CHARLES B. READ PRESIDENT

Read & Stevens, Inc.

Oil Producers

P. O. Box 1518 Roswell. New Mexico 88202

ONE CONDERSATION DIVISION

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October 23, 1990

Oil Conservation Division P.O. Box 2088 Santa Fe, NM 87504-2088

Attention: Mr. William J. Lemay

Comman per 12/3/40

Subject: Continental St. #2 660' FSL & 660' FWL Sec 7 T10S R 34E Lea Co., NM

Gentlemen,

Read and Stevens, Inc., requests administrative approval for commingling of the Bough "C" and Abo formations in the subject well. In support of this request:

Operator:

Read and Stevens, Inc. 400 N. Penn., Suite 1000 Roswell, NM 88202

b) Pools:

Lane Abo Vada Penn

- C) Exhibit I:
- Plat of acreage and offset owners attached.
- d) Exhibit II:
- C-116 forms on both zones, the Abo a) being within 30 days,
- b) the Bough "C" being prior to recompletion to the Abo.
- e) Exhibit III:

Production decline curve showing oil and gas production from January 1980, through present. The Abo has been completed for less than 1 year, therefore, the following is a complete resume of the well's completion history in the Abo, per NMOCD rule 303.C.2.e. The Bough "C" became marginally economic to produce, therefore, in March of 1990, a CIBP was set @ 9,100' over the Bough "C" perfs 9,838'-9,842'. The Abo was then perforated at 8,929'-

8,933', 8,919'-8,926', 8,912'-8,915' and 8,942'-8,947'. The Abo was treated with 1,000 gallons of 20% NEFE acid, followed by 10,000 gallons of gelled 20% NEFE acid. The well was swabbed and started flowing for an initial potential of 321 BOPD, 200 The well declined dramatically in the next 5 months to a point where a rod pumping system was installed. A 290 hour BHP buildup taken in April 1990, after the severe decline had started, indicated the reservoir has low permeability with no skin damage. The extrapolated (P*) from the Horner analysis was 1772 The Abo now appears to have psia. stabilized at an annual decline rate of 10%, currently producing 12 BOPD, 120 MCFG, and no water. The Bough "C" will produce 4 BOPD, 5 MCFG, and 13 BWPD.

- f) The bottom hole pressure is 1772 psia (meas) in the Abo and 800 psia (est) in the Bough "C".
- g) The oil from the Bough "C" is sweet, and the gravity is 46° API. The oil from the Abo is sweet, and the gravity is 39° API. There is no produced water from the Abo, therefore, there will be no commingling of brines. There should not be a fluid compatability problem.
- h) Commingled production:

	BOPD	MCFGD	BWPD
Bough "C"	4	5	13
Abo	12	120	0
Total	16	125	13

i) Since both zones are depleted oil reservoirs, oil can be considered the major phase. Based upon this assumption, allocation will be done based on a before commingling oil producing rate, versus the total commingled oil rate.

Allocation for Bough "C" = (4/16) x 100 = 25%. Allocation for Abo = (12/16) x 100 = 75%.

j) The operators below have been notified in writing of the proposed commingling.

Yates Petroleum Corp. Attn: Production Engr. 105 S. 4th Artesia, NM 88210 Coastal Oil & Gas 1004 N. Big Springs Midland, TX 79702

BTA Oil Producers Attn: Production Engr. 104 S. Pecos Midland, TX 79701 Maralo, Inc. Attn: Production Engr. 223 W. Wall, Suite 900 Midland, TX 79701

If we may be of further assistance, please advise.

Sincerely,

John C. Maxey, Jr./ Petroleum Engineer

JCM/sc

Enc.

Orig:

(2) NMOCD-Santa Fe

(1) NMOCD-Hobbs

Land Acct. File

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Submit 2 copies to Appropriate
District Office.
DISTRICT1
P.O. Box 1980, Hobbs, NM 88240 DISTRICT II

P.O. Drawer DD, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-116 Revised 1/1/89

OIL CONSERVATION DIVISION P.O. Box 2088 Santa Fe, New Mexico 87504-2088

GAS - OIL RATIO TEST

Operator Read & Stevens, In	Inc.					Po	V	Vada Penn	enn			8	County	Lea Lea	13	Ŕ	
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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 Division. 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.	shall be percent. Od allowab MCF mea	perator perator les who is ured a	d at a life is encorn author at a property was any w	rate no ourage orized lessure	t exceed to take by the base of ducing	through casing	unit all of this and a and a	lowable fo 25 percent temperatu	t the pool in tolerance in tolerance in the for F.		anure cod name	Maxey.	make Jr. B	Retroleum Engineer	um Eng	ineer	
(See Rule 301, Rule 1116 & appropriate pool rules.)	opriate	pool n	ules.)							Date	'n				Telephone No.	one No.	

DISTRICTA
P.O. Box 1980, Hobbs, NM 88240 Submit 2 copies to Appropriate P.O. Drawer DD, Artesia, NM 88210 District Office. DISTRICT

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT III

Energy, Minerals and Natural Resources Department State of New Mexico

Form C-116 Revised 1/1/89

OIL CONSERVATION DIVISION

P.O. Box 2088 Santa Fe, New Mexico 87504-2088

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order that well can be assigned increased allowables when authorized by the Division.

Specific gravity base will be 0.60.

Report casing pressure in lieu of tubing pressure for any well producing through casing

(See Rule 301, Rule 1116 & appropriate pool rules.)

which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in

Signature

Printed name and title John C. Maxey,

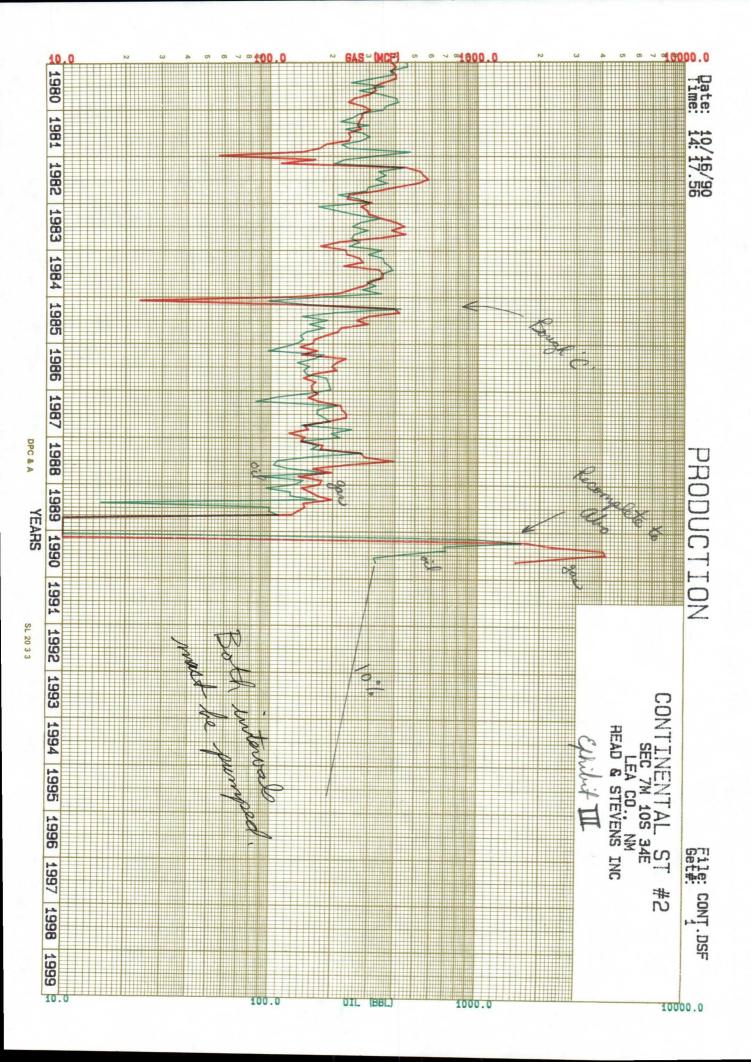
/Pétroleum Engineer

Date

Telephone No.

Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60° F.

During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in



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STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT ON DIVISION

OIL CONSERVATION DIVISION HOBBS DISTRICT OFFICE

'90 OCT 31 AM 9 02

GARREY CARRUTHERS GOVERNOR

10-25-90

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:
Read & Stevens Inc. Continental State #2-7 7-10-34 Operator Lease & Well No. Unit S-T-R and my recommendations are as follows:
OK
Yours very truly, Jerry Sexton Supervisor, District 1