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STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

DRUG FREE

BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

ADMINISTRATIVE ORDER DHC-985

RECEIVED
FEB 2 4 1994
OIL CON. DIV.
DIST. 3

Meridian Oil, Inc.
P.O. Box 4289
Farmington, NM 87499-4289

Attention: Brian P. Ault

Jicarilla "95" Well No. 4-A
Unit D, Section 26, Township 27 North, Range 3 West, NMPM,
Rio Arriba County, New Mexico.
Gavilan-Pictured Cliffs and Blanco-Mesaverde Pools

Dear Mr. Ault:

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 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 and any Division Order which authorized the dual completion and required separation of the two zones is hereby placed in abeyance.

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 shall not exceed 80 barrels per day. The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule.

In accordance with the provisions of Rule 303-C, the supervisor of the Aztec District Office of the Oil Conservation Division shall determine the proper allocation of production from the subject well following its completion.

FURTHER: The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303-C-5, the commingling authority granted by the order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 18th day of February, 1994.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director

S E A L

WJL/DRC/amg

cc: Oil Conservation Division - Aztec
Oil Conservation Division - Data Processing
US Bureau of Land Management - Farmington

Ernie Busch

From: Ernie Busch
To: David Catanach; Ben Stone
Subject: MERIDIAN OIL INC (DHC) REVISED
Date: Tuesday, February 22, 1994 11:13AM
Priority: High

JICARILLA 95 #4A
D-26-27N-03W
RECOMMEND: APPROVAL

DAVID'

PLEASE DISCARD THE PREVIOUS MESSAGE FOR THE SAME ULSTR.

MERIDIAN OIL

January 19, 1994

New Mexico Oil Conservation Division
Attn: Mr. Bill LeMay
P.O. Box 2088
310 Old Santa Fe Trail
Santa Fe, New Mexico, 87501

RE: Jicarilla 94 and 95 Lease

• Jicarilla 94 #1A	SE/4, Section 22, T27N, R03W
• Jicarilla 94 #5A	NW/4, Section 23, T27N, R03W
• Jicarilla 94 #6A	SE/4, Section 27, T27N, R03W
• Jicarilla 95 #3A	NW/4, Section 35, T27N, R03W
• Jicarilla 95 #4A	NW/4, Section 26, T27N, R03W
• Jicarilla 95 #5A	NW/4, Section 25, T27N, R03W

Rio Arriba County, New Mexico
Downhole Commingling Request

Dear Mr. LeMay:

Meridian Oil Inc. is applying for an administrative downhole commingling order for the referenced wells in the Gavilan Pictured Cliffs and the Blanco Mesaverde fields. The ownership of the zones to be commingled is common. All offset interest owners shown on the attached plat and the Bureau of Land Management will receive notice of this commingling application.

The Mesaverde and Pictured Cliffs wells in this area are marginal economic producers based on current rates of 10-90 MCFD for each zone. A reserve study in the area predicts an ultimate recovery of 775 MMCF for the Mesaverde and 700 MMCF for the Pictured Cliffs wells. These reserves and the low current producing rates are uneconomic as separate zone projects. The projects are economic when commingled due to savings realized on surface facilities and tubulars. The only economical way to recover the Mesaverde and Pictured Cliffs reserves identified on the lease is to downhole commingle production from both zones in the wells proposed.

It is proposed to complete the Mesaverde formation and test its production. It is then proposed to set a bridge plug above the Mesaverde, perforate and stimulate the Pictured Cliffs, and test its production. The bridge plug will then be removed, and both zones produced through a single string of tubing. The reservoir characteristics of each of the subject zones are such that underground waste will not be caused by the proposed commingling. The fluids in the two reservoirs are compatible and no precipitates will be formed to cause damage to either reservoir (see attached fluid analyses and compatibility tests). The shut-in pressure for the Mesaverde and Pictured Cliffs are **550** and **490** psi, respectively.

The allocation of the commingled production will be calculated using flow tests from the Mesaverde and Pictured Cliffs during completion operations, and the surrounding production history from both producing intervals. Meridian will consult with the district supervisor of the Aztec NMOCD office for approval of the allocation.

FEB 21 [illegible]

OIL CO[illegible]