. I hereby certify that the information above is true and complete	e to the best of my knowledge and belief.	
De Bratton	TITLE Engineer	DATE <u>1-04-88</u>
APPROVED BY	TITLE	DATE
		567C
CONDITIONS OF APPROVAL, IF ANY:		·

Unichem International

707 North Leech

P.O. Box 1499

Hobbs, New Mexico 88240

Company: Zia Energy, Inc. Date : 01-06-88 Samples: Formation water from the Blinebry & Drinkard, Commingled Oil & Water from the Blinebry, Drinkard, and Tubb

		<u>Sample 1</u> (Blinebry)	Sample 2 (Drinkard)	<u>Sample 3</u> (Commingled)	Sample 4 (Commingled)
Specific Grav Total Dissolv ph: Ionic Strengt	red Solids:	1.131 183795 6.11 3.682	1.145 203177 5.86 4.192	1.160 223875 5.46 4.776	1.135 188641 6.05 3.809
<u>Cation:</u> Calcium Magnesium Sodium Iron (total) Barium	(Ca +2) (Mg +2) (Na +1) (Fe +2) (Ba +2)	<u>mg/liter</u> 7520 5640 55100 1.70 0.120	<u>mg/liter</u> 8960 8160 57400 8.20 0.120	<u>mg/liter</u> 13200 10200 57800 141 0.990	mg/liter 7880 6270 55700 3.32 0.120
Anions: Bicarbonate Carbonate Hydroxide Sulfate Chloride	(HCO3 -1) (CO3 -2) (OH -1) (SO4 -2) (C1 -1)	305 0 2200 113000	85.4 0 1580 127000	85.4 0 1630 141000	250 0 2040 117000
<u>Saling Index</u> Calcium Carbo Calcium Sulfa		e indicates s 0.41 13	<u>scale)</u> -0.07 7.4	0.10 18	0.34 12

Comments:

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Sample 3 is an actual commingled sample of Blinebry, Drinkard, and Tubb production taken from NM State "M" Well No. 48 on 12-29-87

Sample 4 is a mix of samples 1 & 2 (Sample 1-75% and Sample 2-25%)

All Samples show fluids to be compatible. No precipitates are expected as a result of commingling.

CERTIFICATE OF SERVICE

I, <u>D.E. Bratton</u>, certify that a copy of the attached letters, dated January 5, 1988 was mailed, first-class, certified, postage prepaid, on this 7 th day of January , 1988 to the following companies.

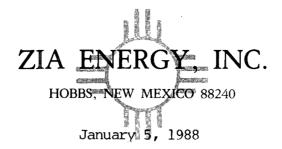
Texaco Producing Company P.O. Box 3109 Midland, Texas 79702

Sun Exploration and Production Company P.O. Box 2880 Dallas, Texas 75221 Chevron, U.S.A. P.O. Box 670 Hobbs, N.M. 88240

Martindale Petroleum Company 419 W. Cain Hobbs, N.M. 88240

D.E. Bratton Zia Energy, Inc.

Attachments



PHONE (505) 393-2937

Martindale Petroleum Company 419 W. Cain Hobbs, N.M. 88240

Attn: Mr. Mark Veteto

Re: Zia Energy, Inc.'s application to the New Mexico Oil Conservation Division for Administrative Approval to downhole commingle production in its New Mexico 'M' State, Well No. 48, located in Unit Letter 'D', Section 17, T-22-S, R-37-E, Lea County, N.M.

Dear Sir:

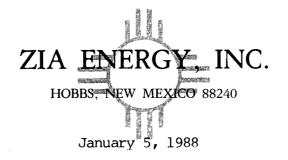
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Sincerely,

D.E. Bratton Zia Energy, Inc.

Certified Date Mailed

P 713 503 721 1/7/88



PHONE (505) 393-2937

Chevron, U.S.A. P.O. Box 670 Hobbs, N.M. 88240

> Re: Zia Energy, Inc.'s application to the New Mexico Oil Conservation Division for Administrative Approval to downhole commingle production in its New Mexico 'M' State, Well No. 48, located in Unit Letter 'D', Section 17, T-22-S, R-37-E, Lea County, N.M.

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Sincerely,

D.E. Bratton Zia Energy, Inc.

Certified P 7/3 503 720 Date Mailed 1/7/88



PHONE (505) 393-2937

Sun Exploration and Production Company P.O. Box 2880 Dallas, Texas 75221

> Re: Zia Energy, Inc.'s application to the New Mexico Oil Conservation Division for Administrative Approval to downhole commingle production in its New Mexico 'M' State, Well No. 48, located in Unit Letter 'D', Section 17, T-22-S, R-37-E, Lea County, N.M.

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Sincerely,

D.E. Bratton Zia Energy, Inc.

Certified P 713 503 719 Date Mailed //7/88



PHONE (505) 393-2937

Texaco Producing Company P.O. Box 3109 Midland, Texas 79702

> Re: Zia Energy, Inc.'s application to the New Mexico Oil Conservation Division for Administrative Approval to downhole commingle production in its New Mexico 'M' State, Well No. 48, located in Unit Letter 'D', Section 17, T-22-S, R-37-E, Lea County, N.M.

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Sincerely,

D.E. Bratton Zia Energy, Inc.

Certified P7/35037/8Date Mailed 1/7/88

EN	STATE OF NEW MEXICO NERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION HOBBS DISTRICT OFFICE	
GARREY CARRUTHERS GOVERNOR OIL CONSERVATION D P. O. BOX 2088 SANTA FE, NEW MEXIC	HOBBS, NEW ME (505) 3 JAN 11 1995	CE BOX 1980 XICO 88241-1980 93-6161
RE: Proposed: MC DHC NSL NSP SWD WFX PMX Gentlemen:		
Jia Energy J Operator	e application for the: <u>Inc</u> <u>New Merrico M State #48-D 17-</u> Lease & Well No. Unit S-T-R ions are as follows:	22-37
Yours very truly, Jerry Sexton Supervisor, Distric	e for	-