



CHACE OIL COMPANY, INC.

313 Washington S.E.
Albuquerque, New Mexico 87108
(505) 266-5562

February 17, 1983

Mr. Gilbert Quintana
Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87501

Mr. Frank T. Chavez
Oil Conservation Division
1000 Rio Brazos Road
Aztec, NM 87410

Gentlemen:

The following report is submitted to document and present an allocation of production formula for five (5) commingled wells owned and operated by Chace Oil Company, Inc.

The subject wells are completed in the Chacon Dakota Associated Pool, as well as an Undesignated Gallup Member or Members. Descriptions of the well locations and Conservation Division Order Numbers are listed below:

<u>Well:</u>	<u>Description:</u>	<u>Order No.:</u>
#1-47-JV	I-12-23N-04W	DHC-388
✓Chace Apache 15-2	I-20-23N-04W ³⁰⁾	R-7178
Chace Apache 15-3	F-20-23N-03W	DHC-389
Chace Apache 54-10	I- 3-22N-03W	DHC-393
Chace Apache 54-11	K- 3-22N-03W	DHC-394

Evaluation of the production histories of the offset wells and the subject wells, nearby test data, and our (in house) reserves study of the producing zones has enabled us to conclude that the Gallup and Dakota zones are capable of low to marginal production only, and that allocation of production attributable to each zone has been derived by reserve determination for oil and test data for gas.

Mr. Gilbert Quintana
Mr. Frank T. Chavez

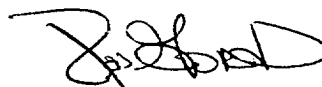
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The allocation of production formula for the two zones is presented below for each well:

<u>Well:</u>	<u>Gallup:</u>	<u>Dakota:</u>
#1-47-JV		
Oil	25%	75%
Gas	TSTM	TSTM
✓Chace Apache 15-2		
Oil	21%	79%
Gas	44%	56%
Chace Apache 15-3		
Oil	21%	79%
Gas	44%	56%
Chace Apache 54-10		
Oil	27%	73%
Gas	44%	56%
Chace Apache 54-11		
Oil	18%	82%
Gas	44%	56%

This report is submitted in compliance with the conditions set forth in the Oil Conservation Commission Orders, (referenced above), which grant Chace Oil Company, Inc. approval for downhole commingling in the subject wells.

Very truly yours,



Ron Gordon
Geologist



Ross Easterling
Landman

RE/ss

PRODUCTION HISTORY

Field: Chacon
Well: Chace Apache 15-2
Initial Production: 8/1977
Zones Completed: Dakota
Previous Year, (1982), by Month:

	<u>Oil/Bbls.</u>	<u>Gas/MCF</u>
January	8	304
February	23	171
March	0	0
April	0	0
May	0	0
June	0	0
July	0	0
August	0	0
September	129	12
October	13	26
November	See other sheet	
December	See other sheet	
<u>Total:</u>	173	513

Historical by Year:

	<u>Oil/Bbls.</u>	<u>Gas/MCF</u>
1981	1612	3614
1980	1706	5392
1979	2583	10190
1978	5582	8299
1977	4608	4212
<u>Total Cumulative Prod.:</u>	16264 Bbls.	32220 MCF

Remarks: This is production prior to workover of 11/1982.

PRODUCTION HISTORY

Field: Chacon

Well: Chace Apache 15-2

Date of Workover: 11/8/82

Zones Recompleted: Dakota, Greenhorn, Tocito, Gallup

Production, (by month), since workover:

	<u>Oil/Bbls.</u>	<u>Gas/MCF</u>
November	623	318
December	<u>266</u>	<u>33</u>
<u>Total:</u>	889	351

GUARANTY OIL COMPANY
RESERVE DATA & OIL RESERVES
VOLUMES @ 14.73 PSIA & 60° F.

AREA Chacon '15' area COUNTY Sandoval
STATE New Mexico DATE 1-1-83
RESERVES as of

Geological Age
Reservoir Name
Average Depth
Limiting Contact
No. Wells Producing
Productive Area, Acres
Average Net Sand, Feet
Reservoir Volume, Ac. Ft.
Average Porosity, %
Average Connate Water, %
Liquid Specific Gravity, API
Formation Volume Factor
Orig. Oil in Place, Bbl./Ac. Ft.
Orig. Oil in Place Reservoir, Bbls.
Oil Recovery Factor, %
Orig. Recoverable Oil, Bbls.
Cum. Oil Production, Bbls.
Remaining Rec. Oil, Bbls.
% of O.R.R. attributable
to each formation

Callup Assoc. 15-2	Dakota 15-2	Call Assoc. 15-3	Dakota 15-3		
40	160	40	160		
48	49	55	56		
1920	7840	2200	8960		
6.0	8.0	6.0	8.0		
60	50	60	50		
1.160	2.105	1.160	2.105		
160	147	160	147		
307200	1152480	352000	1317120		
5	5	5	5		
15360	57624	17600	65856		
187	16966	28	12346		
15173	40658	17572	53510		
21%	79%	21%	79%		

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PRODUCTION - OFFSETTING WELLS

Commencing Study

<u>Chace Well</u>	<u>Offsetting Well</u>	<u>Location</u>	<u>Date I. P.</u>	<u>1-1-83 Cum. Prod.</u>	<u>Zones Completed</u>
47-1-JV	None				
15-2	Chace 15-1	NE, NE Sec. 20 T23N, R4W	4/1977	17,931 B. O. 106,980 MCF	Dakota
15-3	As above				
54-10	Chace 54-1	NE, NE Sec. 3 T22N, R3W	11/1978	9,558 B. O. 84,276 MCF	Dakota
54-11	Chace 54-9	NE, NW Sec. 3 T22N, R3W	8/1981	9,009 B. O. 4,854 MCF	Dakota

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Commingling Study

TEST DATA

Well: Amoco Production Company
#2-396 Jicarilla

Location: SE/4, Section 8, T23N,R3W
Rio Arriba County, New Mexico

Dakota Zone - Pressure @ 7600' 2094 PSIA

<u>Date</u>	<u>Choke</u>	<u>FTP</u>	<u>Oil Rate Bbls/Day</u>	<u>Gas Rate MCFD</u>
8-14-82	20/64	220	22	663
8-15-82	20/64	220	20	606
8-16-82	20/64	200	15	630
8-17-82	20/64	200	16	583
8-21-82	20/64	210	13	591
8-22-82	20/64	210	13	591
8-23-82	20/64	210	14	548
8-24-82	20/64	210	20	571

Gallup Zone - Pressure @ 7400' 2010 PSIA

<u>Date</u>	<u>Choke</u>	<u>FTP</u>	<u>Oil Rate Bbls/Day</u>	<u>Gas Rate MCFD</u>
9-3-82	20/64	240	22	539
9-4-82	20/64	225	15	447
9-5-82	20/64	210	15	427
9-6-82	20/64	210	18	478
9-7-82	20/64	190	13	427
9-8-82	20/64	240	22	539
9-9-82	20/64	200	11	427