

ME-TEX SUPPLY COMPANY

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June 6, 1989

Department of Energy and Minerals
Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504

ATTN: Mr. William J. LeMay

REF: Request for Administrative Approval for Downhole Commingling
for Pan Cana Federal #1, Unit "A", Sec. 6, and Deck Federal #1,
Unit "B", Sec. 18, both wells in T22S-R37E, Lea Co., NM, Drinkard
Pool

Gentlemen:

A re-work program on these wells was performed during the end of 1987 and first of 1988. Inadvertently, the required Oil Commission forms were not filed due in part with the sickness and death of Martindale Petroleum's president, Mr. R.L. Summers. Me-Tex Supply Company is now the designated operator of these wells and is attempting to correct this error.

From the enclosed production curves can be seen a decline in production on both wells. For economic reasons it was decided to complete other horizons in these wells. A decline of 80 bbls/month of oil and of 2000 mcf/month of gas is noted on the Deck Federal #1 from December 1984 to December 1985. For the Pan Cana Federal #1, the decline is 30 bbls/month of oil and gas is fairly stable from December 1986 to December 1987. Enclosed are the treatment procedures for each well in the Blinebry on the Deck Federal #1 and the Blinebry and Tubb on the Pan Cana Federal #1.

The estimated bottom hole pressure for the Deck Federal #1 in the Drinkard is 316 psi and in the Blinebry is 316 psi. The estimated bottom hole pressure for the Pan Cana Federal #1 in the Drinkard is 112 psi, for the Tubb is 112 psi and for the Blinebry is 112 psi as determined by sonic fluid levels.

Enclosed are water sample analysis from the Drinkard on the Pan Cana Federal #1 on 12-2-88 and from the Marathon Oil Company J.W. Grizzell #1 from the Blinebry. The Marathon well is located in Unit "O" of 5-22-37. Also enclosed are sample analysis from the Deck Federal #1 of the commingled zones taken 5-26-89. There appears to be no problem with the water compatibility from the zones.

For the allocation formula, the logs on each well were used and a criteria of porosity greater than 5% and water saturation less than 50% were established as being contributors to the production. On the Deck Federal #1, the net porosity feet in the Drinkard is 247.5. The Drinkard is perforated as follows: 6439-41, 6458-60, 6491-93, 6533-35, 6564-66, 6587-89, 6598-6600 with 4 holes each interval for a total of 28 holes. The top of the Drinkard is at 6429 (-3007).