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Jason Kellahin
Of Counsel

March 20, 1989

RECEIVED

MAR 21 1989

OIL CONSERVATION DIVISION

HAND-DELIVERED

Mr. William J. LeMay
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: Application of Parker &
Parsley Petroleum Company
for Downhole Commingling,
Pardue Farms #27 Well No. 4
Eddy County, New Mexico

Dear Mr. LeMay:

On behalf of Parker & Parsley Petroleum Company, please find enclosed our Application for approval to downhole commingle production from the South Culebra Bone Springs and the Undesignated Brushy (Delaware) Canyon in the Pardue Farms #27 Well No. 4.

We would appreciate this application being set for hearing at the next available Examiner's docket now scheduled for April 12, 1989.

By copy of this letter including a copy of the application, we are sending by certified mail, return-receipt requested notification of this Application and hearing date to all offsetting operators. They are advised of their right to appear at the hearing either in support of or in opposition to the Application.

Very truly yours,



W. Thomas Kellahin

WTK/rs
Encl.

cc: Randy Johnson - Parker & Parsley Petroleum Company

Certified Mail:

Parties listed on Exhibit C of Application.

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

RECEIVED

MAR 21 1989

IN THE MATTER OF THE APPLICATION
OF PARKER & PARSLEY PETROLEUM COMPANY
FOR A DOWNHOLE COMMINGLING,
EDDY COUNTY, NEW MEXICO

OIL CONSERVATION DIVISION

Case No. 9647

A P P L I C A T I O N

COMES NOW, PARKER & PARSLEY PETROLEUM COMPANY, by and through its attorneys, Kellahin, Kellahin & Aubrey, and applies to the New Mexico Oil Conservation Division for an order approving the downhole commingling of production from the undesignated Brushy (Delaware) Canyon formation and the South Culebra Bluff Bone Springs Oil Pool in its Pardue Farms #27 Well No. 4 located 660' FSL and 660' FEL (Unit P) of Section 27, T23S, R28E, Eddy County, New Mexico and in support thereof would show:

1. Applicant is the operator of the Pardue Farms #27 Well No. 4 located 660' FSL and 660' FEL of Section 27, T23S, R28E, NMPN, Eddy County, New Mexico as set forth on the plat of the area attached hereto as Exhibit A.

2. The 40 acres consisting of the SE/4 SE/4 of Section 27 is dedicated to the undesignated Brushy (Delaware) Canyon production and 80 acres consisting of the S/2 SE/4 of said Section 27 is dedicated to the South Culebra Bluff Bone Springs Pool production.

3. Applicant proposes that the commingled production be allocated to the well based upon the allocation formula set forth on Exhibit B attached hereto.

4. Applicant has notified all of the offsetting operators shown on Exhibit C of this application and its request that this matter be heard at the Examiner's hearing now scheduled for April 12, 1989.

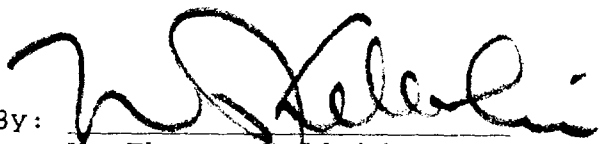
5. The subject well is only capable of relatively low rates of production from the South Culebra Bone Springs pool.

6. While the well is capable of oil production from the undesignated Brushy (Delaware) Canyon formation in excess of 10 barrels of oil per day it requires artificial lift of that production.

7. The approval to downhole commingle production will allow the operator the opportunity to produce the remaining reserves in the South Culebra Bone Springs formation thereby avoiding waste of oil from a formation which will otherwise be abandoned.

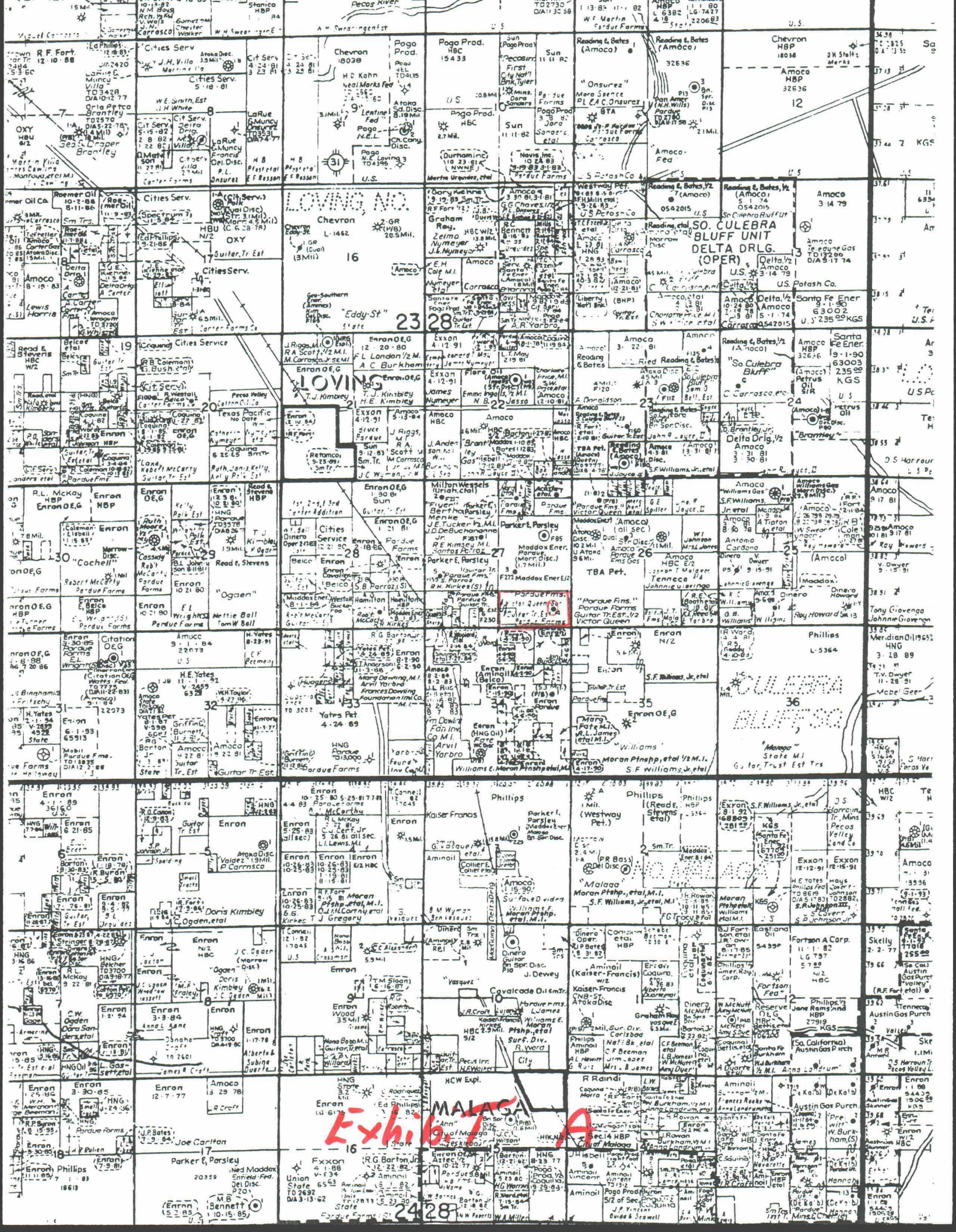
WHEREFORE, applicant requests that this matter be set for hearing and that after notice and hearing, the application be granted as requested.

Respectfully submitted,

By: 

W. Thomas Kellahin
Kellahin, Kellahin & Aubrey
Post Office Box 2265
Santa Fe, New Mexico 87504

(505) 982-4285



ALLOCATION OF PRODUCTION

Oil Production:

Brushy Canyon	35 BOPD	97%
Bone Springs	1.2 BOPD	3%
TOTAL	36.2 BOPD	100%

Gas Production:

Brushy Canyon	80 MCFPD	92%
Bone Springs	7 MCFPD	8%
TOTAL	87 MCFPD	100%

EXHIBIT C OF APPLICATION FOR
PARKER & PARSLEY PETROLEUM COMPANY

Amoco Production Company
P.O. Box 4072
Houston, Texas 79760

HNG Oil Company
c/o Enron Oil & Gas Company
P.O. Box 2267
Midland, Texas 79702

Ms. Billie Queen
Route 211 Ash Road
Loving, New Mexico 88256

Mr. Milton Wessels
P.O. Box 940
Marble Falls, Texas 77090