



207 SOUTH FOURTH STREET
ARTESIA, NEW MEXICO 88210
TELEPHONE (505) 746-3552

RECEIVED

MAR 30 1978

O. C. C.
ARTESIA, OFFICE
March 6, 1978

S. P. YATES
PRESIDENT
MARTIN YATES, III
VICE PRESIDENT
JOHN A. YATES
VICE PRESIDENT
B. W. HARPER
SEC. TREAS.

Joe D. Ramey, Secretary-Director
NMOCC
Drawer 2088
Santa Fe, New Mexico 87501

Re: Downhole Commingling, State CY #1

Dear Sir:

Yates Petroleum Corporation, Artesia, New Mexico, Operator of the State "CY" No. 1, Unit K Section 32 T17S R25E, a multiple completion in Richard Knob Atoka-Morrow, Eagle Creek Strawn and Eagle Creek Permo Penn, seeks administrative approval for downhole commingling as authorized under NMOCC Order R5460. Multiple completion was authorized under NMOCC Order R-5386. Commingling of the Eagle Creek Strawn and Richard Knob Atoka was permitted under DHC 11-1. Currently the Strawn-Atoka completion is flowing about 120 mcfpd against 330 psi live pressure while the Permo-Penn will flow about 180 mcfpd. (Form C-116 attached.)

Decline curves are attached showing rapid production decline for the Strawn-Atoka completion and fairly stabilized rate for the Permo Penn.

Current bottomhole pressures have been determined and the calculated remaining reserves are (calculations attached):

Eagle Creek Permo Penn - Gas	86%	Condensate	100%
Eagle Creek Strawn - Gas	1%		
Richard Knob Atoka Morrow Gas	13%		

There is negligible water production and the hydrocarbon fluids are compatible. The zones will be commingled by pulling the crossover choke at the upper packer. A standing valve in the lower packer will prevent loss of Permo Penn fluids to the Strawn-Atoka completion.