

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION



GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

July 29, 1987

Administrative Order DHC-660

Caulkins Oil Company
P.O. Box 780
Farmington, NM 87401

Attention: Charles E. Verquer

RE: Downhole Commingling
5 Wells, Blanco Mesaverde, Basin Dakota,
Otero Chacra Pools, Rio Arriba County, New
Mexico.

Gentlemen:

Reference is made to your recent request for an exception to Rule 303-A of the Division Rules and Regulations to permit the subject 5 wells as described on Exhibit "A" of this order to commingle the production from all three pools in the wellbores.

It appearing that the subject wells qualify for approval for such exception pursuant to the provisions of Rule 303-C, and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized dual completion and required separation of the two zones is hereby placed in abeyance.

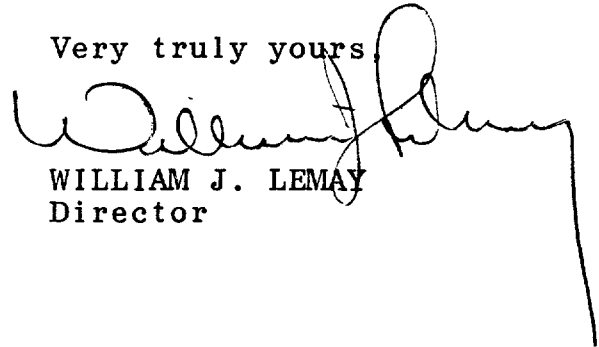
In accordance with the provisions of Rule 303.C.4., total commingled oil production from the subject wells shall not exceed 50 barrels per day, and total water production from the subject wells shall not exceed 100 barrels per day. the maximum amount of gas which may be produced daily from each of the subject wells shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule.

Page 2

Administrative Order DHC-660

Pursuant to Rule 303-C.5, the commingling authority granted by this order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Very truly yours,

A handwritten signature in black ink, appearing to read 'William J. Lemay', with a long, sweeping vertical line extending downwards from the end of the signature.

WILLIAM J. LEMAY
Director

WJL/DRC/ag

cc: OCD District Office - Aztec
Case Files - 6438, 6800

EXHIBIT "A"

| <u>WELL NAME & LOCATION</u> | | <u>ALLOCATION</u> | |
|---|-----------|-------------------|------|
| | | Oil % | Gas% |
| State "A" Well No. 268-E Unit P, Section 16, T-26 North, Range 6 West | Chacra | 0 | 13 |
| | Mesaverde | 81 | 19 |
| | Dakota | 19 | 68 |
| Breech "D" Well No. 346 Unit A, Section 22, T-26 North, Range 6 West | Chacra | 0 | 14 |
| | Mesaverde | 77 | 19 |
| | Dakota | 23 | 67 |
| Breech Well No. 224-A Unit D, Section 13, T-26 North, Range 7 West | Chacra | 0 | 17 |
| | Mesaverde | 80 | 45 |
| | Dakota | 20 | 38 |
| Breech "E" Well No. 54-E Unit P, Section 4, T-26 North, Range 6 West | Chacra | 0 | 3 |
| | Mesaverde | 15 | 5 |
| | Dakota | 85 | 92 |
| Breech Well No. 812 Unit N, Section 18, T-26 North, Range 6 West | Chacra | 0 | 14 |
| | Mesaverde | 55 | 22 |
| | Dakota | 45 | 64 |

REMARKS: Well Nos. 268-E, 346, and 54-E, were previously downhole commingled in the Mesaverde and Chacra zones authorized by Division Order No. R-6266.

Well Nos. 224-A and 812 were previously downhole commingled in the Mesaverde and Chacra zones authorized by Division Order No. R-5922.