

MARTIN YATES, III  
1912 - 1985  
FRANK W. YATES  
1936 - 1986



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August 24, 2000

Mr. Tim Gum, District Supervisor  
NM Oil Conservation Division  
811 South First Street  
Artesia, NM 88210

Re: Cabeza AUD Federal Com #1  
Unit D, Sec. 10, T. 18 S., R. 29 E.  
Eddy County, New Mexico

Dr. Mr. Gum:

Administrative Order DHC-2782 approves downhole commingling of the Loco Hills Chester, North Turkey Track Morrow, and Undesignated Atoka in this well. The Order requires approval of a fixed allocation production formula by the Artesia District Office upon completing and testing the well.

Test rates after stimulation for these pays are shown in the following table.

Zone	Perforations	Test Rate
Chester	11,344'-11,350'	2216 mcf/d, 0 bopd, 0 bwpd
Morrow	10,905'-10,956'	6654 mcf/d, 0 bopd, 0 bwpd (test after frac on 7/6/00)
Atoka	10,547'-10,553'	294 mcf/d, 0 bopd, 0 bwpd (test after frac on 8/22/00)

As mentioned in our previous letter and NMOCD form C-107 of July 28, 2000, requesting multiple completion approval, we plan to not include the Atoka in the downhole commingle. Instead, it will be kept isolated and the 5 1/2" x 2 7/8" annulus. The Chester and Morrow will be commingled and produced up the 2 7/8" tubing. This is a change from our previous plan for dualing wherein it was proposed to produce Atoka up the tubing with the Chester-Morrow commingle up the annulus by means of a crossover packer. A revised wellbore diagram reflecting this change is attached.

Accordingly, our proposed fixed allocation formula for commingled production based on the test rates given above is contained in the following table.

Zone	Gas	Oil
Chester	24.983 %	24.983 %
Morrow	75.017 %	75.017 %

Thank you for your help and patience in this matter.

Sincerely,

  
Albert R. Stall  
Operations Engineer

XC: NMOCD, Santa Fe

