

State of New Mexico
ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT
Santa Fe, New Mexico 87505

OIL CONSERVATION DIVISION



ADMINISTRATIVE ORDER DHC-1093

J.K. Edwards and Associates
7415 East Main
Farmington, New Mexico 87402

RECEIVED
FEB 22 1990

OIL CON. DIV.
DHC 1093

Attention: Paul C. Thompson

*Hard Deal Well No. 2J
Unit H , Section 18, Township 26 North, Range 12 West, NMPM,
San Juan County, New Mexico.
WAW Fruitland Sand-Pictured Cliffs Pools and Basin Fruitland Coal Pools*

Dear Mr. Thompson:

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 20 barrels per day, and total water production shall not exceed 40 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.

VILLAGRA BUILDING - 408 Galisteo

Forestry and Resources Conservation Division
P.O. Box 1948 87504-1948
827-5830

Park and Recreation Division
P.O. Box 1147 87504-1147
827-7465

2040 South Pacheco

Office of the Secretary
827-5950

Administrative Services
827-5925

Energy Conservation & Management
827-5900

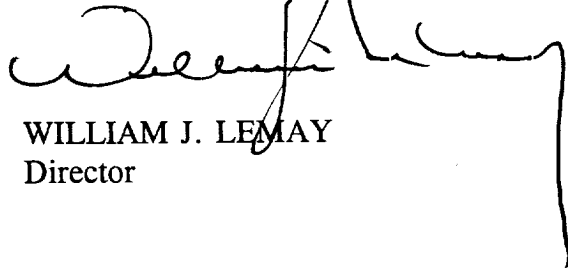
Mining and Minerals
827-5970

Oil Conservation:
827-7121

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 20th day of February, 1995.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

WJL/BES

cc: Oil Conservation Division - Aztec ✓
Bureau of Land Management - Farmington

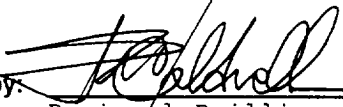
Ernie Busch

From: Ernie Busch
To: David Catanach
Subject: WALSH ENG & PROD CORP (DHC)
Date: Thursday, February 02, 1995 10:50AM
Priority: High

J.K. EDWARDS AND ASSOCIATES
HARD DEAL #2J
18-26N-12W
RECOMMEND: APPROVAL

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work DRILL	RECEIVED SEP 18 1994	5. Lease Number SF-080472
1b. Type of Well GAS SWD		6. If Indian, All. or Tribe
2. Operator MERIDIAN OIL	OIL CON. DIV. DIST. 3	7. Unit Agreement Name
3. Address & Phone No. of Operator PO Box 4289, Farmington, NM 87499 (505) 326-9700	8. Farm or Lease Name Jillson Federal SWD	9. Well Number 1
4. Location of Well 2305' FNL, 2415' FWL Latitude 36° 19' 32", Longitude 107° 10' 48"	10. Field, Pool, Wildcat Entrada	11. Sec., Twn, Rge, Mer. Sec 8, T-24-N, R-3-W NMMPM
14. Distance in Miles from Nearest Town 8 miles to Lindrith, NM	12. County Rio Arriba	13. State NM
15. Distance from Proposed Location to Nearest Property or Lease Line 2305'	17. Acres Assigned to Well 160	
18. Distance from Proposed Location to Nearest Well, Drlg, Compl, or Applied for on this Lease 1500'	20. Rotary or Cable Tools Rotary	
19. Proposed Depth 8800'	22. Approx. Date Work will Start 3rd quarter 1994	
21. Elevations (DF, FT, GR, Etc.) 6907' GR	23. Proposed Casing and Cementing Program See Operations Plan attached	
24. Authorized by:  Regional Drilling Engineer	Date <u>7-11-94</u>	

PERMIT NO. _____ APPROVAL DATE _____
 APPROVED BY (Original Signed) HECTOR A. VILLALOBOS AREA MANAGER
 TITLE RIO PUERCO RESOURCE AREA DATE SEP 16 1994

Archaeological Report to be submitted
 Threatened and Endangered Species Report to be submitted
 NOTE: This format is issued in lieu of U.S. BLM Form 3160-3



WALSH

ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting
Lease Management
Contract Pumping

7415 East Main
Farmington, New Mexico 87402
(505) 327-4892

January 22, 1995

Mr. William J. LeMay
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504-2088

RECEIVED
JAN 26 1995

OIL CON. DIV.
PAGE 3

Re: Application for Downhole Commingling
J.K. Edwards and Associates
Hard Deal #2J
1630' FNL, 950' FEL, Section 18, T26N R12W
San Juan County, New Mexico
NIIP Pictured Cliffs and Basin Fruitland Coal

Dear Mr. LeMay,

This is a request on behalf of J. K. Edwards and Associates, for administrative approval of the above referred to downhole commingling of the production from the NIIP Pictured Cliffs and Basin Fruitland Coal pools.

I have attached for your review a wellbore diagram, an acreage plat outlining the dedicated acreage, offset wells and offset operators. I have also included a proposed allocation formula with a short discussion of the history of the well.

The offset Pictured Cliffs and Fruitland Coal operators are being notified of this application by certified return receipt mail. Copies of these letters are enclosed.

Thank you for your consideration and approval of this application. If you have any questions please do not hesitate to call upon me.

Sincerely,

Paul C. Thompson

Paul C. Thompson, P.E.
President

cc: J. K Edwards and Associates

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

J. K. EDWARDS ASSOCIATES, INC. 011307

3. Address and Telephone No. c/o Walsh Engr. & Prod. Corp

7415 E. Main Street Farmington, N.M. 87402 505 327-4892

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

1630'FNL & 950'FEL
Section 18, T26N, R12W

5. Lease Designation and Serial No.

NM-22046

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Hard Deal #2J

9. API Well No.

30-045-22283

10. Field and Pool, or Exploratory Area

NIIP PC/Basin FR Coal

11. County or Parish, State

San Juan County, N.M.

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input type="checkbox"/> Altering Casing
	<input checked="" type="checkbox"/> Other <u>Downhole Commingle</u>
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

J. K. EDWARDS Associates seeks administrative approval to downhole commingle the production in the Hard Deal #2J from the NIIP Pictured Cliffs and Basin Fruitland Coal. Both Zones have been completed. Please refer to the attached exhibits.

- Exhibit #1 Wellbore Diagram
- Exhibit #2 Acreage Plat with Offset Wells
- Exhibit #3 Allocation Formula
- Exhibit #4 Letters to Offset Operators

RECEIVED
JAN 23 1995

OIL CON. DIV.
P.O. BOX 8

14. I hereby certify that the foregoing is true and correct

Signed Paul C. Thompson Title Paul C. Thompson, Agent Date 1/17/95

(This space for Federal or State office use)

Approved by _____ Title _____ Date _____
Conditions of approval, if any:

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

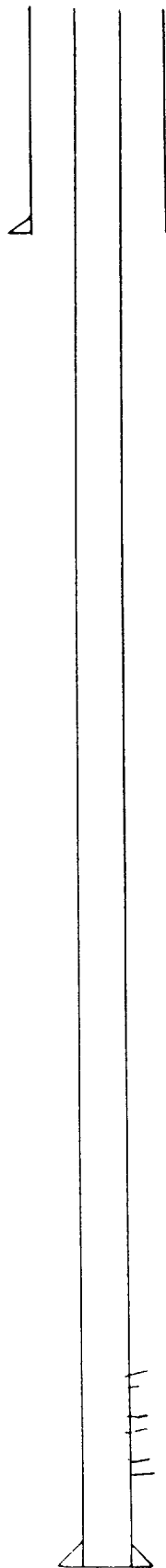
EXHIBIT #1

J. K. EDWARDS ASSOCIATES INC.

HARD DEAL #2J

1630'FNL & 950'FEL

Section 18, T26N, R12W



7" - 23# @ 89'GL
Cmt w/35 sxs

PC & Fruitland Coal fraced 12/6/94
with 5000 40/70 sand, 28,000# 20/40
sand and 8000# 12/20 sand in a 70%
nitrogen foam.

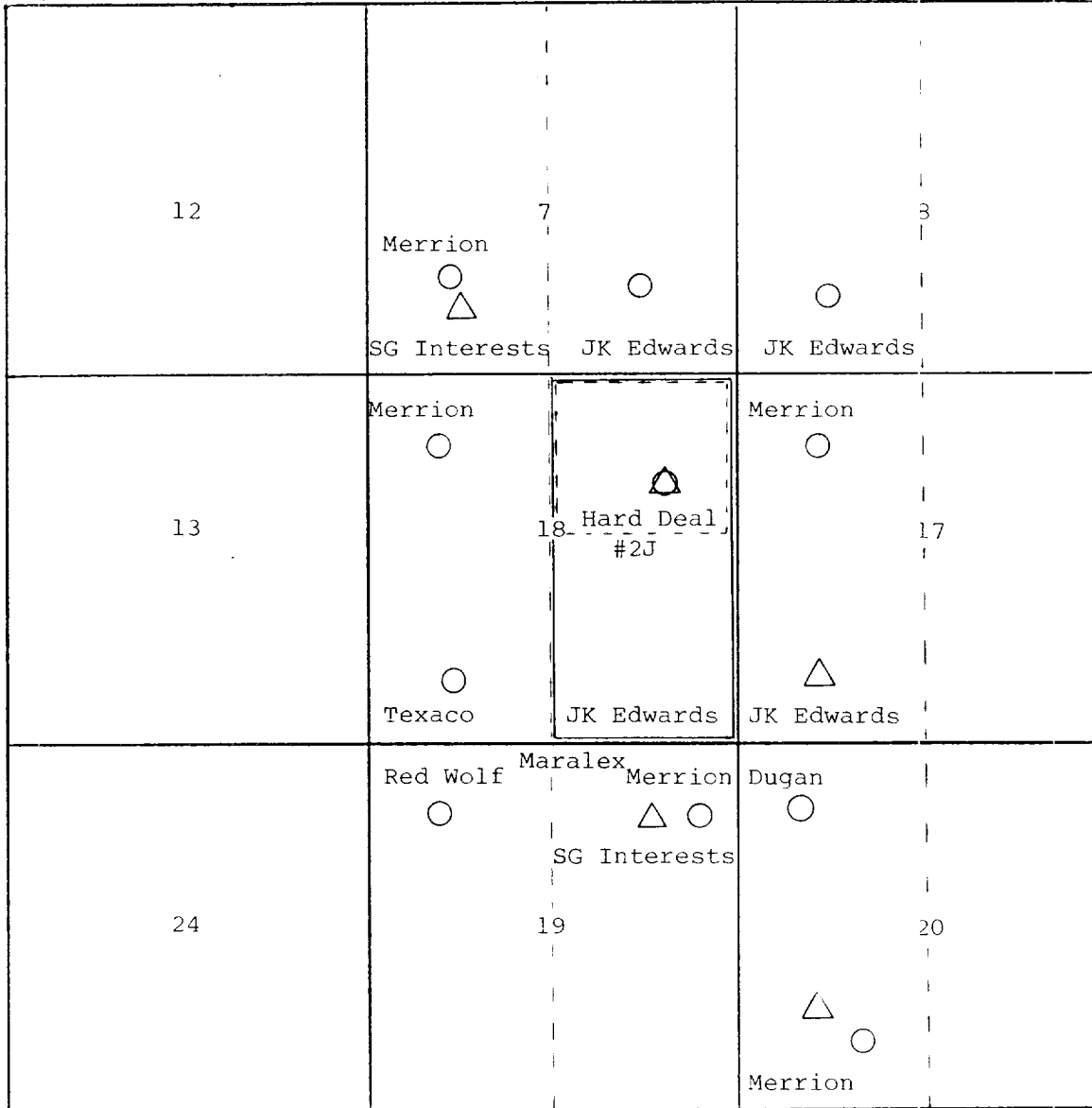
Fruitland Perfs 1086-1104' at 2 SPF

PC Perfs 1108-1118' and 1125-1132' at 1 SPF

2-7/8", 6.5# @ 1223'GL
Cmt w/75 sxs Lodense & 50 sx Neat
PBSD = 1189'GL

EXHIBIT #2

J. K. EDWARDS ASSOCIATES, INC.
 HARD DEAL #2J PC/FTC
 1630'FNL & 950'FEL
 Section 18, T26N, R12W



○ Fruitland Sand - Pictured Cliffs

△ Fruitland Coal

EXHIBIT #3

Hard Deal #2J
Commingling Application

Allocation Formula

The NIIP Pictured Cliffs was completed by the previous operator, Dugan Production, on February 5, 1981. The well has been producing from the Pictured Cliffs since 1981 into El Paso's gathering system. This marginal well has been assigned an "agreed to" volume of 3 MCFD by El Paso.

J. K. Edwards perforated the Basin Fruitland Coal zone on 12/5/94. Both the Pictured Cliffs and Fruitland Coal zones were foam fraced on 12/6/94. The two zones were completed together since there is only 4' difference between the Pictured Cliffs and Fruitland coal perfs and there was a high probability of communication. The Pictured Cliffs could not be squeezed without possible damage to the Fruitland Coal and a bridge plug could not be set between the two zones since the rat hole was needed for the installation of a pump.

Both zones have very similar bottom hole pressures (approximately 220 psig) so cross flow will not be a factor. While the Fruitland Coal is expected to produce more water, neither zone is fluid sensitive and the fluids from the two zones are compatible.

The ownership, including working interest, royalty and overriding royalty interests, is common.

Due to the Pictured Cliffs' long production history, J. K. Edwards proposes to continue to allocate 3 MCFD to the Pictured Cliffs, with any remaining production being allocated to the Basin Fruitland Coal.



J.K. EDWARDS ASSOCIATES
Hard Deal #2J
1630'FNL, 950'FEL, Section 18, T36N, R12W
San Juan County, New Mexico
Basin Fruitland Coal and NIIP Pictured Cliffs

LIST OF OFFSET OPERATORS

Texaco
3300 N. Butler
Farmington, New Mexico 87401

Maralex Inc.
Attn: Mickey O'Hara
P. O. Box 338
Ignacio, CO 81137

T. Greg Merrion
Merrion Oil & Gas Company
610 Reilly Avenue
Farmington, New Mexico 87401

Bruce Delventhal
Red Wolf Production
P. O. Box 5382
Farmington, New Mexico 87499



WALSH ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting
Lease Management
Contract Pumping

7415 East Main
Farmington, New Mexico 87402
(505) 327-4892

January 17, 1995

CERTIFIED - RETURN RECEIPT

Red Wolf Production
Attn: Bruce Delventhal
P. O. Box 5382
Farmington, New Mexico 87499

RE: Application for Down Hole Commingling
J. K. EDWARDS & ASSOCIATES
Hard Deal #2J
1630'FNL, 950'FEL, Section 18, T26N, R12W
San Juan County, New Mexico
Basin Fruitland Coal and NIIP Pictured Cliffs

Dear Mr. Delventhal:

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval. As an offset operator you are being notified of this application pursuant to NMOCD rules.

If you desire to submit remarks concerning the application, please send them to Mr. William J. LeMay, Director, New Mexico Oil Conservation Division, Santa Fe, New Mexico, within 20 days from the receipt of this notice. A copy of any remarks to the undersigned would be appreciated.

Thank you for your consideration in this matter and if you have any questions, please do not hesitate to call upon me.

Sincerely,

Paul C. Thompson, P.E.
President, Walsh Engineering

Enclosure



WALSH ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting
Lease Management
Contract Pumping

7415 East Main
Farmington, New Mexico 87402
(505) 327-4892

January 17, 1995

CERTIFIED - RETURN RECEIPT

Mr. T. Greg Merrion
Merrion Oil & Gas Company
610 Reilly Avenue
Farmington, New Mexico 87401

RE: Application for Down Hole Commingling
J. K. EDWARDS & ASSOCIATES
Hard Deal #2J
1630'FNL, 950'FEL, Section 18, T26N, R12W
San Juan County, New Mexico
Basin Fruitland Coal and NIIP Pictured Cliffs

Dear Mr. Merrion:

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval. As an offset operator you are being notified of this application pursuant to NMOCD rules.

If you desire to submit remarks concerning the application, please send them to Mr. William J. LeMay, Director, New Mexico Oil Conservation Division, Santa Fe, New Mexico, within 20 days from the receipt of this notice. A copy of any remarks to the undersigned would be appreciated.

Thank you for your consideration in this matter and if you have any questions, please do not hesitate to call upon me.

Sincerely,

Paul C. Thompson, P.E.
President, Walsh Engineering

Enclosure



WALSH

ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting
Lease Management
Contract Pumping

7415 East Main
Farmington, New Mexico 87402
(505) 327-4892

January 17, 1995

CERTIFIED - RETURN RECEIPT

Maralex, Inc.
Attn: Mickey O'Hara
P. O. Box 338
Ignacio, CO 81137

RE: Application for Down Hole Commingling
J. K. EDWARDS & ASSOCIATES
Hard Deal #2J
1630'FNL, 950'FEL, Section 18, T26N, R12W
San Juan County, New Mexico
Basin Fruitland Coal and NIIP Pictured Cliffs

Dear Mr. O'Hara:

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval. As an offset operator you are being notified of this application pursuant to NMOCD rules.

If you desire to submit remarks concerning the application, please send them to Mr. William J. LeMay, Director, New Mexico Oil Conservation Division, Santa Fe, New Mexico, within 20 days from the receipt of this notice. A copy of any remarks to the undersigned would be appreciated.

Thank you for your consideration in this matter and if you have any questions, please do not hesitate to call upon me.

Sincerely,

Paul C. Thompson, P.E.
President, Walsh Engineering

Enclosure



WALSH

ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting
Lease Management
Contract Pumping

7415 East Main
Farmington, New Mexico 87402
(505) 327-4892

January 17, 1995

CERTIFIED - RETURN RECEIPT

TEXACO, INC.
3300 N. Butler
Farmington, New Mexico 87401

RE: Application for Down Hole Commingling
J. K. EDWARDS & ASSOCIATES
Hard Deal #2J
1630'FNL, 950'FEL, Section 18, T26N, R12W
San Juan County, New Mexico
Basin Fruitland Coal and NIIP Pictured Cliffs

Dear Sirs:

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval. As an offset operator you are being notified of this application pursuant to NMOCD rules.

If you desire to submit remarks concerning the application, please send them to Mr. William J. LeMay, Director, New Mexico Oil Conservation Division, Santa Fe, New Mexico, within 20 days from the receipt of this notice. A copy of any remarks to the undersigned would be appreciated.

Thank you for your consideration in this matter and if you have any questions, please do not hesitate to call upon me.

Sincerely,

Paul C. Thompson, P.E.
President, Walsh Engineering

Enclosure