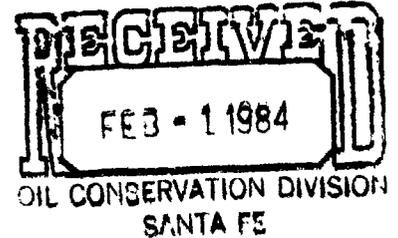


ARCO Oil and Gas Company  
New Mexico-Arizona District  
P.O. Box 1710  
Hobbs, New Mexico 88240  
Telephone 505 392 3551



January 27, 1984

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



Re: Exception to Commission Rule 303  
Commingling Production  
Mescalero Ridge Unit "35"

Dear Mr. Quintana:

We recently recompleted the Mescalero Ridge Unit "35" No. 10 to the Pearl Seven Rivers zone from the Pearl Queen zone. There are currently seven wells on the Mescalero Ridge Unit "35" producing from the Pearl Queen (Nos. 1,2,3,7,13,14 and 15). We are interested in commingling the production from the Pearl Queen and Pearl Seven Rivers on the unit. The royalty ownership and working interest is the same for both zones.

The MRU "35" No. 10 began producing December 28, 1983. We received a temporary commingling permit from Mr. Jerry Sexton (NMOCD-Hobbs) to sell the gas produced from the MRU "35" No. 10. Liquid production from the well is isolated from other lease production. Attached is a map showing the location of the MRU "35" wells.

The total oil production from the Pearl Queen MRU "35" well Nos. 1,2,3,7,13,14, and 15 is averaging 174 BOPD with an API gravity of 37.3°. The average production from MRU "35" No. 10 (Pearl Seven Rivers) is 22 BOPD with an API gravity of 37.9°. We are receiving \$28.60 per barrel for the 37.3° API oil and \$28.69 per barrel for the 37.9° API oil. The expected gravity of the commingled oil is approximately 37.4° API with a value of \$28.61 per barrel. The actual commercial value of the commingled production would be \$5608 per day and the value of the separate production added together would be \$5607 per day. Therefore, the value of the commingled production would not decrease from the value of the oils when measured and sold separately.

Mr. Gilbert Quintana  
Page 2  
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The attached production tables show that the MRU "35" wells are not capable of producing top unit allowable in either the Pearl Queen or the Pearl Seven Rivers. An offset well to the MRU "35" No. 10, the No. 9 produced 50 MBO from the Pearl Seven Rivers from 1966 to 1976. As seen on the attached production plot of the No. 9, oil production never exceeded the top unit allowable for the pool.

We respectfully request administrative approval to commingle all hydrocarbons on the Mescalero Ridge Unit "35" without segregation or separate measurement of each zone. The production from each well and zone would be determined from well tests conducted periodically as prescribed by the NMOCD.

Please call me if you need anymore information.

Respectfully,

 *cmj*  
Leslie L. Malone  
Production/Facilities Engineer

Attachments

Xc: Mr. Jerry Sexton - NMOCD, Hobbs

Mescalero Ridge Unit Section 36

<u>Month</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 Avg.)</u>
September	1	Pearl Queen	30	2000	66.7	312	10.4
	2	Pearl Queen	30	130	4.3	679	22.6
	3	Pearl Queen	30	780	26.0	48	1.6
	7	Pearl Queen	30	1160	38.7	251	8.4
	13	Pearl Queen	30	60	2.0	39	1.3
	14	Pearl Queen	30	30	1.0	39	1.3
	15	Pearl Queen	30	1030	34.3	63	2.1
October	1	Pearl Queen	31	1743	56.2	343	11.0
	2	Pearl Queen	31	31	1.0	203	6.5
	3	Pearl Queen	31	868	28.0	88	2.8
	7	Pearl Queen	31	1650	53.2	456	14.7
	13	Pearl Queen	31	93	3.0	75	2.4
	14	Pearl Queen	31	31	1.0	50	1.6
	15	Pearl Queen	31	993	32.0	77	2.5

Top unit allowable Pearl Queen Pool = 80 BOPD and 160 MCFGPD

Top Unit allowable Pearl Seven Rivers = 80 BOPD and 160 MCFGPD

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

Mescalero Ridge Unit #35-10

Pearl Seven Rivers

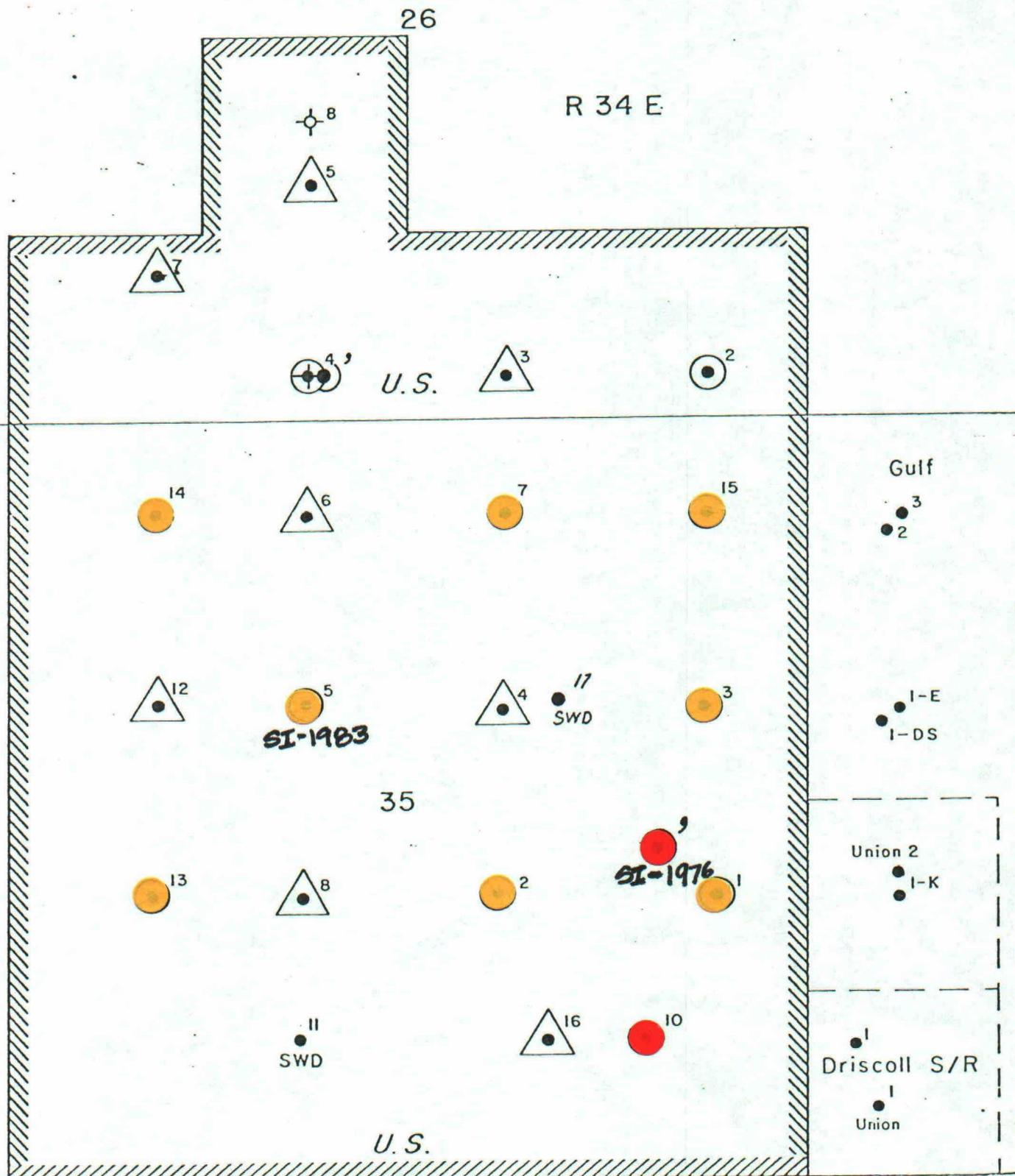
12-28-83	5 BO	114 BW
12-29-83	9 BO	48 BW
12-30-83	11 BO	46 BW
12-31-83	16 BO	38 BW
1-1-84	10 BO	39 BW
1-2-84	9 BO	33 BW
1-3-84	11 BO	33 BW
1-4-84	16 BO	32 BW
1-5-84	16 BO	37 BW
1-6-84	16 BO	31 BW
1-7-84	16 BO	28 BW
1-8-84	21 BO	27 BW
1-9-84	25 BO	27 BW
1-10-84	20 BO	20 BW
1-11-84	20 BO	21 BW
1-12-84	20 BO	20 BW
1-13-84	25 BO	18 BW
1-14-84	26 BO	18 BW
1-15-84	26 BO	14 BW
1-16-84	25 BO	20 BW
1-17-84	20 BO	18 BW
1-18-84	22 BO	20 BW
1-19-84	22 BO	14 BW
1-20-84	21 BO	21 BW
1-21-84	25 BO	18 BW
1-22-84	26 BO	18 BW
1-23-84	23 BO	14 BW

TOTAL	<hr/> 502 BO	<hr/> 787 BW
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Average 22 BOPD, 20 BWPD

# MESCALERO RIDGE UNIT

## LEA CO., N.M.

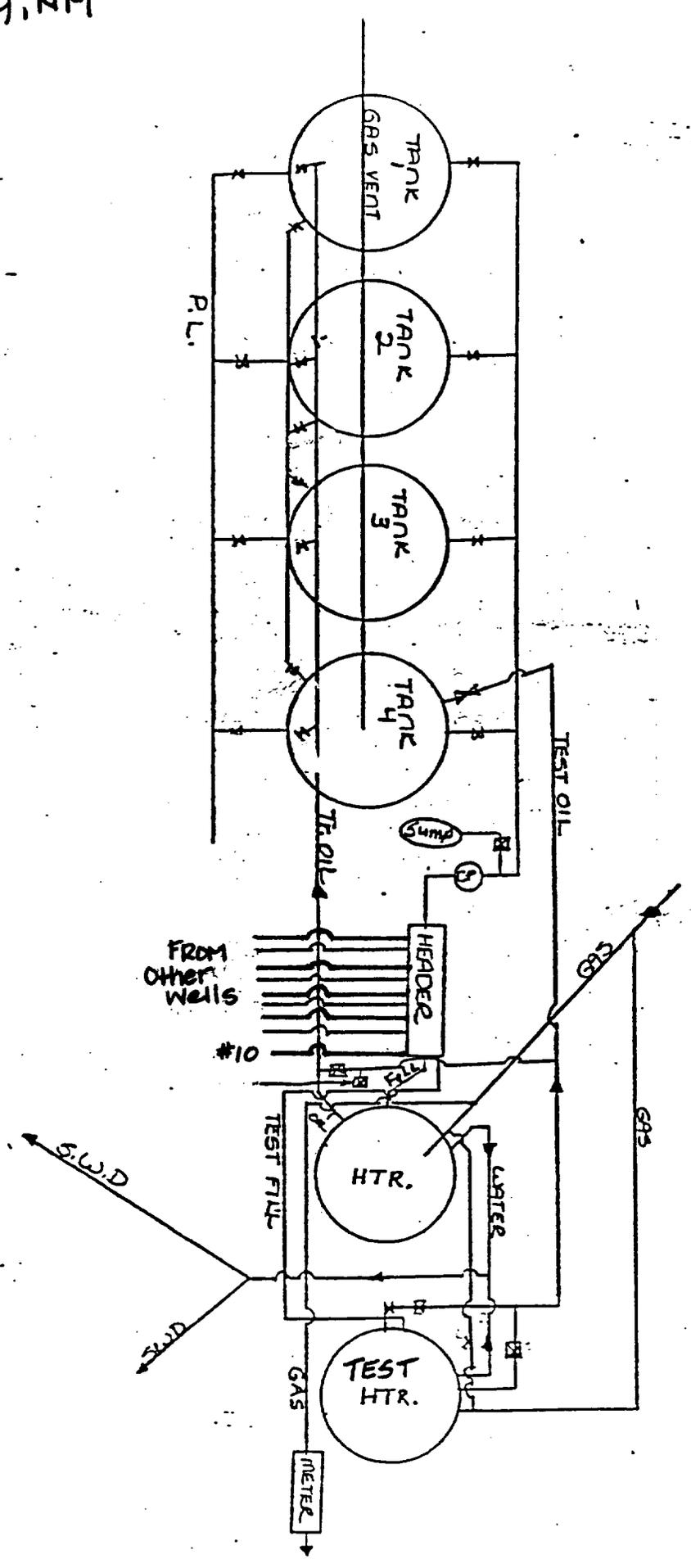


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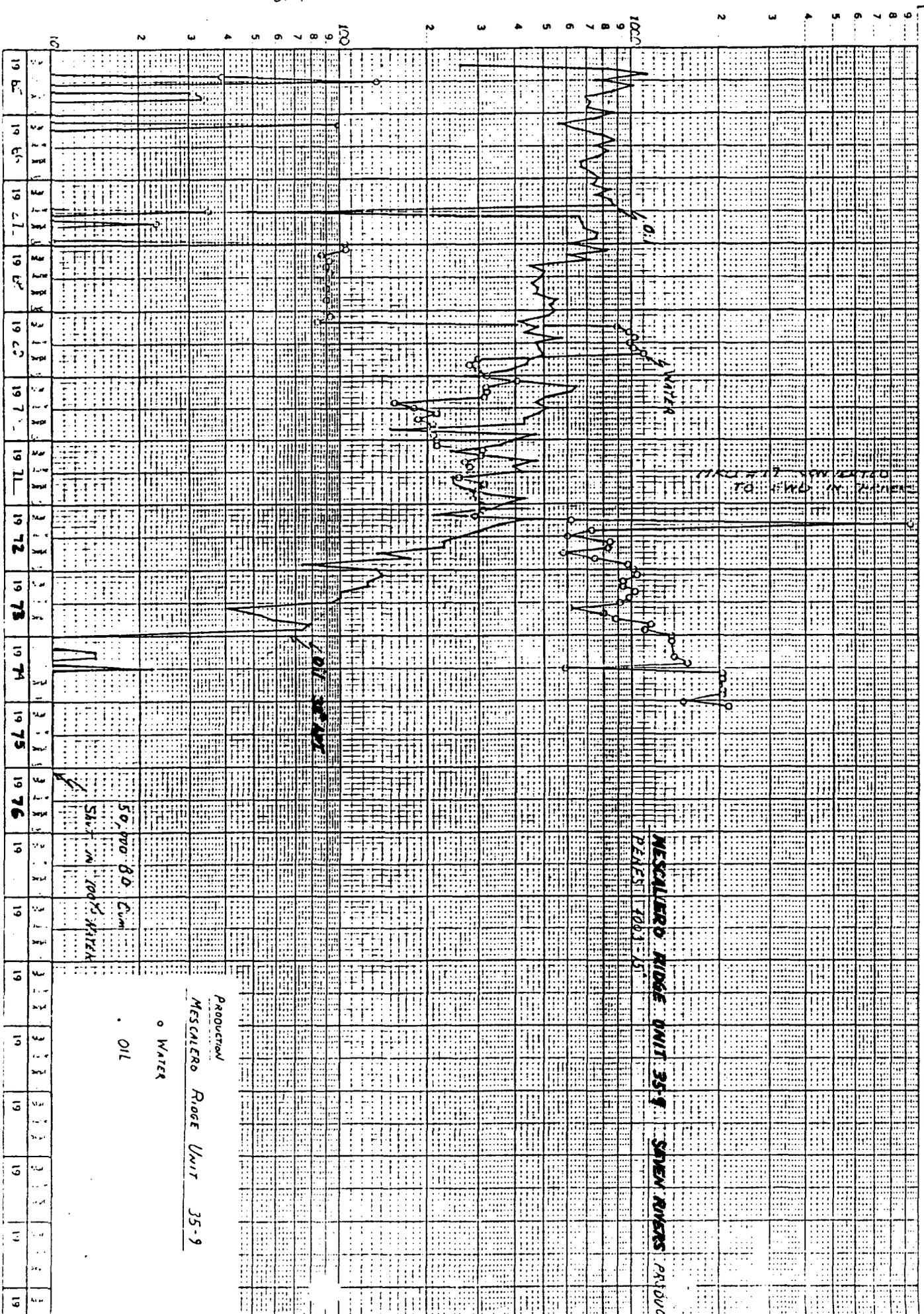
U.S.

- Production from Pearl Seven Rivers
- Production from Pearl Queen

WHEELER RIDGE UNIT  
ALL SEC. 35-T-195-R34E  
LEA COUNTY, NM



BPM



MESCALERO