



Southland Royalty Company

July 12, 1978

Mr. Joe D. Ramey
Energy and Minerals Department
Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87501

RE: Southland Royalty Company
State No. 7
Unit C, Sec. 2, T-21-S,
R-37-E
Lea County, New Mexico
Blinebry & Drinkard Fields

Dear Sir:

Your administrative approval is requested for an exception to Rule 303-C to downhole commingle marginal production in the above referenced well from the Blinebry and Drinkard zones.

There is no evidence of fluid incompatibility and we do not expect any waste or reservoir damage due to downhole commingling in the well bore. Ownership in the two pools is common, and correlative rights will not be violated. The total value of the crude will not be reduced by commingling. Neither the Blinebry or Drinkard zones will flow and downhole commingling will allow the recovery of additional hydrocarbons from this well by pumping of both zones together. Should secondary recovery operations become practical in the future, the two zones could be separated at that time without damaging either reservoir.

The subject well was completed in the Blinebry zone in May 1954. In May 1973 original Blinebry perforations were squeezed off and additional Blinebry was perforated. In December 1974, the Blinebry was squeezed off, well drilled deeper to TD of 6996' and liner set to 6945. The Drinkard only was produced from December 1974, until February 1978, at which time production had declined to 10.5 BOPD and 142 MCF/D, 11 BWPD. The well was being pumped in the Drinkard.

In February 1978, a bridge plug was set at 5970' sealing off the Drinkard and well recompleted to Blinebry to initially pump 14 BOPD, 90 MCF/D & 3 BWPD. The well continues to be completed in

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E. 223, N. 12.