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OIL CONSERVATION DIVISION
SANTA FE

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March 11, 1981

*NOT LICENSED IN
NEW MEXICO

Mr. Dan Nutter
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Dear Dan:

Please find enclosed a copy of a letter from Petro-Lewis Corporation to you bearing date of September 10, 1981 and requesting administrative approval for downhole commingling in the L. G. Warlick "B" well number two located in unit G of Section 19, Township 21 South, Range 37 East, Lea County, New Mexico. All offset operators were notified pursuant to applicable regulations and all offset operators (except for one) either executed consents to the downhole commingling or allowed the 20 day period to expire. The protest to this application came from Campell and Hedrick in Midland, Texas. As a result of their protest, the application was scheduled for hearing under case number 7051. The basis for the objection by Campell and Hedrick was that they believed, erroneously, that the ownership of the Blinbry and Drinkard Formations was different. I have provided copies of all title opinions to Campell and Hedrick and these title opinions clearly establish that the ownership of the Blinbry and Drinkard Formations is common. Campell and Hedrick now realize their assumption was erroneous and as a result, withdrew their protest with a telephone call to the OCD, confirmed in writing by letter. As a result, the hearing on this case was dismissed and administrative approval is now warranted. I am informed by your office that the original application would be in the case file and I would refer you to your case file number 7051 for all information you need relative to this application.

Mr. Dan Nutter

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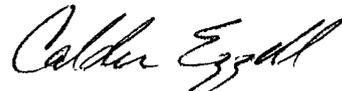
March 11, 1981

It is my hope that the downhole commingling application can now be approved and an Order issued without the necessity of making a new application. If this is not the case, please contact me at your earliest convenience.

Thanking you in advance for your cooperation, I remain

Very truly yours,

HINKLE, COX, EATON, COFFIELD & HENSLEY



T. Calder Ezzell, Jr.

TCE:db

Enclosure

 PETRO LEWIS CORPORATION

Oil and Gas Producers

P.O. Drawer 937
Levelland, Texas 79336

September 10, 1980

Divison Director
New Mexico Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico 87501

Dear Sir:

Petro-Lewis Coporation requests administrative approval for downhole commingling in its L.G. Warlick "B" well number 2 located in Unit G of Section 19, T21S, R37E, Lea County, New Mexico. We desire to downhole commingle the oil produced from Blinebry perforations at 5638-5890 and Drinkard perforations at 6622-6665.

As shown on the attached wellbore schematic the two zones are now separated by a retrievable bridge plug at 5939'. If granted approval of this application we will remove the bridge plug and produce both zones by rod pumping through a single string of tubing.

The Drinkard zone was temporarily abandoned when we recompleted in the Blinebry zone, but we now wish to produce both zones. Due to the restricted size of the 2-7/8" casing the only way to do this is by commingling downhole.

We have notified offset operators of this application and hereby request your approval.

Sincerely,

Michael G. Handren

Michael G. Handren
Staff Operations Engineer

MGH/ap
Attachments

PETRO  LEWIS CORPORATION

Oil and Gas Producers

P.O. Drawer 937
Levelland, Texas 79336

September 10, 1980

Division Director
New Mexico Oil Conservation Commission
State Land Office Building
Santa Fe, New Mexico 97501

Subject: Request for downhole comingling
Rule 303-C

- (a) Petro-Lewis Corporation
P.O. Box 937
Levelland, Texas 79336
- (b) L.G. Warlick "B" Lease
Well Number 2
1980' ENL, 1980' FEL, Sec. 19, T21S, R37E, Lea County, New Mexico
- (c) This well is currently producing from three parallel casings.
Penrose-Skelly Grayburg perforations 3770-3818
Paddock perforations 5178-5186
Blinebry perforations 5638-5890
Administrative Order MC-2682 authorized this triple completion on
June 30, 1980.

This well was formerly producing from three parallel casings.
Penrose-Skelly Grayburg perforations 3770-3818
Paddock perforations 5178-5186
Drinkard perforations 6622-6665
Administrative Order MC-1457 authorized the triple completion on
February 6, 1964.
- (d) A current production test on form C-116.
See Attachment I.
- (e) A production decline curve for each zone to be comingled.
See Attachment II.

- (f) Estimated BHP for each zone to be commingled
 - Blinebry 250 psi (estimated)
 - Drinkard 250 psi (estimated)
- (g) The fluid characteristics of each zone show that the fluids will not be incompatible in the wellbore. Blinebry and Drinkard oil are both 34.4° API @ 58°F.
- (h) The value of the commingled production will not be less than the sum of the values of the individual streams because both Blinebry and Drinkard are sweet crudes and receive the same price.
- (i) Offset operators have been notified.