



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	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

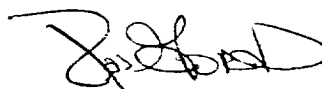
Page Two

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 54-10
Initial Production: 11/1982
Zones Completed: Dakota, Greenhorn, Tocito
Production History:

	<u>Oil/Bbls.</u>	<u>Gas/MCF</u>
November	1901	0
December	<u>1424</u>	<u>0</u>
<u>Total:</u>	3325	0

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

PRODUCTION - OFFSETTING WELLS

Commencing Study

<u>Chace Well</u>	<u>Offsetting Well</u>	<u>Location</u>	<u>Date I. P.</u>	<u>Cum. Prod.</u> 1-1-83	<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

Chace Oil Company, Inc.
313 Washington, SE
Albuquerque, NM 87108

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