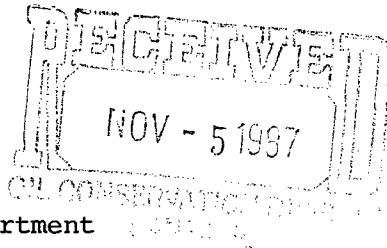


PENROC

Penroc Oil Corporation / P. O. Box 5970 / Hobbs, New Mexico 88241 / Telephone (505) 397-3596 / Telecopier (505) 393-7051

November 2, 1987



State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87504-2088

Subject: Application to Downhole Commingle
PENROC OIL CORPORATION CONOCO STATE No. 2
2086' FSL and 2086' FWL, Unit Letter K
Section 33, T-18-S, R-38-E
Hobbs Drinkard and Hobbs Blinebry Oil and Gas Pools
Lea County, New Mexico

Gentlemen:

Pursuant to the provisions of Rule 303-C, PENROC OIL CORPORATION respectfully requests administrative approval to commingle production within the borehole from the Drinkard and Blinebry oil and gas pools for the captioned well.

The Conoco State 2 was drilled and completed in 1971 as a Drinkard producer. In 1972 the Blinebry formation was perforated and treated and swabbed dry, with no production established. The Drinkard and Blinebry were isolated by a production packer and two separate strings of tubing. The Blinebry string was shut in, and the Drinkard string was producing. In October, 1987, PENROC OIL CORPORATION re-treated the Blinebry formation and established production. The Blinebry interval was potentialized for 4 BOPD + 5 BWPD + 25 MCFGPD. With the indicated production, installation of separate equipment cannot be justified. In the interest of conservation and the prevention of waste, PENROC OIL CORPORATION now proposes to downhole commingle the Blinebry and Drinkard formations.

This well qualifies for administrative approval in accordance with Statewide Rule 303-C; and in support thereof, the following facts are submitted:

- 1) The attached plat indicates the CONOCO STATE No. 2 Lease.
- 2) The latest tests are as follows:

<u>BLINEBRY</u>	10-27-87	4 BO + 5 BW + 25 MCF
<u>DRINKARD</u>	10-27-87	6 BO + 6 BW + 120 MCF

PENROC OIL CORPORATION

APPLICATION TO COMMINGLE PRODUCTION
CONOCO STATE NO. 2

- 3) Neither zone produces more water than the combined oil limit as determined by Rule 303-C, Section 1, paragraph (1).
- 4) PENROC OIL CORPORATION has commingled these fluids at the surface on an offset well, (Conoco State No. 1, Unit Letter G, Section 33, T-18-S, R-38-E) and has encountered no incompatibility problems; therefore, downhole commingling is not expected to result in reservoir damage (surface commingling authority: PC-432)
- 5) Surface commingling resulted in no reduction of oil value; therefore, downhole commingling will not reduce oil value.
- 6) Ownership of the two (2) pools to be commingled is common and correlative rights will not be violated.
- 7) The bottom-hole pressures are:

<u>Blinebry:</u>	400	psig	(24 hrs. SI)
<u>Drinkard:</u>	550	psig	(24 hrs. SI)

We do not anticipate crossflow of fluids since the well will be maintained at pumped off conditions.

- 8) Commingling will not jeopardize the efficiency of future secondary operations in either zone.
- 9) Recommended oil and gas allotments would be as follows:

<u>Blinebry:</u>	<u>Drinkard:</u>
40% Oil	60% Oil
17% Gas	87% Gas

- 10) Copies of the application have been furnished to all offset operators.

Other supporting data attached are a resume of the well's history, C-116 for each zone, a schematic of the present and proposed downhole configuration

If additional information is required, please let us know.

Sincerely,


M. Y. (Merch) Merchant
President

MYM/br

CC: State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P. O. Box 1980
Hobbs, New Mexico 88240

CONOCO STATE NO. 2

WELL HISTORY

11/71	Drilled and completed in the Drinkard Formation
10/72	Perforated Blinebry Formation and treat. No production established.
10/87	Retreated Blinebry perforation and complete.

MECHANICAL CONFIGURATION

WELL CONOCO STATE #2

FIELD HOBBS DRINKARD

DATE SEPTEMBER, 1987

PRESENT

PROPOSED

1 3/8" 48 #
402'

1 3/8" 48 #
402'

2 3/8" Tubing

2 3/8" tubing

9 5/8" 32, 36, 40 #

9 5/8" 32, 36, 40 #

3797'

3797'

S830-S952 Blinbury

S830-S952 Blinbury

6681-6963 Drinkard

6681-6963 Drinkard

7" 23 #

7" 23 #

Td @ 7075'

Td @ 7075'

1

Mail original and one copy of this report to the district office of the New Mexico Oil Conservation Division in accordance with Rule 301 and appropriate pool rules.

Mohammed Yamin Merchant

President

OFFSET OPERATORS

PENROC OIL CORPORATION - CONOCO STATE NO. 2

Amoco Production Company
P. O. Box 68
Hobbs, New Mexico 88240

Conoco, Inc.
P. O. Box 460
Hobbs, New Mexico 88240

P 497 963 193

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED -
NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to Amoco Production Co.	
Street and No. PO Box 68	
P.O. State and ZIP Code Hobbs, New Mexico 88240	
Postage	\$ 56
Certified Fee	.75
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	.70
Return Receipt Showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$ 2.01
Postmark or Date NOV 13 1987 NM USPO	

PS Form 3800, Feb. 1982

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional services requested.	
1. ☐ Show to whom delivered, date, and addressee's address.	
2. ☐ Restricted Delivery.	
3. Article Addressed to:	
Amoco Production Company P.O. Box 68 Hobbs, New Mexico 88240	
4. Article Number P 497-963-193	
Type of Service: ☐ Registered ☐ Certified ☐ Insured ☐ COD	
Always obtain signature of addressee or agent and DATE DELIVERED.	
8. Addressee's Address (ONLY if requested and fee paid)	
9. Signature - Addressee	
10. Signature - Agent	
11. Date of Delivery	

P 497 963 194

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED -
NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to Conoco Inc.	
Street and No. PO Box 460	
P.O. State and ZIP Code Hobbs, New Mexico 88240	
Postage	\$ 56
Certified Fee	.75
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	.70
Return Receipt Showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$ 2.01
Postmark or Date NOV 13 1987 NM USPO	

PS Form 3800, Feb. 1982



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

GARREY CARRUTHERS
GOVERNOR

NOV 20 1987 11-6-87

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

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

RE: Proposed:

MC _____
DHC X _____
NSL _____
NSP _____
SWD _____
WFX _____
PMX _____

Gentlemen:

I have examined the application for the:

Penroc oil Corp. Conoco State # 2-K 33-18-38
Operator Lease & Well No. Unit S-T-R

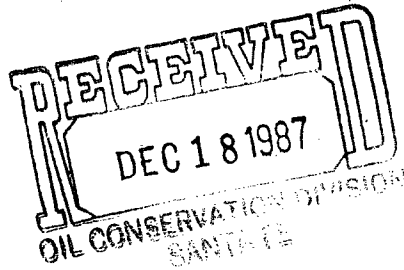
and my recommendations are as follows:

OK

Yours very truly,

Jerry Sexton
Jerry Sexton
Supervisor, District 1

/ed



James F. Trickett
Regional Environmental
Affairs and Safety Manager

Amoco Production Company

Houston Region
501 WestLake Park Boulevard
Post Office Box 3092
Houston, Texas 77253

713-556-2000

December 10, 1987

File: JCA-986.51-5253

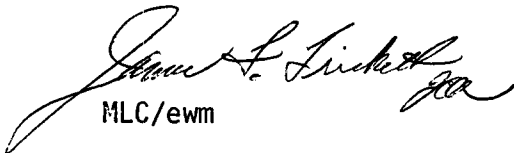
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Hobbs Drinkard and Blinebry Oil Pools
2086' FSL and 2086' FWL
Section 33, T-18-S, R-38-E
Lea County, New Mexico

State of New Mexico
Energy and Minerals Department
Oil Conservation Divison
P. O. Box 2088
Santa Fe, New Mexico 8750-2088

Gentlemen:

As an offset operator, Amoco Production Company has no objection to Penroc Oil Corporation's request to commingle production within the well bore from the Drinkard and Blinebry oil and gas pools for the captioned well.

Yours very truly,


MLC/ewm

cc: Penroc Oil Corporation
P. O. Box 5970
Hobbs, New Mexico 88241