NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

December 14, 1998

Arco Permian
P.O. Box 1610
Midland, Texas 79702-1610

Ms. Elizabeth A. Casbeer

Re: Application received by the New Mexico Oil Conservation Division ("Division") on November 20, 1998 for administrative approval to downhole commingle the Red Lake-Queen Grayburg San Andres (Oil-51300) and the Northeast Red Lake-Glorieta Yeso (Oil-96836) Pool production in the Red Lake "3" Federal Well No. 1 (API No. 30-015-29801) and the Red Lake "3" Federal Well No. 2 (API No. 30-015-29802) both located in Unit Letter E, Section 3, Township 18 South, Range 27 East, NMPM, Eddy County, New Mexico.

Dear Ms. Casbeer:

Reference is made to your recent applications for exceptions to Rule 303.A. of the Division Rules and Regulations to permit the downhole commingling of the above described wells from the subject pools.

Pursuant to Division Rule 303.C.(1)(a)(iii), the total water production from all commingled zones shall not exceed twice the oil limit, or 160 BWPD. Since the applications state the daily water production is 202 and 186 BWPD respectively, the applications cannot be approved administratively.

The Division allows for a hearing before a Division appointed examiner for applications that cannot be approved administratively. Please advise if Arco Permian would like to set the above described applications to hearing.

If you have any questions, please contact me at (505) 827-8183.

Sincerely,

Mark Ashley

cc: Oil Conservation Division - Artesia
U.S. Bureau of Land Management - Carlsbad

DONALD KNIPE (ENG)
688-5316

ARCO PERMIAN
P. O. BOX 1610
Midland, Texas 79702-1610

ARCO PERMIAN
Leading The Pack

FAX

Date December 23, 1998

Number of pages including cover sheet 6

To:		**From:**	
Mark Ashley		**Donald L. Knipe**	
NMOCD		**ARCO Permian**	
2040 S. Pacheco Street		**P. O. Box 1610**	
Santa Fe, New Mexico		**Midland, Texas 79707**	
Phone	**(505) 827-8183**	Phone	**(915) 688-5316**
Fax Phone	**(505) 827-1389**	Fax Phone	**(915) 688-5246**
CC:			

REMARKS:

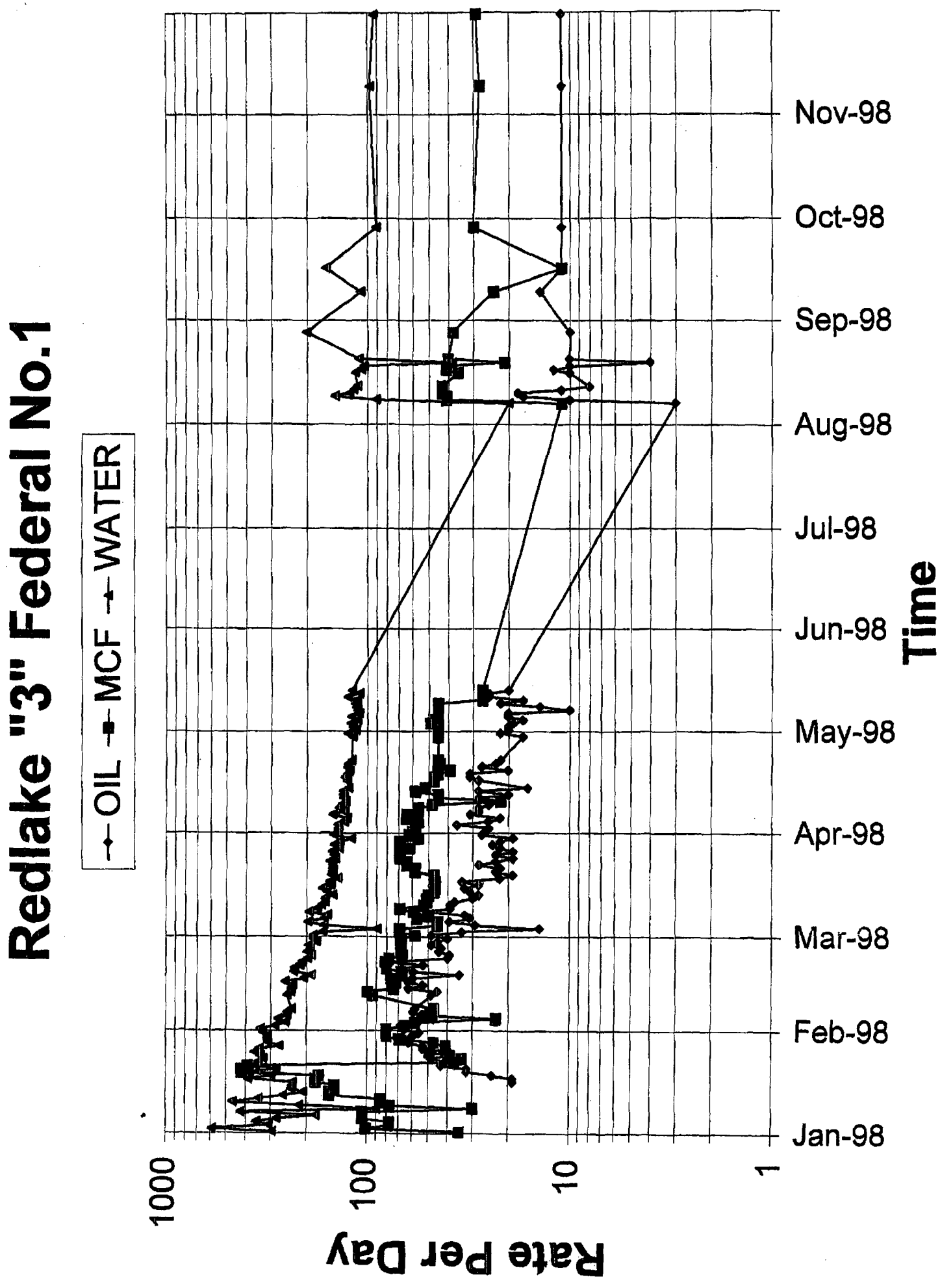
☐ Urgent X For your review ☐ Reply ASAP ☐ Please comment

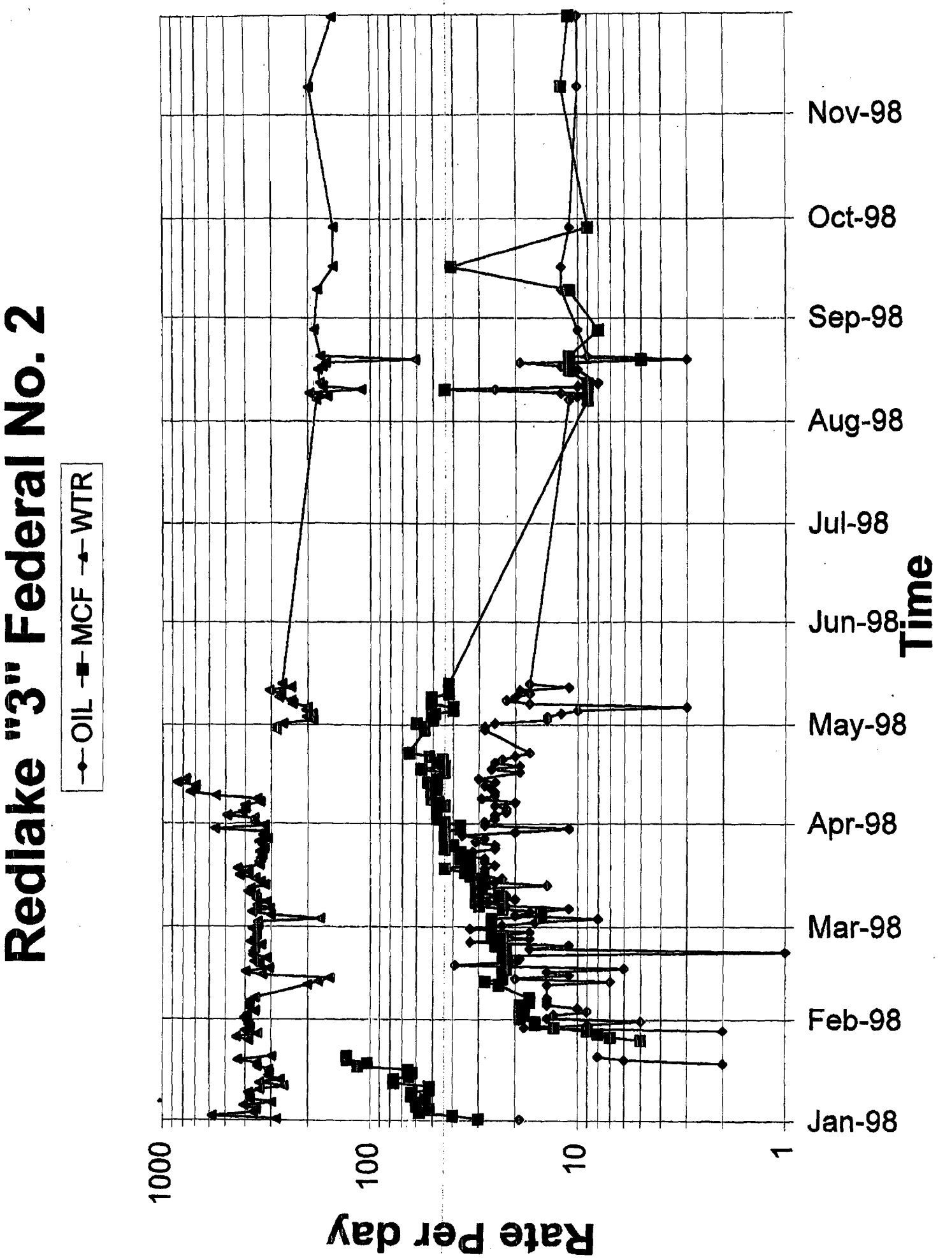
Ref: Application for Downhole Commingling
Red Lake "3" Federal No. 1 & 2

Per your conversation with Mr. Gary Smallwood, O/A Engineer, ARCO Permian on December 22, 1998 I have attached a table of the production tests on the Red Lake "3" Federal No. 1 & 2. The last production test on the Reference wells was on December 05, 1998 as follows:

Red Lake "3" Federal No. 1 11 BOPD, 29 MCFGPD, 93 BWPD

Red Lake "3" Federal No. 2 10 BOPD, 11 MCFGPD, 151 BWPD


Redlake "3" Federal No.1
OIL
MCF
WATER
Nov-98
Oct-98
Sep-98
Aug-98
Jul-98
Jun-98
May-98
Apr-98
Mar-98
Feb-98
Jan-98
Time
1000
100
10
1
Rate Per Day


Redlake "3" Federal No. 2
OIL
MCF
WTR
Rate Per day
1000
100
10
1
Time
Nov-98
Oct-98
Sep-98
Aug-98
Jul-98
Jun-98
May-98
Apr-98
Mar-98
Feb-98
Jan-98

Red lake "3" Federal Production Tests								
DATE	WELL	OIL	MCF	WATER	WELL	OIL	MCF	WTR
12/5/98	#1	11	29	93	#2	10	11	151
11/14/98	#1	11	28	98	#2	10	12	196
10/3/98	#1	11	30	91	#2	11	9	151
9/21/98	#1	11	11	162	#2	12	41	151
9/14/98	#1	14	24	108	#2	12	11	179
9/2/98	#1	10	38	202	#2	10	8	186
8/25/98	#1	10	40	110	#2	9	11	173
8/24/98	#1	4	21	38	#2	3	5	61
8/23/98	#1	10	41	104	#2	19	11	163
8/22/98	#1	12	41	107	#2	12	11	169
8/21/98	#1	10	36	115	#2	10	11	178
8/17/98	#1	8	43	112	#2	8	9	174
8/16/98	#1	11	43	117	#2	10	9	169
8/15/98	#1	18	43	123	#2	25	44	110
8/14/98	#1	17	41	145	#2	12	9	196
8/13/98	#1	10	41	91	#2	10	9	160
8/12/98	#1	3	11	20	#2	11	9	181
5/18/98	#1	20	27	119	#2	17	42	265
5/17/98	#1	25	27	110	#2	11	42	240
5/16/98	#1	25	27	126	#2	19	42	306
5/15/98	#1	17	27	113	#2	17	42	270
5/14/98	#1	22	45	115	#2	20	51	275
5/13/98	#1	14	45	113	#2	22	51	240
5/12/98	#1	10	45	112	#2	17	51	236
5/11/98	#1	20	45	110	#2	3	40	200
5/10/98	#1	20	45	120	#2	10	40	204
5/9/98	#1	17	46	112	#2	12	49	190
5/8/98	#1	19	49	121	#2	14	51	203
5/7/98	#1	20	45	118	#2	14	50	188
5/6/98	#1	20	45	114	#2	25	60	263
5/5/98	#1	22	45	125	#2	28	55	287
5/4/98	#1	17	45	118	#2	28	56	282
4/27/98	#1	22	45	120	#2	17	65	n/a
4/26/98	#1	23	44	125	#2	20	52	n/a
4/25/98	#1	27	45	126	#2	23	45	n/a
4/24/98	#1	20	39	122	#2	25	48	n/a
4/23/98	#1	31	45	126	#2	19	44	n/a
4/22/98	#1	31	47	129	#2	26	57	n/a
4/21/98	#1	28	47	126	#2	19	44	n/a
4/19/98	#1	16	52	124	#2	30	48	***776***
4/18/98	#1	28	58	132	#2	25	53	***850***
4/17/98	#1	20	45	132	#2	28	48	***697***
4/16/98	#1	28	45	131	#2	26	48	***697***
4/15/98	#1	22	22	128	#2	25	51	***736***
4/14/98	#1	25	48	134	#2	25	51	***555***
4/13/98	#1	28	56	138	#2	29	51	349
4/12/98	#1	28	56	130	#2	20	47	338

Red lake "3" Federal Production Tests								
DATE	WELL	OIL	MCF	WATER	WELL	OIL	MCF	WTR
4/11/98	#1	31	64	148	#2	25	44	400
4/10/98	#1	22	64	126	#2	22	48	399
4/9/98	#1	25	56	130	#2	22	48	413
4/8/98	#1	36	58	139	#2	25	48	491
4/7/98	#1	25	58	139	#2	25	48	361
4/6/98	#1	26	60	140	#2	28	44	360
4/5/98	#1	27	62	147	#2	28	37	322
4/4/98	#1	19	56	120	#2	11	37	560
4/3/98	#1	22	69	137	#2	20	44	322
4/2/98	#1	24	69	146	#2	36	44	328
4/1/98	#1	22	62	138	#2	28	44	311
3/31/98	#1	19	69	149	#2	31	44	342
3/30/98	#1	23	69	146	#2	25	40	330
3/29/98	#1	19	69	144	#2	25	44	323
3/28/98	#1	23	64	153	#2	32	37	340
3/27/98	#1	28	64	149	#2	36	33	331
3/26/98	#1	22	58	149	#2	28	37	336
3/25/98	#1	23	58	148	#2	28	33	342
3/24/98	#1	19	47	150	#2	25	33	341
3/23/98	#1	22	47	140	#2	28	44	436
3/22/98	#1	34	46	153	#2	28	35	387
3/21/98	#1	28	46	151	#2	28	33	425
3/20/98	#1	33	46	166	#2	23	30	357
3/19/98	#1	31	47	158	#2	25	28	336
3/18/98	#1	28	50	148	#2	14	29	321
3/17/98	#1	30	51	162	#2	31	31	375
3/16/98	#1	37	51	162	#2	31	31	388
3/15/98	#1	39	53	169	#2	22	24	358
3/14/98	#1	39	69	177	#2	20	30	353
3/13/98	#1	51	59	194	#2	27	31	313
3/12/98	#1	33	50	158	#2	22	30	350
3/11/98	#1	31	57	164	#2	11	23	302
3/10/98	#1	39	45	196	#2	17	15	370
3/9/98	#1	29	45	164	#2	20	15	301
3/8/98	#1	14	69	89	#2	8	26	174
3/7/98	#1	34	69	166	#2	16	26	348
3/6/98	#1	48	58	185	#2	23	26	344
3/5/98	#1	40	68	185	#2	33	26	368
3/4/98	#1	45	68	179	#2	17	26	352
3/3/98	#1	48	68	195	#2	25	26	351
3/2/98	#1	43	68	191	#2	17	23	360
3/1/98	#1	44	68	198	#2	33	23	377
2/28/98	#1	39	67	189	#2	11	25	334
2/27/98	#1	40	78	197	#2	17	22	357
2/26/98	#1	76	81	210	#2	1	22	365
2/25/98	#1	53	80	216	#2	23	23	368
2/24/98	#1	67	80	230	#2	19	22	315
2/23/98	#1	59	68	231	#2	20	22	361

Red lake "3" Federal Production Tests								
DATE	WELL	OIL	MCF	WATER	WELL	OIL	MCF	WTR
2/22/98	#1	35	67	190	#2	39	22	341
2/21/98	#1	59	76	206	#2	6	22	306
2/20/98	#1	62	72	254	#2	14	23	398
2/19/98	#1	53	75	233	#2	11	23	331
2/18/98	#1	62	74	237	#2	20	23	157
2/17/98	#1	45	99	238	#2	7	28	178
2/16/98	#1	48	94	249	#2	14	24	201
2/12/98	#1	58	47	237	#2	14	17	358
2/11/98	#1	59	49	249	#2	14	17	380
2/10/98	#1	54	51	250	#2	14	19	381
2/9/98	#1	47	23	276	#2	10	18	379
2/8/98	#1	56	58	253	#2	9	19	358
2/7/98	#1	68	65	285	#2	13	18	390
2/6/98	#1	65	80	337	#2	14	19	403
2/5/98	#1	55	80	327	#2	5	16	393
2/4/98	#1	59	80	310	#2	9	16	387
2/3/98	#1	64	69	312	#2	18	13	380
2/2/98	#1	62	47	310	#2	2	9	401
2/1/98	#1	53	41	272	#2	0	8	347
1/31/98	#1	53	41	343	#2	0	7	442
1/30/98	#1	39	49	361	#2	0	5	385
1/29/98	#1	39	39	339	#2	Part		
1/28/98	#1	48	34	327	#2	Part		
1/27/98	#1	41	37	346	#2	Part		
1/26/98	#1	43	391	356	#2	Part		
1/25/98	#1	32	418	282	#2	8	130	299
1/24/98	#1	32	418	382	#2	6	130	435
1/23/98	#1	24	174	297	#2	2	103	350
1/22/98	#1	19	180	388	#2	0	115	350
1/21/98	#1	19	180	233	#2	0	66	308
1/20/98	#1	0	145	235	#2	0	63	306
1/19/98	#1	0	145	237	#2	0	65	309
1/18/98	#1	0	154	207	#2	0	77	271
1/17/98	#1	0	154	260	#2	0	77	341
1/16/98	#1	0	86	343	#2	0	52	260
1/15/98	#1	0	86	462	#2	0	52	340
1/14/98	#1	0	77	217	#2	0	63	387
1/13/98	#1	0	30	90	#2	0	63	380
1/12/98	#1	0	105	422	#2	0	54	377
1/11/98	#1	0	105	180	#2	0	60	298
1/10/98	#1	0	105	281	#2	0	60	406
1/9/98	#1	0	78	353	#2	0	52	353
1/8/98	#1	0	78	308	#2	0	58	365
1/7/98	#1	0	101	588	#2	0	40	582
1/6/98	#1	0	35	294	#2	19	30	282