

September 30, 1983

Mr. Gilbert Quintana
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Request Amendment to
Administrative Order PC-219
Commingling Production
Sarkeys Lease

Dear Mr. Quintana:

Earlier this month we began investigating the requirements to commingle our Sarkeys Lease without the separate measurement of each zone. Our Sarkeys Lease consists of six wells numbered 1 thru 6. Sarkeys Nos. 2, 3 and 4 are downhole commingled (Blinebry and Drinkard) in accordance with Administrative Order Nos. DHC-289, DHC-290 and DHC-346 (attached), respectively. Well numbers 1 and 6 are single oilwells and well No. 5 is a dual completion (Wantz-Abo oil and Tubb gas). In accordance with Administrative Order PC-219, Amendment to Order PC-219 dated April 14, 1965, and further Amendment to Order PC-219 dated June 22, 1971, (attached), we are presently commingling oil and condensate production from the Wantz-Abo oil pool, Blinebry oil pool and Blinebry gas pool by a separate metering system.

At present all wells now produce considerably less than top allowable liquid production. Attached is a tabulation of production showing the daily average production over a 60 day period. However, the Sarkeys No. 3 and No. 4 are capable of producing casinghead gas in excess of their allowable (DHC-290 and DHC-346) and are restricted at the wellhead to prevent over producing these wells. On September 22, 1983, we discussed this situation with Mr. Jerry Sexton of the NMOCD in Hobbs, New Mexico. He suggested that we meter the gas separately from wells No. 3 and No. 4. He indicated that when we had implemented his suggestion this lease should qualify under the NMOCD regulations to be surface commingled without separate measurement of each zone.

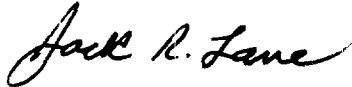
We have implemented his suggestion and, therefore, respectfully request that the commingling order for this lease be amended to allow for surface commingling of the zones without separate measurement

Mr. Gilbert Quintana
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of each zone. Instead the production from each well and zone is to be determined from well tests conducted periodically as determined by the NMOCD.

If any additional information is needed, please let us know.

Very truly yours,

A handwritten signature in cursive script that reads "Jack R. Lane". The signature is written in dark ink and is positioned above the typed name and title.

Jack R. Lane
Jr. Engineer

JRL:jc

Xc: Mr. Jerry Sexton - NMOCD, Hobbs

SARKEYS LEASE

| <u>Period</u> | <u>Well No.</u> | <u>Zone</u> | <u>Days Prod.</u> | <u>B.O. (Total)</u> | <u>B.O. (Daily Avg.)</u> | <u>MCFG (Total)</u> | <u>MCFG (Daily Average)</u> |
|---------------|-----------------------|-------------|-------------------|-------------------------|------------------------------|-------------------------|---------------------------------|
| June, 1983 | 1 | Blinebry | 30 | 191 | 6 | 1329 | 44 |
| June, 1983 | 2* | Blinebry | 30 | 309 | 10 | 963 | 32 |
| June, 1983 | 3* | Blinebry | 30 | 266 | 9 | 12687 | 423 |
| June, 1983 | 4* | Blinebry | 26 | 67 | 3 | 1627 | 63 |
| June, 1983 | 2* | Drinkard | 30 | 49 | 2 | 3415 | 114 |
| June, 1983 | 3* | Drinkard | 30 | 66 | 2 | 1255 | 42 |
| June, 1983 | 4* | Drinkard | 26 | 202 | 8 | 9993 | 384 |
| June, 1983 | 6 | Drinkard | 30 | 94 | 3 | 750 | 25 |
| June, 1983 | 5** | Tubb | 2 | 1 | 0.5 | 763 | 381 |
| | (Above is gas well) | | | | | | |
| June, 1983 | 5 | Wantz-Abo | 28 | 115 | 4 | 404 | 14 |
| July, 1983 | 1 | Blinebry | 29 | 194 | 7 | 1413 | 49 |
| July, 1983 | 2* | Blinebry | 27 | 301 | 11 | 1222 | 45 |
| July, 1983 | 3* | Blinebry | 29 | 260 | 9 | 16108 | 555 |
| July, 1983 | 4* | Blinebry | 29 | 66 | 2 | 2079 | 72 |
| July, 1983 | 2* | Drinkard | 27 | 49 | 2 | 4331 | 160 |
| July, 1983 | 3* | Drinkard | 29 | 65 | 2 | 1593 | 55 |
| July, 1983 | 4* | Drinkard | 29 | 199 | 7 | 12770 | 440 |
| July, 1983 | 6 | Drinkard | 29 | 98 | 3 | 725 | 25 |
| July, 1983 | 5** | Tubb | 20 | 28 | 1 | 7330 | 366 |
| | (Above is a gas well) | | | | | | |
| July, 1983 | 5 | Wantz-Abo | 31 | 208 | 7 | 950 | 31 |

*Downhole commingled top allowable - 40 BOPD and 428 MCFGD (See DHC-289, DHC-290 and DHC-346)

**Gas is metered separately

Top unit allowable Blinebry Pool = 107 BOPD and 428 MCFGD

Top unit allowable Drinkard Pool = 142 BOPD and 428 MCFGD

Top unit allowable Wantz-Abo Pool = 187 BOPD and 1122 MCFGD

(Source - NMOCD Oil Proration Schedule District I May thru August, 1983)

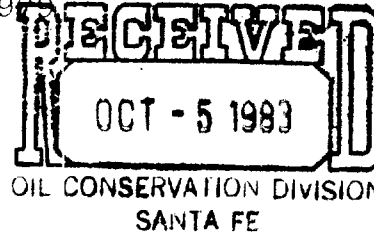


STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

September 10, 1979

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434



Arco Oil and Gas Company
P. O. Box 1610
Midland, Texas 79702

Attention: J. L. Tweed

Administrative Order No. DHC-289
S. J. Sarkeys Well No. 2, Unit O,
Section 23, Township 21 South,
Range 37 East, NMPM, Lea County,
New Mexico, Blinebry Oil and Gas
Pool and Drinkard Pools

Gentlemen:

Reference is made to your recent application for an exception to Rule 303-A of the Division Rules and Regulations for the subject dually completed well to permit the removal of the down-hole separation equipment and to commingle the production from both pools in the well-bore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303-C, and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and Division Order No. DC-141, which authorized the dual completion and required separation of the zones, is hereby placed in abeyance.

In accordance with the provisions of Rule 303-C, total commingled oil production from the subject well shall not exceed 40 barrels per day, and total water production from the well shall not exceed 80 barrels per day. The maximum amount of gas which may be produced daily from the well shall be determined by multiplying 4000 by top unit allowable for the Drinkard Pool.

Assignment of allowable to the well and allocation of production from the well shall be on the following basis:

Upper Pool: Oil 86%, Gas 22%
Lower Pool: Oil 14%, Gas 78%

DHC-289

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Pursuant to Rule 303-C 5, the commingling authority granted by this order may be rescinded by the Division Director, if in his opinion, conservation is not being best served by such commingling.

Very truly yours,

JOE D. RAMEY
Division Director

S E A L

cc: Oil Conservation Division
Box 1980
Santa Fe, New Mexico



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

September 7, 1979

Arco Oil and Gas Company
P. O. Box 1610
Midland, Texas 79702

Attention: J. L. Tweed

Administrative Order No. DHC-290
S. J. Sarkeys Well No. 3
Unit I, Section 23, Township
21 South, Range 37 East, NMPM,
Lea County, New Mexico, Blinebry
Oil and Gas and Drinkard Pools

Gentlemen:

Reference is made to your recent application for an exception to Rule 303-A of the Division Rules and Regulations for the subject dually completed well to permit the removal of the down-hole separation and to commingle the production from both pools in the well-bore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303-C, and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and Division Order No. MC-1477-A, which authorized the dual completion and required separation of the zones, is hereby placed in abeyance.

In accordance with the provisions of Rule 303-C, total commingled oil production from the subject well shall not exceed 40 barrels per day and total water production from the well shall not exceed 80 barrels per day. The maximum amount of gas which may be produced daily from the well shall be determined by multiplying 4000 by top unit allowable for the Blinebry Oil and Gas Pool.

Assignment of allowable to the well and allocation of production from the well shall be on the following basis:

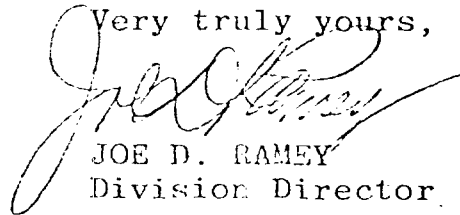
Upper Pool: 80%, Gas 91%
Lower Pool: 20%, Gas 9%

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DHC-290

Pursuant to Rule 303-C 5, the commingling authority granted by this order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Very truly yours,



JOE D. RAMEY
Division Director

JDR/CU/og

cc: Oil Conservation Division
Box 1980
Hobbs, New Mexico



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

LARRY KEHOE
SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

August 28, 1981

ARCO Oil and Gas Company
Permian District
P.O. Box 1610
Midland, Texas 79702

Administrative Order No. DHC-346
S. J. Sarkeys No. 4
Section 23, Township 21 South,
Range 37 East, Blinebry Oil and
Gas Drinkard

Gentlemen:

Reference is made to your recent application for an exception to Rule 303-A of the Division Rules and Regulations for the subject dually completed well to permit the removal of the down-hole separation equipment and to commingle the production from both pools in the well-bore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303-C, and that reservoir damage or waste will not result from such down-hole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and Division Order No. MC-1615, which authorized the dual completion and required separation of the zones, is hereby placed in abeyance.

In accordance with the provisions of Rule 303-C, total commingled oil production from the subject well shall not exceed 107 barrels per day and total water production from the well shall not exceed 214 barrels per day. The maximum amount of gas which may be produced daily from the well shall be determined by multiplying 4000 by top unit allowable for the Blinebry Oil and Gas.

Assignment of allowable to the well and allocation of production from the well shall be on the following basis:

Upper Pool: Oil 25%, Gas 14%
Lower Pool: Oil 75%, Gas 86%

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ARCO Oil and Gas Company

Pursuant to Rule 303-C 5, the commingling authority granted by this order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Very truly yours,

JOE D. RAMEY
Division Director

JDR/RJ/dp

cc: Oil Conservation Division
Box 1980
Hobbs, New Mexico