

well file

Energy Reserves Group, Inc.
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Phone 307 265 7331



Energy Reserves Group

August 15, 1978

State of New Mexico
Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico 87501

Re: Application of Energy Reserves Group, Inc. for Downhole Commingling.
Rio Arriba County, New Mexico.

Gentlemen:

Energy Reserves Group, Inc., submits this application requesting approval to commingle downhole the production from the South Blanco Pictured Cliffs and Otero Chacra in the wellbore of the Jicarilla 35 Well No. 3 which is located in Unit Letter B, Section 2, T24N-R5W. The following is supplied as supporting data:

1. The well is owned and operated by Energy Reserves Group, Inc.
2. Form C-116 showing the production of the subject well from the Pictured Cliffs and Chacra for the month of April, 1978.
3. Production decline curves for both zones.
4. The estimated bottomhole pressure of the Pictured Cliffs is 198 psig and the Chacra is 304psig. Pressures are extrapolated from surface pressures. Underground waste would not be caused by commingling provided that the well is not shut-in for extended periods.
5. Both zones produce gas with a trace of water. The Pictured Cliffs gas gravity is .697 and the Chacra gas gravity is .670. Sufficient water is produced to restrict gas production.
6. The contracted price is the same for the gas from both zones; therefore, the combined price will be the same as the individual prices.
7. All offset operators, by copy of this application, have been notified.

8. It is requested that allocation be based on the average daily production for the first four months of 1978. The Pictured Cliffs has averaged 40.5 MCFPD and the Chacra 55.3 MCFPD; therefore, the allocation as suggested would be 42% Pictured Cliffs and 58% Chacra.

Very truly yours,

ENERGY RESERVES GROUP, INC.



Terry J. Cox
Production Engineer
Rocky Mountain District

TJC/wrh

enc.