

DISTRICT I

P.O. Box 1990, Hobbs, NM 88241-1990

DISTRICT II

811 South First St., Artesia, NM 88210-2835

DISTRICT III

1000 Rio Brazos Rd, Aztec, NM 87410-1693

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429Form C-107-A
New 3-12-96

APPROVAL PROCESS:

___ Administrative ___ Hearing

EXISTING WELLBORE

___ YES ___ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Dugan Production Corp. P.O. Box 420, Farmington, NM 87499
AddressLease KR No. 6 Well No. N-19-T27N-R13W Unit Ltr. - Sec - Twp - Rge San Juan CountyOGRID NO. 006515 Property Code 003736 API NO. 30 045 22691 Spacing Unit Lease Types: (check 1 or more)
Federal X, State , (and/or) Fee

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	Basin Fruitland Coal - 71629		WAW FR Sand PC 87190
2. Top and Bottom of Pay Section (Perforations)	1314-25'		1339-46'
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a. (Current) b. (Original) 200 Est.	a. b.	a. 121 b. 251
6. Oil Gravity (°API) or Gas BTU Content			
7. Producing or Shut-In?	Not yet completed		Producing
Production Marginal? (yes or no)	Yes		Yes
* If Shut-In, give date and oil/gas/water rates of last production Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data	Date: Rates:	Date: Rates:	Date: Rates:
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: Rates: 0/1/0 Est.	Date: Rates:	Date: 8/96 Rates: 0/3/0
8. Fixed Percentage Allocation Formula - % for each zone	Oil: % Gas: 25 %	Oil: % Gas: %	Oil: % Gas: 75 %

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.

10. Are all working, overriding, and royalty interests identical in all commingled zones? X Yes ___ No
If not, have all working, overriding, and royalty interests been notified by certified mail? X Yes ___ No
Have all offset operators been given written notice of the proposed downhole commingling? X Yes ___ No11. Will cross-flow occur? ___ Yes X No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. ___ Yes ___ No (If No, attach explanation)12. Are all produced fluids from all commingled zones compatible with each other? X Yes ___ No13. Will the value of production be decreased by commingling? ___ Yes X No (If Yes, attach explanation)14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. X Yes ___ No15. NMOC Reference Cases for Rule 303(D) Exceptions: ORDER NO(S).

16. ATTACHMENTS:

- * C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- * Production curve for each zone for at least one year. (If not available, attach explanation.)
- * For zones with no production history, estimated production rates and supporting data.
- * Data to support allocation method or formula.
- * Notification list of all offset operators.
- * Notification list of working, overriding, and royalty interests for uncommon interest cases.
- * Any additional statements, data, or documents required to support commingling.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE  Operations Manager/
TITLE Petroleum Engineer DATE 10/24/96TYPE OR PRINT NAME Gary Brink TELEPHONE NO. (505) 325-1821

Application For Downhole Commingling
Offsetting Operators
Basin Fruitland Coal-WAW Fruitland Sand PC
Dugan Production Corp.

KR #6

Unit N, Sec. 19, T 27 N, R 13 W
San Juan Co. N.M.

