

**EXXON** COMPANY, U.S.A.  
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PRODUCTION DEPARTMENT  
SOUTHWESTERN DIVISION

*915-686-4105*

May 16, 1988

RECEIVED  
MAY 17 1988  
OIL CONSERVATION DIVISION

Downhole Commingling  
N. G. Penrose Well No. 3  
Unit G, Section 13, T22S, R37E  
Lea County, New Mexico

*Case 4399*

New Mexico Oil Conservation Division  
P. O. Box 2088  
Santa Fe, NM 87501

Attention: Mr. David R. Catanach

By your letter dated April 5, 1988 the New Mexico Oil Conservation Division Administrative Order No. DHC-195 was amended to allow the Drinkard, Wantz Granite Wash and Blinebry Oil and Gas Pools to be downhole commingled in the captioned wellbore, conditional upon separately testing of the Granite Wash before commingling. Due to the marginal economics of the work, Exxon Corporation requests that this condition be removed. Since you indicated that this type of relief would not be granted administratively, please set our request for consideration at the June 8, 1988 examiner hearing.

*Blinebry*

At the June 8, 1988 hearing, we will present evidence to support the following allocation of production to each zone.

	Expected Oil Production		Expected Gas Production	
	Oil (BOPD)		Gas (MCFPD)	
Blinebry Oil & Gas	4.6	(30%)	84.9	(79%)
Drinkard	7.6	(49%)	13.9	(13%)
Wantz Granite Wash	3.2	(21%)	8.3	(8%)
<u>Commingled Total</u>	<u>15.4</u>	<u>(100%)</u>	<u>107.1</u>	<u>(100%)</u>

All offset operators have been notified by copy of this letter.

Sincerely,

*James Howell*  
J. D. Howell

JDH:dkw

Certified Mail - w/attachments

- c: Mr. James Bruce
- Offset Operators
- Mr. Jerry Sexton, NMOCD, Hobbs, NM
- 2 copies to addressee

OFFSET OPERATORS TO  
EXXON'S N. G. PENROSE LEASE

Mabee Petroleum Corp.  
400 W. Illinois, Ste. 1500  
Midland, Texas 79701

Zachary Oil Operating Co.  
1212 Commerce Bldg.  
Fort Worth, Texas 76102

Marathon Oil Company  
Box 522  
125 W. Missouri St.  
Midland, Texas 79702

Fina Oil & Chemical Company  
6 Desta Drive  
Midland, Texas 79705

Texaco Producing, Inc.  
Box 3109  
500 N. Lorraine  
Midland, Texas 79701

Sun Exploration & Production Co.  
Box 1861  
Midland, Texas 79702

Sohio Petroleum Company  
10 Desta Drive, Ste. 600 West  
Midland, Texas 79705

J. H. Hendrix Corp.  
223 W. Wall  
525 Midland Tower Bldg.  
Midland, Texas 79701