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W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

June 20, 1994

HAND DELIVERED

20 1994

Mr. Michael E. Stogner
Chief Hearing Examiner
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: State Com AJ Well No. 34E
Unit N-36-32N-12W
Application of Conoco Inc.
for Downhole Commingling,
San Juan County, New Mexico

11033

Dear Mr. Stogner:

On behalf of Conoco Inc., please find enclosed our referenced application which we request be set for hearing on the next available Examiner's docket now scheduled for July 21, 1994.

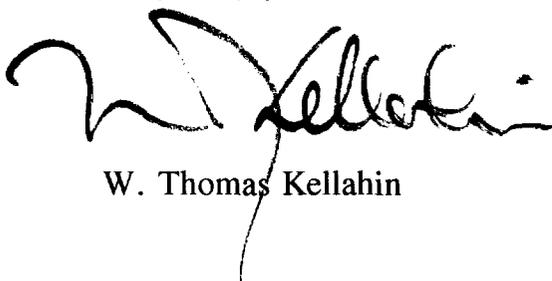
Notices are being sent certified mail, hereby we are notifying all interested parties of their right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application and that failure to appear at the hearing may preclude them from any involvement in this case at a later date.

Oil Conservation Division
June 20, 1994
Page 2

Pursuant to the Division's Memorandum 2-90, all parties are hereby informed that if they appear in this case, then they are requested to file a Pre-Hearing Statement with the Division not later than 4:00 PM on Friday, July 15, 1994, with a copy delivered to the undersigned.

Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,

A handwritten signature in black ink, appearing to read "W. Thomas Kellahin". The signature is fluid and cursive, with a long, sweeping underline that extends below the printed name.

W. Thomas Kellahin

cc: Conoco Inc.

PROPOSED ADVERTISEMENT

Case 1103:3 Application of Conoco Inc. for downhole commingling, San Juan County, New Mexico. Applicant seeks approval to downhole commingle Basin-Dakota Gas Pool production and with Glades-Fruitland Sand Pool production within the wellbore of its State Com AJ Well No. 34E, located 1185 feet FSL and 1485 feet FWL (Unit N) Sec. 36, T32N, R12W, with the W/2 of said Section 36 being dedicated to the Basin-Dakota Pool and the SW/4 of said Section 36 being dedicated to the Glades-Fruitland Sand Pool. Said well is located approximately 8 miles east-northeast from La Plata, New Mexico;

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

APPLICATION OF CONOCO INC.
FOR DOWNHOLE COMMINGLING
SAN JUAN COUNTY, NEW MEXICO.

CASE: 11033

APPLICATION

Comes now CONOCO INC., ("Conoco") by and through its attorneys, Kellahin and Kellahin, and applies to the New Mexico Oil Conservation Division for approval to downhole commingle Basin-Dakota Gas Pool production and with Glades-Fruitland Sand Pool production within the wellbore of its State Com AJ Well No. 34E, located 1185 feet FSL and 1485 feet FWL (Unit N) Sec. 36, T32N, R12W, with the W/2 of said Section 36 being dedicated to the Basin-Dakota Pool and the SW/4 of said Section 36 being dedicated to the Glades-Fruitland Sand Pool.

In support of its application, Conoco states:

(1) Conoco is the operator of the State Com AJ Well No. 34E which is an existing dually completed well producing from the Dakota formation (See Exhibit "A") and Fruitland Sand formation (See Exhibit "B").

(2) This well is to be reconfigured so that production from the Basin-Dakota Pool and the Glades-Fruitland Sand Pool can be downhole commingled in the wellbore.

(3) The ownership is not common between these two spacing units.

(4) In accordance with Division Rule 303-C-1.(b), the Applicant states and will demonstrate at hearing:

1. That this well is currently a dual completion in the Fruitland sand formation and in the Dakota formation, is marginal and production cannot be economically continued unless it is done so by downhole commingling that production.

2. That there will be no crossflow between the two zones commingled.

3. That the value of the commingled production will not be less than the sum of the values of the individual production.

4. It is expected that the bottom hole pressure of the lower pressure zone is not less than 50 percent of the bottom hole pressure of the higher pressure zone adjusted to a common datum.

(5) In order to salvage the remaining Fruitland sand production and Dakota production from this spacing unit, Conoco seeks approval to produce this well as downhole commingled well.

(6) Conoco will submit at the hearing, its proposed formula for the allocation of production to each of the commingled zones and a description of the factors or data used in determining such formula.

(7) That in order to allocate the commingled production to each of the commingled zones in this well, Conoco requests a provision in the order delegating to the Supervisor of the Aztec District Office of the Division the authority to determine an allocation formula for each of the production zones.

(8) Applicant requests that this matter be docketed for hearing on the Division's Examiner docket now scheduled for July 21, 1994.

(9) Notice of this application has been sent to all owners of production within each of the spacing units who may be affected by downhole commingling as identified on Exhibit "C" attached.

WHEREFORE Applicant requests that this matter be set for hearing on July 21, 1994 before a duly appointed Examiner of the Oil Conservation Division and that after notice and hearing as required by law, the Division enter its order granting this application.

Respectfully submitted

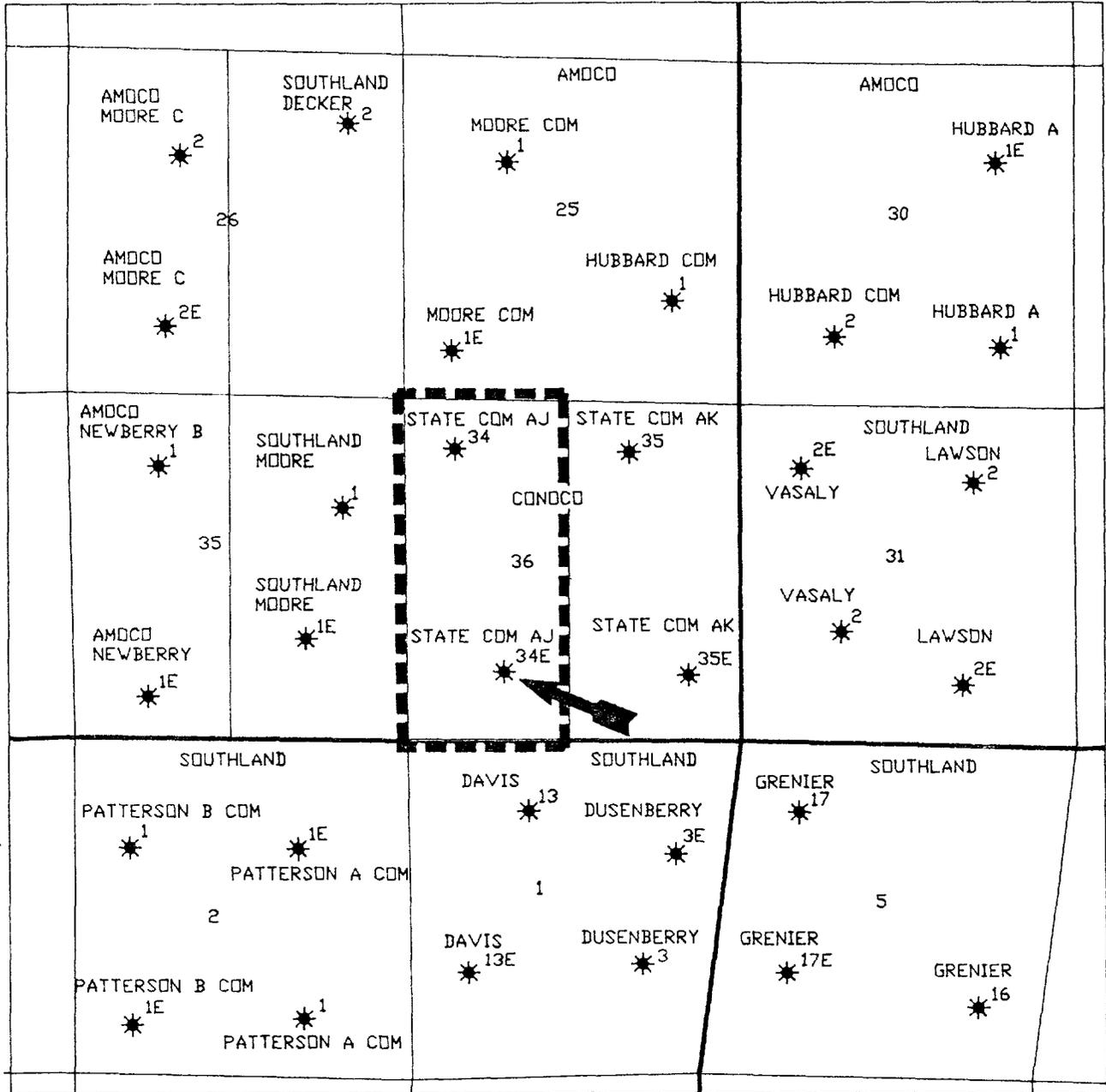
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W. Thomas Kellahin
KELLAHIN and KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87501
(505) 982-4285
Attorneys for Applicant

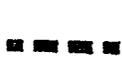
R12W

R11W

T
32
N



T
31
N



DAKOTA PRORATION
UNIT

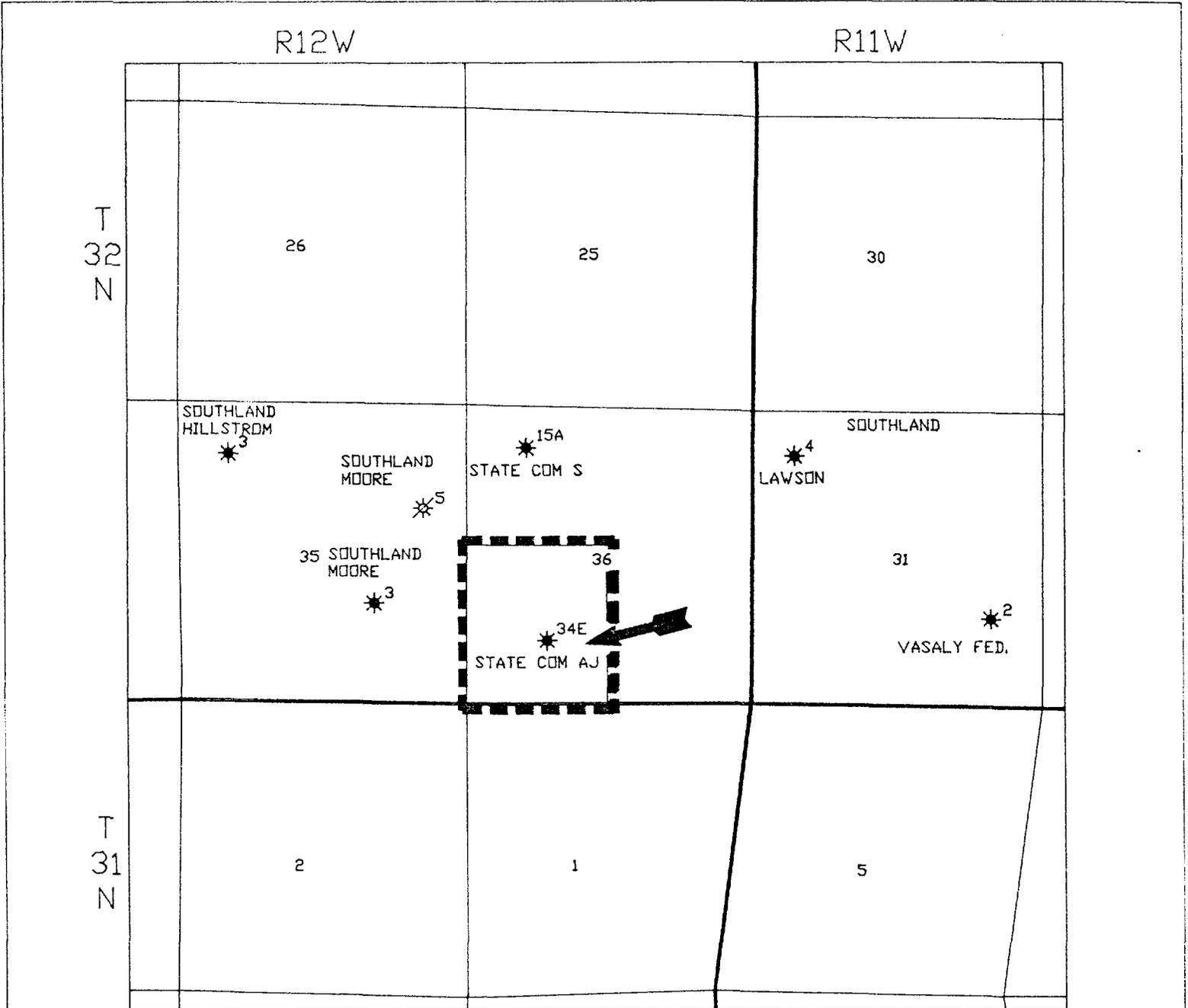


EPNGNA
MIDLAND DIVISION

STATE COM AJ 34E
DAKOTA WELLS ONLY

DRAWING NO.
PL1143

EXHIBIT A



--- FRUITLAND SAND PRORATION UNIT

		EPNGNA MIDLAND DIVISION
STATE COM AJ 34E FRUITLAND SAND WELLS		
		DRAWING NO. PL1144

EXHIBIT B

STATE COM AJ No. 34

Conoco A/C Mesa Royalty Trust
P.O. Box 1267
Ponca City, OK 74602-1267

Conoco A/C Shirley Bernstein
654 Madison Avenue
New York, NY 10021-8404

Conoco A/C Atwell & Company
% United States Trust Co. of New York
Box 456, Wall Street Station
New York, NY 10005

Conoco A/C Kathleen B. Lipkins
654 Madison Avenue
New York, NY 10021-8404
Margaret Allinson Laycock
1511 West 31st Street
Austin, TX 78703-1405

Thomas R. Laverty
1313 Glen Lakes Tower
9400 North Central Expressway
Dallas, TX 75216-1720

Ruth C. Fritts
Trust A of Fritts Living Trust No. 2
P.O. Box 868
Roswell, NM 88202-0868

James W. Wilson
3218 Reba Drive
Houston, TX 77019-6212

James Fitz-Gerald, III
P.O. Box 1565
Midland, TX 79702-1565

Sharon McAdams Steinberg
1058 Palm Street
Seguin, TX 78155-3255

Kitty King Powell
% Powell Interests
1001 Fannin, Suite 1325
Houston, TX 77002-6706

Ben Dansby, Jr.
P.O. Box 710
Midland, TX 79702-0710

J. W. Hershey
P.O. Box 130244
Houston, TX 77219-0244

Kitty King Powell Marital Trust
% Powell Interests
1001 Fannin, Suite 1325
Houston, TX 77002-6706

Duff-Leach Family Trust
Judith Dianne Duff Leach and
Kenneth C. Leach, Co-Trustees
% Judith Dianne Duff Leach
P.O. Box 30396
Albuquerque, NM 87190-0396

John B. Allinson, Jr.
P.O. Box 16
Knickerbocker, TX 76939-0016

Chilegram
Casilla 2021
Santiago, CHILE

Ted Edward Duff, Trustee
T. E. Duff Trust
P.O. Box 9908
Midland, TX 79708-9908

Stanley Neely
2200 Ross Avenue, Suite 2200
Dallas, TX 75201-6766

Michael Fitz-Gerald
P.O. Box 710
Midland, TX 79702-0710

Kelley A. Murrell
3512 Cornell
Dallas, TX 75205-2817

Commissioner of Public Lands
State of New Mexico
P.O. Box 1148
Santa Fe, NM 87504-1148

Charles B. Gonsales
P.O. Box 2509
Santa Fe, NM 87504-2509

Southland Royalty Company
% Meridian Oil Inc.
P.O. Box 4289
Farmington, NM 87499-4289

Amoco Production Company
P.O. Box 800
Denver, CO 80201

CMD :
OG5SECT

ONGARD
INQUIRE LAND BY SECTION

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E	F	G	H
40.00 CS E05152 3 04/61 CONOCO INC	40.00 CS E05152 3 04/61 CONOCO INC	40.00 CS E01198 3 02/57 NATIONAL COOPERAT	40.00 CS E03157 30 12/59 CONOCO INC A A

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