



DIRECTOR
JOE D. RAMEY

OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

P. O. BOX 1980 - HOBBS

88240

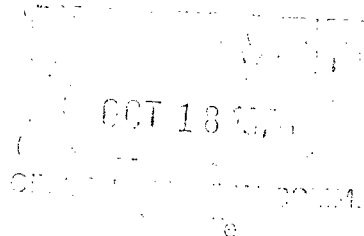
LAND COMMISSIONER

PHIL R. LUCERO

October 15, 1976



STATE GEOLOGIST
EMERY C. ARNOLD



Continental Oil Company
P. O. Box 460
Hobbs, New Mexico

Attention: Mr. L. P. Thompson

Re: Administrative Order DHC-197

Gentlemen:

This is to advise that the allocation formula as outlined in your letter of October 11, 1976, for downhole Blinebry and Drinkard production from your Nolan Well No. 2 located in Unit N of Section 11, T-21-S, R-37-E, is satisfactory with this office.

Yours very truly,

OIL CONSERVATION COMMISSION

Jerry Sexton
Supervisor, District 1

mc
cc-OCC, Santa Fe
Attach. ✓

L. P. Thompson
Division Manager
Production Department
Hobbs Division
Western Hemisphere Petroleum Division

Continental Oil Company
P.O. Box 460
1001 North Turner
Hobbs, New Mexico 88240
(505) 393-4141

October 11, 1976

New Mexico Oil Conservation Commission
P.O. Box 1980
Hobbs, New Mexico 88240

Attention Mr. Jerry Sexton

Gentlemen:

Administrative Order No. DHC-197 - Nolan Well No. 2 - N-11-21-37

The subject order authorized the downhole commingling of Blinebry and Drinkard production in the subject well. The last paragraph of the order provided the allocation of production from the well would be determined by the District Supervisor after the well has been recompleted. The C-116 attached to the application showed a test before downhole commingling of 10 barrels of oil, 2 barrels water, 12 MCFG from the Blinebry pool. The Drinkard had been shut-in since 1969. Form C-103 submitted August 31, 1976 showed production of 9 barrels of oil, 8 barrels water, 2.5 MCFG immediately after downhole commingling.

Forwarded herewith is Form C-116 showing the most recent test for this well. On this test production was 23 barrels oil, 2 barrels water, 9 MCFG. The decline curve on the Blinebry indicates a 45% annual decline rate with a projected September production of 11 barrels per day. The Drinkard showed a 44% annual decline rate during its producing life 1964-69 and was producing at 5 barrels per day just prior to being shut-in. We believe the Drinkard is contributing approximately half of the current production because of the fact the reservoir has repressured the drainage area during its shut-in period. It is therefore recommended production be allocated 50% to each zone.

The attached Form C-116 shows the most recent test and the allocation as recommended above. If this allocation is not satisfactory, please advise so we may submit a corrected Form C-116.

Yours very truly,



VTL:rej
Enc