

Southland Royalty Company

Santa Fe

February 9, 1978

DHC - 235

Duc - 3/13/78

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

Blinebry Oil & Gas
& Tubb Gas

Re: State No. 3
Downhole Commingle

Gentlemen:

Southland Royalty Company requests that Administrative approval be granted to downhole commingle the Tubb and Blinebry zones in the State No. 3 located in Unit Letter M of Section 2, T-21-S, R-37-E, of Lea County, New Mexico. Attached are additional exhibits in support of this application.

The Blinebry zone was originally producing in this well from 5470 to 5743'. Since 1976, this zone has experienced a steady decline; see attached production curve. In January of 1978, the Tubb interval in the subject well was perforated from 6343 to 6510' and tested for 15 BOPD, 2 BWPD, GOR 9000.

Both zones are classified as oil zones and they will require artificial lift. Ownership of the two zones is common and the commingling will not jeopardize the efficiency of future secondary recovery operations in either zone. By downhole commingling both zones, the economic life of this well will be extended. Anticipated recovery from the Tubb is 25,000 barrels of oil with an additional 6,000 barrels of oil to be recovered from the Blinebry. Anticipated allowable for this downhole commingle will be 30 BOPD.

By a copy of this letter, we are notifying offset operators of our intent to downhole commingle these two zones.

Very truly yours,

SOUTHLAND ROYALTY COMPANY

C. Harvey Carr
C. Harvey Carr
District Engineer

jh
Enclosures

Bottom Pf 6510' max allow 40 BOPD

Bl - 6 oil 42% gas
Tubb - 15 oil 54% gas
21

STATE NO. 3

Offset Operators

Shell Oil Company
Box 2463
Houston, TX 77001

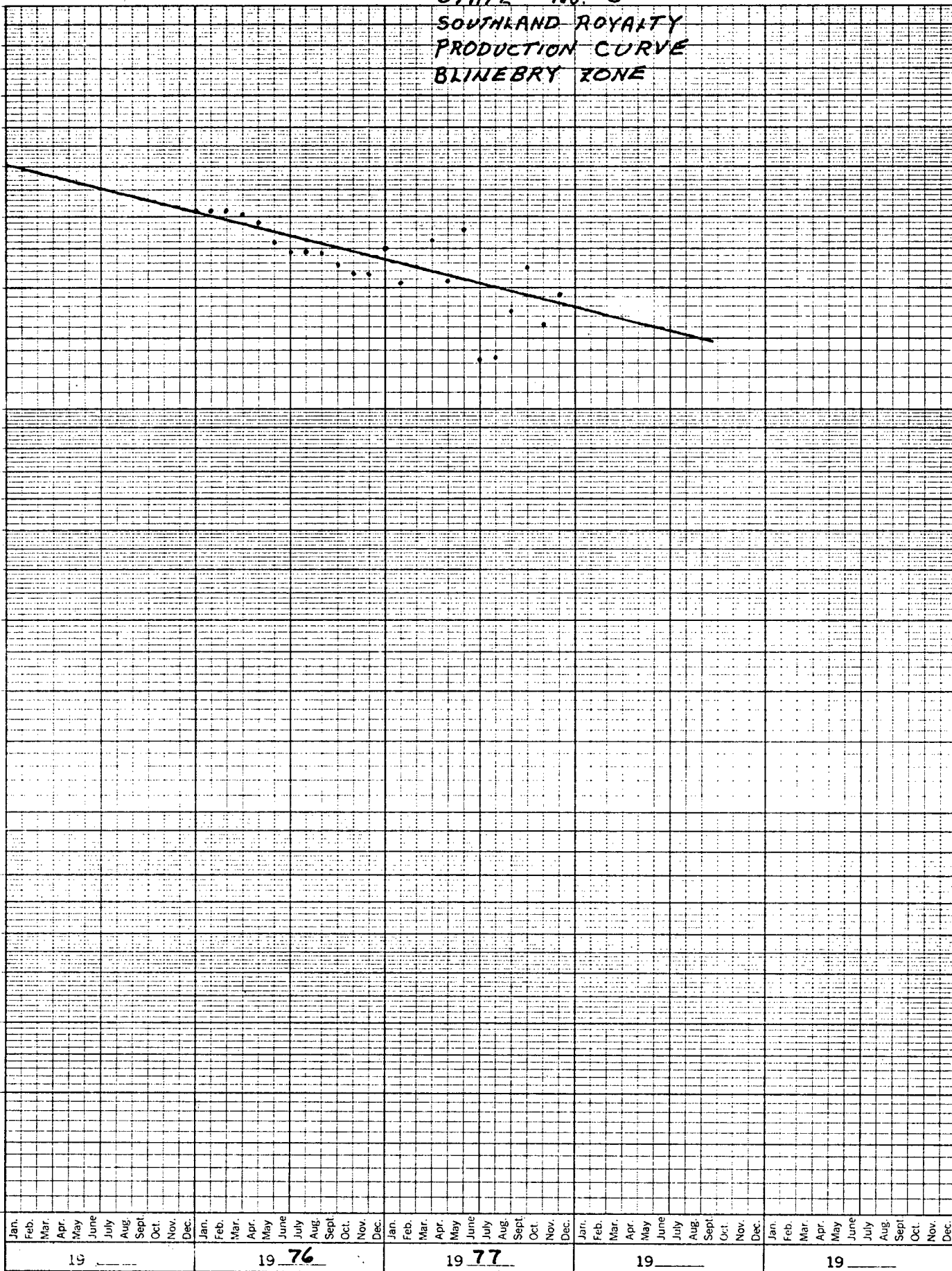
Continental Oil Company
P.O. Box 460
Hobbs, NM 88240

K-E 2 YEARS BY MONTHS - 11 CENTS PER
KEUFFEL & ESSER CO. MADE IN U.S.A.

40 0000

BARREL OF OIL PER MONTH

STATE No. 3
SOUTHLAND ROYALTY
PRODUCTION CURVE
BLINEBRY ZONE



DATA SHEET FOR WELLBORE COMMINGLING

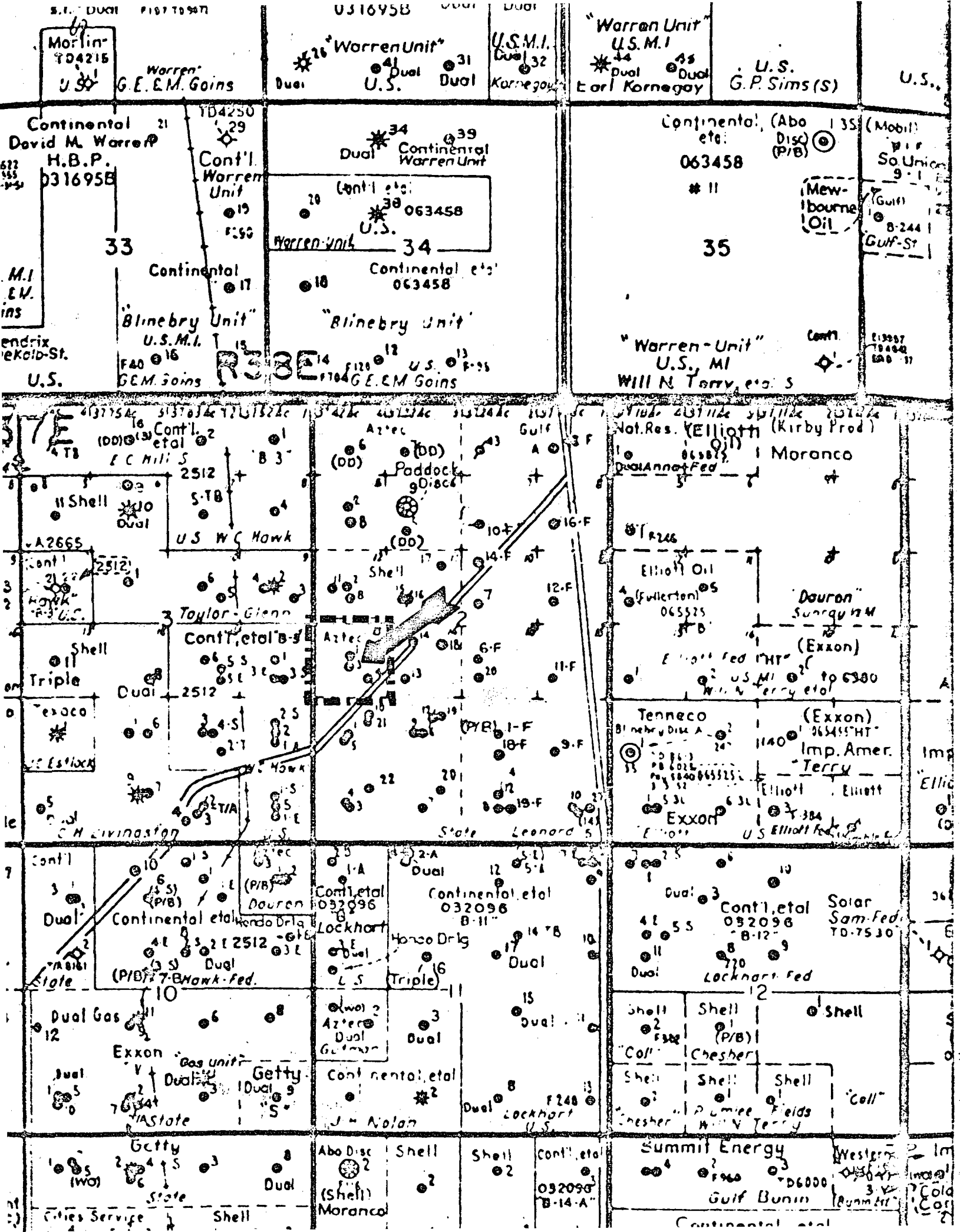
Operator: Southland Royalty Company
Address: 1100 Wall Towers West, Midland, TX 79701
Lease and Well No.: State #3
Location: Section 2, T-21-S, R-37-E, Lea County, New Mexico

WELL DATA

	<u>Upper Pool</u>	<u>Middle Pool</u>	<u>Lower Pool</u>
Name of Pool	<u>Blinebry</u>	<u>Tubb</u>	
Producing Method	<u>Pump</u>	<u>Pump</u>	
BHP	<u>100</u>	<u>250</u>	
Type Crude	<u>Sweet</u>	<u>Sweet</u>	
Gravity	<u>37.5</u>	<u>37.0</u>	
GOR Limit			
Completion Interval	<u>5767-5949</u>	<u>6343-6510</u>	
Current Test Date	<u>12-20-77</u>	<u>2-4-78</u>	
Oil	<u>6</u>	<u>15</u>	
Water	<u>3 est.</u>	<u>2</u>	
GOR	<u>12,300</u>	<u>9,000</u>	
Selling Price of Crude - \$/BBL.	<u>14.79</u>	<u>14.79</u>	
Daily Income - \$/Day	<u>88.74</u>	<u>221.85</u>	

COMMINGLED DATA:

Gravity of Commingled Crude 37.2
Selling Price of Commingled Crude - \$/BBL. 14.79
Daily Income - \$/Day 310.59
Net (Gain) (Loss) from Wellbore Commingling - \$/Day 0
based on current producing rates.



OIL CONSERVATION COMMISSION
HOBBS DISTRICT

FEB 16 1978

CONSERVATION COMMISSION
Santa Fe

OIL CONSERVATION COMMISSION
BOX 2088
SANTA FE, NEW MEXICO

DATE February 15, 1978

RE: Proposed MC _____
Proposed DHC X _____
Proposed NSL _____
Proposed SWD _____
Proposed WFX _____
Proposed PMX _____

Gentlemen:

I have examined the application dated _____
for the Southland Royalty Co. State #3-M 2-21-37
Operator Lease and Well No. Unit, S-T-R

and my recommendations are as follows:

O.K.---J.S.

Yours very truly,

