



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

October 8, 1990

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

Mallon Oil Company
1099 18th Street, Suite 2750
Denver, CO 80202

Attn: Mr. Joe H. Cox, Jr.

Re: Downhole Commingle
Mobil "5" State #1-0
Sec. 5, T17S, R36E

Gentlemen:

Permission is hereby granted to downhole commingle production from the West Lovington Blinebry Pool with Undesignated Lower San Andres production in the above-referenced well for 30-days pending approval of your application.

Very truly yours,

OIL CONSERVATION DIVISION

Jerry Sexton
Supervisor, District I

ed



MALLON OIL COMPANY

1099 18th Street, Suite 2750, Denver, Colorado 80202
(303) 293-2333

*OK
10/5
30 DAYS*

October 4, 1990

Mr. Jerry Sexton
New Mexico Oil Conservation Division
P. O. Box 1980
Hobbs, New Mexico 88241-1980

RE: Downhole Commingling
Mobil "5" State #1
SW/4 SE/4 Sec. 5, T17S, R36E
Lea Co, NM

Dear Mr. Sexton:

As we discussed in our phone conversation this morning Mallon Oil Company would like to begin the downhole commingling of our Mobil "5" State #1 well. As detailed in our Application for Downhole Commingling of Oil Production, mailed September 4, 1990, the well is completed in the Blinebry and Lower San Andres zones. It is presently producing from the Lower San Andres alone.

Since September 4th we have perforated and acidized the additional portions of the Lower San Andres described in that letter. That additional work has resulted in substantially more water production than we previously had. After the first week of pumping, the well is producing around 6 BO and 60 BW from the Lower San Andres. The well treated "tight" throughout acidization and I anticipate that we would see a substantial drop in the total liquid rate in the next few weeks which should put the total water production from the well below the 50 BPD limit stipulated in the Rules & Regulations book for administrative approval.

We are requesting a 30 day period to commingle oil from the zones begining around 10/15/90 and will report back to you on the production rates toward the end of that period.

Sincerely,

MALLON OIL COMPANY

Joe H. Cox, Jr.
Production Manager