

BEFORE EXAMINER OBSERVATION
OIL CONSERVATION SYSTEM

Tenneco ENGINE OIL 1

CASE NO. 8845 + 8846

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

KELLAHIN and KELLAHIN
Attorneys at Law
El Patio - 117 North Guadalupe
Post Office Box 2265
Santa Fe, New Mexico 87504-2265

Telephone 982-4285
Area Code 505

February 28, 1986

CERTIFIED MAIL: P 131 003 431
RETURN RECEIPT REQUESTED

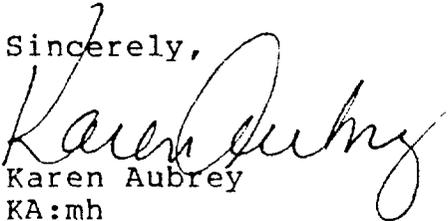
Wynn Oil Company, Inc.
3545 Inter First Two
Dallas, Texas 75270

Re: Schwerdtfeger A LS #14A NW/4 (W/2) Sec. 8, T27N-R8W
Schwerdtfeger A LS #15A NW/4 (N/2) Sec. 21, T27N-R8W
Florance D LS #14A SE/4 (S/2) Sec. 21, T27N-R8W
Bolack C LS #11A NW/4 (W/2) Sec. 28, T27N-R8W
Florance D LS #11A SE/4 (E/2) Sec. 18, T27N-R8W
Florance D LS #13A NW/4 (W/2) Sec. 20, T27N-R8W
Lackey B LS #4A NW/4 (N/2) Sec. 29, T28N-R9W

Gentlemen:

The purpose of this letter is to notify you that Tenneco Oil Company has applied to the New Mexico Oil Conservation Division for permission to downhole commingle production from those wells listed above. If you, as an offset operator, have no objection to the proposed commingling, please sign the waiver at the bottom of this page and forward to: New Mexico Oil Conservation Division, Post Office Box 2088, Santa Fe, New Mexico 87504-2088 Attn: David Catanach. We would appreciate your returning one copy to the undersigned.

Sincerely,


Karen Aubrey
KA:mh

W A I V E R

We, hereby waive any objections to Tenneco Oil Company's application to commingle production as set forth above.

Name: David N. Dennard for R.C. Wynn
Title: Petroleum Engineer
Date: 3/5/86

PS Form 3811, July 1983 447-845

SENDER: Complete items 1, 2, 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

- Show to whom, date and address of delivery.
- Restricted Delivery.

3. Article Addressed to:
 Wynn Oil Company, Inc.
 3545 Inter First Two
 Dallas, Texas 75270

4. Type of Service:	Article Number
<input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail	P 131 003 431

Always obtain signature of addressee or agent and **DATE DELIVERED.**

5. Signature - Addressee
 X

6. Signature - Agent
 X *Delwood C. Gullett*

7. Date of Delivery
 MAR 6 1986

8. Addressee's Address (ONLY if requested and fee paid)

DOMESTIC RETURN RECEIPT

P 131 003 431

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL

(See Reverse)

★ U.S.G.P.O. 1984-446-014
 PS Form 3800, Feb. 1982

Sent to Wynn Oil Co. Inc.,	
Street and No. 3545 Inter First Two	
P.O. State and ZIP Code Dallas, Texas 75270	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$ 1.84
Postmark, or Date	

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

KELLAHIN and KELLAHIN
Attorneys at Law
El Patio - 117 North Guadalupe
Post Office Box 2265
Santa Fe, New Mexico 87504-2265
February 11, 1986

Telephone 982-4285
Area Code 505

CERTIFIED MAIL: P 131 003 426
RETURN RECEIPT REQUESTED

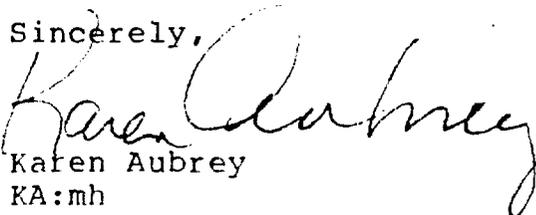
Union Texas Petroleum
Post Office Box 1290
Farmington, New Mexico 87499

Re: Schwerdtfeger A LS #14A NW/4 (W/2) Sec. 8, T27N-R8W
Schwerdtfeger A LS #15A NW/4 (N/2) Sec. 21, T27N-R8W
Florance D LS #14A SE/4 (S/2) Sec. 21, T27N-R8W
Bolack C LS #11A NW/4 (W/2) Sec. 28, T27N-R8W
Florance D LS #11A SE/4 (E/2) Sec. 18, T27N-R8W
Florance D LS #13A NW/4 (W/2) Sec. 20, T27N-R8W
Lackey B LS #4A NW/4 (N/2) Sec. 29, T28N-R9W

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Sincerely,


Karen Aubrey
KA:mh

W A I V E R

We, hereby waive any objections to Tenneco Oil Company's application to commingle production as set forth above.

Name: Robert C. Frank
Title: Regulatory Analyst
Date: 3/1/86

PS Form 3811, July 1983 447-945

DOMESTIC RETURN RECEIPT

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Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

- Show to whom, date and address of delivery.
- Restricted Delivery.

3. Article Addressed to:
 Union Texas Petroleum
 Post Office Box 1290
 Farmington, NM 87499

4. Type of Service:	Article Number
<input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail	P 131 003 426

Always obtain signature of addressee or agent and **DATE DELIVERED.**

5. Signature - Addressee
 X

6. Signature - Agent
 X *[Signature]*

7. Date of Delivery
2-19-86

8. Addressee's Address (ONLY if requested and fee paid)
Sum

P 131 003 426

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL

(See Reverse)

★ U.S.G.P.O. 1984-446-014

PS Form 3800, Feb. 1982

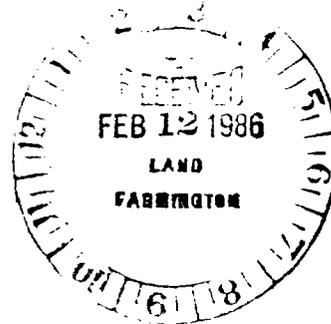
Sent to Union Texas Petroleum	
Street and No. Post Office Box 1290	
P.O., State, and ZIP Code Farmington, NM 87499	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$ 1.54
Postmark or Date <i>2-11-86</i>	

Jason Kellabin
W. Thomas Kellabin
Karen Aubrey

KELLAHIN and KELLAHIN
Attorneys at Law
El Patio - 117 North Guadalupe
Post Office Box 2265
Santa Fe, New Mexico 87504-2265
February 11, 1986

Telephone 982-4285
Area Code 505

CERTIFIED MAIL: P 131 003 425
RETURN RECEIPT REQUESTED



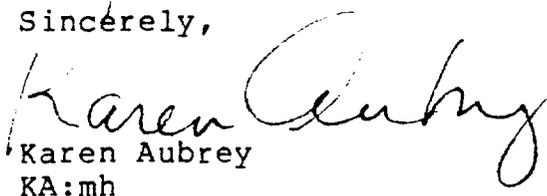
El Paso Natural Gas Company
Post Office Box 4289
Farmington, New Mexico 87499

Re: Schwerdtfeger A LS #14A NW/4 (W/2) Sec. 8, T27N-R8W
Schwerdtfeger A LS #15A NW/4 (N/2) Sec. 21, T27N-R8W
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Bolack C LS #11A NW/4 (W/2) Sec. 28, T27N-R8W
Florance D LS #11A SE/4 (E/2) Sec. 18, T27N-R8W
Florance D LS #13A NW/4 (W/2) Sec. 20, T27N-R8W
Lackey B LS #4A NW/4 (N/2) Sec. 29, T28N-R9W

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Sincerely,


Karen Aubrey
KA:mh

W A I V E R

We, hereby waive any objections to Tenneco Oil Company's application to commingle production as set forth above.

Name: 
Title: District Land Manager
Date: 2-21-86

PS Form 3811, July 1983 447-846

SENDER: Complete items 1, 2, 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

- Show to whom, date and address of delivery.
- Restricted Delivery.

3. Article Addressed to:
 El Paso Natural Gas Company
 Post Office Box 4289
 Farmington, NM 87499

4. Type of Service:	Article Number
<input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail	P 131 003 425

Always obtain signature of addressee or agent and **DATE DELIVERED.**

- Signature - Addressee
X
- Signature - Agent
X *[Signature]*
- Date of Delivery
2-11-84
- Addressee's Address (ONLY if requested and fee paid)
[Address]

DOMESTIC RETURN RECEIPT

P 131 003 425

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL

(See Reverse)

U.S.G.P.O. 1984-446-014
 PS Form 3800, Feb. 1982

Sent to El Paso Natural Gas Co.	
Street and No. Post Office Box 4289	
P.O., State and ZIP Code Farmington, NM 87499	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$ 1.84
Postmark or Date <i>2-11-84</i>	

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

KELLAHIN and KELLAHIN
Attorneys at Law
El Patio - 117 North Guadalupe
Post Office Box 2265
Santa Fe, New Mexico 87504-2265
February 11, 1986

Telephone 982-4285
Area Code 505

CERTIFIED MAIL: P 131 003 430
RETURN RECEIPT REQUESTED



Meridian Oil Company
Post Office Box 4289
Farmington, New Mexico 87499

Re: Schwerdtfeger A LS #14A NW/4 (W/2) Sec. 8, T27N-R8W
Schwerdtfeger A LS #15A NW/4 (N/2) Sec. 21, T27N-R8W
Florance D LS #14A SE/4 (S/2) Sec. 21, T27N-R8W
Bolack C LS #11A NW/4 (W/2) Sec. 28, T27N-R8W
Florance D LS #11A SE/4 (E/2) Sec. 18, T27N-R8W
Florance D LS #13A NW/4 (W/2) Sec. 20, T27N-R8W
Lackey B LS #4A NW/4 (N/2) Sec. 29, T28N-R9W

Gentlemen:

The purpose of this letter is to notify you that Tenneco Oil Company has applied to the New Mexico Oil Conservation Division for permission to downhole commingle production from those wells listed above. If you, as an offset operator, have no objection to the proposed commingling, please sign the waiver at the bottom of this page and forward to: New Mexico Oil Conservation Division, Post Office Box 2088, Santa Fe, New Mexico 87504-2088 Attn: David Catanach. We would appreciate your returning one copy to the undersigned.

Sincerely,


Karen Aubrey
KA:mh

W A I V E R

We, hereby waive any objections to Tenneco Oil Company's application to commingle production as set forth above.

Name: Alan Hesperides
Title: District Land Manager
Date: 2-21-86

PS Form 3811, July 1983 447-845

SENDER: Complete items 1, 2, 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

- Show to whom, date and address of delivery.
- Restricted Delivery.

3. Article Addressed to:
 Meridian Oil Company
 Post Office Box 4289
 Farmington, NM 87499

4. Type of Service:	Article Number
<input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail	P 131 003 430

Always obtain signature of addressee or agent and **DATE DELIVERED.**

5. Signature - Addressee
 X

6. Signature - Agent
 X *[Handwritten Signature]*

7. Date of Delivery
2-11-84

8. Addressee's Address (ONLY if requested and fee paid)
[Handwritten Address]

DOMESTIC RETURN RECEIPT

P 131 003 430

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL

(See Reverse)

* U.S.G.P.O. 1984-446-014

Sent to	
Meridian Oil Company	
Street and No	
Post Office Box 4289	
P.O., State and ZIP Code	
Farmington, NM 87499	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$ 1.54
Postmark or Date	
<i>2-11-84</i>	

PS Form 3800, Feb. 1982

MERIDIAN OIL

February 21, 1986

New Mexico Oil Conservation Division
Attention: Mr. David Catanach
Post Office Box 2088
Santa Fe, New Mexico 87504-2088

Re: Tenneco Oil Company
Proposal to Commingle
Schwerdtfeger A LS #14 A
NW/4 Section 8, T-27-N, R-8-W
Schwerdtfeger A LS #15 A
NW/4 Section 21, T-27-N, R-8-W
Florance D LS #14 A
SE/4 Section 21, T-27-N, R-8-W
Bolack C LS #11 A
NW/4 Section 28, T-27-N, R-8-W
Florance D LS #11 A
SE/4 Section 18, T-27-N, R-8-W
Florance D LS #13 A
NW/4 Section 20, T-27-N, R-8-W
Lackey B LS #4 A
NW/4 Section 29, T-28-N, R-9-W
San Juan County, New Mexico

Gentlemen:

Enclosed is a waiver executed on behalf of Meridian Oil advising that we have no objections to Tenneco Oil Company's proposal to commingle the Mesaverde and Chacra formations in the referenced wells.

Very truly yours,



David M. Poage
Senior Staff Landman

DMP:gm
attachment

Tenneco Oil Company File

cc: Ms. Karen Aubrey
Kellahin and Kellahin, Attorneys At Law

Document 0126L

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

KELLAHIN and KELLAHIN
Attorneys at Law
El Patio - 117 North Guadalupe
Post Office Box 2265
Santa Fe, New Mexico 87504-2265

Telephone 982-4285
Area Code 505

February 11, 1986

CERTIFIED MAIL: P 131 003 429
RETURN RECEIPT REQUESTED

Southland Royalty Company
410 17th Street, Suite 1000
Denver, Colorado 80202

Re: Schwerdtfeger A LS #14A NW/4 (W/2) Sec. 8, T27N-R8W
Schwerdtfeger A LS #15A NW/4 (N/2) Sec. 21, T27N-R8W
Florance D LS #14A SE/4 (S/2) Sec. 21, T27N-R8W
Bolack C LS #11A NW/4 (W/2) Sec. 28, T27N-R8W
Florance D LS #11A SE/4 (E/2) Sec. 18, T27N-R8W
Florance D LS #13A NW/4 (W/2) Sec. 20, T27N-R8W
Lackey B LS #4A NW/4 (N/2) Sec. 29, T28N-R9W

Gentlemen:

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Sincerely,


Karen Aubrey
KA:mh

W A I V E R

We, hereby waive any objections to Tenneco Oil Company's application to commingle production as set forth above.

Name: Alan Pedersen
Title: District Sand Manager
Date: 2-25-86

PS Form 3811, July 1983 447-945

SENDER: Complete items 1, 2, 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

1. Show to whom, date and address of delivery.

2. Restricted Delivery.

3. Article Addressed to:

Southland Royalty Company
410 17th St., Suite 1000
Denver, Colorado 80202

4. Type of Service:	Article Number
<input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail	P 131 003 429

Always obtain signature of addressee or agent and **DATE DELIVERED.**

5. Signature - Addressee
X

6. Signature - Agent
X *[Handwritten Signature]*

7. Date of Delivery
[Handwritten Date]

8. Addressee's Address (ONLY if requested and fee paid)
[Handwritten Address]

DOMESTIC RETURN RECEIPT

P 131 003 429

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

★ U.S.G.P.O. 1984-446-014
PS Form 3800, Feb. 1982

Sent to		Southland Royalty Co.
Street and No.		410 17th St., Suite 1000
P.O., State and ZIP Code		Denver, Colorado 80202
Postage	\$	
Certified Fee		
Special Delivery Fee		
Restricted Delivery Fee		
Return Receipt Showing to whom and Date Delivered		
Return receipt showing to whom, Date, and Address of Delivery		
TOTAL Postage and Fees	\$	1.84
Postmark or Date		
<i>[Handwritten Date: 2-11-84]</i>		

RECEIVED FEB 27 1986



Southland Royalty Company

February 25, 1986

New Mexico Oil Conservation Division
Attention: Mr. David Catanach
Post Office Box 2088
Santa Fe, New Mexico 87504-2088

Re: Tenneco Oil Company
Proposal to Commingle
Schwerdtfeger A LS #14 A
NW/4 Section 8, T-27-N, R-8-W
Schwerdtfeger A LS #15 A
NW/4 Section 21, T-27-N, R-8-W
Florance D LS #14 A
SE/4 Section 21, T-27-N, R-8-W
Bolack C LS #11 A
NW/4 Section 28, T-27-N, R-8-W
Florance D LS #11 A
SE/4 Section 18, T-27-N, R-8-W
Florance D LS #13 A
NW/4 Section 20, T-27-N, R-8-W
Lackey B LS #4 A
NW/4 Section 29, T-28-N, R-9-W
San Juan County, New Mexico

Gentlemen:

Enclosed is a waiver executed on behalf of Southland Royalty Company advising that we have no objections to Tenneco Oil Company's proposal to commingle the Mesaverde and Chacra formations in the referenced wells.

Very truly yours,

Alan Alexander
District Land Manager

AA:LD:gm
attachment

Tenneco Oil Company File

cc: ~~Ms. Karen Aubrey~~
Kellahin and Kellahin, Attorneys At Law

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

KELLAHIN and KELLAHIN
Attorneys at Law
El Patio - 117 North Guadalupe
Post Office Box 2265
Santa Fe, New Mexico 87504-2265
February 11, 1986

Telephone 982-4285
Area Code 505

CERTIFIED MAIL: P 131 003 427
RETURN RECEIPT REQUESTED

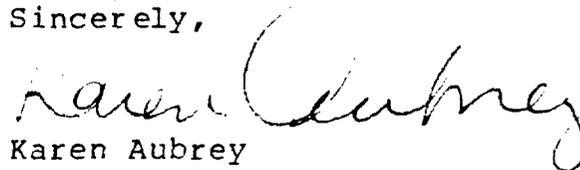
R & G Drilling Company
c/o Walsh Engineering
Post Office Drawer 419
Farmington, New Mexico 87499

Re: Schwerdtfeger A LS #14A NW/4 (W/2) Sec. 8, T27N-R8W
Schwerdtfeger A LS #15A NW/4 (N/2) Sec. 21, T27N-R8W
Florance D LS #14A SE/4 (S/2) Sec. 21, T27N-R8W
Bolack C LS #11A NW/4 (W/2) Sec. 28, T27N-R8W
Florance D LS #11A SE/4 (E/2) Sec. 18, T27N-R8W
Florance D LS #13A NW/4 (W/2) Sec. 20, T27N-R8W
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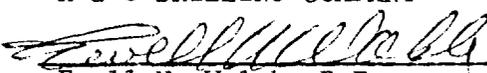
Sincerely,


Karen Aubrey
KA:mh

W A I V E R

We, hereby waive any objections to Tenneco Oil Company's application to commingle production as set forth above.

R & G DRILLING COMPANY

Name: 
Ewell N. Walsh, P.E.
Title: President, Walsh Engineering &
Production Corporation
Date: March 5, 1986

PS Form 3811, July 1983 447-945

SENDER: Complete items 1, 2, 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

- Show to whom, date and address of delivery.
- Restricted Delivery.

3. Article Addressed to:
 R & G Drilling Company
 c/o Walsh Engineering
 Post Office Drawer 419
 Farmington, NM 87499

4. Type of Service:	Article Number
<input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail	P 131 003 427

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
 X *Arthur E. Gage*

6. Signature - Agent
 X

7. Date of Delivery
 2-13-85

8. Addressee's Address (ONLY if requested and fee paid)

DOMESTIC RETURN RECEIPT

P 131 003 427

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL

(See Reverse)
 R & G Drilling Co.

U.S.G.P.O. 1984-446-014

Sent to	
c/o Walsh Engineering	
Street and No. Post Office Drawer 419	
P.O., State and ZIP Code Farmington, NM 87499	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$ 1.84
Postmark or Date 2-11-85	

PS Form 3800, Feb. 1982

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey

KELLAHIN and KELLAHIN
Attorneys at Law
El Patio - 117 North Guadalupe
Post Office Box 2265
Santa Fe, New Mexico 87504-2265
February 11, 1986

Telephone 982-4285
Area Code 505

CERTIFIED MAIL: P 131 003 428
RETURN RECEIPT REQUESTED

Arco Oil & Gas Company
555 17th Street
Post Office Box 5540
Denver, Colorado 80202

Re: Schwerdtfeger A LS #14A NW/4 (W/2) Sec. 8, T27N-R8W
Schwerdtfeger A LS #15A NW/4 (N/2) Sec. 21, T27N-R8W
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Florance D LS #11A SE/4 (E/2) Sec. 18, T27N-R8W
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Sincerely,


Karen Aubrey
KA:mh

W A I V E R

We, hereby waive any objections to Tenneco Oil Company's application to commingle production as set forth above.

Name: Stewart M. Lohle
Title: District Engineer
Date: Feb. 28, 1986

PS Form 3811, July 1983 447-945

SENDER: Complete items 1, 2, 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

1. Show to whom, date and address of delivery.
 2. Restricted Delivery.

3. Article Addressed to:
 Arco Oil & Gas Company
 555 17th Street
 Post Office Box 5540
 Denver, Colorado 80202

4. Type of Service:	Article Number
<input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail	P 131 003 428

Always obtain signature of addressee or agent and **DATE DELIVERED.**

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6. Signature — Agent
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7. Date of Delivery

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P 131 003 428

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★ U.S.G.P.O. 1984-446-014
 PS Form 3800, Feb. 1982

Sent to	Arco Oil & Gas Co.
Street and No.	555 17th Street
P. O. Box	5540
P.O., State and ZIP Code	Denver, Colorado 80202
Postage	\$
Certified Fee	
Special Delivery Fee	
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Return Receipt Showing to whom and Date Delivered	
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TOTAL Postage and Fees	\$ 1.84
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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASES NOS. 8845 and 8846
Order No. R-8204

APPLICATION OF TENNECO OIL COMPANY
FOR DOWNHOLE COMMINGLING, SAN JUAN
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 19, 1986, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 11th day of April, 1986, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) Division Cases Nos. 8845 and 8846 were consolidated at the time of the hearing for the purpose of testimony.

(3) In Division Case No. 8845, the applicant, Tenneco Oil Company, seeks authority to downhole commingle production from the Blanco-Mesaverde and Otero-Chacra Pools within the wellbores of two wells, one to be drilled in Section 8, Township 27 North, Range 8 West, and the other in Section 29, Township 28 North, Range 9 West, NMPM, San Juan County, New Mexico.

(4) In Division Case No. 8846, the applicant, also Tenneco Oil Company, seeks authority to downhole commingle production from the Blanco-Mesaverde and Undesignated Otero-Chacra Pools within the wellbores of five wells to be drilled in Sections 18, 20, 21, and 28, Township 27 North, Range 8 West, NMPM, San Juan County, New Mexico.

(5) Inasmuch as the subject matter in Division Case No. 8845 is the same as in Division Case No. 8846, one Division order should be entered covering both cases.

(6) Testimony by the applicant at the hearing indicates that the Mesaverde is the primary objective in these wells, but they expect to encounter productive sands in the Chacra formation as well.

(7) Further testimony by the applicant indicates that the Chacra reserves underlying the above-described wells are estimated to be insufficient to economically justify the capital expenditure required to separately produce these reserves.

(8) The proposed commingling should result in the recovery of additional hydrocarbons from the Chacra formation, thereby preventing waste, and should not violate correlative rights.

(9) Bottom hole pressure estimates for the subject formations in the wells were calculated using information obtained from offset Mesaverde and Chacra wells.

(10) The ratio of bottom hole pressures in the subject formations adjusted to a common datum range from -83 to -88, indicating that no crossflow should occur as a result of commingling.

(11) The reservoir characteristics of each of the subject zones are such that underground waste would not be caused by the proposed commingling provided that the well is not shut-in for an extended period.

(12) The ownership of the Mesaverde and Chacra formations in the subject wells is common, including working interest and royalty interest.

(13) The applicant proposed that the production allocation for the wells be based upon the fraction of total estimated reserves contributed by each zone.

(14) In order to substantiate the reserve estimates submitted as evidence by the applicant, production tests should be conducted on each zone in each well after their completion.

(15) The applicant should submit these production tests and their estimated reserve calculations to the supervisor of the Division's Aztec district office in order that an accurate allocation formula for each well can be determined.

(16) To afford the Division the opportunity to assess the potential for waste and to expeditiously order appropriate remedial action, the operator should notify the Aztec district office of the Division any time the subject well is shut-in for 7 consecutive days.

IT IS THEREFORE ORDERED THAT:

(1) The applicant, Tenneco Oil Company, is hereby authorized to commingle Blanco-Mesaverde and Otero-Chacra Pool production within the wellbores of two wells, one to be drilled in Section 8, Township 27 North, Range 8 West, and the other to be drilled in Section 29, Township 28 North, Range 9 West, NMPM, San Juan County, New Mexico, being the subject of Division Case No. 8845.

(2) The applicant, Tenneco Oil Company, is hereby further authorized to commingle Blanco-Mesaverde and Undesignated Otero-Chacra Pool production within the wellbores of five wells to be drilled in Sections 18, 20, 21, and 28, Township 27 North, Range 8 West, NMPM, San Juan County, New Mexico, being the subject of Division Case No. 8846.

PROVIDED HOWEVER THAT the applicant shall conduct production tests on each zone in each of the above wells after their completion.

PROVIDED FURTHER THAT the applicant shall submit the results of the production tests and their estimated reserve calculations to the supervisor of the Division's Aztec district office in order that an accurate allocation formula for each well can be determined.

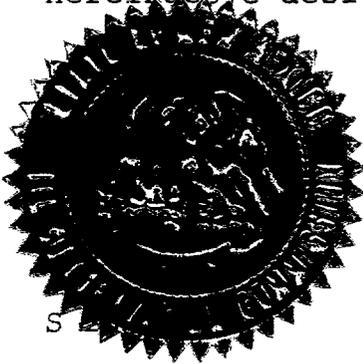
(3) The operator shall use the same allocation in determining the deliverability of the Blanco-Mesaverde for proration purposes and, further, shall report annually the shut-in pressure for the Otero-Chacra as required by General Rule 402.

(4) The operator of the subject well shall immediately notify the Division's Aztec district office any time the well has been shut-in for 7 consecutive days and shall concurrently present, to the Division, a plan for remedial action.

(5) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

Cases Nos. 8845 and 8846
Order No. R-8204

DONE at Santa Fe, New Mexico, on the day and year
hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

R. L. Stamets
R. L. STAMETS,
Director