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CONSERVATION DIVISION  
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<b>WALSH</b>	ENGINEERING & PRODUCTION CORP.	Petroleum Engineering Consulting	7415 East Main
		Lease Management	Farmington, New Mexico 87402
		Contract Pumping	(505) 327-4892

January 22, 1995

Mr. William J. LeMay  
New Mexico Oil Conservation Division  
P.O. Box 2088  
Santa Fe, NM 87504-2088

Re: Application for Downhole Commingling  
J.K. Edwards and Associates  
Hard Deal #2J  
1630' FNL, 950' FEL, Section 18, T26N R12W  
San Juan County, New Mexico  
NIIP Pictured Cliffs and Basin Fruitland Coal

H

WAW  
FRUIT  
SAND-  
PC

Dear Mr. LeMay,

This is a request on behalf of J. K. Edwards and Associates, for administrative approval of the above referred to downhole commingling of the production from the NIIP Pictured Cliffs and Basin Fruitland Coal pools.

I have attached for your review a wellbore diagram, an acreage plat outlining the dedicated acreage, offset wells and offset operators. I have also included a proposed allocation formula with a short discussion of the history of the well.

The offset Pictured Cliffs and Fruitland Coal operators are being notified of this application by certified return receipt mail. Copies of these letters are enclosed.

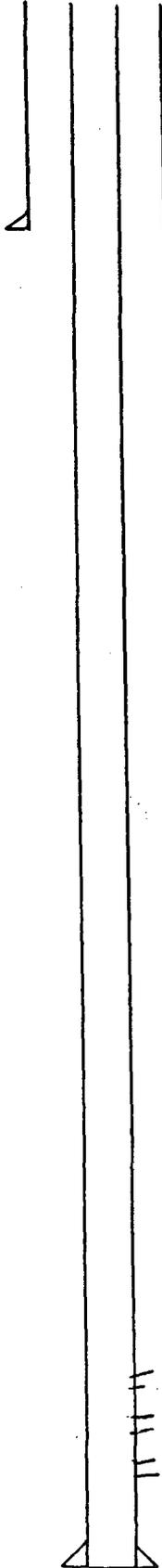
Thank you for your consideration and approval of this application. If you have any questions please do not hesitate to call upon me.

Sincerely,  
*Paul C. Thompson*  
Paul C. Thompson, P.E.  
President

cc: J. K Edwards and Associates

EXHIBIT #1

J. K. EDWARDS ASSOCIATES INC.  
HARD DEAL #2J  
1630'FNL & 950'FEL  
Section 18, T26N, R12W



7" - 23# @ 89'GL  
Cmt w/35 sxs

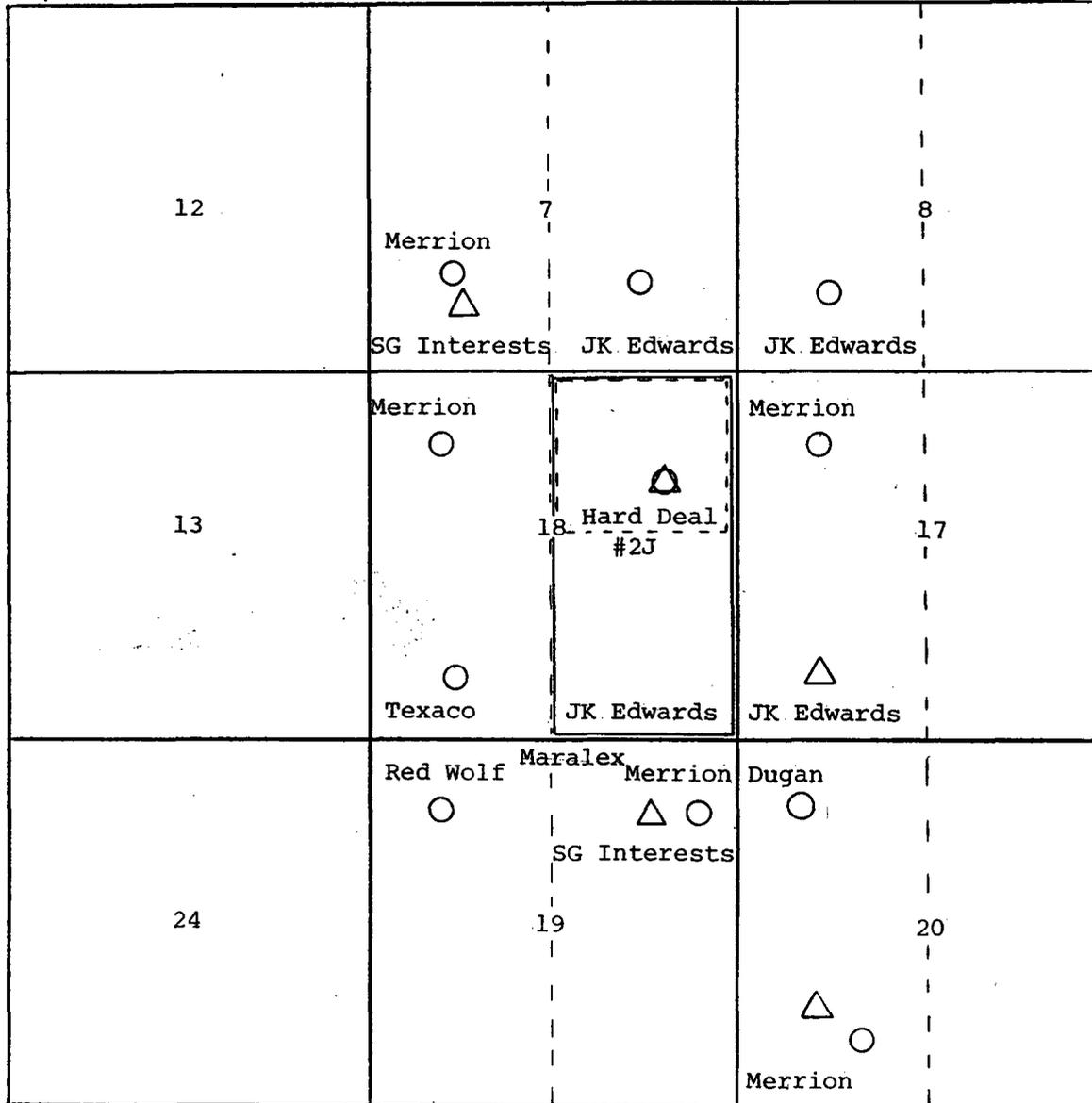
PC & Fruitland Coal fraced 12/6/94  
with 5000 40/70 sand, 28,000# 20/40  
sand and 8000# 12/20 sand in a 70%  
nitrogen foam.

Fruitland Perfs 1086-1104' at 2 SPF  
PC Perfs 1108-1118' and 1125-1132' at 1 SPF

2-7/8", 6.5# @ 1223'GL  
Cmt w/75 sxs Lodense & 50 sx Neat  
PBSD = 1189'GL

EXHIBIT #2

J. K. EDWARDS ASSOCIATES, INC.  
 HARD DEAL #2J PC/FTC  
 1630'FNL & 950'FEL  
 Section 18, T26N, R12W



- Fruitland Sand - Pictured Cliffs
- △ Fruitland Coal

EXHIBIT #3

Hard Deal #2J  
Commingling Application

Allocation Formula

The NIIP Pictured Cliffs was completed by the previous operator, Dugan Production, on February 5, 1981. The well has been producing from the Pictured Cliffs since 1981 into El Paso's gathering system. This marginal well has been assigned an "agreed to" volume of 3 MCFD by El Paso.

J. K. Edwards perforated the Basin Fruitland Coal zone on 12/5/94. Both the Pictured Cliffs and Fruitland Coal zones were foam fraced on 12/6/94. The two zones were completed together since there is only 4' difference between the Pictured Cliffs and Fruitland coal perms and there was a high probability of communication. The Pictured Cliffs could not be squeezed without possible damage to the Fruitland Coal and a bridge plug could not be set between the two zones since the rat hole was needed for the installation of a pump.

Both zones have very similar bottom hole pressures (approximately 220 psig) so cross flow will not be a factor. While the Fruitland Coal is expected to produce more water, neither zone is fluid sensitive and the fluids from the two zones are compatible.

The ownership, including working interest, royalty and overriding royalty interests, is common.

Due to the Pictured Cliffs' long production history, J. K. Edwards proposes to continue to allocate 3 MCFD to the Pictured Cliffs, with any remaining production being allocated to the Basin Fruitland Coal.



J.K. EDWARDS ASSOCIATES  
Hard Deal #2J  
1630'FNL, 950'FEL, Section 18, T36N, R12W  
San Juan County, New Mexico  
Basin Fruitland Coal and NIIP Pictured Cliffs

LIST OF OFFSET OPERATORS

Texaco  
3300 N. Butler  
Farmington, New Mexico 87401

Maralex Inc.  
Attn: Mickey O'Hara  
P. O. Box 338  
Ignacio, CO 81137

T. Greg Merrion  
Merrion Oil & Gas Company  
610 Reilly Avenue  
Farmington, New Mexico 87401

Bruce Delventhal  
Red Wolf Production  
P. O. Box 5382  
Farmington, New Mexico 87499



**WALSH**

ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping

7415 East Main  
Farmington, New Mexico 87402  
(505) 327-4892

January 17, 1995

CERTIFIED - RETURN RECEIPT

TEXACO, INC.  
3300 N. Butler  
Farmington, New Mexico 87401

RE: Application for Down Hole Commingling  
J. K. EDWARDS & ASSOCIATES  
Hard Deal #2J  
1630'FNL, 950'FEL, Section 18, T26N, R12W  
San Juan County, New Mexico  
Basin Fruitland Coal and NIIP Pictured Cliffs

Dear Sirs:

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval. As an offset operator you are being notified of this application pursuant to NMOCD rules.

If you desire to submit remarks concerning the application, please send them to Mr. William J. LeMay, Director, New Mexico Oil Conservation Division, Santa Fe, New Mexico, within 20 days from the receipt of this notice. A copy of any remarks to the undersigned would be appreciated.

Thank you for your consideration in this matter and if you have any questions, please do not hesitate to call upon me.

Sincerely,

Paul C. Thompson, P.E.  
President, Walsh Engineering

Enclosure



**WALSH**

ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting  
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7415 East Main  
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January 17, 1995

CERTIFIED - RETURN RECEIPT

Maralex, Inc.  
Attn: Mickey O'Hara  
P. O. Box 338  
Ignacio, CO 81137

RE: Application for Down Hole Commingling  
J. K. EDWARDS & ASSOCIATES  
Hard Deal #2J  
1630'FNL, 950'FEL, Section 18, T26N, R12W  
San Juan County, New Mexico  
Basin Fruitland Coal and NIIP Pictured Cliffs

Dear Mr. O'Hara:

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval. As an offset operator you are being notified of this application pursuant to NMOCD rules.

If you desire to submit remarks concerning the application, please send them to Mr. William J. LeMay, Director, New Mexico Oil Conservation Division, Santa Fe, New Mexico, within 20 days from the receipt of this notice. A copy of any remarks to the undersigned would be appreciated.

Thank you for your consideration in this matter and if you have any questions, please do not hesitate to call upon me.

Sincerely,

Paul C. Thompson, P.E.  
President, Walsh Engineering

Enclosure



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ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting  
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7415 East Main  
Farmington, New Mexico 87402  
(505) 327-4892

January 17, 1995

CERTIFIED - RETURN RECEIPT

Mr. T. Greg Merrion  
Merrion Oil & Gas Company  
610 Reilly Avenue  
Farmington, New Mexico 87401

RE: Application for Down Hole Commingling  
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Hard Deal #2J  
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San Juan County, New Mexico  
Basin Fruitland Coal and NIIP Pictured Cliffs

Dear Mr. Merrion:

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If you desire to submit remarks concerning the application, please send them to Mr. William J. LeMay, Director, New Mexico Oil Conservation Division, Santa Fe, New Mexico, within 20 days from the receipt of this notice. A copy of any remarks to the undersigned would be appreciated.

Thank you for your consideration in this matter and if you have any questions, please do not hesitate to call upon me.

Sincerely,

*Paul C. Thompson*

Paul C. Thompson, P.E.  
President, Walsh Engineering

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January 17, 1995

CERTIFIED - RETURN RECEIPT

Red Wolf Production  
Attn: Bruce Delventhal  
P. O. Box 5382  
Farmington, New Mexico 87499

RE: Application for Down Hole Commingling  
J. K. EDWARDS & ASSOCIATES  
Hard Deal #2J  
1630'FNL, 950'FEL, Section 18, T26N, R12W  
San Juan County, New Mexico  
Basin Fruitland Coal and NIIP Pictured Cliffs

Dear Mr. Delventhal:

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval. As an offset operator you are being notified of this application pursuant to NMOCD rules.

If you desire to submit remarks concerning the application, please send them to Mr. William J. LeMay, Director, New Mexico Oil Conservation Division, Santa Fe, New Mexico, within 20 days from the receipt of this notice. A copy of any remarks to the undersigned would be appreciated.

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Sincerely,

*Paul C. Thompson*

Paul C. Thompson, P.E.  
President, Walsh Engineering

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