

BEFORE THE OIL CONSERVATION COMMISSION

OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF CONTINENTAL OIL COMPANY FOR PERMISSION TO COMMINGLE IN THE WELLBORE PRODUCTION FROM THE GONZALES-MESAVERDE AND OTERO-CHACRA POOLS IN EIGHT WELLS; AND ALSO TO COMMINGLE IN THE WELLBORE PRODUCTION FROM SOUTH BLANCO-PICTURED CLIFFS AND OTERO-CHACRA POOLS IN FOUR WELLS ON ITS AXI APACHE "J" LEASE, SECTIONS 5, 6, 7 AND 8, TOWNSHIP 25 NORTH, RANGE 5 WEST, RIO ARRIBA COUNTY, NEW MEXICO.

APPLICATION

Applicant, CONTINENTAL OIL COMPANY, hereby respectfully requests permission to commingle in the wellbore production from the Gonzales-Mesaverde and Otero-Chacra Pools in eight wells; and from Otero-Chacra and South Blanco-Pictured Cliffs Pools in four wells on its AXI Apache "J" lease, Sections 5, 6, 7 and 8, Township 25 North, Range 5 West, Rio Arriba County, New Mexico, and in support thereof would show:

1. Applicant is the owner of an oil and gas lease from the Jicarilla Apache Tribe designated AXI Apache "J" and consisting of Sections 5, 6, 7 and 8 in Township 25 North, Range 5 West, Rio Arriba County, New Mexico.

2. Applicant has drilled wells to the South Blanco-Pictured Cliffs, Otero-Chacra, and Gonzales-Mesaverde Pools on said lease as single completions as well as multiple completions.

3. The following wells are dual completions as indicated:

<u>Well No.</u>	<u>Unit-Section</u>	<u>Upper</u>	<u>Lower</u>
9	0 6	P.C.	Chacra
10	A 5	P.C.	Chacra
11	A 6	P.C.	Chacra
12	K 5	P.C.	Chacra
18	X A 8	Chacra	Mesaverde
19	X D 6	Chacra	Mesaverde
20	X C 5	Chacra	Mesaverde
21	X I 5	Chacra	Mesaverde
22	X L 6	Chacra	Mesaverde
23	X D 8	Chacra	Mesaverde
24	X P 8	Chacra	Mesaverde
25	A 7	Chacra	Mesaverde

nos. 18, 23, and 24 in Units A, D, and P of Section 8; nos. 19 and 22 in Units D and L of Section 6; nos. 20 and 21 in Units C and I of Section 5; and no. 25 in Unit A of Section 7

4. Several of said wells have encountered producing difficulties and are marginally economic producing as dual completions.

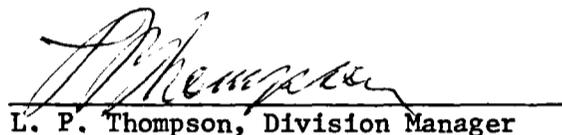
5. Commingling production from the two zones in the dual-completed wells would increase producing rates and would permit recovery of additional gas reserves.

6. The granting of this application would be in the interest of preventing waste and would not impair correlative rights.

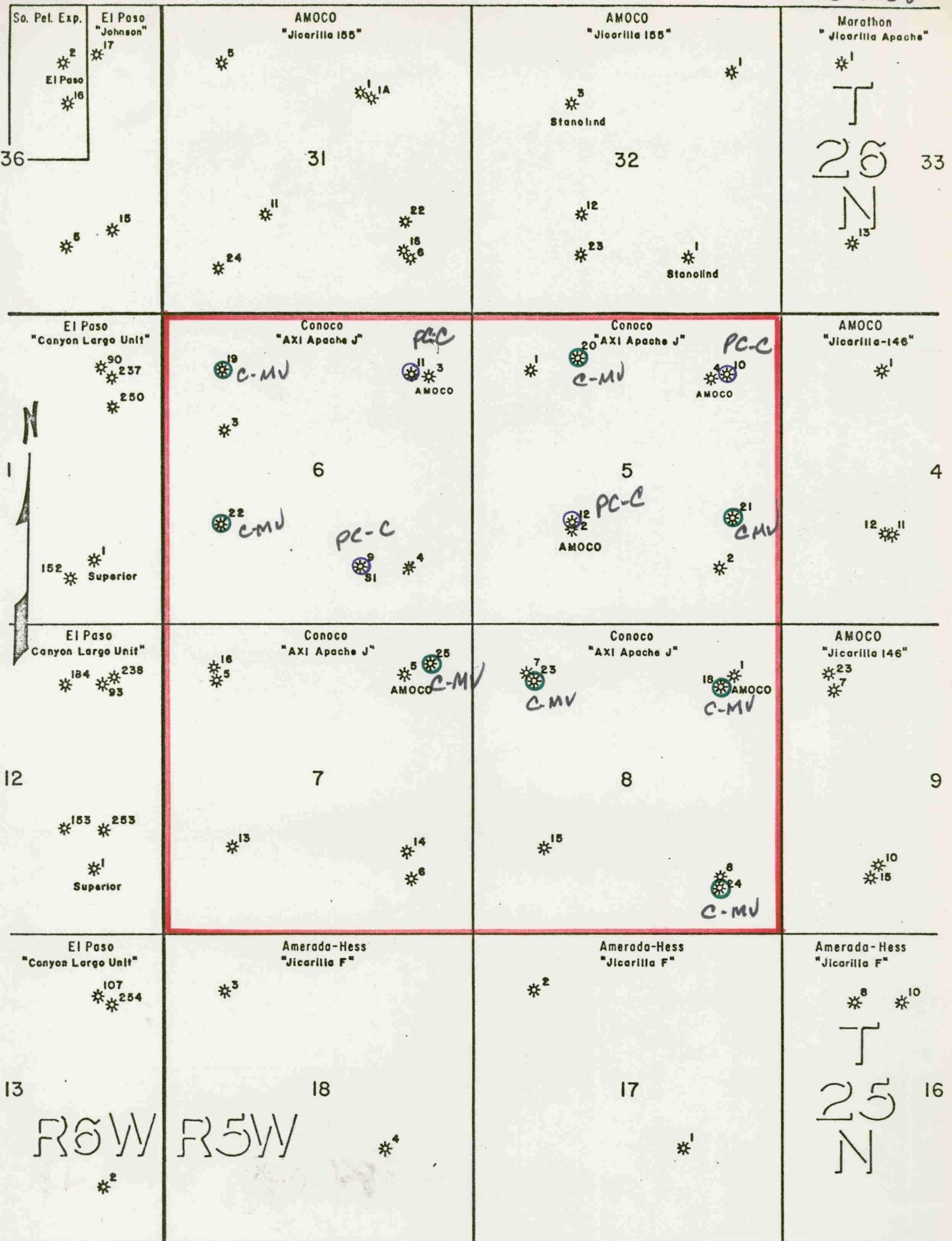
WHEREFORE, applicant respectfully requests that this matter be set for hearing before the Commission's duly appointed examiner and upon hearing an Order be entered granting the commingling in the wellbore of the pools and wells described above.

Respectfully submitted,

CONTINENTAL OIL COMPANY

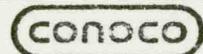


L. P. Thompson, Division Manager



○ CHACRA - PIC. CLIFFS DUAL

○ CHACRA - MESAVERDE DUAL



PRODUCTION DEPARTMENT

HOBBS DIVISION

AXI APACHE J LEASE
RIO ARRIBA COUNTY, NEW MEXICO



ERW