

ARCO Oil and Gas Company  
Permian District  
Post Office Box 1610  
Midland, Texas 79702  
Telephone 915 684-6100



August 14, 1979

Mr. Joe D. Ramey  
Oil Conservation Division  
New Mexico Department of Energy & Minerals  
P. O. Box 2088  
Santa Fe, New Mexico 87501

RE: State Y No. 7  
Section 25, T-25-S, R-37-E  
Lea County, New Mexico  
Application to downhole commingle the  
Blinebry and Montoya zones.

Dear Sir:

ARCO Oil & Gas Company requests administrative approval under the provisions of Rule 303-C to downhole commingle Blinebry and Montoya production in the State Y No. 7, located in Section 25, T-25-S, R-37-E of Lea County, New Mexico.

Production from the Blinebry, Montoya, and Fusselman zones is presently commingled at the surface (Order #R-1337) with no indication of fluid incompatibility. Since the crudes are commingled at the battery before sale, no change in value will result from commingling the production downhole. Ownership of both zones is common, and commingling will not violate correlative rights.

State Y #7 is a dual completion, producing from both the Blinebry and the Montoya by artificial lift. Blinebry oil production has steadily decreased from a high of 62 BOPD in April, 1978 to a present average of 8 BOPD. Blinebry water production averages less than 1 BWPD. The Montoya zone has steadily produced an average of 15 BOPD for the last 2-½ years with erratic water production. Decline curves indicate an average of 60 BWPD, while the most recent productivity test measured 25 BWPD from the Montoya. Sufficient artificial capacity will be available to lift the anticipated 90 barrels of total fluid production and prevent fluid buildup in the wellbore and possible contamination of the two producing zones.