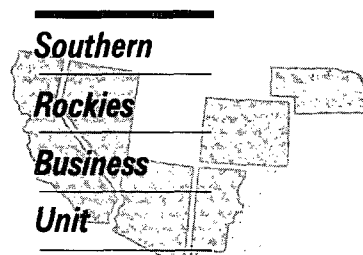


4-23-95

OIL CONSERVATION DIVISION
RECEIVED

'95 APR 8 PM 8 52



March 30, 1995

Mr. William J. LeMay, Director
New Mexico Oil Conservation Division
2040 S. Pacheco Street
P. O. Box 6429
Santa Fe, NM 87504

Application for Exception to Rule 303-A
Downhole Commingling
L.C. Kelly 4E Well
920' FWL & 1160' FNL, Section 3-T30N-R12W
Blanco Mesaverde, Basin Dakota, and Flora Vista Gallup Pools
San Juan County, New Mexico

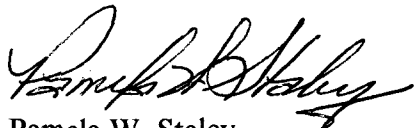
Amoco Production Company hereby requests administrative approval to downhole commingle production from the Blanco Mesaverde, Basin Dakota and Flora Vista Gallup Pools in the L.C. Kelly 4E well referenced above. The L.C. Kelly 4E well was originally completed in the Dakota and Gallup formations. We plan to recompleate the well to the Mesaverde formation with all three zones open in the wellbore. The three zones are expected to produce at a total commingled rate of about 500 MCFD. The ownership (WI, RI, ORRI) of these pools is identical in this wellbore. Downhole commingling will offer an economical method of production while protecting against reservoir damage, waste of reserves and violation of correlative rights.

The allocation method that we plan to use for this commingled well is as follows. We plan to determine the stabilized rate from the Dakota and Gallup formations prior to the recompleation. Allocation for that stabilized flow will remain the same as the pre-recompleation allocation. Following the recompleation of the Mesaverde zone, a flowtest of the formation will be made. After finalizing the recompleation and placing the well back on production we will establish a rate from the Mesaverde, Gallup and Dakota commingled zones. The allocation percentages would then be fixed at each zone's percentage of the total stabilized post commingling rate. Once these rates have been established we will notify your Aztec District. The actual commercial value of the commingled production will not be less than the sum of the values of the production from each of the common sources of supply.

Attached to aid in your review are plats showing the location of the well and offset wells in the same formation, historical production plots and a C-102 for each formation. This spacing unit is on a federal lease SF-081239. A copy of the application will be sent to the BLM requesting their consent.

Should you have questions concerning this matter, please contact me at (303) 830-5344.

Sincerely,

A handwritten signature in cursive script, appearing to read "Pamela W. Staley".

Pamela W. Staley

Enclosures

cc: Mark Yamasaki
Lois Raeburn

Frank Chavez, Supervisor
NMOCD District III
1000 Rio Brazos Road
Aztec, NM 87410

Duane Spencer
Bureau of Land Management
1235 La Plata Hwy
Farmington, NM 87401

LIST OF ATTACHMENTS

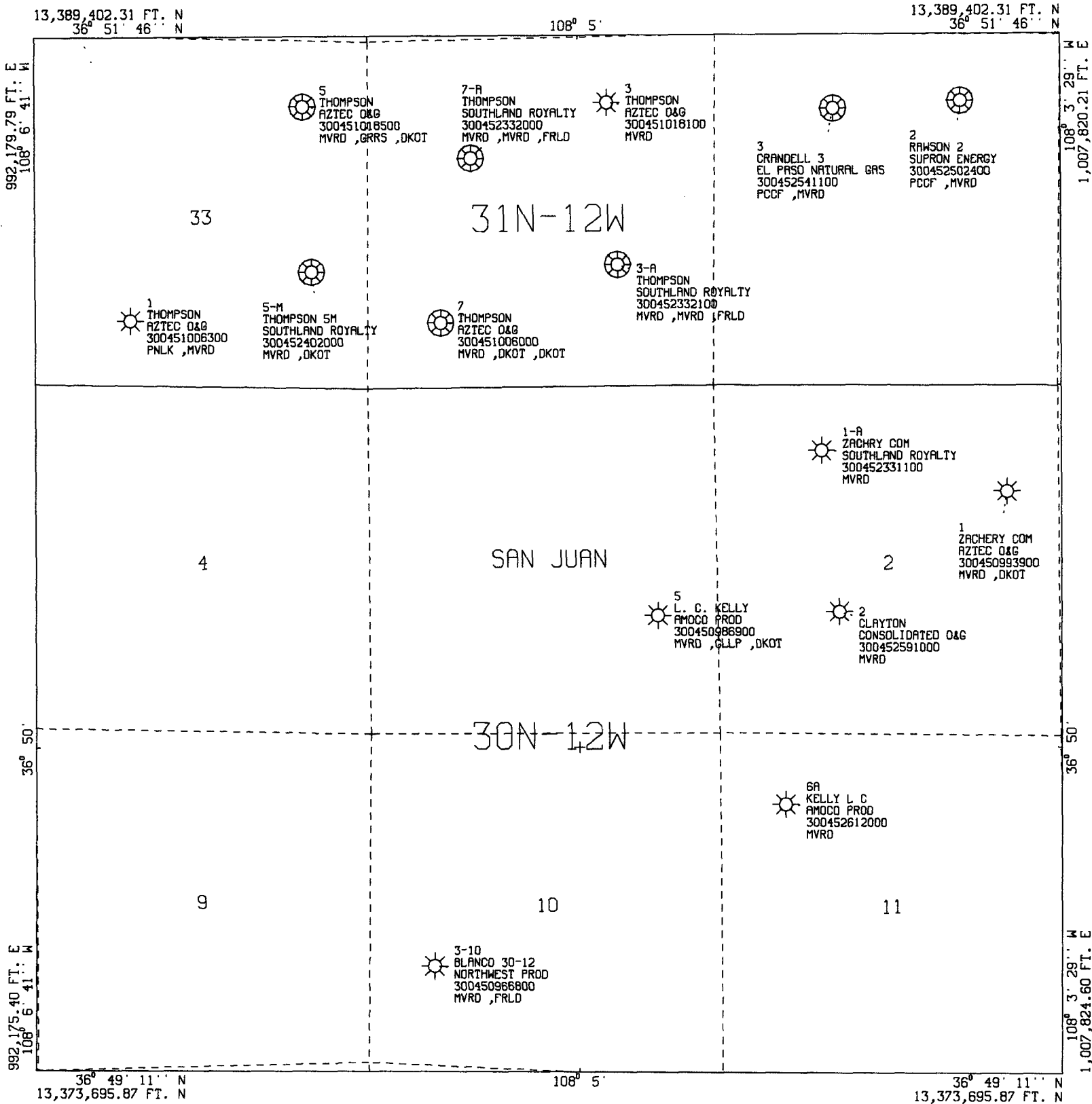
L.C. Kelley 4E

ATTACHMENTS

- 1 List of offset operators and their addresses**
- 2 9 section plat for Mesaverde showing offset wells**
- 3 9 section plat for Dakota showing offset wells**
- 4 9 section plat for Gallup showing offset wells**
- 5 Form C-102 for the Basin Dakota / Flora Vista Gallup formations**
- 6 Form C-102 for the Blanco Mesaverde formation**
- 7 Pressure information for all three horizons**
- 8 Historical production Curve for Dakota/Gallup formations**
- 9 Recent production Curve for Dakota formation**

OFFSET OPERATORS ADDRESS LIST
L.C. KELLY 4E

- 1 Meridian Oil, Inc.
P.O. Box 4289
Farmington, NM 87401
- 2 Columbus Energy Corp.
Lincoln Center Building Suite 2400
1660 Lincoln St.
Denver, CO 80264-3101
- 3 Southland Royalty Company
P.O. Box 840656
Dallas, Texas 75284
- 4 Union Texas Petroleum Corp.
P.O. Box 200128
Houston, TX 77216
- 5 Conoco, Inc.
10 Desta Drive
Midland, TX 79705
- 6 Northwest Production Corporation
Box 1796
El Paso, TX 79949-1796
- 7 Jerome P. McHugh
650 South Cherry St.
Suite 1225
Denver, Colorado 80222-1894

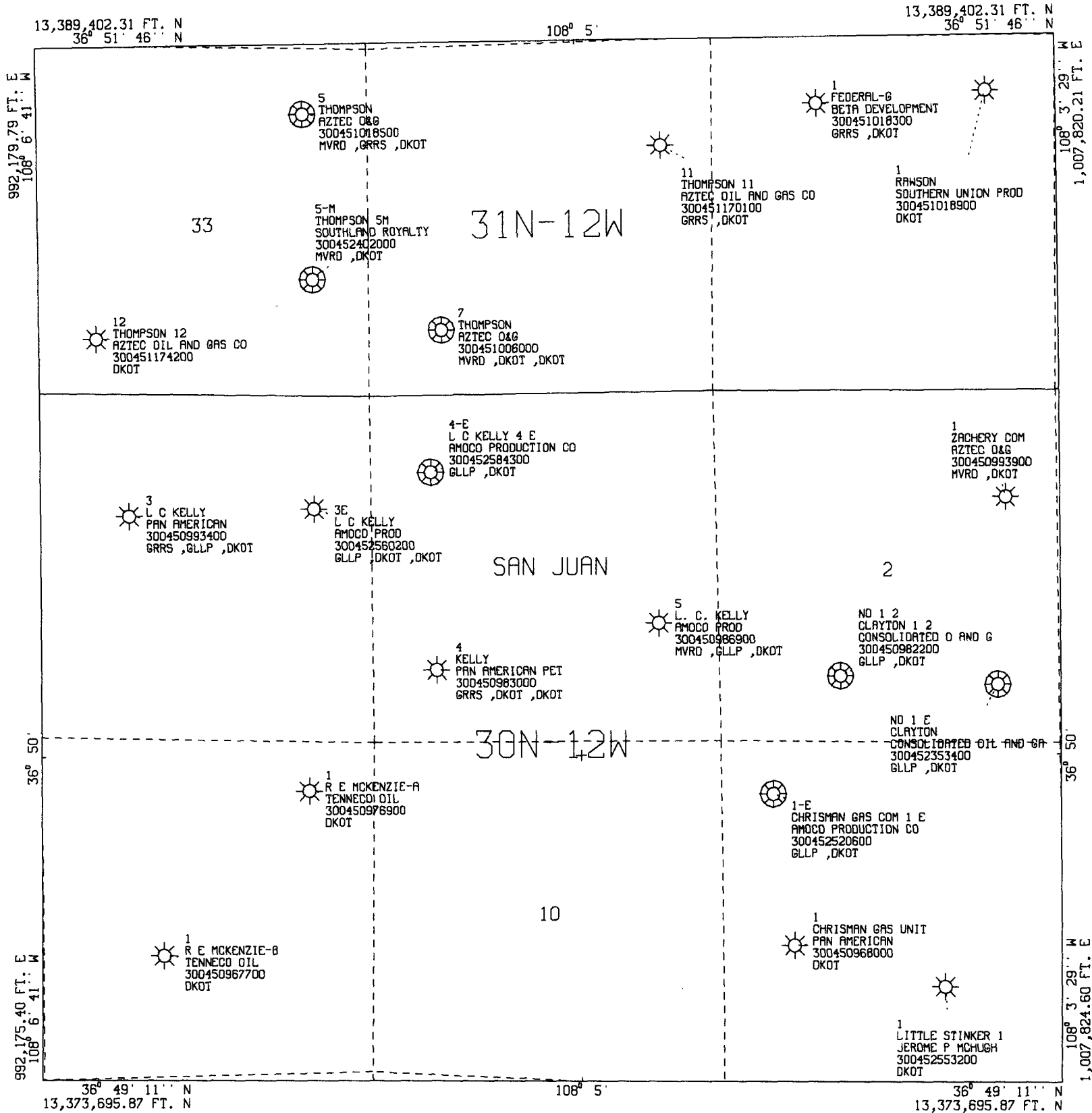


All geological and geophysical data, including the interpretation thereof, appearing on this map is the private and confidential property of Amoco Production Company. The publication or reproduction thereof without the written permission of said Company is strictly prohibited.

POLYCONIC CENTRAL MERIDIAN - 108° 5' 5" W LON
SPHEROID - 6

AMOCO PRODUCTION COMPANY
PLAT MAP
L. C. KELLY 4 E
MESAVARDE OFFSET WELLS

SCALE 1 IN. = 2,000 FT. MAR 23, 1995

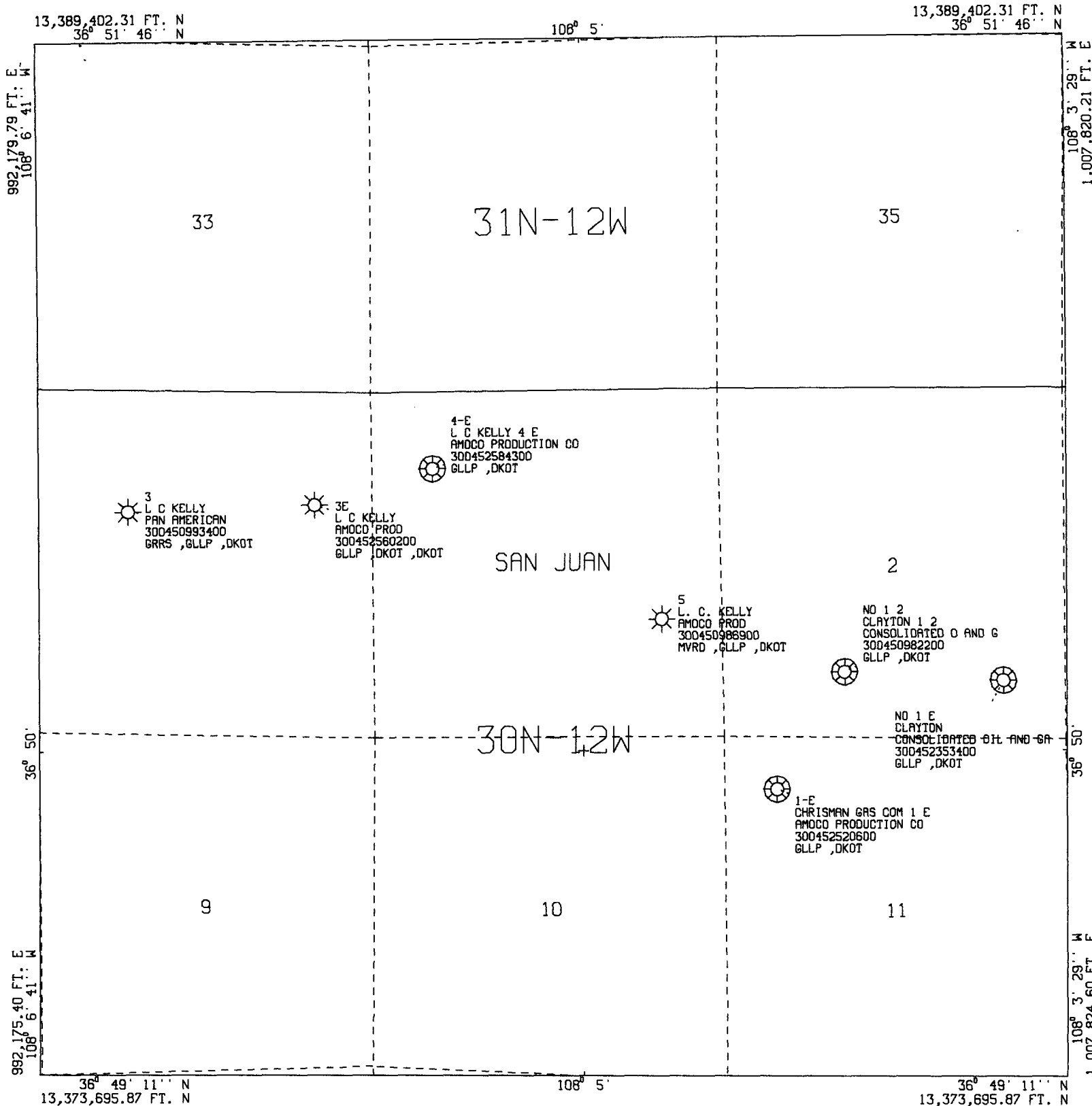


All geological and geophysical data, including the interpretation thereof, appearing on this map is the private and confidential property of Amoco Production Company. The publication or reproduction thereof without the written permission of said Company is strictly prohibited.

POLYCONIC CENTRAL MERIDIAN - 108° 5' 5" W LON
SPHEROID - 6

AMOCO PRODUCTION COMPANY
PLAT MAP
L. C. KELLY 4 E
DAKOTA OFFSET WELLS

SCALE 1 IN. = 2,000 FT. MAR 23, 1995



All geological and geophysical data, including the interpretation thereof, appearing on this map is the private and confidential property of Amoco Production Company. The publication or reproduction thereof without the written permission of said Company is strictly prohibited.

POLYCONIC CENTRAL MERIDIAN - 108° 5' 5" W LON
SPHEROID - 6

AMOCO PRODUCTION COMPANY
PLAT MAP
L. C. KELLY 4 e
GALLUP OFFSET WELLS

SCALE 1 IN. = 2,000 FT. MAR 23, 1995

Operator AMOCO PRODUCTION COMPANY		Lease E. C. KELLY		Well No. 4E	
Unit Letter D	Section 3	Township 30N	Range 12W	County San Juan	
Actual Footage Location of Well: 1160 feet from the North line and 920 feet from the West line					
Ground Level Elev: 5939	Producing Formation Dakota/Gallup	Pool Basin Dakota/Flora Vista Gallup		Dedicated Acreage: 320/160 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests 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 interests, has been approved by the Commission.

	RECEIVED OCT 5 1983 BUREAU OF LAND MANAGEMENT, FARMINGTON RESOURCE AREA
	3

Scale: 1"=1000'

CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Original Signed By D.D. Lawson	
Name	Darrell D. Lawson
Position	District Admin. Super.
Company	Amoco Production Co.
Date	10-4-83
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	September 2, 1983
Registered Professional Engineer and Land Surveyor	Fred B. Kerr Jr.
Certificate No.	3950

District I
PO Box 1908, Hobbs, NM 88241-1908
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

RECEIVED
OLM

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30045 25843		Pool Code 72319	Pool Name Blanco Mesaverde
Property Code	Property Name L. C. Kelly		Well Number 4 E
OCRID No. 000778	Operator Name AMOCO PRODUCTION COMPANY		Elevation 5939'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
D	3	30N	12W	D	1160	North	920	West	San Juan

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
---------------	---------	----------	-------	---------	---------------	------------------	---------------	----------------	--------

12 Dedicated Acres 320	13 Joint or Infill	14 Consolidation Code	15 Order No.
---------------------------	--------------------	-----------------------	--------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16 1160' 920'					17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief Signature Lois Raeburn Printed Name Business Assistant Title 2 / 08 / 1995 Date
					18 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 belief. Sept. 2, 1983 Date of Survey Signature and Seal of Professional Surveyor

ON FILE

3950

Certificate Number

RECOMPLETION PRESSURE EVALUATION

L.C. Kelly #4E

Current pressure data indicates that the three formations will have comparable pressures

(NW/4) Most recent Pressure buildup data from Dakota and Gallup = 541 PSI

(SE/4) L.C. Kelly #5 Mesaverde Pressure Buildup data from Mesaverde = 480 PSI

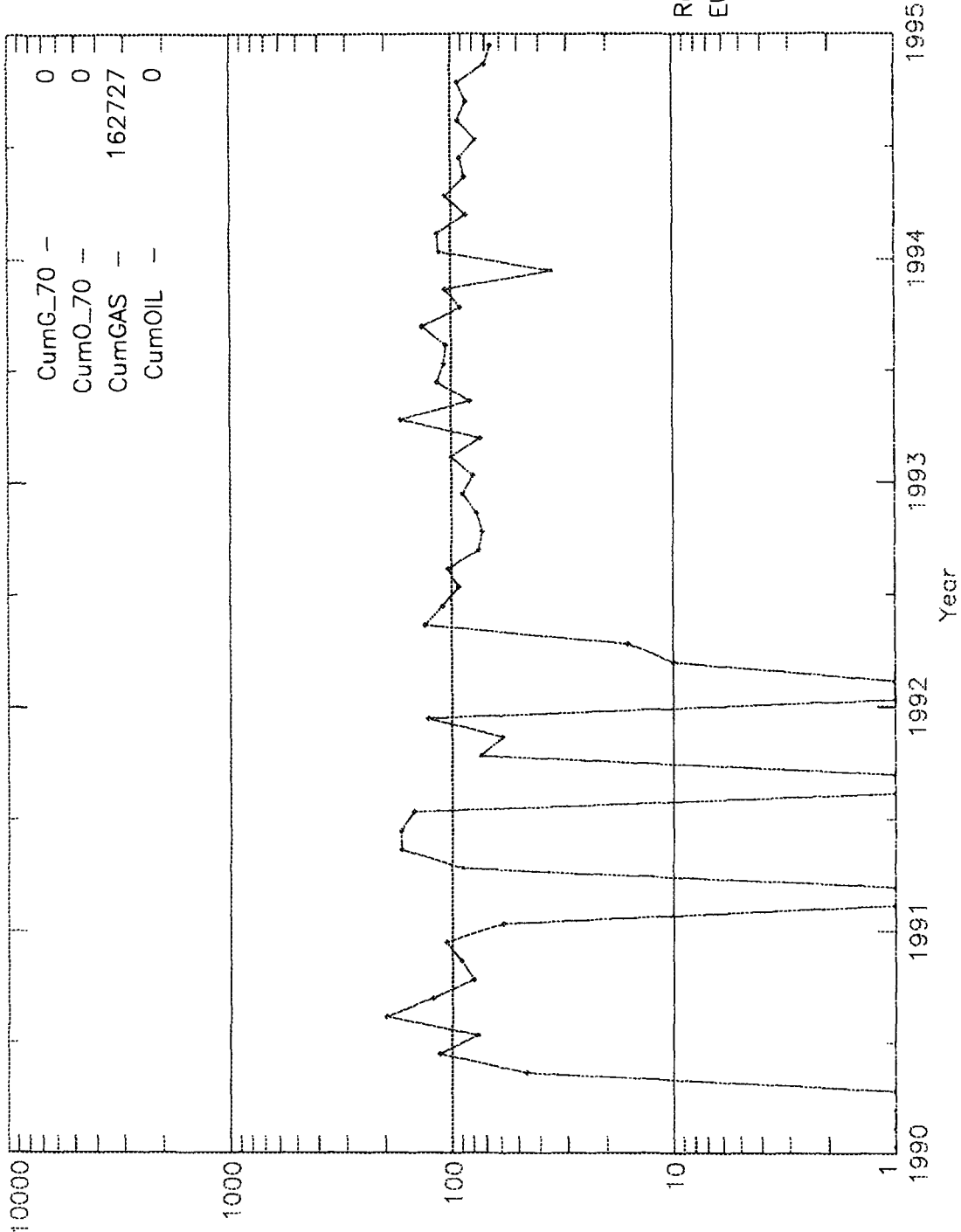
L C KELLY 4E Operator- AMOCO PRODUCTION CO
 300452584300GD D033012-004EGD APC_WI - 1.0000000

CumG_70	-	0
CumO_70	-	0
CumGAS	-	162727
CumOIL	-	0

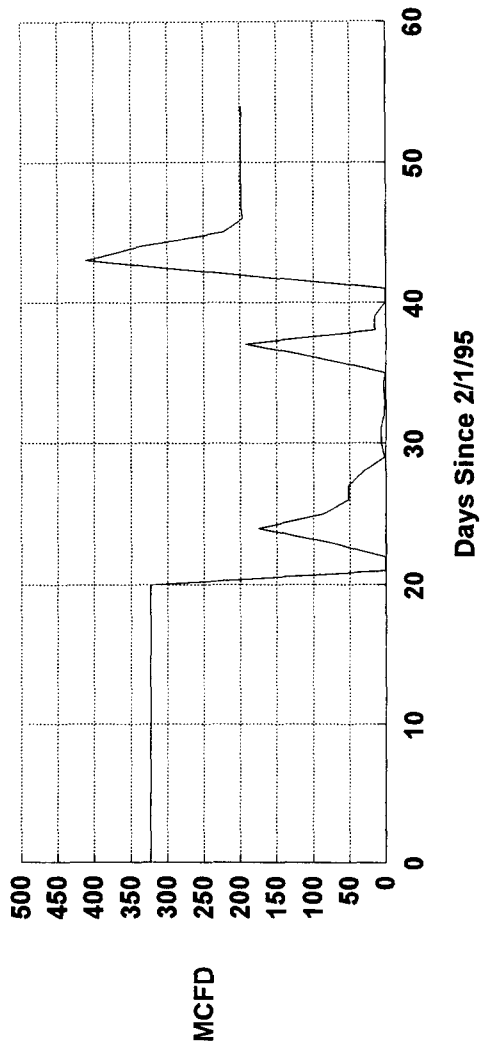
gas, MCFD

Reserves

RemRes
EUR



San Juan O.C.
WELL: KELLY L C #4E (84615003)
(Downtime excluded)

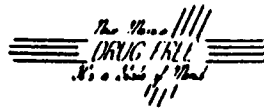




STATE OF NEW MEXICO

ENERGY, MINERALS and NATURAL RESOURCES DIVISION
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

AHC-1126



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

'95 APR 11 PM 8 52

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

Date: 4/10/95

Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504-2088

RE: Proposed MC _____
Proposed NSL _____
Proposed WFX _____
Proposed NSP _____

Proposed DHC ☒ _____
Proposed SWD _____
Proposed PMX _____
Proposed DD _____

Gentlemen:

I have examined the application received on 4/3/95
for the Amow L.C. Kelly #4E
OPERATOR LEASE & WELL NO.

D-3-30N-12W and my recommendations are as follows:
UL-S-T-R

Approve after reviewing bottom hole pressures.

Yours truly,

[Signature]