

DHC-825



State of New Mexico

OFFICE OF THE

Commissioner of Public Lands

Santa Fe

JIM BACA
COMMISSIONER

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

March 12, 1992

Citation Oil and Gas Corp.
8223 Willow Place South, Suite 250
Houston, Texas 77070-5623

Attn: Ms. Sharon E. Ward

Re: Application Downhole Commingling Lease No. B-1167-48
State JM # 2-B Sec. 2-25S-37E
Lea County, New Mexico

Dear Ms. Ward:

Reference is made to your letter of January 1, 1992, wherein you have requested our approval to downhole commingle production within the wellbore of the State JM #2 Well. This well is currently completed in the Justis Tubb Drinkard and North Justis Devonian fields.

We have derived the following information from your application:

1. Commingling of these two zones would increase the ultimate recovery and extend the economic life of the subject zones, thereby promoting conservation and prevention of waste of crude, petroleum and natural gas.
2. The commingling will not jeopardize the efficiency of present or future secondary recovery operations in either zones to be commingled and the total value of the crude will not be reduced by commingling.
3. There will be no cross-flow between the Devonian and Drinkard zones. The fluids from both zones are compatible and combining these fluids will not result in the formation of precipitates which might damage any of the reservoirs.
4. The JM #2 Well will be rod pumped from the Devonian. The liquid flow stream will be commingled on the surface with the JM #1 (Tubb Drinkard and Blinebry) and the JP #1 (Blinebry) wells.

Since it appears that there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request for Downhole Commingling is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

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If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando by J. Bailey*
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JB/FOP/pm
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cc: Reader File
OCD-Santa Fe