

CHARLES B. READ
PRESIDENT

Read & Stevens, Inc.

Oil Producers

P. O. Box 1518

Roswell, New Mexico 88202

OIL CONSERVATION DIVISION
RECEIVED

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October 23, 1990

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

Attention: Mr. William J. Lemay

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

*Common Ownership
as per J. Maxey
12/13/90*

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:

- a) 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:
 - a) C-116 forms on both zones, the Abo 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 MCFG. 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 BHP (P*) from the Horner analysis was 1772 psia. The Abo now appears to have 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 BWP.

- 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" = $(4/16) \times 100 = 25\%$.

Allocation for Abo = $(12/16) \times 100 = 75\%$.

- 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

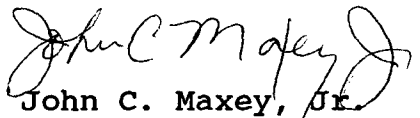
Coastal Oil & Gas
1004 N. Big Springs
Midland, TX 79702

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
xc: (1) NMOCD-Hobbs
Land
Acct.
File

<p>Amoco 8-1-91 44541</p> <p>CCE Opera. Kyle-Fed TO 9700</p> <p>U.S.M.I.</p> <p>Wesley Brown</p>	<p>26</p> <p>No. Lea Joint Venture to 9860</p> <p>Vates Pet. et al. 57673 7687 K65</p> <p>U.S.M.I.</p> <p>Delbert & Wesley Brown</p>	<p>25</p> <p>Vates Pet. et al. 57673 7687 K65</p> <p>Amoco Midwest-St.</p> <p>U.S.M.I.</p> <p>Delbert & Wesley Brown</p>	<p>30</p> <p>MLAC 10-28-85</p> <p>BTA</p> <p>J.C. Ainsworth(S) J.C. Maxwell M.I.</p>	<p>29</p> <p>Grign & Co. 9-1-93 77085 4622</p> <p>K.G.G.</p> <p>U.S.M.I.</p> <p>Joe W. Smith(S)</p>	<p>28</p> <p>(BTA) RKN 6-1-84 1-1-84 6-1-84</p> <p>Yates Pet. et al. 57673 7687 K65</p> <p>U.S.M.I.</p> <p>Vada L. Pruitt(S) M.I.</p>	<p>(Shell) H.B.P. Tex Pacific</p> <p>Tex. Pacific</p> <p>U.S.M.I.</p> <p>U.S.M.I.</p>	<p>27</p> <p>Shell</p> <p>Tex. Pacific</p> <p>U.S.M.I.</p> <p>U.S.M.I.</p>
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Submit 2 copies to Appropriate District Office.

DISTRICT I
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

Exhibit 2a

Operator		Read & Stevens, Inc.		Pool		County											
Address		P.O. Box 1518, Roswell, NM 88202		Vada Penn		Lea											
LEASE NAME		WELL NO.	LOCATION		DATE OF TEST	TYPE OF TEST - (X)	Scheduled <input type="checkbox"/>	Completion <input type="checkbox"/>	Special <input checked="" type="checkbox"/>								
Continental St.		2	M	7	10	34	7-31-89	P	-	-	M	24	13	46	3	5	384
			U	S	T	R											

Instructions:

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.

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

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

Signature

John C. Maxey, Jr., Petroleum Engineer

Date

Telephone No.

Submit 2 copies to Appropriate District Office.

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P.O. Box 1980, Hobbs, NM 88240
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OIL CONSERVATION DIVISION

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

GAS - OIL RATIO TEST

Exhibit 2.6

Operator		Read & Stevens, Inc.		Pool		Lane Abo		County		Lea					
Address		P.O. Box 1518, Roswell, NM 88202		TYPE OF TEST - (X)		Scheduled <input type="checkbox"/>		Completion <input type="checkbox"/>		Special <input checked="" type="checkbox"/>					
LEASE NAME	WELL NO.	LOCATION		DATE OF TEST	SIZE	CHOKE	TBQ. PRESS.	DAILY ALLOW-ABLE	LENGTH OF TEST HOURS	PROD. DURING TEST		GAS - OIL RATIO CU FT/8BL.			
		U	S	T	R					WATER BBL.S.	GRAV. OIL BBL.S.	GAS M.C.F.			
Continental St.	2	M	7	10	34	10-17-90	P	-	M	24	0	39.1	11	130	11,818

Instructions:

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.

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

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

Signature

John C. Maxey, Jr., Petroleum Engineer
Printed name and title

Date

Telephone No.

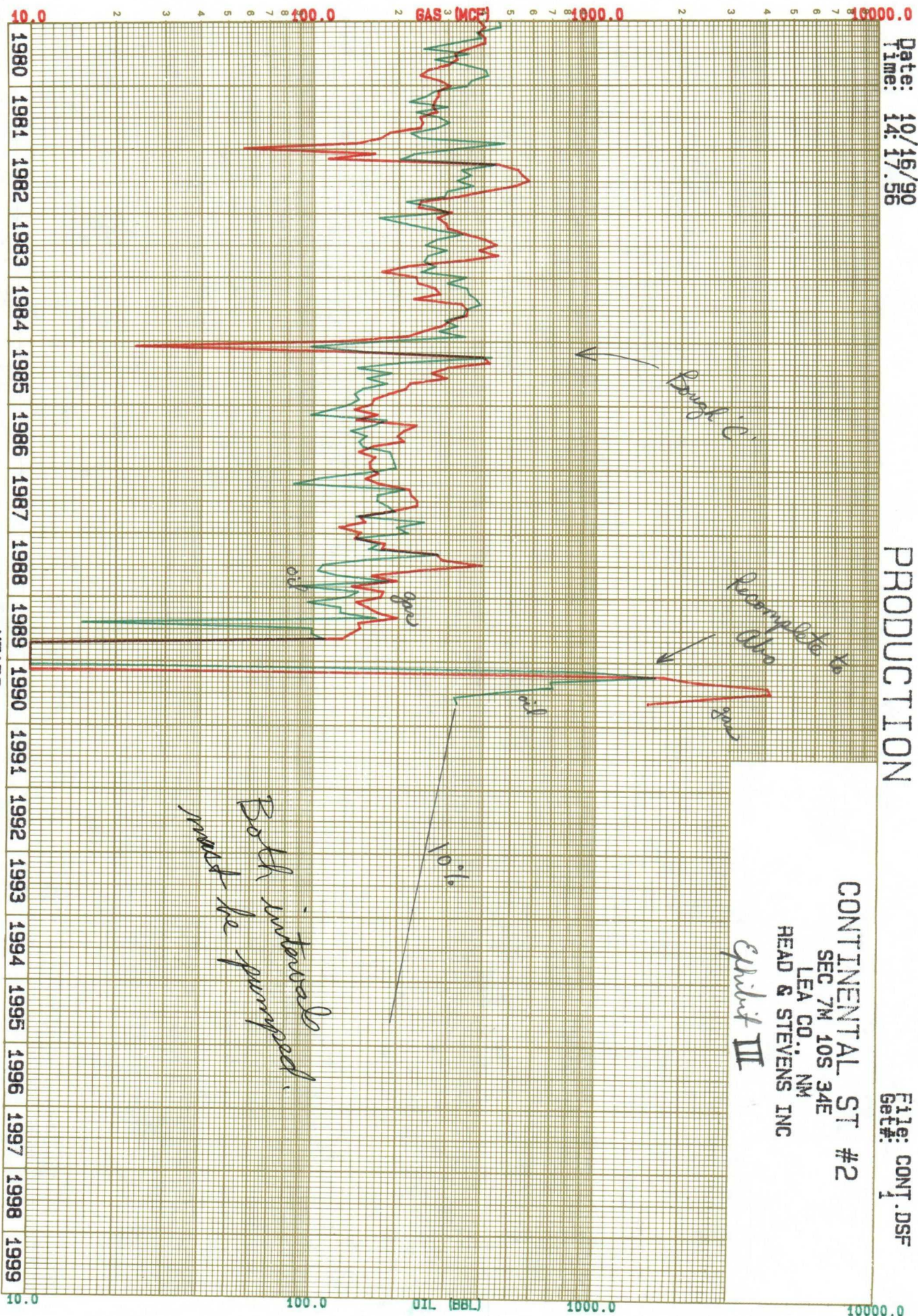
Date: 10/16/90
Time: 14:17.56

PRODUCTION

File: CONT.DSF
Gate#: 1

CONTINENTAL ST #2
SEC 7M 10S 34E
LEA CO., NM
HEAD & STEVENS INC

Chinle III





STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

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GARREY CARRUTHERS
GOVERNOR

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:

Read + Stevens Inc. Continental State #2-M 7-10-34
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