

CASE NO. 111278

Order No. R-10371

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(15) A more accurate method of allocating production from the subject wells should be utilized.

(16) Production from the wells within the subject area should be allocated as follows:

- a) for existing wells where production history from both zones is available, the allocation of production should be determined by such production history;
- b) for existing wells where production history from only one zone is available, the applicant should be required to calculate remaining recoverable reserves from each zone and the allocation of production should be determined utilizing these calculations;
- c) for newly drilled wells, the applicant should be required to obtain a stabilized test rate from the Blinebry zone and a stabilized test rate from the commingled Blinebry/Tubb-Drinkard zones. The allocation of production should be determined on the basis of such flow tests.

(17) The applicant should be required to submit the data described in Finding No. (16) above to the Santa Fe office of the Division for approval of the allocation percentages determined for each well within the subject area.

(18) The applicant should notify the supervisor of the Division's Hobbs district office of the date and time of the conductance of flow tests on the newly drilled wells within the subject area in order that these tests may be witnessed.

(19) The operator should immediately notify the supervisor of the Hobbs district office of the Division any time any of the subject wells have been shut-in for seven consecutive days and shall concurrently present, to the Division, a plan for remedial action.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Texaco Exploration and Production Inc., is hereby authorized to downhole commingle Justis-Blinebry and Justis Tubb-Drinkard Pool production within those existing and subsequently drilled wells located within the following described area in Lea County, New Mexico: