

PENROC

OIL CONSERVATION DIVISION

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

92 FEB 6 AM 9 36

February 4, 1992

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 - Operator
Conoco State No. 1
1980' FNL and 2130' FEL
Unit Letter G
Section 33, T-18-S, R-38-E
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 No. 1 was drilled and completed in June, 1971 in the Drinkard formation. After perforating and treating, it tested 308 BO, Tr. of water, and 554 MCFPD. In August, 1971 the Blinebry was perforated and tested for 50 BO, 0 BW, and 95 MCFPD. These two (2) zones were isolated by a production packer and two (2) strings of tubing.

The Blinebry zone has been producing by rod pump since inception and Drinkard has been flowing. During the past six (6) months the Drinkard zone was swabbed and returned to production three (3) different times. The last time it was swabbed (January 27, 1992), it stayed flowing for less than a day before dying. It is apparent this zone will have to be on artificial lift, like the Well No. 2 on this lease which was downhole commingled in November, 1987.

Blinebry zone is averaging 10 BOFD, 0 BW and 50 MCFPD. Drinkard was averaging 25 BOFD, 3 BW and 200 MCFPD. With this production, installation of separate equipment can not be justified. In the interest of conservation and prevention of waste, PENROC OIL CORPORATION now proposes to downhole commingle the Blinebry and Drinkard formation.

PENROC OIL CORPORATION

**APPLICATION TO COMMINGLE PRODUCTION
CONOCO STATE NO. 1**

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. 1
- 2) The latest tests are as follows:

<u>BLINEBRY</u>	1-28-92	10 BO,	0 BW,	50 MCF
<u>DRINKARD</u>	1-28-92	25 BO,	3 BW,	200 MCF
- 3) Neither zone produces more than the combined oil limit as determined by Rule 303-C, Section 1, paragraph (1).
- 4) **PENROC OIL CORPORATION** has commingled these fluids downhole on an offset well, (Conoco State No. 2, Unit Letter K, 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 Rule 303-B).
- 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.

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FENROC OIL CORPORATION

APPLICATION TO COMMINGLE PRODUCTION
CONOCO STATE NO. 1

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

BLINEBRY

25% Oil

8% Gas

DRINKARD

75% Oil

92% 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 me know.

Sincerely,

FENROC OIL CORPORATION



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. 1

WELL HISTORY

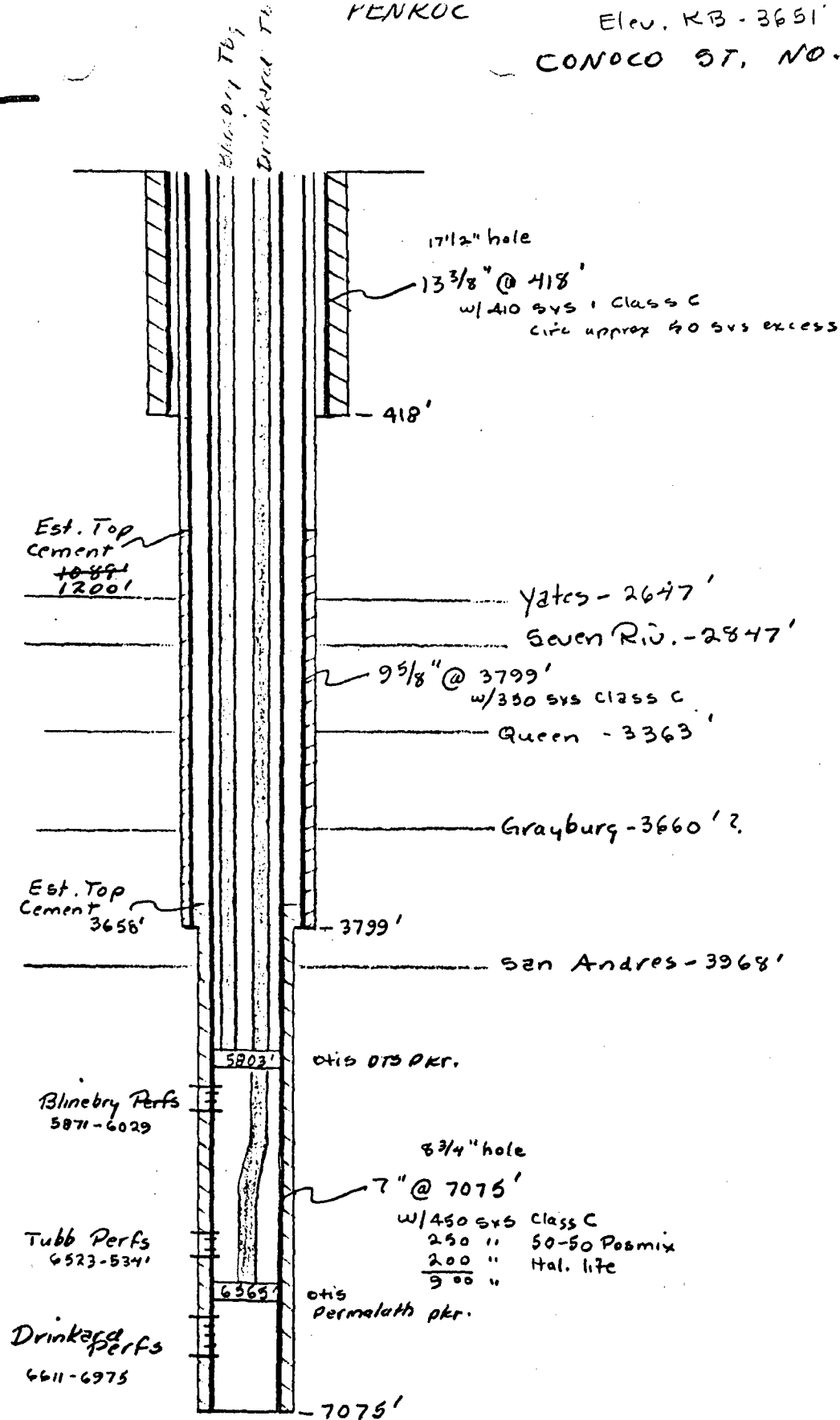
6/71	Drilled and completed in the Drinkard Formation
8/71	Perforated Blinbry Formation and treat.
8/71	Retreated Blinbry perforation and complete.

PRESENT

PENROCK

Elev. KB - 3651'

CONOCO ST. NO. 1

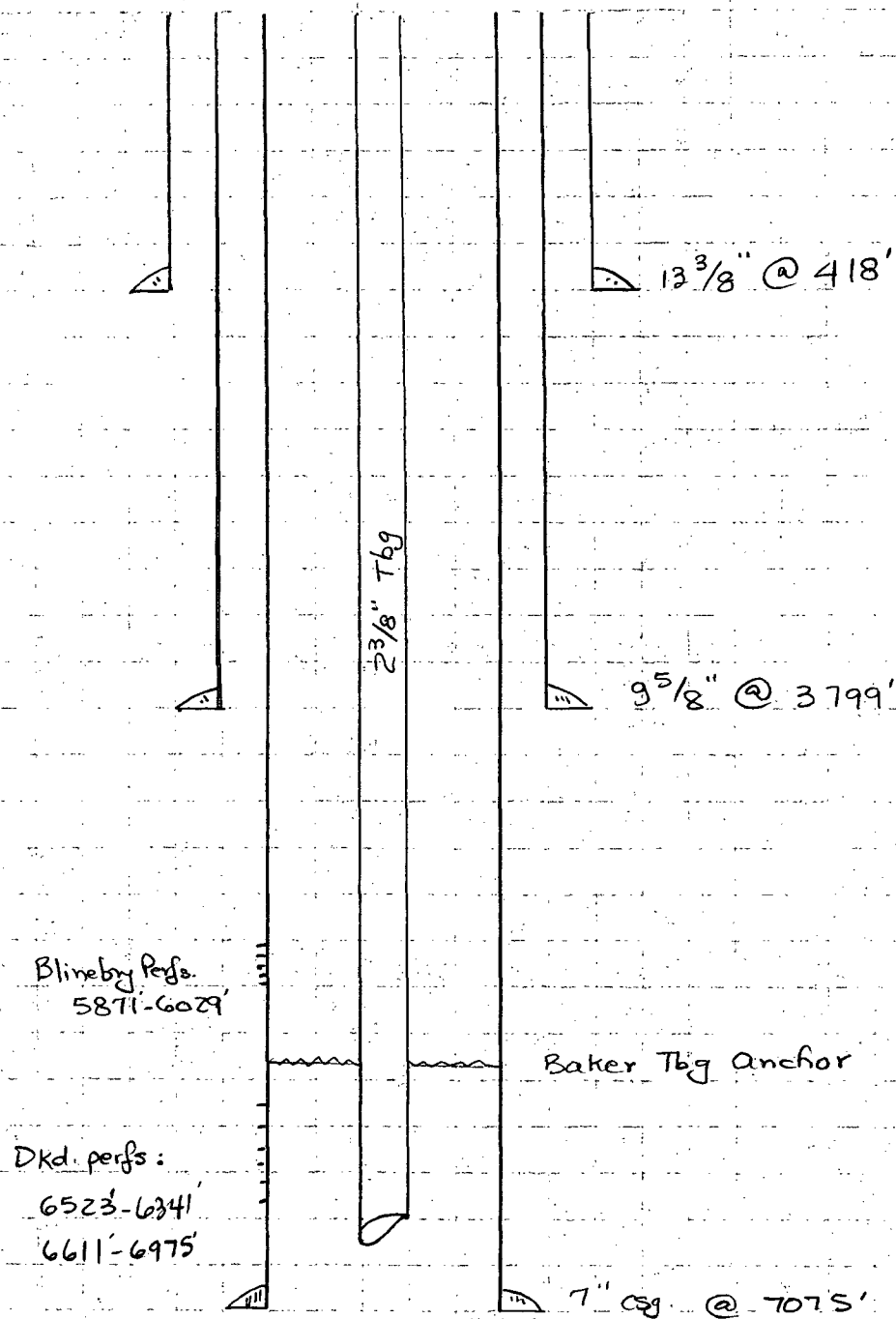


PENROC OIL CORP.

2/92
MYM

CONOCO STATE NO. 1

PROPOSED



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

Operator PENROC OIL CORPORATION		Pool HOBBS DRINKARD & HOBBS BLINEBRY		County LEA											
Address P. O. BOX 5970 HOBBS, NM 88241-5970		TYPE OF TEST - (X) ☐ Scheduled ☒ Special		Completion ☐ ☒											
LEASE NAME	WELL NO.	LOCATION			DATE OF TEST	CHOKE SIZE	TBG. PRESS.	DAILY ALLOW-ABLE	LENGTH OF TEST HOURS	PROD. DURING TEST			GAS - OIL RATIO		
		U	S	T						R	WATER BBL.S.	GRAV. OIL	OIL BBL.S.	GAS M.C.F.	C.U.F./T.BBL.
Conoco State	1	G	33	18S	38E	1-28-92	P			24	3	37.1	35	250	7143
	Drinkard 75%														
	Blinebry 25%	Oil 25													
	100%														
Drinkard 92%															
	Blinebry 8%	Gas 200													
	100%	Gas 50													
		250													

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.

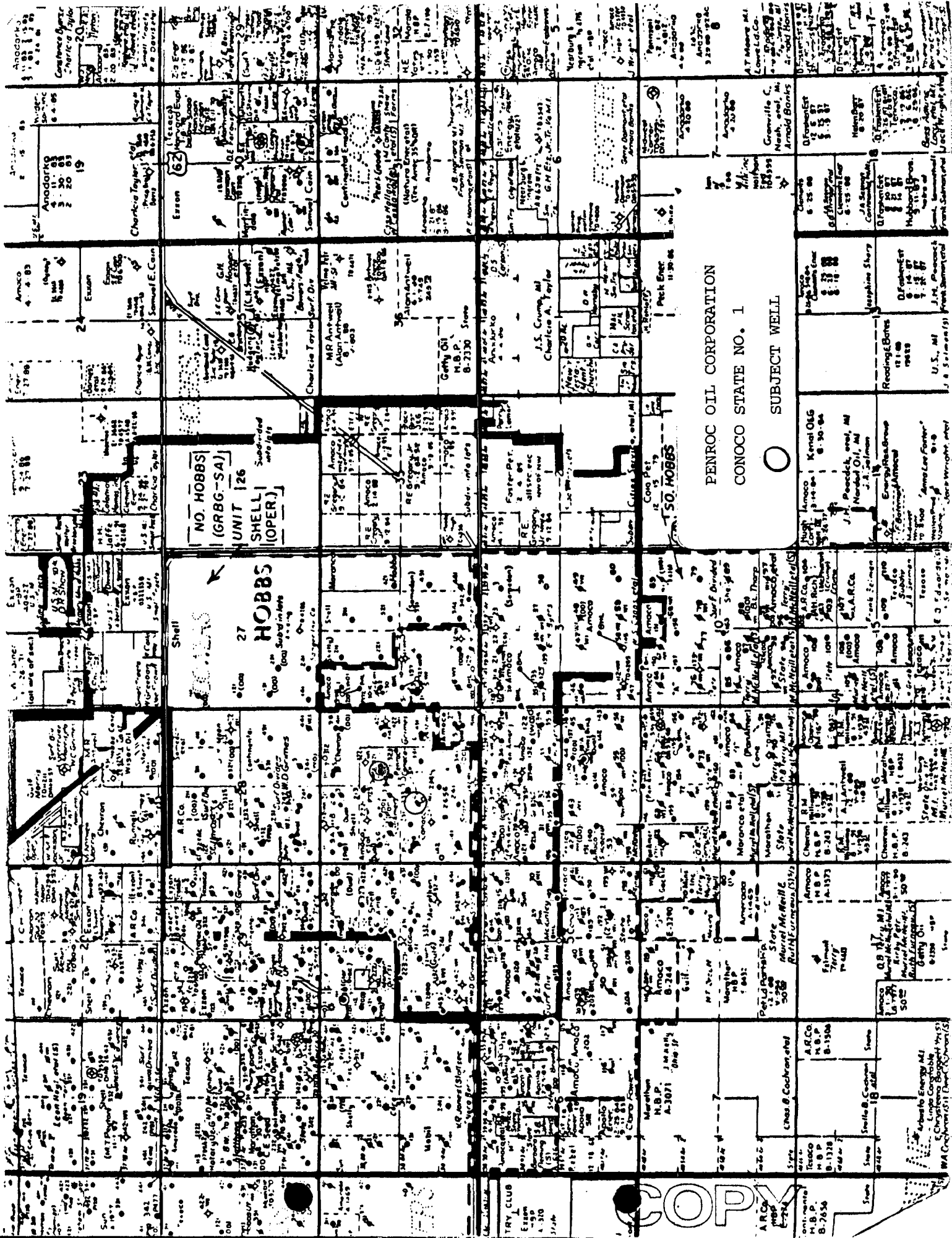
Mohammed Yamin Merchant
Signature

Mohammed Yamin Merchant - President
Printed name and title

February 4, 1992 (505) 397-3596

Date

Telephone No.



PENROC OIL CORPORATION

CONOCO STATE NO. 1

SUBJECT WELL

COPY

TRY CLUB

WA C-100-1011 (Dated 10/10/55)

OFFSET OPERATORS

PENROC OIL CORPORATION - CONOCO STATE NO. 1

Amoco production Company
P. O. Box 249
Hobbs, New Mexico 88240

Brothers Production Inc.
407 N. Big Spring, Suite 103
Midland, Texas 79701

P 661 767 298

Certified Mail Receipt

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

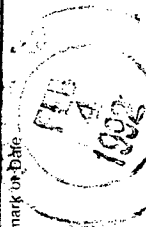


UNITED STATES
POSTAL SERVICE

Sent to

Brothers Production Inc.	
407 W. Big Spring	
Suite 103	
P.O. State & ZIP Code	
Midland, Texas 79701	
Postage	\$.98
Certified Fee	1.00
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.00
Return Receipt Showing to Whom, Date, & Address of Delivery	
TOTAL Postage & Fees	\$ 2.98
Postmark on Date	

PS Form 3800, June 1990



P 661 767 299

Certified Mail Receipt

No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

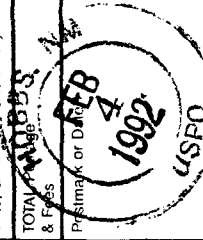


UNITED STATES
POSTAL SERVICE

Sent to

AMOCO PRODUCTION COMPANY	
Street & No.	
P. O. BOX 249	
P.O. State & ZIP Code	
HOBBS, NM 88240	
Postage	\$.98
Certified Fee	1.00
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.00
Return Receipt Showing to Whom, Date, & Address of Delivery	
TOTAL Postage & Fees	\$ 2.98
Postmark on Date	

PS Form 3800, June 1990



PENROC OIL CONSERVATION DIVISION

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

'92 FEB 10 AM 9 12

February 4, 1992

Brothers Production Inc.,
407 N. Big Spring, Suite 103
Midland, Texas 79701

Re: Downhole Commingling
Conoco State No. 1
Hobbs Drinkard and Blinbry Oil Pools
1980' FNL and 2130' FEL
Section 33, T-18-S, R-38-E
Lea County, New Mexico

Dear Sir:

PENROC OIL CORPORATION, as Operator of the Conoco State No. 1 (see attached plat), is applying to the New Mexico Oil Conservation Division to downhole commingle the subject well.

If you have no objections to this commingling, please sign in the space provided below and forward one signed copy to the NMOCDD in Santa Fe, one copy to this office, and retain one for your records. Addressed, stamped envelopes have been provided for your convenience.

Sincerely,
PENROC OIL CORPORATION


M. Y. (Merch) Merchant
President

MYM/br

Attachments APPROVAL: Company: Brothers Production Co.
By: [Signature]
Title: Partner President
Date: 2-5-92



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

OIL CONSERVATION DIVISION
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92 FEB 10 AM 9 35

2-7-92

BRUCE KING
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:

Penroc Oil Corp. Conoco State #1-G 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