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O. C. D.

January 27, 19ARTESIA OFFICE

Mr. Joe D. Ramey, Director
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Downhole Commingling, Stonewall EP
State Com #4, Burton Flats Atoka &
Morrow, Unit H, Sec. 30-20S-28E

Dear Sir:

Subject well was recompleted to the Atoka formation on October 19, 1981, in accordance with correspondence from our Mr. Ray Stall and your response of October 1. The well came in flowing 4.4 MMCFPD and depleted rapidly. By December 28, cumulative production was 96.2 MMCF with a BHP of 925 psi, and remaining recoverable reserves was 49.6 MMCF. At this rapid rate of decline it is estimated that some 30.3 MMCF would be produced by February 1, 1982, at which time the Atoka pressure and Morrow pressure would be about equal allowing the Morrow to overcome the back pressure on the standing valve and to flow commingled.

Under the provisions of Rule 303-C as amended by NMOCD Order R-6882, administrative approval is hereby applied for, to permit the downhole commingling of the Burton Flats Atoka and the Burton Flats Morrow in our Stonewall EP State Com No. 4.

The following criteria are satisfied:
1) The bottomhole pressure of each zone are about equal to 689 psig with very minimal reserves left in the Atoka zone thereby rendering separation of the zones uneconomical;
2) The Atoka zone will not cross-flow into the Morrow zone;
3) Both zones are fluid-sensitive, but the fluids from each of the zones to be commingled are akin and will not damage the other;
4) Ownership of the two zones are identical.

A plat of the area showing the acreage dedicated to the well and the ownership of all offsetting leases is enclosed, also C-116 showing current productivity from each of the zones to be commingled. Bottomhole pressures for each zone are attached, also computation of remaining reserves for each zone. The value of the commingled stream will be increased by the ratio of additional recovery resulting from commingling the zone. It is suggested that the formula for commingled production be based on remaining recoverable reserves at 2-1-82, that is,