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SEC. TREAS.

March 6, 1978

Joe D. Ramey, Secretary-Director
New Mexico Oil Conservation Commission
Drawer 2088
Santa Fe, New Mexico 87501

Re: Downhole Commingling,
Federal CR #1

Dear Sir:

Yates Petroleum Corporation, Artesia, New Mexico, Operator of the Federal CR #1, Unit M, Section 29-T17S-R25E, a multiple completion in Richard Knob Atoka-Morrow and Eagle Creek Permo Penn, seeks administrative approval for downhole commingling as authorized under NMOCC order No. R5460. Dual completion was permitted under NMOCC Order No. R5386.

Currently the ^{Morrow} ~~Atoka~~ completion is flowing about 40 mcfpd against 330 psi line pressure, and the Permo-Penn is flowing about 130 mcfpd, (Form C-116 attached.)

Decline curves are attached showing rapid production decline for the Atoka completion, and a stabilize rate for the Permo-Penn.

Current bottomhole pressures have been determined and remaining reserves have been calculated (calculation attached):

Eagle Creek Permo Penn -	Gas	75%	Condensate	86%
Richard Knob Atoka - ^{Morrow}	Gas	25%	Condensate	14%

There is no water production and the hydrocarbon fluids are compatible. A standing valve in the packer will prevent loss of Permo Penn fluids to the Atoka. Commingling will be achieved by opening the sliding sleeve in tubing above the packer.