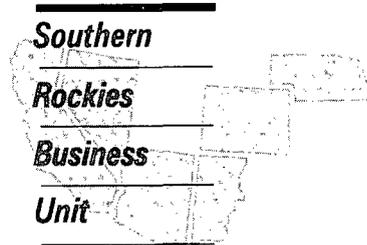
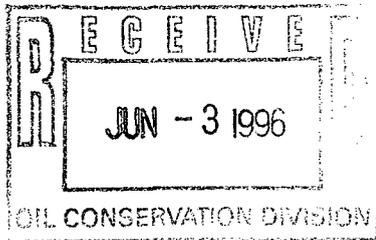


DHC

1289

6/24/96



May 29, 1996

Mr. William J. LeMay, Director  
New Mexico Oil Conservation Division  
2040 S. Pacheco Street  
P. O. Box 6429  
Santa Fe, NM 87505

**Application for Exception to Rule 303-C - Downhole Commingling  
State BP #1 and State AX #2 Well  
Unit G Section 32-T29N-R9W  
Otero Chacra and Basin Dakota Pools  
San Juan County, New Mexico**

Enclosed please find an administrative application form (C-107-A) and attachments for downhole commingling for the captioned well. By copy of this application by certified mail, return receipt requested, Amoco is notifying all offset operators in the formations captioned above as well as all affected interest owners if the ownership of those formations is not common. The Division Director may approve the proposed downhole commingling in the absence of a valid objection from any offset operator or any interest owner in those instances where ownership is not common in the zones to be commingled within 20 days after the receipt of the application if, in his opinion, waste will not result thereby, and correlative rights will not be violated.

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

Sincerely,

Pamela W. Staley

Enclosures

- cc: Steve Webb
- Gail Jefferson
- Wellfile
- Proration File

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

**OIL CONSERVATION DIVISION**

APPROVAL PROCESS:

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

2040 S. Pacheco  
Santa Fe, New Mexico 87505-6429

Administrative  Hearing

DISTRICT III  
1000 Rio Brazos Rd. Aztec, NM 87410-1693

**APPLICATION FOR DOWNHOLE COMMINGLING**

EXISTING WELLBORE  
 YES  NO

Amoco Production Company

P.O. Box 800 Denver, CO 80201

Operator  
State Gas Com BP

#1

Address  
G-32-29N-9W

San Juan

Lease

Well No.

Unit Ltr. - Sec Twp - Rge

County

**NOTE: AKA STATE AX #2**

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 000778 Property Code 001078 API NO. 3004524881 Federal  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	OTERO CHACRA 82329		BASIN DAKOTA 71599
2. Top and Bottom of Pay Section (Perforations)	3468' - 3602'		6957' - 7144'
3. Type of production (Oil or Gas)	GAS		GAS
4. Method of Production (Flowing or Artificial Lift)	FLOWING		FLOWING
5. Bottomhole Pressure	a. (Current) 616 PSI	a.	1103 PSI
Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current	b. (Original) 1200 PSI	b.	2415 PSI
All Gas Zones: Estimated or Measured Original			
6. Oil Gravity (* API) or Gas BTU Content	1240 BTU		1261 BTU / 59.3 DEG API
7. Producing or Shut-In?	PRODUCING		PRODUCING
Production Marginal? (yes or no)	YES		NO
• If Shut-In, give data and oil/gas/water rates of last production	Date: Rates:	Date: Rates:	Date: Rates:
Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data			
• If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: 5/96 Rates: 20 MCFD 0 BCPD 0 BWPD	Date: Rates:	Date: 5/96 Rates: 120 MCFD .019 BCPD <1 BWPD
8. Fixed Percentage Allocation Formula -% for each zone	Oil: 0 % Gas 14 %	Oil: % Gas %	Oil: 100 % Gas 86 %

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?  Yes  No  
If not, have all working, overriding, and royalty interests been notified by certified mail?  Yes  No  
Have all offset operators been given written notice of the proposed downhole commingling?  Yes  No
11. Will cross-flow occur?  Yes  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?  Yes  No
13. Will the value of production be decreased by commingling?  Yes  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.  Yes  No  
STATE LEASE #E-2738-1 & E-6513 COM RECORDED 4/27/82 BK 930 PG 294
15. 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 *Pamela W. Staley* TITLE REGULATORY AFFAIRS REP DATE 5/23/96  
TYPE OR PRINT NAME PAMELA W. STALEY TELEPHONE NO. ( 303 ) 830-5344

All distances must be from the outer boundaries of the Section.

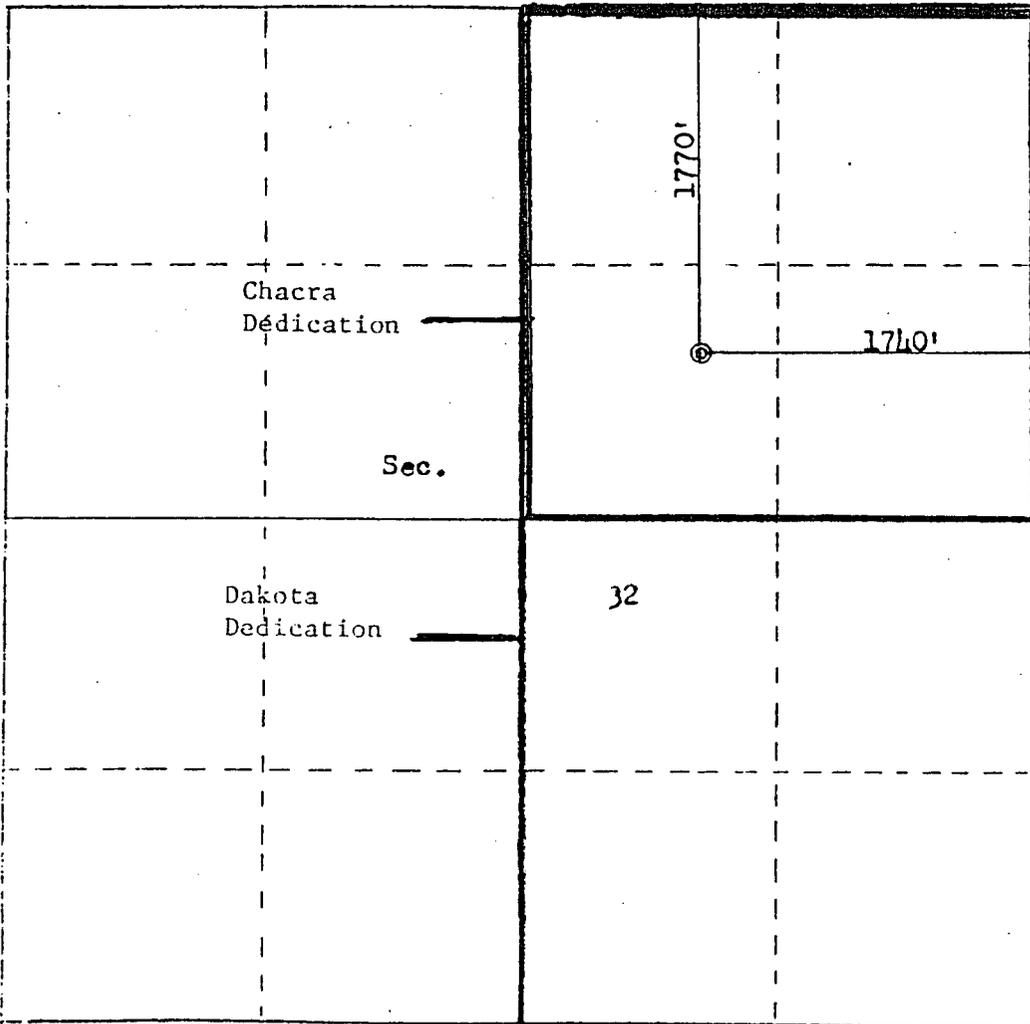
Operator <b>AMOCO PRODUCTION COMPANY</b>		Lease <b>STATE GAS COM "BP"</b>		Well No. <b>1</b>
Unit Letter <b>G</b>	Section <b>32</b>	Township <b>29N</b>	Range <b>9W</b>	County <b>San Juan</b>
Actual Footage Location of Well: <b>1770</b> feet from the <b>North</b> line and <b>1740</b> feet from the <b>East</b> line				
Ground Level Elev: <b>6150</b>	Producing Formation <b>Dakota/Chacra</b>	Pool <b>Basin Dakota/Otero Chacra</b>	Dedicated Acreage: <b>320/160</b> Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure 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 Communitization

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.



Scale: 1"=1000'

CERTIFICATION	
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
<i>W. L. Peterson</i>	
Name	<b>W. L. PETERSON</b>
Position	<b>DISTRICT ENGINEER</b>
Company	<b>AMOCO PRODUCTION COMPANY</b>
Date	<b>2-17-81</b>
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	<b>February 13, 1981</b>
Registered Professional Engineer and Land Surveyor	
<i>Fred B. Kerr Jr.</i>	
Certificate No.	<b>3950</b>

All distances must be from the outer boundaries of the Section.

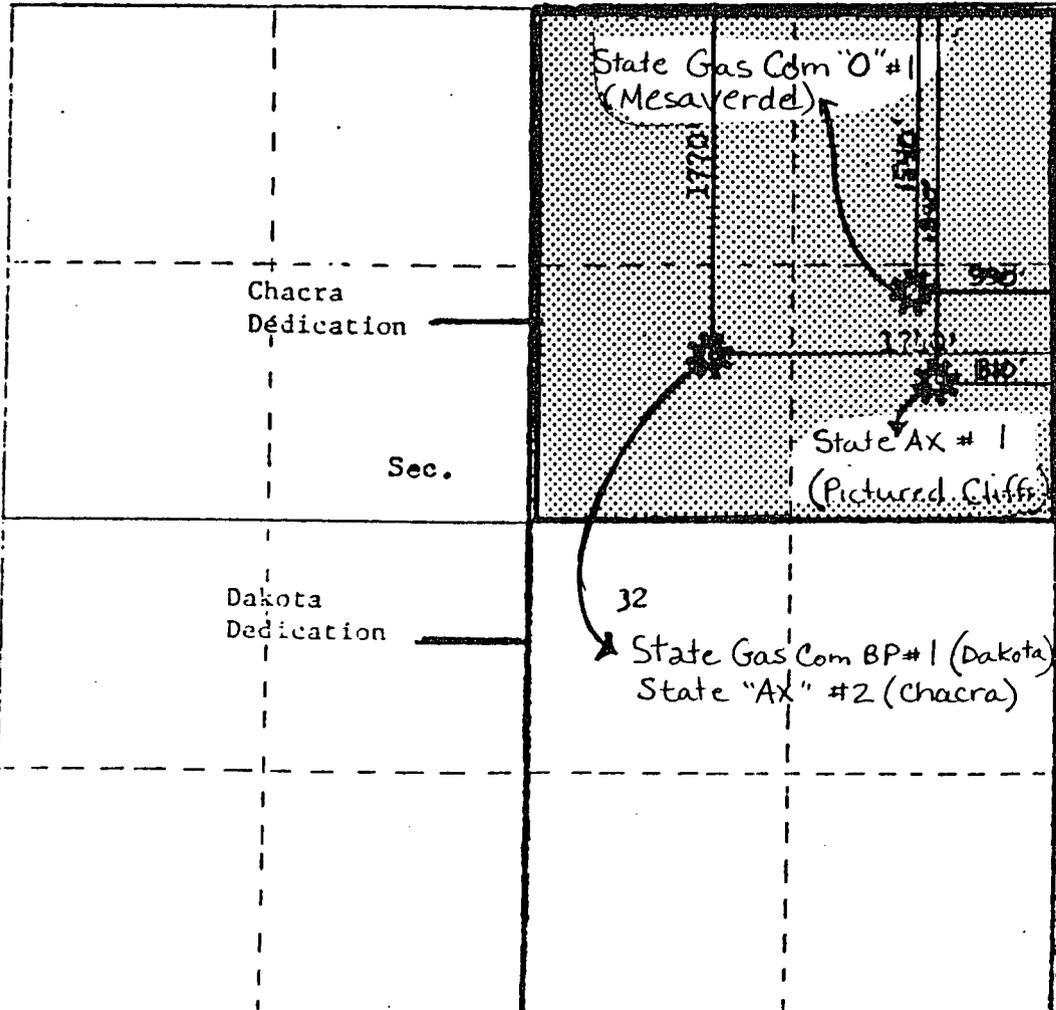
Operator <b>AMOCO PRODUCTION COMPANY</b>			Lease <b>State "AX"</b> <b>STATE GAS COM #BP#1</b>		Well No. <b>3</b>
Unit Letter <b>0</b>	Section <b>32</b>	Township <b>29N</b>	Range <b>9N</b>	County <b>San Juan</b>	
Actual Production (Production of year) <b>1770</b> feet from the <b>North</b> line and <b>1700</b> feet from the <b>East</b> line					
Ground Level Elev. <b>6150</b>	Producing Formation <b>Dakota/Chacra</b>		Pool <b>Basin Dakota/Otero Chacra</b>	Dedicated Acreage: <b>320/160</b> Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
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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.



**CERTIFICATION**

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

*Wayne Peterson*  
Name  
**W. L. PETERSON**

Position  
**DISTRICT ENGINEER**

Company  
**AMOCO PRODUCTION COMPANY**

Date  
**2-17-81**

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  
**February 13, 1981**

Registered Professional Engineer and Land Surveyor  
*Fred B. Kerr Jr.*  
**Fred B. Kerr Jr.**

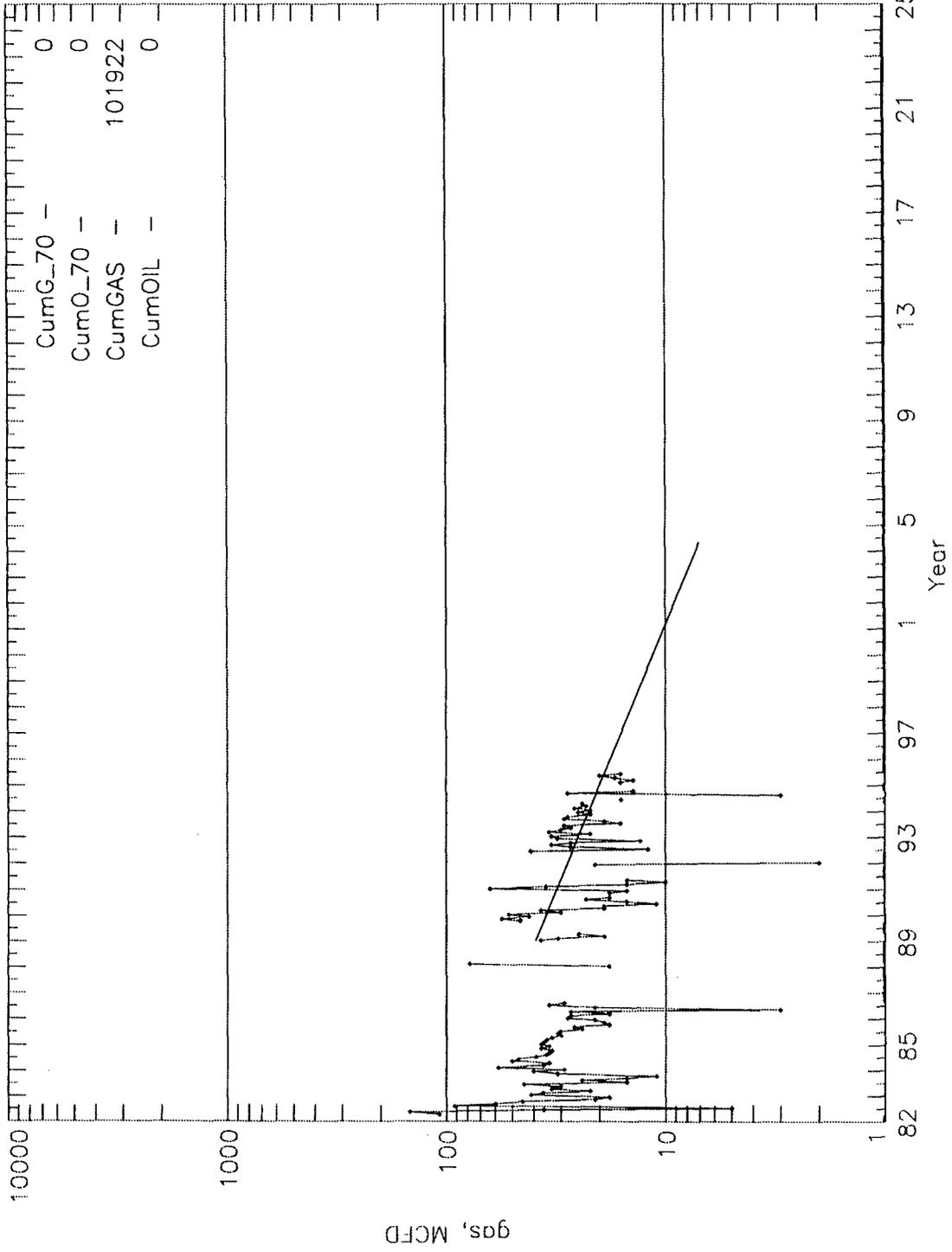
For: zalc14  
 Engr: zr06

State AX 2  
 Operator- AMOCO PRODUCTION CO

300452488100CK G322909-001 CK

APC\_WI - 1.0000000

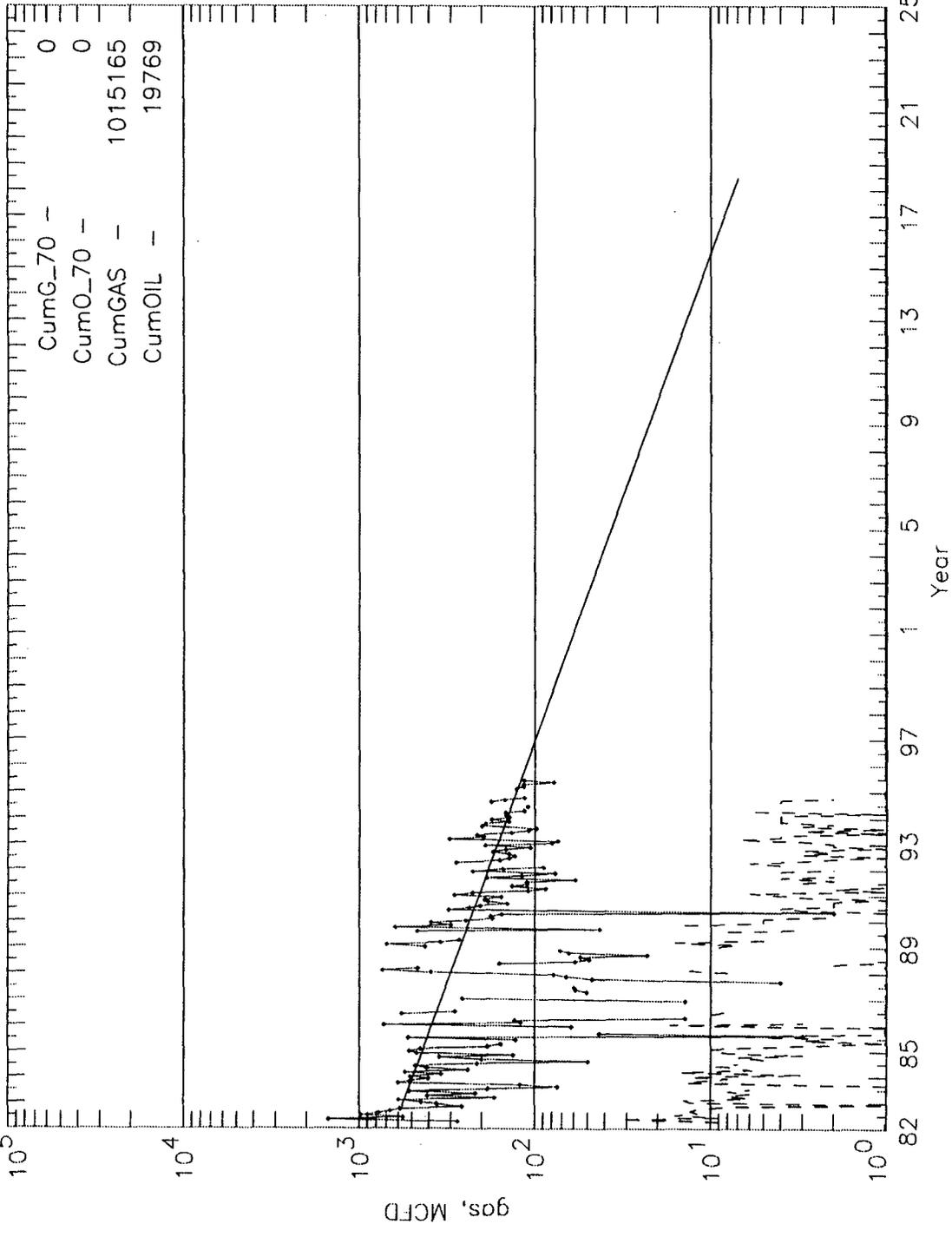
CumG\_70 - 0  
 CumO\_70 - 0  
 CumGAS - 101922  
 CumOIL - 0



Last Op. Forecast by zr06 in 07/1995

For: zalc14  
 Engr: zr06

STATE GAS COM BP 1 Operator- AMOCO PRODUCTION CO  
 300452488100DK G322909-001 DK APC\_WI - 0.87500000



Reserves  
 DCLN  
 CurrQ  
 RemRes  
 EUR  
 Fit\_date

Last Op. Forecast by zr06 in 07/1995

15566200 00001  
617000 00  
AMOCO PRODUCTION COMPANY  
P O BOX 591  
TULSA

ZJAM63

OK 74102-0591

15566200 00001  
603416 25  
CONOCO INC  
P O BOX 951063  
DALLAS

ZJAM63

TX 75395-1063

15566200 00001  
610592 03  
STATE OF NEW MEXICO  
STATE LAND OFFICE  
SANTA FE

ZJAM63

NM 87501

**OFFSET OPERATORS**  
**State BP #1 and State AX #2 Well**

Conoco, Inc.  
10 Desta Drive West  
Midland, Texas 79705

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