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JUN 27 1989

American Exploration Company

OIL CONSERVATION DIV.
SANTA FE
June 22, 1989

Re: Application for Downhole
Commingling of the
Teague Blinebry/Tubb
Elk State No. 2
Sec. 16, T23S, R37E
Lea County, New Mexico

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Attn: Mr. David Catanach

Gentlemen:

American Exploration Company respectfully requests administrative approval to downhole commingle the Teague Blinebry/Tubb pools in the Elk State No. 2. This well is presently completed in the Teague Blinebry Pool and produces 11 BOPD, 30 MCFPD and 5 BWPD. We recently tested the Tubb unsuccessfully and the attached reflect only that information relative to the addition of the Tubb after the recent workover.

A summary of information required for commingling is attached. Additionally, American has a 100% interest in this lease and the royalty interests of each zone are common. Based on the information we have gathered, we believe the request to commingle is justified in the interest of conservataion.

If there are any questions, please contact the undersigned as soon as possible.

Very truly yours,

AMERICAN EXPLORATION COMPANY

Marty B. McClanahan
Marty B. McClanahan
Sr. Production Analyst

MBM:mm
Encl.

cc: Mr. J. T. Sexton
New Mexico Conservation Division
P. O. Box 1980
Hobbs, New Mexico 88240

Elk State No. 2
Information for Downhole Commingling

- a. Operator: American Exploration Company
2100 RepublicBank Center
Houston, Texas 77002
- b. Lease, Well Location and Pools:
Elk State No. 2
330' FSL & 990' FWL of Sec. 16, T23S, R37E
Lea County, New Mexico
Blinebry/Tubb Pools
- c. Acreage Dedication (40 acres) Form C-102 is attached. Offset operators are listed on schedule attached.
- d. Commingling Computations - Unsuccessful attempt to the Tubb.
- e. Allocation of Production - based on latest production tests.

	<u>Oil</u>	<u>Gas</u>	<u>Water</u>
Tubb	0%	0%	93%
Blinebry	100%	100%	06%

- f. Notification to Offset Operators.
A copy of the notice sent to offset operators.
- g. A complete resume of the well's completion history.



American Exploration Company

June 22, 1989

Re: Notification of Intent to
Commingle the Blinebry/
Tubb
Elk State No. 2
330' FSL & 990' FWL of
Sec. 16, T23S, R37E
Lea County, New Mexico

OFFSET OPERATORS
ELK STATE NO. 2

Gentlemen:

In accordance with New Mexico Oil Conservation Division regulations, you are hereby notified of American Exploration Company's application to downhole commingle production from the Blinebry/Tubb pools in the Elk State No. 2 Lease.

Very truly yours,

AMERICAN EXPLORATION COMPANY


Marty B. McClanahan
Sr. Production Analyst

MBM:mm

LIST OF OFFSET OWNERS
ELK STATE NO. 2 LEASE

SW/4 SW/4 of Sec. 16, T23S, R37E

Texaco, Inc.
P. O. Box 3109
Midland, Texas 79702
(NE/4 SW/4 of Sec. 16, 3800-6200')

Penroc Oil Corporation
P. O. Box 5970
Hobbs, New Mexico 88241
(To 3800' - SW/4 of Sec. 16)

Elk Oil Company
P. O. Box 310
Roswell, New Mexico
(D/R SW/4 of Sec. 16)

American Exploration Co.
2100 RepublicBank Center
Houston, Texas 77002
(SE/4 SW/4 of Sec. 16)

Submit to Appropriate District Office
 State Lease - 4 copies
 Fee Lease - 3 copies

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-102
 Revised 1-1-89

OIL CONSERVATION DIVISION
 P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT
 All Distances must be from the outer boundaries of the section

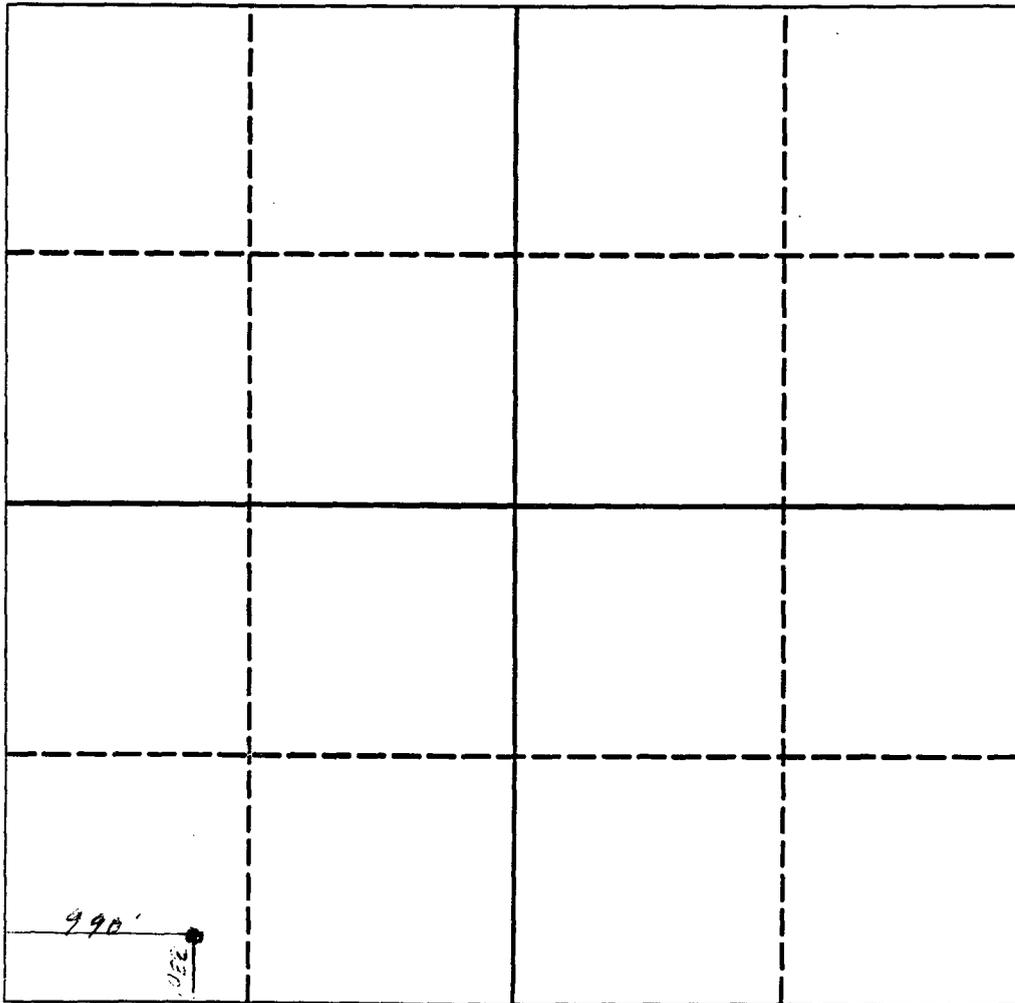
Operator American Exploration Company		Lease Elk State		Well No. 2
Unit Letter M	Section 16	Township 23S	Range 37E	County Lea
Actual Footage Location of Well: 330 feet from the South line and 990 feet from the West line				
Ground level Elev. 3311.8	Producing Formation Blinebry	Pool Teague Blinebry/Tubb	Dedicated Acreage: SW/4 SW/4 Acres 40	

- Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

Yes No If answer is "yes" type of consolidation _____

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION

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

Marty B. McClanahan
 Signature

Marty B. McClanahan
 Printed Name

Sr. Production Analyst
 Position

American Exploration Co.
 Company

June 22, 1989
 Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed _____

Signature & Seal of Professional Surveyor _____

Certificate No. _____

Submit 5 Copies
 Appropriate District Office
 DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-104
 Revised 1-1-89
 See Instructions
 at Bottom of Page

OIL CONSERVATION DIVISION

P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

REQUEST FOR ALLOWABLE AND AUTHORIZATION
 TO TRANSPORT OIL AND NATURAL GAS

I.

Operator American Exploration Company	Well API No.
Address 2100 RepublicBank Center, Houston, Texas 77002	
Reason(s) for Filing (Check proper box) <input type="checkbox"/> Other (Please explain)	
New Well <input type="checkbox"/>	Change in Transporter of:
Recompletion <input checked="" type="checkbox"/>	Oil <input type="checkbox"/> Dry Gas <input type="checkbox"/>
Change in Operator <input type="checkbox"/>	Casinghead Gas <input type="checkbox"/> Condensate <input type="checkbox"/>
If change of operator give name and address of previous operator _____	

II. DESCRIPTION OF WELL AND LEASE

Lease Name Elk State	Well No. 2	Pool Name, including Formation Tubb	Kind of Lease State, Federal or Fee	State	Lease No.
Location Unit Letter <u>M</u> : <u>330</u> Feet From The <u>South</u> Line and <u>990</u> Feet From The <u>West</u> Line Section <u>16</u> Township <u>23S</u> Range <u>37E</u> , <u>NMPM</u> , <u>Lea</u> County					

III. DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS

Name of Authorized Transporter of Oil <input checked="" type="checkbox"/> or Condensate <input type="checkbox"/>	Address (Give address to which approved copy of this form is to be sent)
Shell Pipeline	P. O. Box 3105, Houston, Texas 77001
Name of Authorized Transporter of Casinghead Gas <input checked="" type="checkbox"/> or Dry Gas <input type="checkbox"/>	Address (Give address to which approved copy of this form is to be sent)
El Paso Natural Gas	P. O. Box 1492, El Paso, Texas 79978
If well produces oil or liquids, give location of tanks.	Unit Sec. Twp. Rge. Is gas actually connected? When ?
	M 16 23S 37E Yes

If this production is commingled with that from any other lease or pool, give commingling order number: _____

IV. COMPLETION DATA

Designate Type of Completion - (X)	Oil Well <input checked="" type="checkbox"/>	Gas Well	New Well	Workover <input checked="" type="checkbox"/>	Deepen	Plug Back	Same Res'v	Diff Res'v <input checked="" type="checkbox"/>
Date Spudded 4/18/89	Date Compl. Ready to Prod. 4/27/89	Total Depth 6160	P.B.T.D. 6128					
Elevations (DF, RKB, RT, GR, etc.) 3311.8 GR	Name of Producing Formation Tubb	Top Oil/Gas Pay 6041	Tubing Depth 6000					
Perforations 6041-50', 6088-94', 6107-09'			Depth Casing Shoe 6160'					
TUBING, CASING AND CEMENTING RECORD								
HOLE SIZE	CASING & TUBING SIZE	DEPTH SET	SACKS CEMENT					
12-3/4"	9-5/8"	1035'	400					
8-3/4"	5-1/2"	6160'	530					
	2-3/8"	5878'						

V. TEST DATA AND REQUEST FOR ALLOWABLE

OIL WELL (Test must be after recovery of total volume of load oil and must be equal to or exceed top allowable for this depth or be for full 24 hours.)

Date First New Oil Run To Tank Completion attempt to	Date of Test the Tubb Formation unsuccessful.	Producing Method (Flow, pump, gas lift, etc.) Production from any tests are from the	
Length of Test	Tubing Pressure	Casing Pressure	Choke Size existing Blinetry
Actual Prod. During Test	Oil - Bbls.	Water - Bbls.	Gas- MCF perforations

GAS WELL

Actual Prod. Test - MCF/D	Length of Test	Bbls. Condensate/MMCF	Gravity of Condensate
Testing Method (pilot, back pr.)	Tubing Pressure (Shut-in)	Casing Pressure (Shut-in)	Choke Size

VI. OPERATOR CERTIFICATE OF COMPLIANCE

I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.


 Signature
 Marty B. McClanahan Sr. Prod. Analyst
 Printed Name Title
 6/13/89 713-237-0800
 Date Telephone No.

OIL CONSERVATION DIVISION

Date Approved _____
 By _____
 Title _____

INSTRUCTIONS: This form is to be filed in compliance with Rule 1104

- 1) Request for allowable for newly drilled or deepened well must be accompanied by tabulation of deviation tests taken in accordance with Rule 111.
- 2) All sections of this form must be filled out for allowable on new and recompleted wells.
- 3) Fill out only Sections I, II, III, and VI for changes of operator, well name or number, transporter, or other such changes.
- 4) Separate Form C-104 must be filed for each pool in multiply completed wells.



American Exploration Company

June 5, 1989

Re: GPS Federal No. 1
McCallister No. 1
Elk State No. 1
Travis No. 3
Lea County, New Mexico

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

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Attn: Mr. David Catanach

JUN - 7 1989

Gentlemen:

**OIL CONSERVATION DIV.
SANTA FE**

American Exploration Company has previously submitted downhole commingling applications for each of the referenced wells as per Rule 303 (C) of the Conservation Rules and Regulations.

Enclosed please find the bottom hole pressures for each zone as calculated on static fluid levels and surface pressure buildups at the time of completion of each zone.

Please contact either our office or Donnie Hill, our Production Superintendent for the Eunice Office at 505-394-2508 if further questions are required.

Very truly yours,

AMERICAN EXPLORATION COMPANY


Marty B. McClanahan
Sr. Production Analyst

MBM:mm
Encl.

cc: Mr. Donnie Hill
P. O. Box 1885
Eunice, New Mexico 88231



American Exploration Company

TO: Marty McClanahan

DATE: May 26, 1989

FROM: Donnie Hill

SUBJECT: BHP Surveys

In response to your request for BHP data to obtain downhole commingle permits, please find listed below the required information.

If I can be of further assistance please call.

	<u>Blinebry</u>	<u>Drinkard</u>	<u>Abo</u>
GPS Federal #1	400 psi	600 psi	520 psi
McCallister #1	0 psi	400 psi	500 psi
Elk State #1	400 psi	570 psi	0 psi
Travis #3	435 psi	0 psi	0 psi

NOTE: All BHP's are calculated on static fluid level's and surface pressure build-ups at the time of completion of each zone.

CC: Eunice File

DWH:kdw



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
 OIL CONSERVATION DIVISION
 HOBBS DISTRICT OFFICE

6-27-89

GARREY CARRUTHERS
 GOVERNOR

POST OFFICE BOX 1980
 HOBBS, NEW MEXICO 88241-1980
 (505) 393-6161

OIL CONSERVATION DIVISION
 P. O. BOX 2088
 SANTA FE, NEW MEXICO 87501

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JUN 30 1989

OIL CONSERVATION DIV.
 SANTA FE

RE: Proposed:

- MC _____
- DHC X _____
- NSL _____
- NSP _____
- SWD _____
- WFX _____
- PMX _____

Gentlemen:

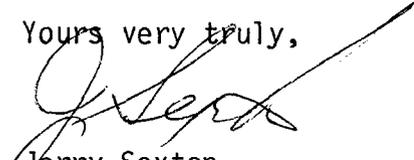
I have examined the application for the:

American Expl. & Prod. Co. Elk State # 2-M 16-23-37
 Operator Lease & Well No. Unit S-T-R

and my recommendations are as follows:

OK

Yours very truly,


 Jerry Sexton
 Supervisor, District 1

/ed