

According to State of New Mexico Energy and Mineral Department Oil Conservation Division Rule 303 - Segregation of Production From Pools - paragraph C, item 2 the following information is submitted:

- a) OGR Operating Co., Inc.
1140 Two First City Center
Midland, Texas 79701
- b) Kemnitz 17 State
Well No 1
Unit H, 1980' FNL, 910' FEL
Section 17, T16S, R34E
Lea Co., New Mexico
Kemnitz Cisco
Kemnitz Lower Wolfcamp
- c) attached plat
- d) attached Form C-116's
- e) Inadequate production history for decline curve development.
Well history is included in cover letter.
- f) Fluid level surveys ran on both zones while pumping indicate operating fluid levels at the pump at approximately 10,000'
- g) The Cisco produces 44° API gravity sweet crude oil plus a small amount of water which separates in a normal production heater treater without problem. The Lower Wolfcamp produces 40° API gravity sweet crude oil with no water.
- h) The purchase price of crude oil from each zone is the highest posted price from the purchaser so no revenue would be lost by commingling but the production rate would be doubled.
- i) The allocation of production to each well would be made according to the attached Form C-116 percentage of each individual well's production of the combined production.
- j) attached letter and list of offset operators notified by such

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AUG - 6 1985
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