Imperial-American Management Company

March 23, 1971

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New Mexico Oil Conservation Commission P. O. Box 2088 Santa Fe, New Mexico 87501

Attention: Mr. A. L. Porter, Jr.

Re: <u>Request for Exception to Rule 303-A</u> Down-Hole Commingling - per Rule 303-C Rosa Lee Federal Lease, Well No. 1 Drinkard and Wantz Abo Pools Lea County, New Mexico

Due Apr. 19

Gentlemen:

Imperial-American Management Company respectfully requests administrative approval under the provisions of Order No. R-3845 to commingle, in the well bore, oil production from the Drinkard Pool and the Wantz Abo Pool which are dually completed in our Rosa Lee Federal, Well No. 1, located in Unit F, Section 19, T-21-S, R-38-E, Lea County, New Mexico.

On initial tests, it was determined that the Drinkard zone was too weak to justify the expense of a pump unit, engine, and rod string. An Otis Permatrieve Packer was set @ 7150 (below the Drinkard and above the Abo) and the Wantz Abo zone was put on pump. The Drinkard zone was left open in the annulus but production equipment was not run for it. A permit for dual completion was never requested for this well.

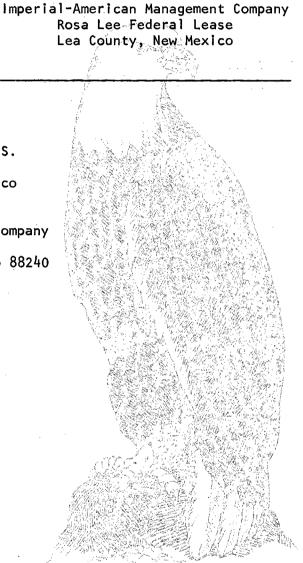
We believe that this well qualifies for administrative approval of downhole commingling under the provisions of Rule 303-C. Both zones are classified as oil zones. The deepest perforation in the lower zone is at 7473' in this well. We attach Form C-116 showing the latest production test from the Wantz Abo and the last test information available from the Drinkard zone before it was isolated. These tests indicate the production rates for both oil and water fall within the limits specified by Rule 303-C. We also attach a copy of our production decline curve for the Wantz Abo Pool. The Wantz Abo is presently being artificially lifted with a rod pump. The Drinkard was tested on pump before being isolated. Therefore, a rod pump will be utilized after commingling.

Since the Drinkard zone has not been producing, we can not obtain a water sample from that zone; however, we have had water samples collected from a nearby well producing from these zones and had these samples checked for compatibility by

New Mexico Oil Conservation Commission March 23, 1971 Request for Exception to Rule 303-A Page 2 Down-Hole Commingling - per Rule 303-C Rosa Lee Federal Lease, Well No. 1 Re: Drinkard and Wantz Abo Pools Copies of these offset well water reports are attached. The reports Lea County, New Mexico barold, copies of these offset well water reports are attached. The reports are attached, there will not be an instability problem caused by mixing water We also attach a data sheet on which we have indicated our estimates of the from the Drinkard and Wantz Abo Pools. we also allach a uala sneet on which we have indicated our estimates of the current bottom hole pressures of these zones and a calculation showing that the commingled production will not have less value than the individual streams Ownership of the production from both zones is common as to royalty, overriding sold separately. This lease is on Federal land. Copies of this application are being submitted This lease is on rederal land. Copies of this application are being submitted to the United States Geological Survey and to the offset operators shown on royalty, and working interests. the attached list. Very truly yours, IMPERIAL-AMERICAN MANAGEMENT COMPANY Darol DKR:1b Attachments

507 Midland Gavings Building - Midland, Texas 79701 - 915-684-8241

LIST OF OFFSET OPERATORS

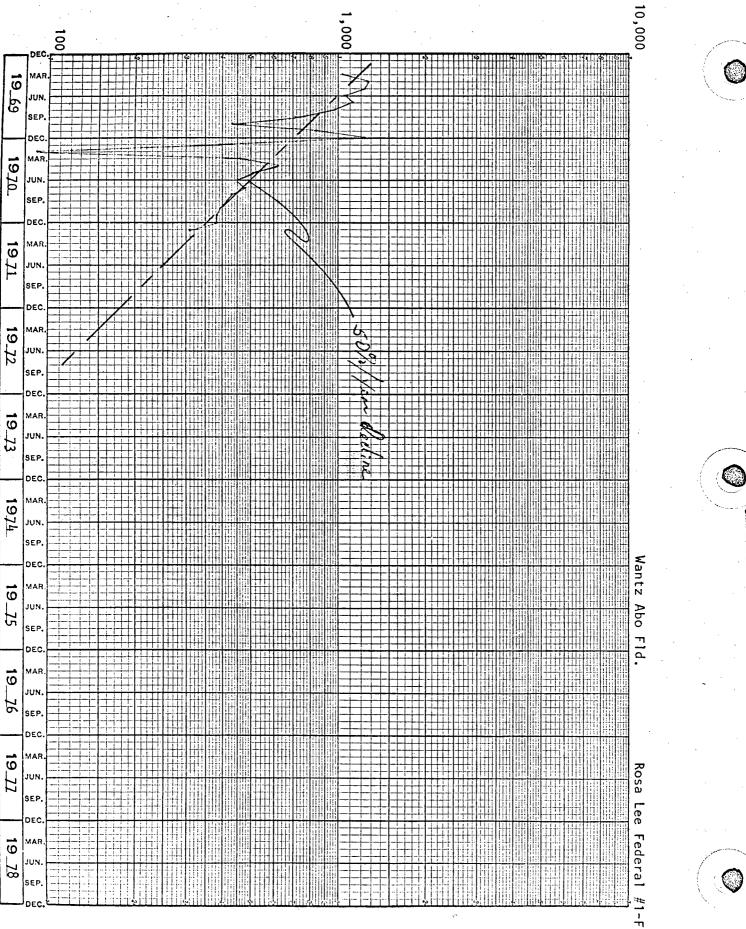


Gulf Oil Co. - U.S. P. O. Box 1938 Roswell, New Mexico

Continental Oil Company P. O. Box 460 Hobbs, New Mexico 88240

C-116 Revised 1-1-65

		у ние орд ени еррориенс роот нисов	Report casing pressure in lieu of tubing pressure for any well producing through casing. Mail original and one copy of this report to the district office of the New Mexico Oil Conservation Commission in accordance with Pute 301 and appropriate pool rules.	Gas volumes must be reported in MCF measured at a pressure base of 15,025 psia and a temperature of 60° will be 0,60.	During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order increased allowables when authorized by the Commission.	No well will be assigned an allowable greater than the amount of oil produced on the official test.								Rosa Lee Federal 1	WANTZ ABO POOL		Rosa Lee Federal 1	DRINKARD POOL		LEASE NAME NO.		Address 507 Midland Savings Bldg., Mid	Operator Imperial-American Management Co.
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GRAPH PAPER ®



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BAROID DIVISION NATIONAL LEAD COMPANY

PETROLEUM INDUSTRY CHEMICALS

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BAROID DIVISION NATIONAL LEAD COMPANY

PETROLEUM INDUSTRY CHEMICALS

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OFFICE PHONE PIC ENGINEER DIST. NO. ADDRESS HOME PHONE 393-8622 Cliff G. Gardner 21 Eunice, New Mexico 394-2421 DATE DISTRIBUTION TESTED BY CUSTOMER AREA OR DISTRICT OFFICE Cliff G. Gardner 9-9-70 X PIC ENGINEER OR DIC LAB PIC SALES SUPERVISOR

gravity.

DATA SHEET

Request for Down-Hole Commingling Imperial-American Management Co. Rosa Lee Federal No. 1

I. Estimated Bottom Hole Pressure

A. Drinkard Pool Completion

This zone has not been producing in this well. Offset wells have exhibited performance which we believe indicates the following:

Estimated Operating BHP - 200 psi Estimated Static BHP - 600 psi

B. Wantz Abo Pool Completion

Lower zone, cannot obtain fluid levels. Pressure is low enough to limit pump efficiency to 25%.

> Estimated Operating BHP - 300 psi Estimated Static BHP - 800 psi

11. Value of Commingled Production

Oil from the Wantz Abo is being sold to The Permian Corporation; the commingled production will also be sold to them. The price is based on Atlantic Richfield's posting for West Texas-New Mexico intermediate grade crude, with a top price of \$3.56/bbl. for 40 deg. API and a 2¢/degree price differential for each degree below 40 degree API.

The Drinkard zone oil normally is 38.5 deg. API with a price of \$3.52/bbl. The Wantz Abo oil is normally 39.5 deg. API with a price of \$3.54/bbl. At the test rates of production the gravity of the mixture should be at least 39.0 deg. API and receive a price of \$3.54/bbl.

Drinkard -	Avg.	Price \$3.52/bbl. x 4	BOPD equals	\$14.00/day
Wantz Abo -	Avg.	Price \$3.54/bbl. x 15	BOPD equals	<u>53.10</u> /day
				\$67.18/day
Mixture -	Avg.	Price \$3.54/bbl. x 19	BOPD equals	\$67.26/day

DATA SHEET - continued

Request for Down-Hole Commingling Imperial-American Management Co. Rosa Lee Federal No. 1

No loss in value of product should result from commingling this production in the well bore.

Darol K. Ramey