ALLIED Union Texas Petroleum

P. O. Box 1290
Farmington, NM 87499
Telephone (505) 325-3587

June 25, 1985

R. L. Stamets
Oil Conservation Division
P.O. Box 2088
State Land Office Building
Santa Fe, New Mexico 87501

Reference: Newsom B #11E
899' FSL; 990' FEL
Section 5, T26N-R8W
San Juan County, New Mexico

Dear Mr. Stamets:

Union Texas Petroleum Corporation is applying for a downhole commingling order for the referenced well in the Basin Dakota and Undesignated Gallup fields. The ownership of the zones to be commingled are common. Offset operators are El Paso Natural Gas Company and Southern Union Exploration. The Bureau of Land Management and these offset operators will receive notification of this proposed downhole commingling.

The subject well was completed on February 12, 1985 and fracture stimulated in both the Gallup and Dakota formations with 200,000 lbs and 150,000 lbs of sand, respectively. The Gallup zone was pump tested from May 13 - June 1, 1985. The final rate was 2 BOPD and 99 MCFD. (See attached plot). The Newsom A #3 (SWSW Section 4, T26N-R8W), an east offset to the subject well, is also completed in the Gallup. Initially, it averaged 132 MCFD and 4 BOPD during its first month of production. Calculated reserves are 45 MMCFG and less than 1 MBO. The subject well has not even tested as good as this poor east offset.

The Dakota zone was first delivered June 11, 1985 and is currently producing 368 MCFD and 8 BOPD. It has not yet stabilized to date and is still declining.

The Gallup zone in this area is very marginal and the small reserves cannot justify installation of the equipment necessary to dually complete this well. The proposed commingling will result in the recovery of additional hydrocarbons from the Gallup formation, thereby preventing waste and will not violate correlative rights.

The attached fluid analysis of three offset wells indicates the total value of the crude will not be reduced by commingling. The reservoir characteristics of each of the subject zones are such that underground waste would not be caused by the proposed downhole commingling. The fluids from each zone are compatible and no precipitates will be formed as a result of commingling to damage either reservoir. Flow tests indicate the daily production will not exceed the limit of Rule 303-C section 1(a), part (1) and (3). The calculated initial bottom hole pressure based on surface pressure and fluid level measurements is 2100 psi in the Dakota and 1200 psi in the Gallup; within the limits of Rule 303-C, section 1(b), part (6).

An offset to the south-southwest, the Newsom B #7E (NE SW Section 8, T26N-R8W) has been commingled since November 2, 1984 as per Administrative Order No. DHC-530 with no adverse effects.

The Division Aztec District office will be notified anytime the commingled well is shut-in for seven (7) consecutive days. To allocate the commingled production to each of the zones, Union Texas Petroleum will consult with the supervisor of the Aztec District office and determine an allocation formula for each of the producing zones.

Included with this letter is a plat showing ownership of offsetting leases, a production curve of the two Gallup offsets discussed above, a plot of the 20 day Gallup pump test, Form C-116 (GOR Test), and a wellbore diagram showing the current and proposed downhole equipment of the subject well.

Yours truly,

S. G. Katirgis

S. G. Katirgis
Petroleum Engineer

SGK/ljm

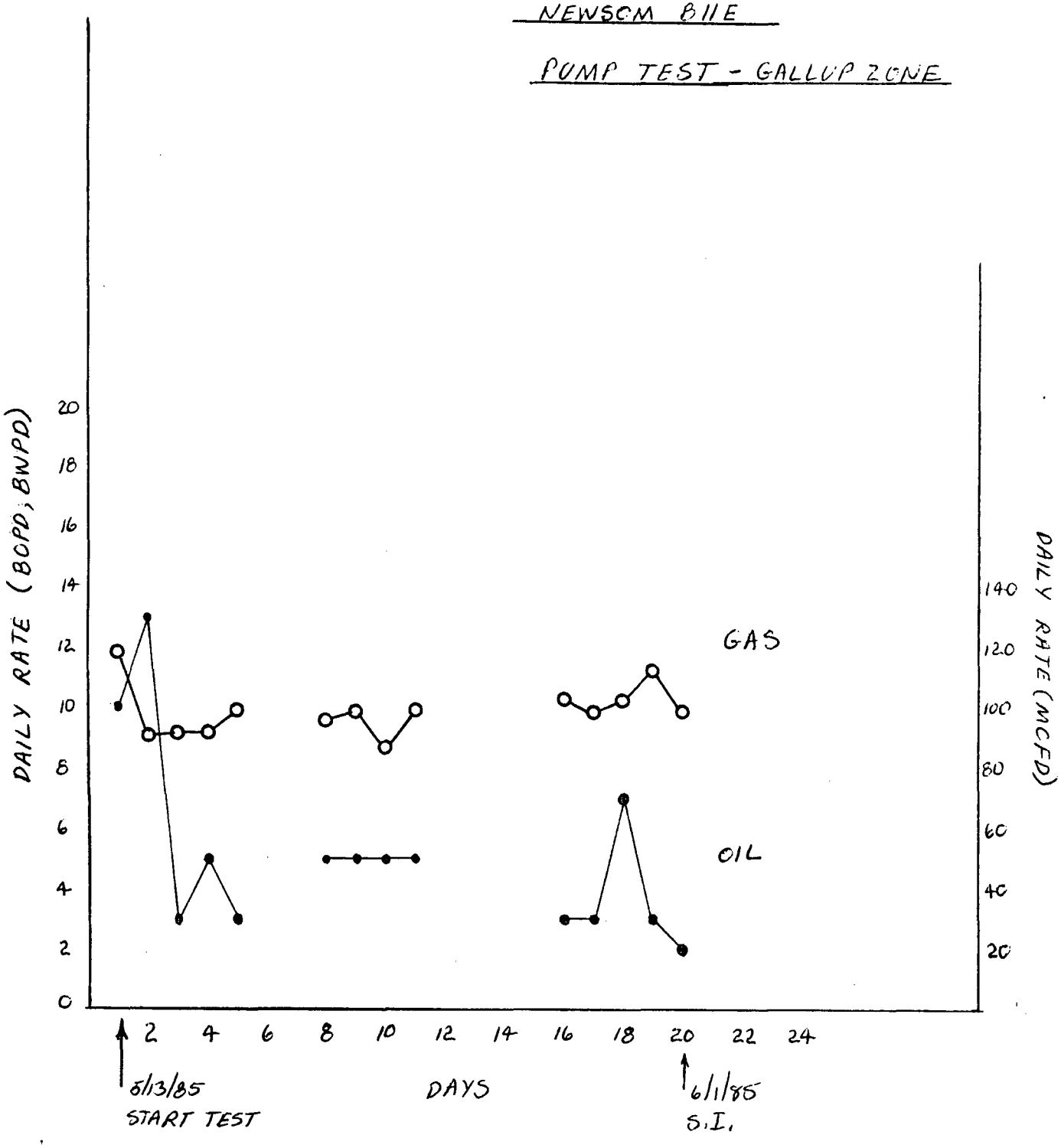
cc: Frank Chavez
OCD Aztec Office
W. K. Cooper
M. R. Reisz

NEWSOM B11E

PUMP TEST - GALLUP ZONE

SE SE 5, T26N, R8W
899' FSL; 990' FEL
San Juan County, NM

DED: EPNG



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

Form C-116
Revised 10-1-78

GAS – OIL RATIO TESTS

Operator	Pool	County
Union Texas Petroleum Corp.	Undesignated Gallup/Basin Dakota	San Juan County, New Mexico

Address	TYPE OF TEST – (X)			
Box 11, 4001 Bloomfield Highway Farmington, NM 87401	Scheduled [ ]	Completion [ ]	Special [X]	

LEASE NAME	WELL NO.	LOCATION U	S	T	R	DATE OF TEST	STATUS	CHOKE SIZE	TBG. PRESS.	DAILY ALLOWABLE	LENGTH OF TEST HOURS	PROD. DURING TEST WATER BBLS.	GRAV. OIL	OIL BBLS.	GAS M.C.F.	GAS – OIL RATIO CU.FT/BBL
Newsom B (Gallup)	11E	P	5	26N	8W	5/13-6/1 1985			180		480	2	46°	2	99	49,500
(Dakota)						6/23/85			186		288	3	50°	8	368	46,000

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 Division.

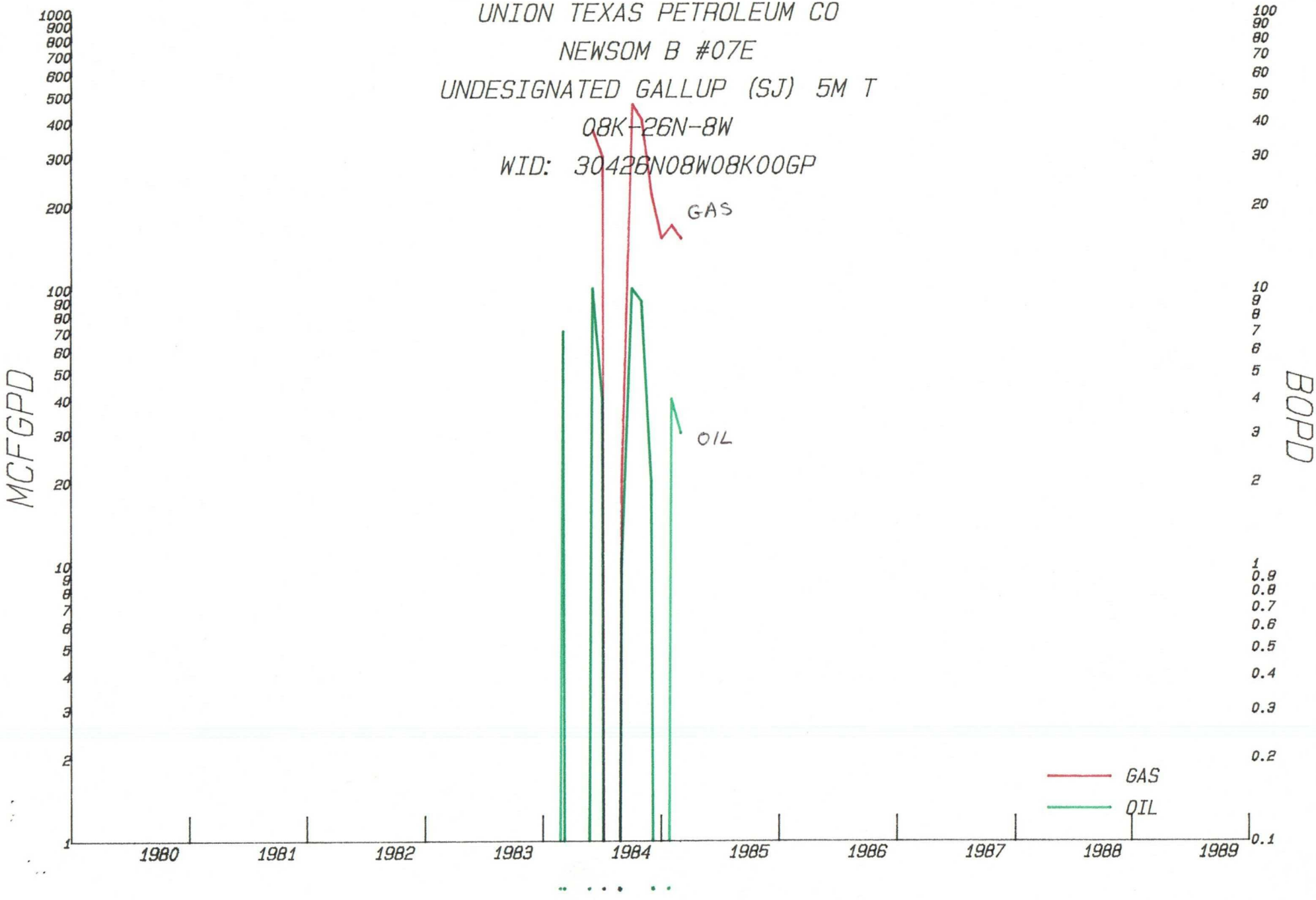
Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60° F. Specific gravity base will be 0.60.

Report casing pressure in lieu of tubing pressure for any well producing through casing.

Mail original and one copy of this report to the district office of the New Mexico Oil Conservation Division in accordance with Rule 301 and appropriate pool rules.

I hereby certify that the above information is true and complete to the best of my knowledge and belief.

Sterge D. Koturgis
(Signature)
Petroleum Engineer
(Title)
6-25-85
(Date)


UNION TEXAS PETROLEUM CO
NEWSOM B #07E
UNDESIGNATED GALLUP (SJ) 5M T
08K-26N-8W
WID: 30426N08W08K00GP
GAS
OIL
MCFGPD
BOPD
1000
900
800
700
600
500
400
300
200
100
90
80
70
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1980
1981
1982
1983
1984
1985
1986
1987
1988
1989
GAS
OIL

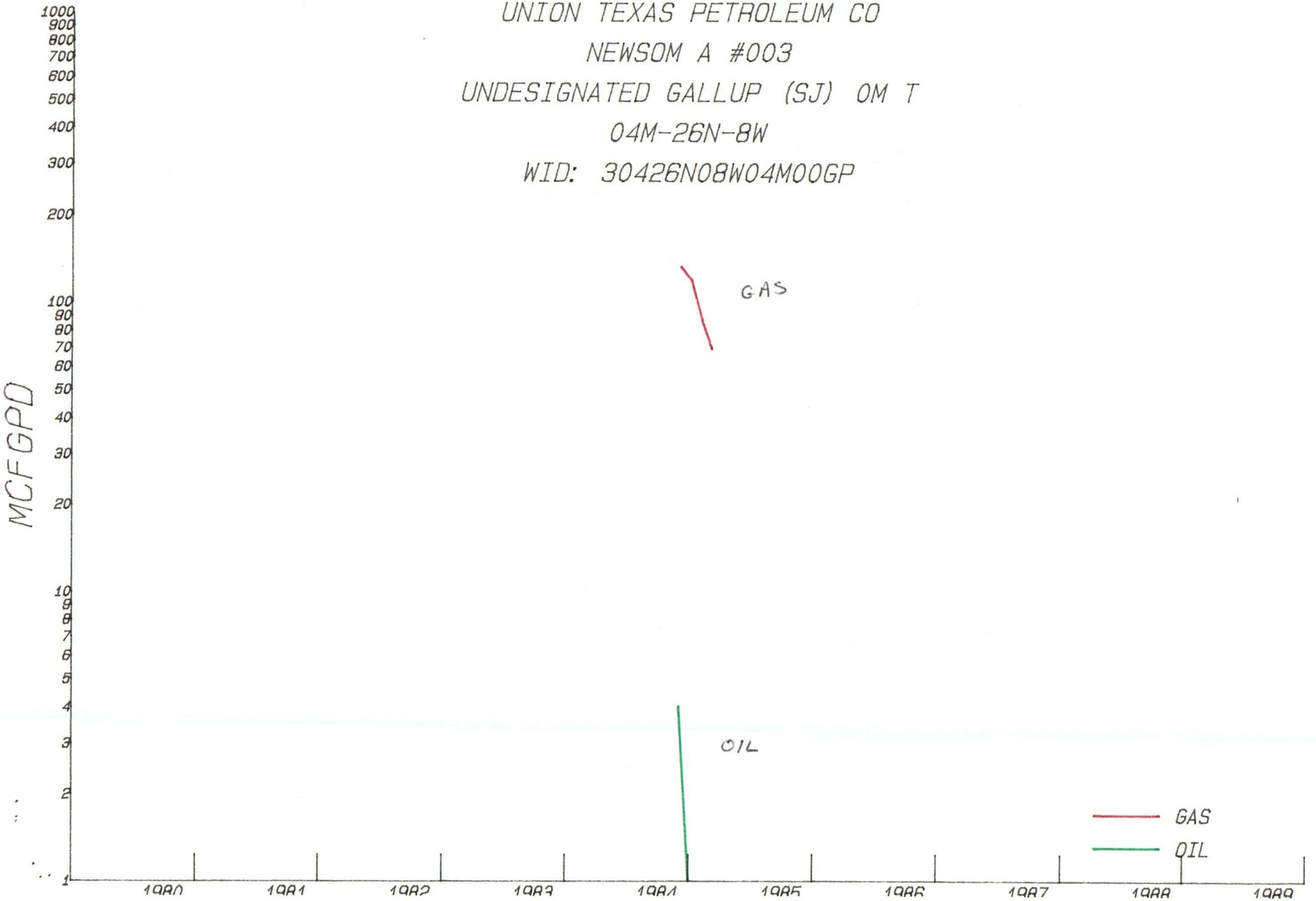
UNION TEXAS PETROLEUM CO

NEWSOM A #003

UNDESIGNATED GALLUP (SJ) OM T

04M-26N-8W

WID: 30426N08W04M00GP



Rocky Mountain Region

September 17, 1984

Union Texas Petroleum
4001 Bloomfield Highway
Farmington, N.M. 87401

Attn: Mr. Gilmer Mickey

Gentlemen:

Enclosed find the data you requested on subject wells. The Oil Analyses were conducted according to API specifications for the determination of cloud point, pour point, paraffin content (% by weight), asphaltene content (% by weight) and compatibility of mixing.

According to test data obtained there is no reason that commingling should pose a problem of emulsion or precipitation. The oils are compatible.

Cordially.

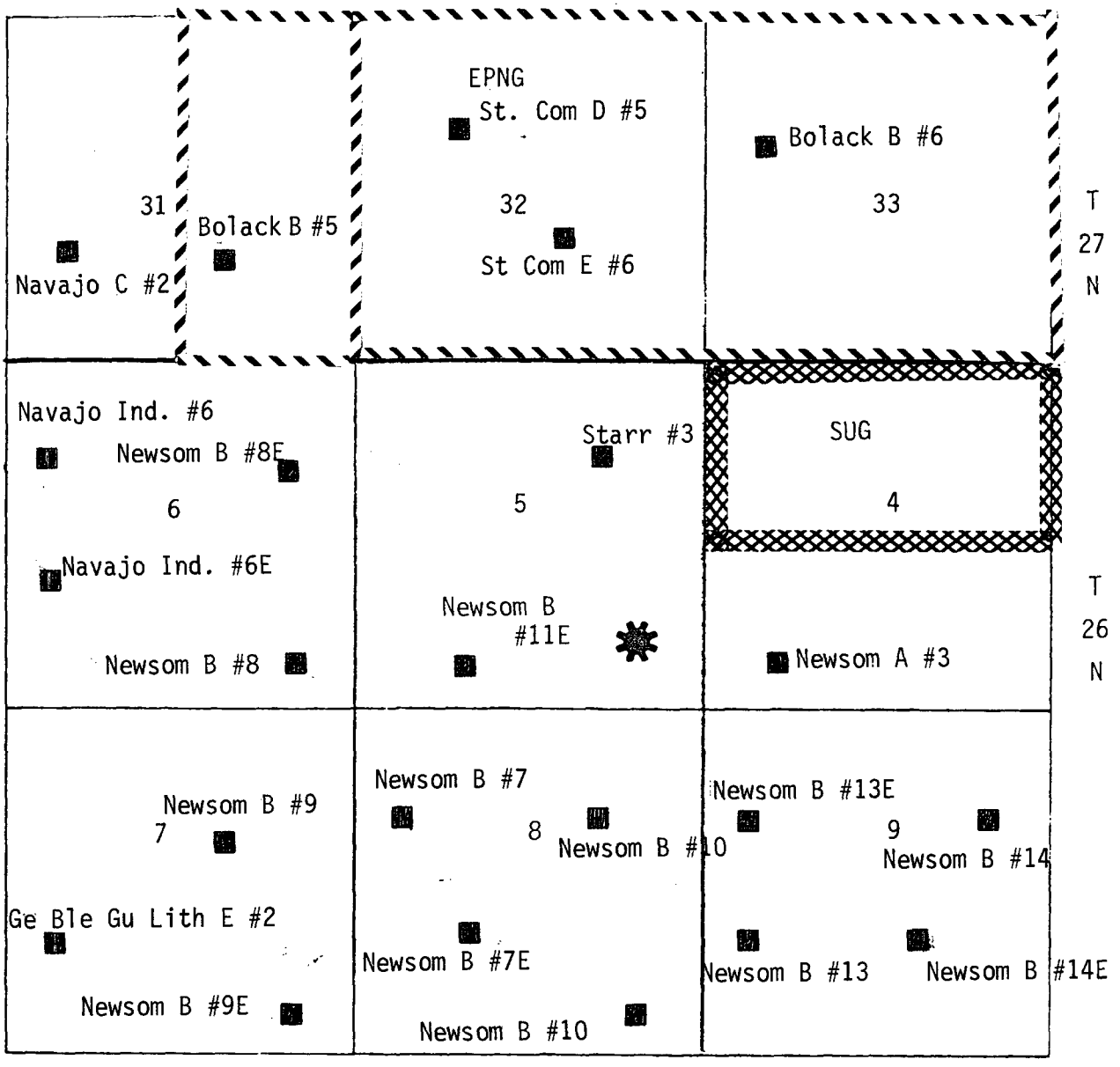
Clay Terry

CLAY TERRY
District Engineer

TOM BURRIS
Field Engineer

OFFSET WELLS

WELL NAME	NEWSOME B #7E	NEWSOME B #9	STARR #5	MIXTURE
FORMATION	GALLUP & DAKOTA	DAKOTA	GALLUP	EQUAL MIX OF ALL THREE
API GRAVITY @ 75°F	45° F	50° F	46° F	47° F
ORRECTED API GRAVITY	43.7° F	48.6° F	44.7° F	45.7° F
PARAFFIN CONTENT %	11.888%	14.87%	9.57%	13.382%
CLOUD POINT °F	31° F	34° F	28° F	29° F
POUR POINT °F	-23° F	< -40° F	-38° F	-9° F
ASPHALTINES CONTENT %	2.3%	< 1%	< 1%	< 1%

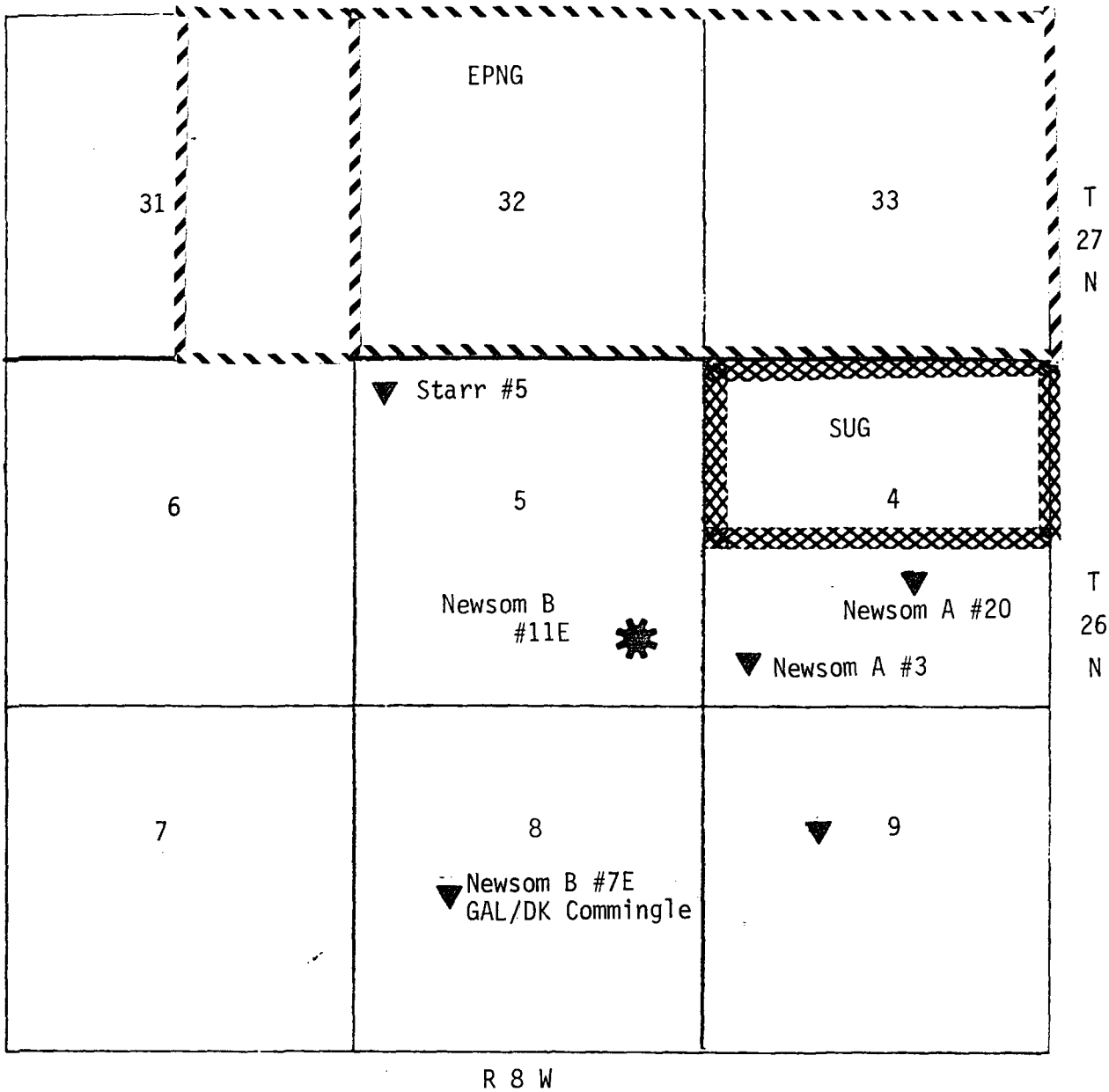


UNION TEXAS PETROLEUM

PROPOSED DOWNHOLE COMMINGLING

Newsom B #11E
5-26-8

OFFSET DAKOTA PRODUCERS



UNION TEXAS PETROLEUM

PROPOSED DOWNHOLE COMMINGLING

Newsom B #11E
5-26-8

OFFSET GALLUP PRODUCERS

UNION TEXAS PETROLEUM CORP.

WELLBORE DIAGRAM

COMMINGLED COMPLETION

WELL NAME Newsom B #11E

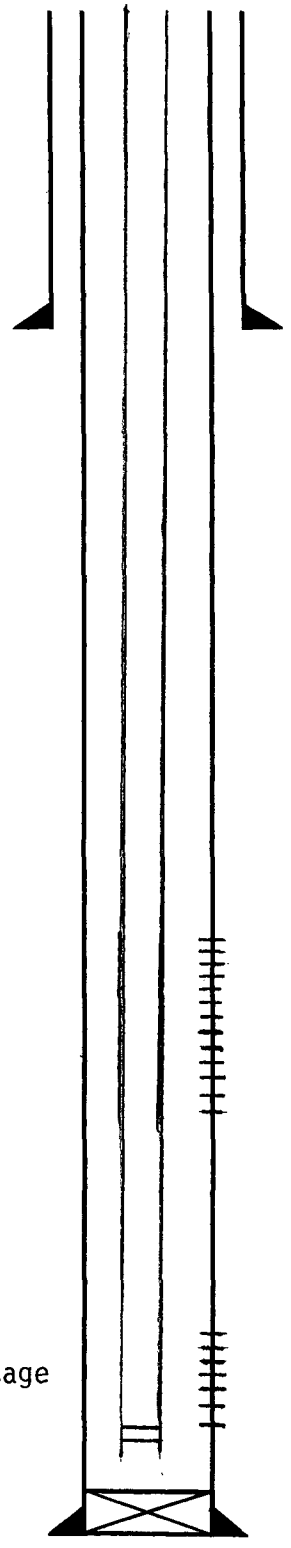
LOCATION 899' FSL; 990' FEL SECTION 5 T 26N R 8W

COUNTY San Juan STATE New Mexico LEASE SF 078430

GLE 6297'

KBE 6309'

KB 12'



SURFACE CASING

Hole size: 12-1/4"

Casing: 9-5/8", 36#

Casing set @ 216'

Top of Cement: Circulate to surface

FORMATION TOPS

Ojo Alamo 1310'

Kirtland Shale 1458'

Pictured Cliffs 2124'

Lewis Shale

Chacra 3010'

Cliffhouse 3700'

Point Lookout 4400'

Mancos Shale

Gallup 5530'

Greenhorn 6400'

Graneros

Dakota 6489'

PRODUCTION CASING

Hole size: 8-3/4"

Casing: 7", 26#

Casing set @ 6815'

Top of Cement: Circ. to surface 2nd stage

PBTD 6750'

TD 6815'

WELL HISTORY

Spud date: 12/10/84

Original owner: Union Texas Petroleum Corp

IP: MCFD Gal:50 Dak:1124 BOPD 13 0 BWPD 0 0

GOR Gal: 3846 Dak: 0

Completion 2/12/85

CURRENT DATA

Pumping Unit:

Tubing: 1 string, 2-3/8", 4.7#, EUE

Pump size:

Rod string:

Wellhead: Single string wellhead

Remarks:

Stage tool at 4135'

PERFORATIONS

Dakota: 6490'-6702'

Gallup: 5534'-6190'

Date of Last Revision:

UNION TEXAS PETROLEUM CORP.

WELLBORE DIAGRAM

Dual Completion

WELL NAME Newsom B #11E

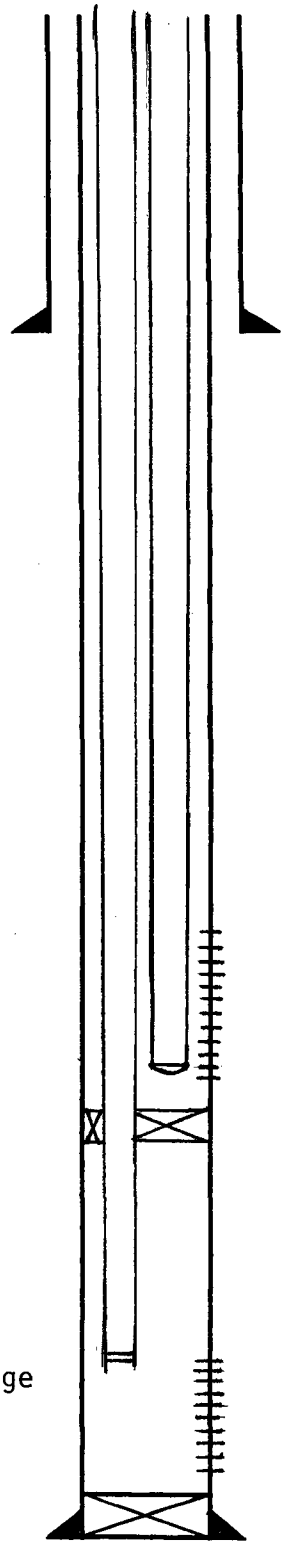
LOCATION 899' FSL; 990' FEL SECTION 5 T 26N R 8W

COUNTY San Juan STATE New Mexico LEASE SF 078430

GLE 6297'

KBE 6309'

KB 12'



SURFACE CASING

Hole size: 12-1/4"

Casing: 9-5/8", 36#

Casing set @ 216'

Top of Cement: Circ. to surface.

FORMATION TOPS

Ojo Alamo	1310'
Kirtland Shale	1458'
Pictured Cliffs	2124'
Lewis Shale	
Chacra	3010'
Cliffhouse	3700'
Point Lookout	4400'
Mancos Shale	
Gallup	5530'
Greenhorn	6400'
Graneros	
Dakota	6489'

PRODUCTION CASING

Hole size: 8-3/4"

Casing: 7", 26#

Casing set @ 6815'

Top of Cement: Circ. to surface 2nd stage

PBTD 6750'

TD 6815'

WELL HISTORY

Spud date: 12/10/84

Original owner: Union Texas Petroleum Corp.

IP: MCFD Gal: 50 Dak: 1124 BOPD 13 0 BWPD 0 0

GOR Gal: 3846 Dak: 0

Completion 2/12/85

CURRENT DATA

Pumping Unit: Lufkin 160 Unit & Engine

Tubing: 2 strings: 2-3/8",4.7# @5939' & 6611'

Pump size: 2" insert pump

Rod string: Rod string in Gallup:3/4" & 5/8"

Wellhead: Dual wellhead

Remarks:

Stage tool at 4135'

7" Baker Model R packer at 6233'

PERFORATIONS

Dakota: 6490'-6702'

Gallup: 5534'-6190'

Date of Last Revision:

STATE OF NEW MEXICO

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

AZTEC DISTRICT OFFICE

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

OIL CONSERVATION DIVISION
BOX 2088
SANTA FE, NEW MEXICO 87501

DATE 7/1/85

RE: Proposed MC _____
Proposed DHC ✓
Proposed NSL _____
Proposed SWD _____
Proposed WFX _____
Proposed PMX _____

JUL 5 1985
OIL CONSERVATION DIVISION
SANTA FE

Gentlemen:

I have examined the application dated 6/28/85

for the Union Tex. Pet. Corp. Newsom B #11E P-5-26N-8W
Operator Lease and Well No. Unit, S-T-R

and my recommendations are as follows:

Approve

Yours truly,

Bruce D. Gray