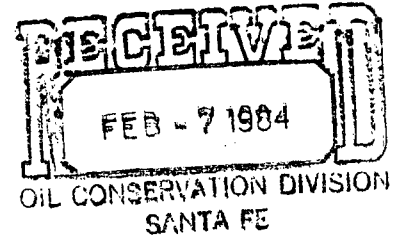




**CHACE OIL COMPANY, INC.**

313 Washington S.E.  
Albuquerque, New Mexico 87108  
(505) 266-5562



February 3, 1984

Mr. Joe D. Ramey  
New Mexico Oil Conservation Division  
P.O. Box 2088  
Santa Fe, New Mexico 87501


Mr. F. T. Chavez  
New Mexico Oil Conservation Division  
1000 Rio Brazos Road  
Aztec, New Mexico 87410

Dear Sirs:

Enclosed is Chace Oil Company's application for approval of downhole commingling. The application requests an exemption of rule 303-A.

Should the Division require any further information or data please call.

Yours truly,

  
Ross Easterling  
Landman



RE:gs  
Enclosure

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

APPLICATION OF CHACE OIL COMPANY, INC.  
FOR DOWNHOLE COMMINGLING

The applicant, Chace Oil Company, Inc. is the owner and operator of the Chace Oil Company, Inc. Chace Apache 54, Well No. 1.

The 54-1 well was completed in the Chacon Dakota Associated field October 8, 1978, and recompleted in an Undesignated Gallup group November 19, 1983.

Applicant requests authority for downhole commingling in the subject well of the Chacon Dakota Associated pool with the Undesignated Gallup pool.

The application is presented in the order that the requirements are set forth in the Oil Conservation Division's Rules and Regulations, dated March 1, 1982.

Rule: 303-C

Section 1

(a) For wells involving oil zones:

- | 1. Bottom perforation  | Bbl/day Limit |
|--|---------------|
| Chacon Dakota Associated - 6967'   | 40            |
| Undesignated Gallup - 6799'  | 40            |
| Neither zone is expected to exceed the Bbl/day limit.  |               |
| 2. Each of the zones require artificial lift. Neither is capable of flowing.   |               |
| 3. "Neither zone produces more water than the combined oil limit as determined in Paragraph (1) above."  |               |
| 4. The fluids from both zones are compatible with the fluids from the other zones, and will not react with each other to cause damage in either of the reservoirs. |               |
| 5. The total value of the crude will not be reduced by commingling.  |               |

6. Ownership of each zone is common.

7. The commingling will not jeopardize the efficiency of any future secondary recovery operations.

Section 2, Paragraph A-J, 'For approval of downhole commingling':

- (a) Chace Oil Company, Inc.  
313 Washington, S.E.  
Albuquerque, New Mexico 87108
- (b) The applicant is the owner and operator of the Chace Oil Company, Inc., Chace Apache 54, Well No. 1.

Location: Unit 'A' - 990' FEL & 990' FNL  
Section 3, Township 22 North, Range 3 West  
Sandoval County, New Mexico

Pools to be commingled:

Chacon Dakota Associated

Undesignated Gallup

- (c) Plat indicating location of 54-1 well and off-setting location ownership. Attached p. 4.
- (d) Gas Oil ratio form C-116, dated December 13, 1983. Attached p. 5.
- (e) Production decline curve for Dakota production only. Attached p. 6.
- (f) Estimated bottom hole pressure for each artificially lifted zone to be commingled, (PSIA):

Undesignated Gallup	2285
---------------------	------

Chacon Dakota Associated	2315
--------------------------	------

- (g) Fluid characteristics:  
  
All zones produce oil of 40° - 45° gravity with little or no water.
- (h) Individual production of each zone would not increase or decrease the value of the production. The price per barrel of oil is the same for each producing horizon.

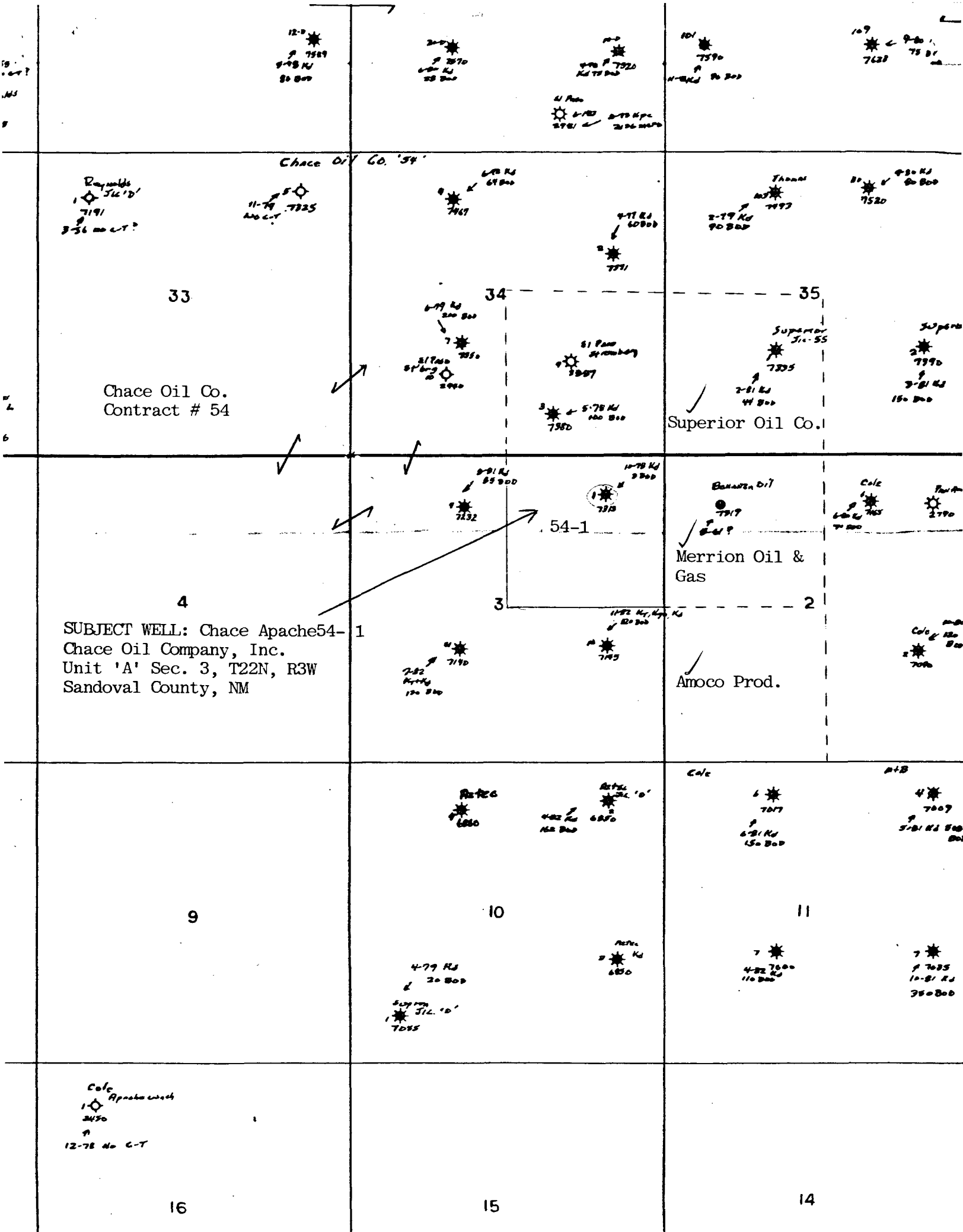
(i) Allocation of Production:

Estimated Oil and Gas:

	<u>Oil</u>	<u>Gas</u>
Dakota	62%	45%
Gallup	38%	55%

(j) Notification of proposed commingling:

The Minerals Management Service and all offset owners have been notified by attached letters.



C-116  
Revised 1-1-65

**Sandova1**

Special 

308

December 12 1992

No well will be assigned an allowable greater than the amount of oil produced on the official test.

During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Commission.

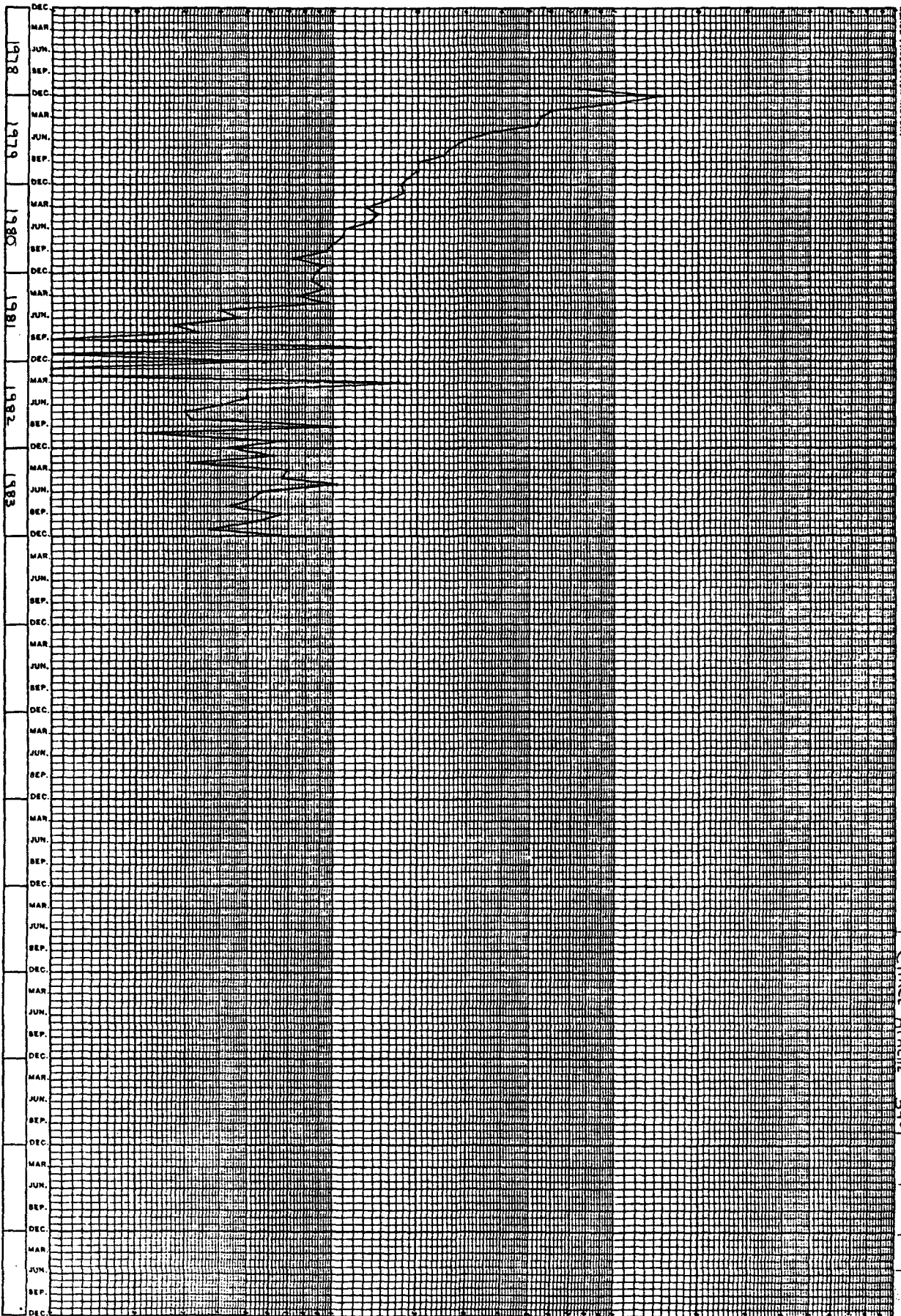
Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60° F. Specific gravity base will be 0.60.

**President**

Dec. 13, 1983

**(Title)**

10-100-1,000-10,000 BARRELS

[illegible]



## WELL DATA

DATE	PRODUCING INTERVAL	TOTAL DEPTH	NAME PRODUCING HORIZON
1978			
1979			
1980			
1981			
1982			
1983			
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2028			
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2030			

## RECOMPLETION AND WORKOVER DATA

DATE	GRAV. CRUDE	MARKET VALUE PER BBL.	DATE	GRAV. CRUDE	MARKET VALUE PER BBL.
1978			1979		
1980			1981		
1982			1983		
1984			1985		
1986			1987		
1988			1989		
1990			1991		
1992			1993		
1994			1995		
1996			1997		
1998			1999		
2000			2001		
2002			2003		
2004			2005		
2006			2007		
2008			2009		
2010			2011		
2012			2013		
2014			2015		
2016			2017		
2018			2019		
2020			2021		
2022			2023		
2024			2025		
2026			2027		
2028			2029		
2030					

REMARKS

DATE	GRAV. CRUDE	MARKET VALUE PER BBL.	DATE	GRAV. CRUDE	MARKET VALUE PER BBL.
1978			1979		
1980			1981		
1982			1983		
1984			1985		
1986			1987		
1988			1989		
1990			1991		
1992			1993		
1994			1995		
1996			1997		
1998			1999		
2000			2001		
2002			2003		
2004			2005		
2006			2007		
2008			2009		
2010			2011		
2012			2013		
2014			2015		
2016			2017		
2018			2019		
2020			2021		
2022			2023		
2024			2025		
2026			2027		
2028			2029		
2030					

## PRODUCTION STATISTICS

DATE	PRODUCING INTERVAL	TOTAL DEPTH	NAME PRODUCING HORIZON
1978			
1979			
1980			
1981			
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1985			
1986			
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2030			

CHACE APACHE 54-1 OIL PRODUCTION HISTORY

	<u>Bbls/Oil</u>		<u>Bbls/Oil</u>
<u>1978:</u>		<u>1980:</u>	
January	-0-	January	178
February	-0-	February	156
March	-0-	March	132
April	-0-	April	146
May	-0-	May	136
June	-0-	June	110
July	-0-	July	109
August	-0-	August	102
September	-0-	September	95
October	-0-	October	73
November	755	November	94
December	<u>1488</u>	December	<u>87</u>
<u>Total:</u>	2243	<u>Total:</u>	1418

<u>1979:</u>		<u>1981:</u>	
January	1003	January	85
February	598	February	94
March	552	March	75
April	529	April	96
May	369	May	40
June	293	June	47
July	260	July	27
August	249	August	33
September	202	September	4
October	201	October	136
November	187	November	-0-
December	<u>174</u>	December	<u>57</u>
<u>Total:</u>	4617	<u>Total:</u>	694

CHACE APACHE 54-1 OIL PRODUCTION HISTORY

	<u>Bbls/Oil</u>		<u>Bbls/Oil</u>
<u>1982 :</u>		<u>1984:</u>	
January	-0-	January	
February	5	February	
March	183	March	
April	50	April	
May	50	May	
June	40	June	
July	30	July	
August	33	August	
September	104	September	
October	20	October	
November	68	November	
December	<u>43</u>	December	
<u>Total:</u>	626	<u>Total:</u>	

<u>1983 :</u>		<u>     :</u>	
January	62	January	
February	31	February	
March	69	March	
April	67	April	
May	104	May	
June	56	June	
July	52	July	
August	44	August	
September	65	September	
October	54	October	
November	37	November	
December	<u>74</u>	December	
<u>Total:</u>	715	<u>Total:</u>	

**CHACE OIL COMPANY, INC.**

313 Washington S.E.

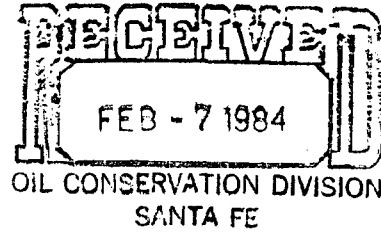
Albuquerque, New Mexico 87108

(505) 266-5562



February 3, 1984

Mr. John S. Keller  
U. S. Dept. of the Interior  
Bureau of Land Management  
P.O. Drawer 600  
Farmington, New Mexico 87401



Dear Mr. Keller:

This is to notify the Bureau of Land Management that Chace Oil Company, Inc. has applied under the Oil Conservation Commission rule 303-C for authority to commingle Gallup, Greenhorn, and Tocito production in the wellbore with the Chacon Dakota associated pool.

The application is submitted for the Chace Oil Company, Chace Apache 54-1 in the NE $\frac{1}{4}$  of Section 3, Township 22 North, Range 3 West, Rio Arriba County, New Mexico.

Cordially,

*Ross Easterling*  
Ross Easterling  
Landman

RE:gs

**CHACE OIL COMPANY, INC.**

313 Washington S.E.

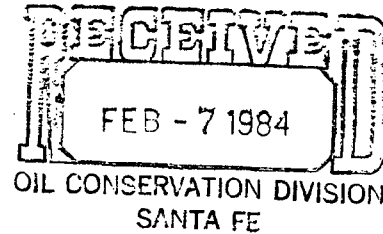
Albuquerque, New Mexico 87108

(505) 266-5562



February 3, 1984

Mr. Patrick Hegarty  
Merrion Oil and Gas  
P.O. Box 1017  
Farmington, New Mexico 87499




RE: Chace Apache 54-1  
NE¼ Section 3, Township 22 North, Range 3 West  
Sandoval County, New Mexico

Gentlemen:

This is to notify Merrion Oil and Gas as offset operator to the Chace Apache 54-1, that Chace Oil Company, Inc. has applied under Oil Conservation Division rule 303-C for authority to commingle Gallup, Greenhorn and Tocito production with the Chacon Dakota associated pool in the wellbore of the above referenced well.

Should you have any questions regarding our application please call.

Yours truly,

  
Ross Easterling  
Landman

RE:gs

**CHACE OIL COMPANY, INC.**

313 Washington S.E.

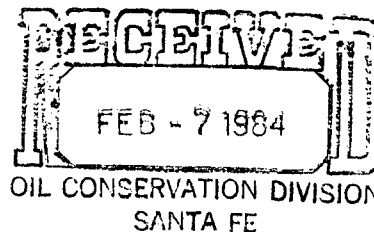
Albuquerque, New Mexico 87108

(505) 266-5562



February 3, 1984

Amoco Production Company  
Amoco Building  
Denver, Colorado 80202



Attention: Production Engineering Department  
San Juan Basin, New Mexico

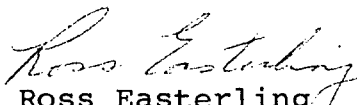
RE: Chace Apache 54-1  
NE $\frac{1}{4}$  Section 3, Township 22 North, Range 3 West  
Sandoval County, New Mexico

Gentlemen:

This is to notify Amoco Production Company as offset operator to the Chace Apache 54-1, that Chace Oil Company, Inc. has applied under Oil Conservation Division rule 303-C for authority to commingle Gallup, Greenhorn, and Tocito production with the Chacon Dakota associated pool in the wellbore of the above referenced well.

Should you have any questions regarding our application please call.

Yours truly,

  
Ross Easterling  
Landman

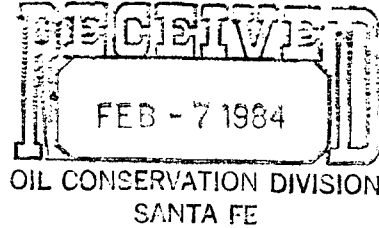
RE:gs

**CHACE OIL COMPANY, INC.**

313 Washington S.E.

Albuquerque, New Mexico 87108

(505) 266-5562



February 3, 1984

Superior Oil Company  
Suite 800  
1860 Lincoln Street  
Denver, Colorado 80295

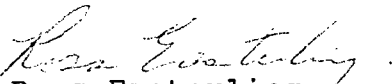
RE: Chace Apache 54-1  
NE $\frac{1}{4}$  Section 3, Township 22 North, Range 3 West  
Sandoval County, New Mexico

Gentlemen:

This is to notify Superior Oil Company as offset operator to the Chace Apache 54-1, that Chace Oil Company, Inc. has applied under Oil Conservation Division rule 303-C for authority to commingle Gallup, Greenhorn, and Tocito production with the Chacon Dakota associated pool in the wellbore of the above referenced well.

Should you have any questions regarding our application please call.

Yours truly,

  
Ross Easterling  
Landman

RE:gs