

*Must go to hearing
no recommendation made*

EXXON COMPANY, U.S.A.
POST OFFICE BOX 1600 • MIDLAND, TEXAS 79702-1600

PRODUCTION DEPARTMENT
SOUTHWESTERN DIVISION

May 16, 1988

Downhole Commingling
Simultaneous Dedication
N. G. Penrose Well No. 1
Unit B, Section 13, T22S, R37E
Lea County, New Mexico

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

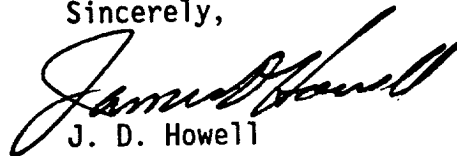
Attention: Mr. David R. Catanach

Exxon Corporation requests an exception to New Mexico Oil Conservation Division Rule 303-A to permit downhole commingling of production from the Blinebry Oil & Gas, Drinkard and Tubb Oil & Gas Pools in the captioned wellbore. Since we expect the Tubb Oil & Gas Pool completion to be gas, we also request simultaneous dedication of a 160 acre gas proration unit in the northeast quarter of Section 13 to N.G. Penrose Wells 1, 2 and 4. Please set this matter for consideration at the June 8, 1988 examiner hearing.

Well No. 1 is currently a marginal multiple completion in the Blinebry and Tubb. The Blinebry last tested 8 mcf/gpd, but has not produced since 1977. The Tubb last tested 17 mcf/gpd and appears to be loading with condensate. Exxon proposes to pull the current dual production equipment, add the Drinkard and install artificial lift to produce the remaining reserves in all three zones. Since separate testing of the zones before commingling would make the proposal prohibitively expensive, we ask that no such requirement be imposed.

A completed NMOCD Form C-102 for the Tubb is attached, as is the data described in Rule 303 (C)(2). All offset operators have been notified by copy of this letter and its attachments.

Sincerely,


J. D. Howell

JDH:jr
Attachments

Certified Mail - w/attachments
c: Mr. James Bruce
Offset Operators
Mr. Jerry Sexton, NMOCD, Hobbs, NM
2 copies to addressee

RECEIVED

MAY 18 1988

OLD
HOBBS OFFICE