

Collins & Ware, Inc.
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December 22, 1998

State of New Mexico Energy, Minerals
and Natural Resources Department
Oil Conservation Division
P. O. Box 1980
Hobbs, New Mexico 88241-1980

Re: Downhole Commingling
State DA #4
API No. 30-025-06619

Gentlemen,

Collins & Ware, Inc. respectfully requests an exception for the State DA No.4 to Statewide Rule 303. This well is currently producing from the Blinebry Pro Gas Pool (72480) and the Drinkard Pool (19190).

In 1975 The above mentioned well was recompleted in the Blinebry and Drinkard formations. In November 1995 Amerada Hess Corporation downhole commingled the zones without filing for an exception to Rule 303. Collins and Ware, Inc. purchased this lease and took over operations July 1, 1996. Collins and Ware had planned a workover on this well which would have made it a single zone producer, however after reviewing offset recompletions the workover was never performed. Since this time a Downhole Commingling permit was never submitted. Collins and Ware would like to rectify this situation by submitting the permit for the Downhole Commingling of the two zones. In a letter dated September 25, 1996 from Chuck Sledge to Jerry Sexton proposed allocations for the two zones were submitted based on percentages of cumulative production from each zone as follows:

	<u>GAS</u>	<u>OIL</u>
Drinkard	51%	91%
Blinebry	49%	9%

We would like to continue with these allocations as previously submitted. Please find attached the Application for Downhole Commingling and the letter dated September 25, 1996

Please notify me if you have any questions or recommendations concerning this matter

Sincerely



Erick W. Nelson

Operations Engineer

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