

CAMPBELL & BLACK, P.A.  
LAWYERS

JACK M. CAMPBELL  
BRUCE D. BLACK  
MICHAEL B. CAMPBELL  
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J. SCOTT HALL  
PETER N. IVES  
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GUADALUPE PLACE  
SUITE 1 - 110 NORTH GUADALUPE  
POST OFFICE BOX 2208  
SANTA FE, NEW MEXICO 87504-2208  
TELEPHONE: (505) 988-4421  
TELECOPIER: (505) 983-6043

February 24, 1986

Texaco, Inc.  
Post Office Box 3109  
Midland, Texas 79702  
ATTN: Land Department

Re: Application of Nearburg Producing Company for Downhole  
Commingling, Eddy County, New Mexico.

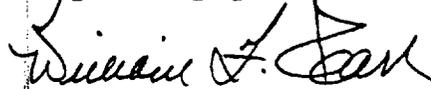
Dear Sirs:

This letter is to advise you that Nearburg Producing Company has filed an application with the New Mexico Oil Conservation Division seeking authority to downhole commingle production from the Atoka and Morrow formations in the wellbore of its Osage Boyd Com No. 1 Well at a location 1980 feet from the North line and 660 feet from the West line of Section 15, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

This application has been set for hearing before a Division Examiner on March 19, 1986. You are not required to attend this hearing, but as an offsetting interest owner you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

NEARBURG- Case No. 8847
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Very truly yours,



William F. Carr  
Attorney for Nearburg  
Producing Company

WFC/cv

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February 24, 1986

Yates Petroleum Corporation  
207 South Fourth Street  
Artesia, New Mexico 88210  
ATTN: Land Department

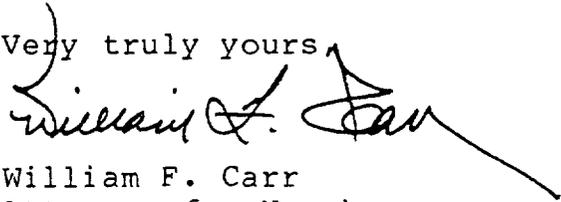
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February 24, 1986

Anadarko Production Company  
Post Office Box 2497  
Midland, Texas 79702  
ATTN: Land Department

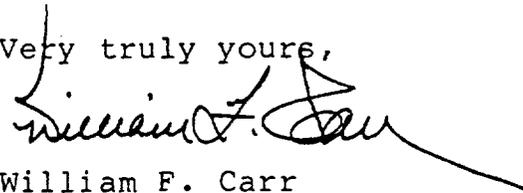
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Commingling, Eddy County, New Mexico.

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Attorney for Nearburg  
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February 24, 1986

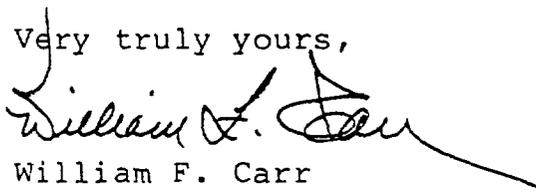
Monsanto Oil Company  
1300 First City Center  
Midland, Texas 79701  
ATTN: Land Department

Re: Application of Nearburg Producing Company for Downhole  
Commingling, Eddy County, New Mexico.

Dear Sirs:

This letter is to advise you that Nearburg Producing Company has filed an application with the New Mexico Oil Conservation Division seeking authority to downhole commingle production from the Atoka and Morrow formations in the wellbore of its Osage Boyd Com No. 1 Well at a location 1980 feet from the North line and 660 feet from the West line of Section 15, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

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Attorney for Nearburg  
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February 24, 1986

Petro-Lewis Corporation  
Box 2250  
Denver, Colorado 80201  
ATTN: Land Department

Re: Application of Nearburg Producing Company for Downhole  
Commingling, Eddy County, New Mexico.

Dear Sirs:

This letter is to advise you that Nearburg Producing Company has filed an application with the New Mexico Oil Conservation Division seeking authority to downhole commingle production from the Atoka and Morrow formations in the wellbore of its Osage Boyd Com No. 1 Well at a location 1980 feet from the North line and 660 feet from the West line of Section 15, Township 19 South, Range 25 East, N.M.P.M., Eddy County, New Mexico.

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William F. Carr  
Attorney for Nearburg  
Producing Company

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STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 8847  
Order No. R-8326

APPLICATION OF NEARBURG PRODUCING  
COMPANY FOR DOWNHOLE COMMINGLING,  
EDDY COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 5, 1986, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 30th day of October, 1986, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) The applicant, Nearburg Producing Company, is the owner and operator of the Osage-Boyd Com Well No. 1, located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 15, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico.
- (3) The applicant seeks authority to commingle Atoka and Morrow production within the wellbore of the above-described well.
- (4) The proposed commingling may result in the recovery of additional hydrocarbons from each of the subject pools, thereby preventing waste, and will not violate correlative rights.
- (5) The reservoir characteristics of each of the subject zones are such that underground waste would not be caused by the proposed commingling provided that the well is not shut-in for an extended period.

(6) To afford the Division the opportunity to assess the potential for waste and to expeditiously order appropriate remedial action, the operator should notify the Artesia district office of the Division any time the subject well is shut-in for 7 consecutive days.

(7) In order to allocate the commingled production to each of the commingled zones in the well, applicant should consult with the supervisor of the Artesia district office of the Division and determine an allocation formula for each of the production zones.

IT IS THEREFORE ORDERED THAT:

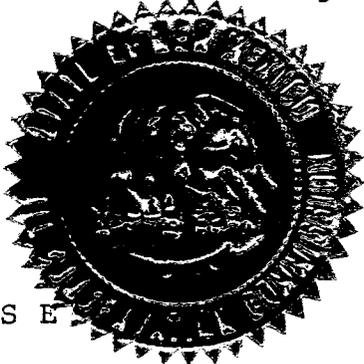
(1) The applicant, Nearburg Producing Company, is hereby authorized to commingle Atoka and Morrow production within the wellbore of the Osage-Boyd Com Well No. 1, located 1980 feet from the North line and 660 feet from the West line (Unit E) of Section 15, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico.

(2) The applicant shall consult with the Supervisor of the Artesia District Office of the Division and determine an allocation formula for the allocation of production to each zone in the subject well.

(3) The operator of the subject well shall immediately notify the Division's Artesia district office any time the well has been shut-in for 7 consecutive days and shall concurrently present, to the Division, a plan for remedial action.

(4) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
R. L. STAMETS,  
Director