



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

February 15, 1983

TONY ANAYA
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Administrative Order No. DHC-394

Chace Oil Company, Inc.
313 Washington S.E.
Albuquerque, New Mexico 87108

Attention: Mr. Ross Easterling

Re: Jicarilla Apache 54 Well No. 11,
1850 feet FSL and 1850 feet FWL,
Unit K, Sec. 3, T-22-N, R-3-W,
Sandoval County, Undesignated
Gallup and Chacon Dakota Asso-
ciated Pools

Gentlemen:

Reference is made to your recent application for an exception to Rule 303-A of the Division Rules and Regulations to permit the subject well to commingle the production from both pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303-C, and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above.

In accordance with the provisions of Rule 303.C.4., total commingled oil production from the subject well shall not exceed 40 barrels per day, and total water production from the well shall not exceed 80 barrels per day. The maximum amount of gas which may be produced daily from the well shall be determined by multiplying 2000 by top unit allowable for the Chacon Dakota Associated Pool.

The operator shall develop an allocation formula suitable to the supervisor of the Aztec District Office and document

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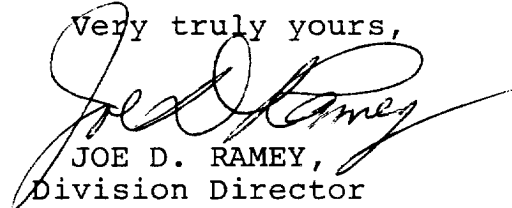
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OIL CON. DIV.
DIST. 3

such allocation formula to the District Supervisor and this office by March 1, 1983.

Pursuant to Rule 303-C 5, the commingled authority granted by this order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Very truly yours,



JOE D. RAMEY,
Division Director

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