



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

GARREY CARRUTHERS
GOVERNOR

5-17-89

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241 1980
(505) 393-6161

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

940-727

RE: Proposed:

MC _____
DHC ☒ _____
NSL _____
NSP _____
SWD _____
WFX _____
PMX _____

Gentlemen:

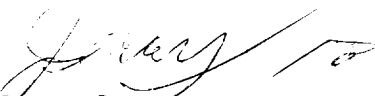
I have examined the application for the:

American Expl. & Prod. Co. McCallister #1-C 7-22-38
Operator Lease & Well No. Unit S-T-R

and my recommendations are as follows:

OK

Yours very truly,


Jerry Sexton
Supervisor, District 1

/ed



American Exploration Company

May 12, 1989

Re: Application for Downhole
Commingling of the
Blinebry/Drinkard/Abo Pools
McCallister No. 1
Sec. 7, T22S, R38E
Lea County, New Mexico

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

Attn: Mr. David Catanach

Gentlemen:

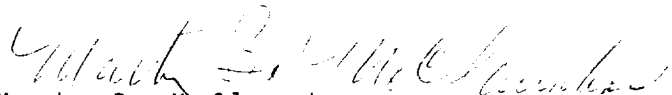
American Exploration Company respectfully requests administrative approval for amending DHC-80 under the provisions of Rule 303-C to downhole commingle the Blinebry/Drinkard/Abo pools in the McCallister No. 1. This well is presently completed in the So. Brunson Drinkard Abo Pool and produces 18 BOPD, 76 MCFPD and 9 BWPD. We recently tested the Blinebry unsuccessfully and the attached reflect only that information relative to the addition of the Blinebry Zone after the recent workover.

A summary of information required for commingling is attached. Additionally, American has a 100% interest in this lease and the royalty interests of each zone are common. Based on the information we have gathered, we believe the request to commingle is justified in the interest of conservataion.

If there are any questions, please contact the undersigned as soon as possible.

Very truly yours,

AMERICAN EXPLORATION COMPANY


Marty B. McClanahan
Sr. Production Analyst

MBM:mm
Encl.

cc: Mr. J. T. Sexton
New Mexico Conservation Division
P. O. Box 1980
Hobbs, New Mexico 88240

McCallister No. 1
Information for Downhole Commingling

- a. Operator: American Exploration Company
2100 RepublicBank Center
Houston, Texas 77002
- b. Lease, Well Location and Pools:
McCallister No. 1
660' FEL & 1980' FWL of Sec. 7, T22S, R38E
Lea County, New Mexico
Blinebry/Drinkard/Abo Pools
- c. Acreage Dedication (40 acres) Form C-102 is attached. Offset operators are listed on schedule attached.
- d. Commingling Computations - Attached.
- e. Allocation of Production - based on latest production tests.

	<u>Oil</u>	<u>Gas</u>	<u>Water</u>
Abo	88%	90%	90%
Drinkard	12%	10%	10%
Blinebry	0%	0%	0%

- f. Notification to Offset Operators.
A copy of the notice sent to offset operators.
- g. A complete resume of the well's completion history.



American Exploration Company

May 12, 1989

Re: Notification of Intent to
Commingle the Blinebry/
Drinkard/Abo Pools
McCallister No. 1
1980' FWL & 660' FNL of
Sec. 7, T22S, R38E
Lea County, New Mexico

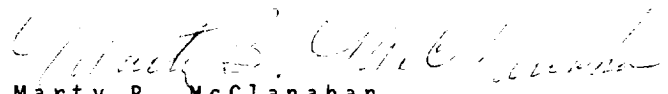
OFFSET OPERATORS
MCCALLISTER NO. 1

Gentlemen:

In accordance with New Mexico Oil Conservation Division regulations, you are hereby notified of American Exploration Company's application to downhole commingle production from the Blinebry/Drinkard/Abo pools in the McCallister No. 1 Lease.

Very truly yours,

AMERICAN EXPLORATION COMPANY


Marty B. McClanahan
Sr. Production Analyst

MBM:mm

LIST OF OFFSET OWNERS
MCCALLISTER No. 1 LEASE

NE/4 NW//4-7, T22S, R38E

John H. Hendrix Corp. (NW/4 NW/4, SE/4 NW/4-7)
223 W. Wall, Suite 525
Midland, Texas 79701

Zachary Oil Operating Co. (SW/4-6)
1212 Commerce Building
Fort Worth, Texas 76102

J. G. 20 Properties, Inc. (SW/4 NW/4-7)
P. O. Box 796
Monahans, Texas 79756

Neville G. Penrose Estate (SW/4-6)
201 Main Street
Fort Worth, Texas 76102

MEMORANDUM

TO WHOM IT MAY CONCERN:

Pursuant to Rule 303 (C) (2) (i) of the rules and regulations of the State of New Mexico for downhole commingling, the following formula should apply as to the production allocation for the new zone added to the following well:

McCallister No. 1 located in Unit C; 660' FNL and 1980' FWL of Section 7, T22S, R38E, Lea County, New Mexico.

Prior Production (Before Recent Workover)

°485 BOPM @ 9% Decline

$$\frac{(\text{Initial Prod.}) - (\text{Economic Limit}) (12 \text{ Mo.})}{-\ln (1-\text{decline})} = \text{Total Production Rem.}$$

(485-45)(12)

$-\ln (1-.09) = °56,000 \text{ BO}$

485 BOPM (IP)

45 BOPM (E.L.)

9% decline

Current Production (After Workover)

°485 BOPM @ 9% Decline

(485-45)(12)

$-\ln (1-.09) = °56,000 \text{ BO}$

0 Reserves for new zone