

Imperial-American Management Company

February 17, 1971

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

Attention: Mr. A. L. Porter, Jr.

Re: Request for Exception to Rule 303-A
Down-Hole Commingling - per Rule 303-C
McCallister Lease, Well No. 1
Drinkard and Wantz Abo Pools
Lea County, New Mexico

DHC-80

New April 12

Gentlemen:

Imperial-American Management Company respectfully requests administrative approval under the provisions of Order No. R-3845 to commingle, in the well bore, oil production from the Drinkard Pool and the Wantz Abo Pool which are dually completed in our McCallister No. 1 well located in Unit C, Section 7, T-22-S, R-38-E, Lea County, New Mexico. This dual completion was permitted by Order No. R-3719, dated April 1, 1969.

We believe that this well qualifies for administrative approval of down-hole commingling under the Provisions of Rule 303-C. Both zones are classified as oil zones. The deepest perforation in the lower zone is at 7240' in this well. We attach Form C-116 which indicates that the production rates for both oil and water fall within the limits specified by Rule 303-C. We also attach copies of our production decline curve for each zone. Both zones are presently being artificially lifted by rod pumps; therefore, a rod pump will be utilized after commingling.

We have had water samples collected from each zone and have had these samples checked for compatibility by Baroid. Copies of their reports are attached. The reports indicate there will not be an instability problem caused by mixing these waters.

We also attach a data sheet on which we have indicated our estimates of the current bottom hole pressures of these zones and a calculation showing that the commingled production will not have less value than the individual streams sold separately.

New Mexico Oil Conservation Commission
Attention: Mr. H. L. Porter, Jr.
Re: Request for Exception to Rule 303-A
McCallister Lease, Well No. 1
Drinkard and Wantz Abo Pools
Lea County, New Mexico

Page 2

Ownership of the production from both zones to be commingled is common as to royalty, overriding royalty, and working interests.

This lease is on fee property. A copy of this application is being submitted to each offset operator shown on the attached list.

Very truly yours,

IMPERIAL-AMERICAN MANAGEMENT COMPANY


Darol K. Ramey

DKR:lb
Attachments

LIST OF OFFSET OPERATORS

Imperial-American Management Company
McCallister Lease
Lea County, New Mexico

Sohio Petroleum
P. O. Box 3167
Midland, Texas 79701

Burleson & Huff
Central Building
Midland, Texas 79701

DATA SHEET

Request for Down-Hole Commingling
Imperial-American Management Company
McCallister Well No. 1

I. Estimated Bottom Hole Pressure

A. Drinkard Pool Completion

Unable to obtain a satisfactory sonic fluid level.
Zone pumps off, permitting only 10-15% pump efficiency.
Estimated Operating BHP - 200 psi
Estimated Static BHP - 600 psi

B. Wantz Abo Pool Completion

Lower zone, cannot obtain sonic fluid level.
Pressure low enough to limit pump efficiency to 50%.
Estimated Operating BHP - 300 psi
Estimated Static BHP - 800 psi

II. Value of Commingled Production

Oil from both the Drinkard and Wantz Abo is being sold to The Permian Corporation by truck. The price is based on Atlantic Richfield's posting for West Texas-New Mexico intermediate grade crude, with a top price of \$3.56/bbl. for 40 deg. API and a 2¢/degree price differential for each degree below 40 deg. API.

The Drinkard zone oil normally was 37.5 deg. API with a price of \$3.50/bbl. The Wantz Abo oil normally runs 38.5 deg. API with a price of \$3.52/bbl. At the current rates of production, the gravity of the mixture should be at least 38 deg. API and receive a price of \$3.52/bbl.

Drinkard - Avg. price \$3.50/bbl. X 4 BOPD equals	\$ 14.00/day
Wantz Abo - Avg. price \$3.52/bbl. X 36 BOPD equals	126.72/day
	<u>\$140.72/day</u>

Mixture - Avg. price \$3.52/bbl. X 40 BOPD equals	\$140.80/day
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No loss in value of product should result from commingling these zones in the well bore.

David K. Roney

NEW MEXICO OIL CONSERVATION COMMISSION
GAS - OIL RATIO TESTS

C-116
Revised 1-1-65

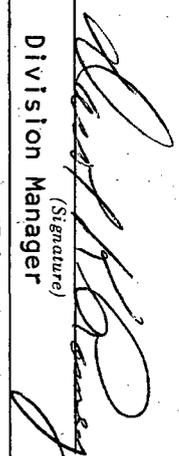
Operator: Imperial-American Management Co. Pool: *See Below County: Lea

Address: 507 Midland Savings Bldg., Midland, Texas 79701

LEASE NAME	WELL NO.	LOCATION				DATE OF TEST	STATUS	CHOKE SIZE	TBG. PRESS.	DAILY ALLOW-ABLE	LENGTH OF TEST HOURS	PROD. DURING TEST			GAS - OIL RATIO CU.FT./BBL
		U	S	T	R							WATER BBL.S.	GRAV. OIL	OIL BBL.S.	
<u>DRINKARD POOL</u>															
McCallister	1	C	7	22	38	2-24-71	P Open	25	0	24	8	38.5	4	6.33	1583
<u>WANTZ ABO POOL</u>															
McCallister	1	C	7	22	38	2-26-71	P Open	25	46	24	35	39.5	35	43.8	1251
<u>SPECIAL TEST - REQUEST FOR DOWN-HOLE COMMINGLING</u>															

No well will be assigned an allowable greater than the amount of oil produced on the official test.
 During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Commission.
 Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60° F. Specific gravity base will be 0.60.
 Report casing pressure in lieu of tubing pressure for any well producing through casing.
 Mail original and one copy of this report to the district office of the New Mexico Oil Conservation Commission in accordance with Rule 301 and appropriate pool rules.

I hereby certify that the above information is true and complete to the best of my knowledge and belief.


 Division Manager
 March 9, 1971
 (Date)

COPY

BAROID DIVISION
NATIONAL LEAD COMPANY
P. O. BOX 311
MIDLAND, TEXAS 79701

March 11, 1971

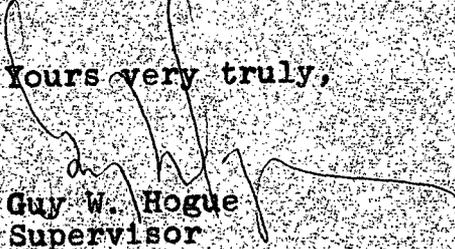
Mr. Darrol K. Ramey
Imperial American Management
507 Midland Savings Building
Midland, Texas 79701

Dear Sir:

A compatibility analysis of your McAlister No. 1 and Federal GPS No. 1 produced waters reveals that comingling can be accomplished without compatibility problems.

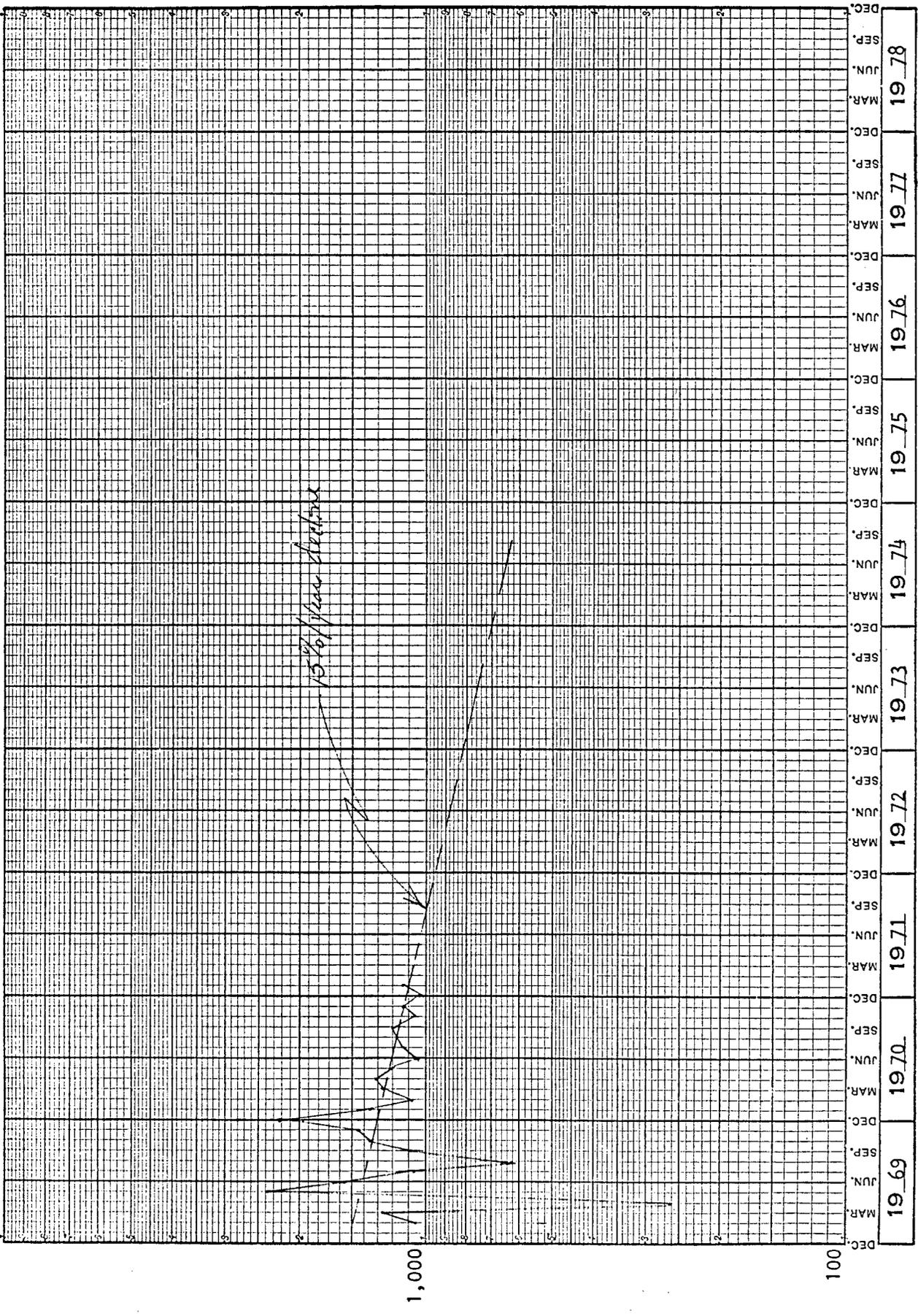
Please do not hesitate to call if we may be of any further service.

Yours very truly,


Guy W. Hogue
Supervisor
BAROID TREATING CHEMICALS
West Texas Area

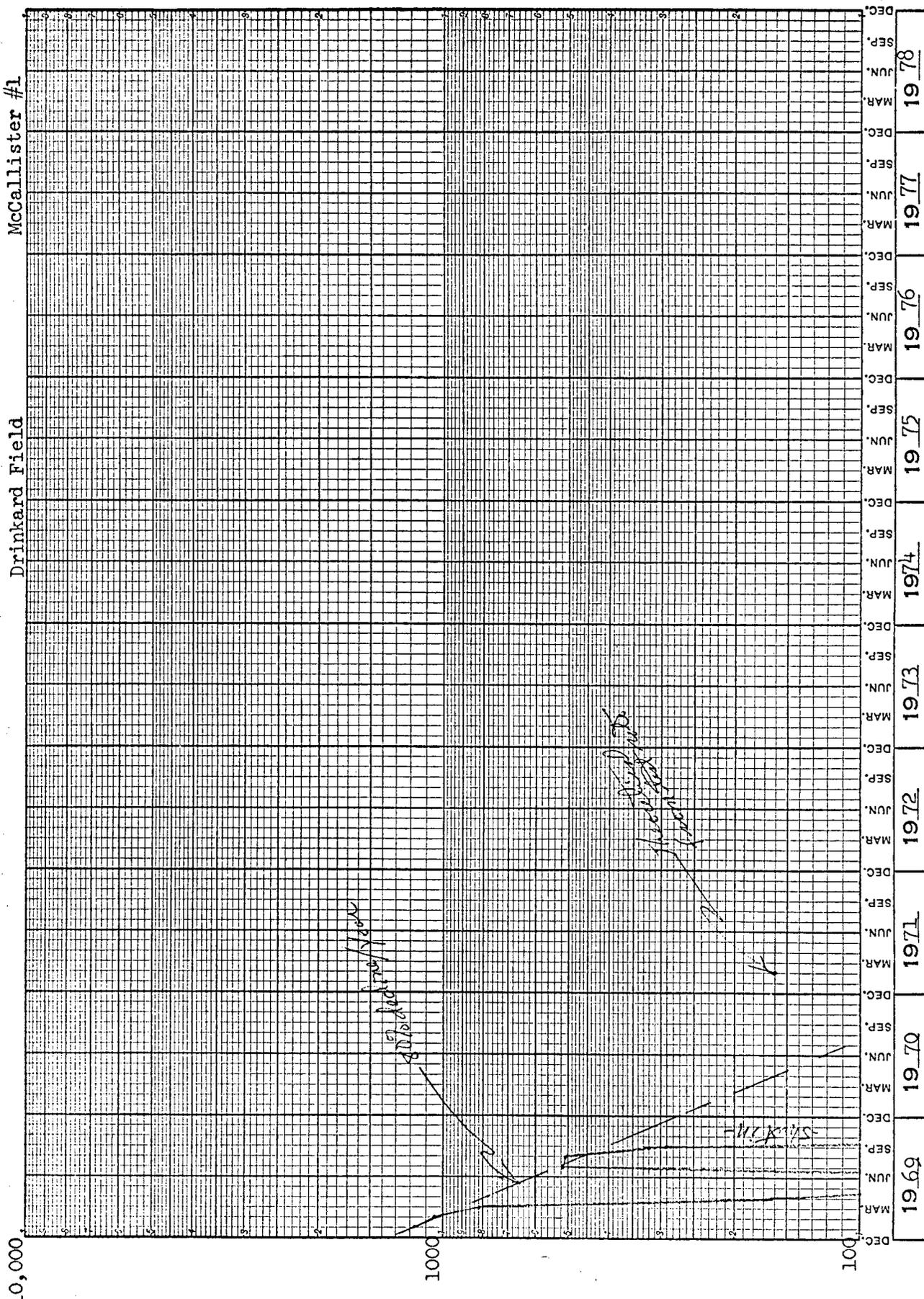
GWH/ed
Enc.

10,000
 1,000
 100
 Wantz Abo Field
 McCallister #1-C



Drinkard Field

McCallister #1



Production - BOPM