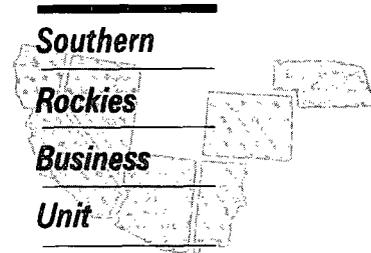




OIL CONSERVATION DIVISION
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1996 APR 15 AM 8 52

5/6/96
DHC - 1237



April 10, 1996

Mr. William J. LeMay, Director
New Mexico Oil Conservation Division
2040 S. Pacheco Street
P. O. Box 6429
Santa Fe, NM 87505

**Application for Exception to Rule 303-C - Downhole Commingling
Vandewart B#3 Well
Unit N Section 11-T29N-R8W
Basin Fruitland Coal and Blanco Pictured Cliffs Pools
San Juan County, New Mexico**

Enclosed please find an administrative application form (C-107-A) and attachments for downhole commingling for the captioned well. By copy of this application by certified mail, return receipt requested, Amoco is notifying all offset operators in the formations captioned above as well as all affected interest owners if the ownership of those formations is not common. The Division Director may approve the proposed downhole commingling in the absence of a valid objection from any offset operator or any interest owner in those instances where ownership is not common in the zones to be commingled within 20 days after the receipt of the application if, in his opinion, waste will not result thereby, and correlative rights will not be violated.

Should there be questions concerning this matter, please contact me at (303) 830-5344.

Sincerely,

Pamela W. Staley

Enclosures

- cc: Steve Webb
- Gail Jefferson
- Wellfile
- Proration File

Frank Chavez, Supervisor
NMOCD District III
1000 Rio Brazos Road
Aztec, NM 87410

Duane Spencer
Bureau of Land Management
1235 La Plata Hwy.
Farmington, NM 87401

OIL CONSERVATION DIVISION

APPROVAL PROCESS:

DISTRICT II
811 South First St., Artesia, NM 88210-2835

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

Administrative Hearing

DISTRICT III
1000 Rio Brazos Rd. Aztec, NM 87410-1893

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE
 YES NO

Amoco Production Company		P.O. Box 800 Denver, CO 80201	
Operator VANDEWART B	3	Address N-11-29N-8W	San Juan
Lease	Well No.	Unit Ltr. - Sec Twp - Rge	County
Spacing Unit Lease Types: (check 1 or more)			
OGRID NO. <u>000778</u>	Property Code <u>001204</u>	API NO. <u>3004526148</u>	Federal <input checked="" type="checkbox"/> State <input type="checkbox"/> (and/or) Fee <input type="checkbox"/>

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	BASIN FRUITLAND COAL 71629		BLANCO PICTURED CLIFFS 72359
2. Top and Bottom of Pay Section (Perforations)	2747' - 2975'		3042' - 3090'
3. Type of production (Oil or Gas)	GAS		GAS
4. Method of Production (Flowing or Artificial Lift)	FLOWING		FLOWING
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated or Measured Original	a. (Current) 280 PSI	a.	a. 322 PSI
	b. (Original) 1149 PSI	b.	b. 1090 PSI
6. Oil Gravity (° API) or Gas BTU Content	925 BTU / 49.0 DEG API		1150 BTU / 49.0 DEG API
7. Producing or Shut-In?	PRODUCING		PRODUCING
Production Marginal? (yes or no)	YES		NO
• If Shut-In, give data and oil/gas/water rates of last production <small>Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data</small>	Date: Rates:	Date: Rates:	Date: Rates:
• If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: 4/96 Rates: 18 MCFD 0 BCPD 0 BWPD	Date: Rates:	Date: 4/96 Rates: 115 MCFD 0 BCPD 0 BWPD
8. Fixed Percentage Allocation Formula -% for each zone	Oil: 14 % Gas 14 %	Oil: % Gas %	Oil: 86 % Gas 86 %

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.
10. Are all working, overriding, and royalty interests identical in all commingled zones? Yes No
If not, have all working, overriding, and royalty interests been notified by certified mail? Yes No
Have all offset operators been given written notice of the proposed downhole commingling? Yes No
11. Will cross-flow occur? Yes No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. Yes No (If No, attach explanation)
12. Are all produced fluids from all commingled zones compatible with each other? Yes No
13. Will the value of production be decreased by commingling? Yes No (If Yes, attach explanation)
15. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. Yes No SF-078502
16. ATTACHMENTS:
- * C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
 - * Production curve for each zone for at least one year. (If not available, attach explanation.)
 - * For zones with no production history, estimated production rates and supporting data.
 - * Data to support allocation method or formula.
 - * Notification list of all offset operators.
 - * Notification list of working, overriding, and royalty interests for uncommon interest cases.
 - * Any additional statements, data, or documents required to support commingling.

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

SIGNATURE *Pamela W. Staley* TITLE REGULATORY AFFAIRS REP DATE 4/10/96
 TYPE OR PRINT NAME PAMELA W. STALEY TELEPHONE NO. (303) 830-5344

Submit to Appropriate District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

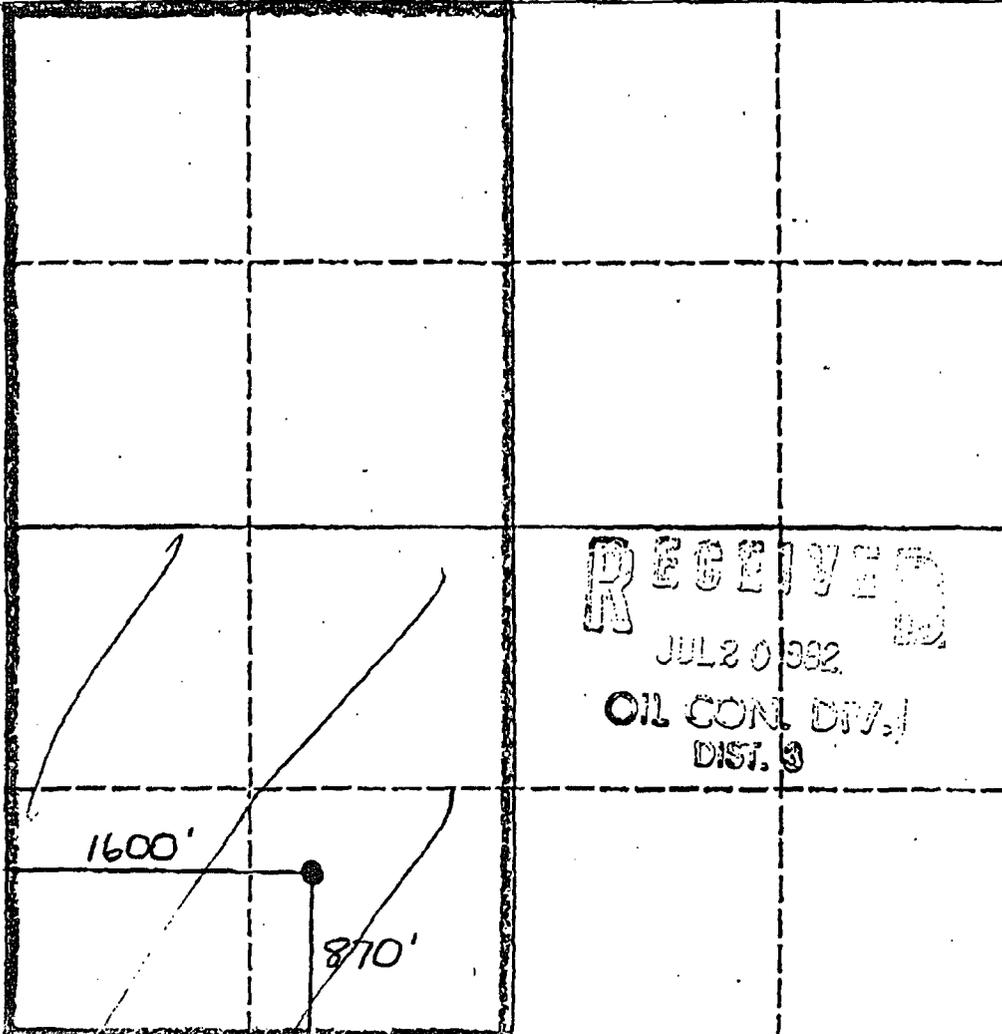
DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT
All Distances must be from the outer boundaries of the section

Operator Amoco Production Company		Lease Vandewart B		Well No. #3	
Unit Letter N	Section 11	Township 29N	Range 8W	County San Juan	
Actual Footage Location of Well: 870 feet from the FWL line and 1600 feet from the FWL line					
Ground level Elev. 6313	Producing Formation Pictured Cliffs		Pool Blanco Pictured Cliffs	Dedicated Acreage 330 5/8 Acres	

- Outline the acreage dedicated to this subject well by colored pencil or hatchure marks on the plat below.
 - If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
 - If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?
 - Yes No If answer is "yes" type of consolidation _____
- If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)
- No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.



OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *J.L. Hampton*
Printed Name: **J.L. Hampton**

Position: **Sr. Staff Admin. Supr.**

Company: **Amoco Prod. Co.**

Date: **6/19/92**

SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed: **"on file"**

Signature & Seal of Professional Surveyor: _____

Certificate No. _____

Submit to Appropriate District Office
State Lease - 4 copies
Fee Lease - 3 copies

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

*Hold & Cancel
to Counsel
Vandewort #17*
P. 3
Form C-102
Revised 1-1-89

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

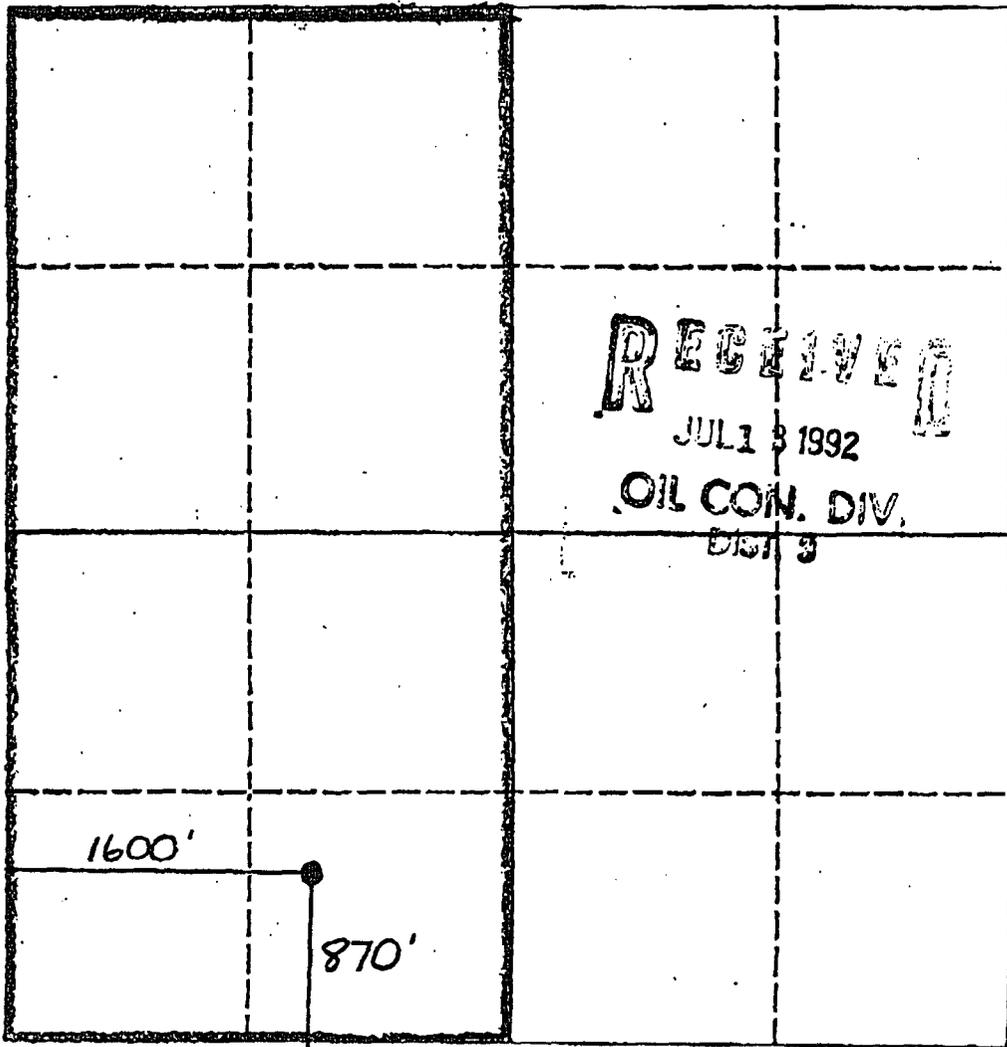
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P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT
All Distances must be from the outer boundaries of the section

Operator Amoco Production Company			Lease Vandewort 3			Well No. #3		
Unit Letter N	Section 11	Township 29N	Range 8W	County San Juan		NMPM		
Actual Footage Location of Well: 870 feet from the FNL line and 1600 feet from the FWL line								
Ground level Elev. 6313	Producing Formation Fruitland Coal		Pool Basin Fruitland Coal		Dedicated Acreage: 320/8 Acres			

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
 - If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
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 - Yes No
 - If answer is "yes" type of consolidation _____
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I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature
J.L. Hampton
Printed Name
J.L. Hampton

Position
Sr. Staff Admin. Supr.

Company
Amoco Prod. Co.

Date
6/16/92

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
"on file"

Signature & Seal of Professional Surveyor

Certificate No.

RECEIVED
JUL 3 1992
OIL CON. DIV.
DIST 3

Chart1

Well: VANDEWART B 003-PC (97986803)

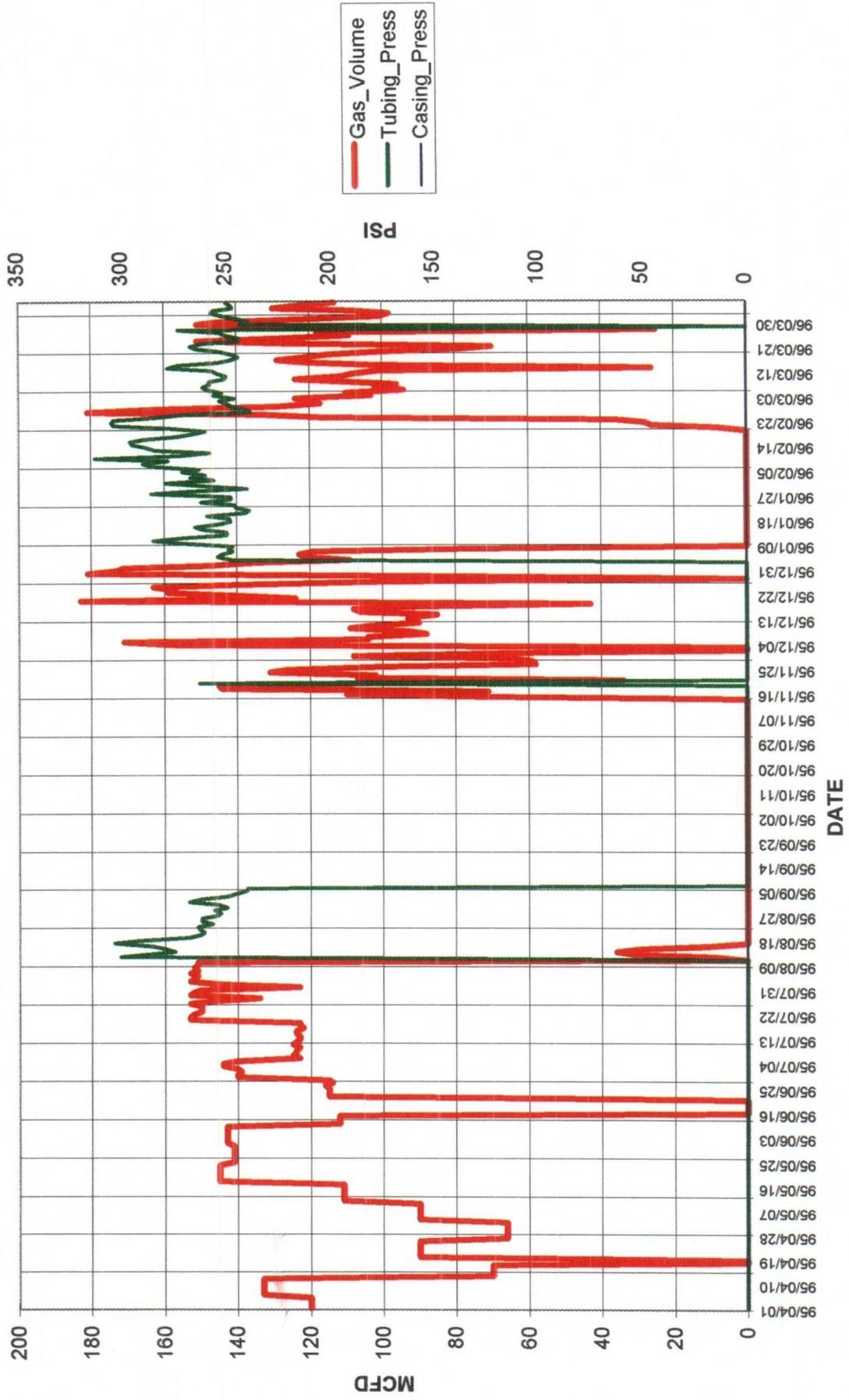
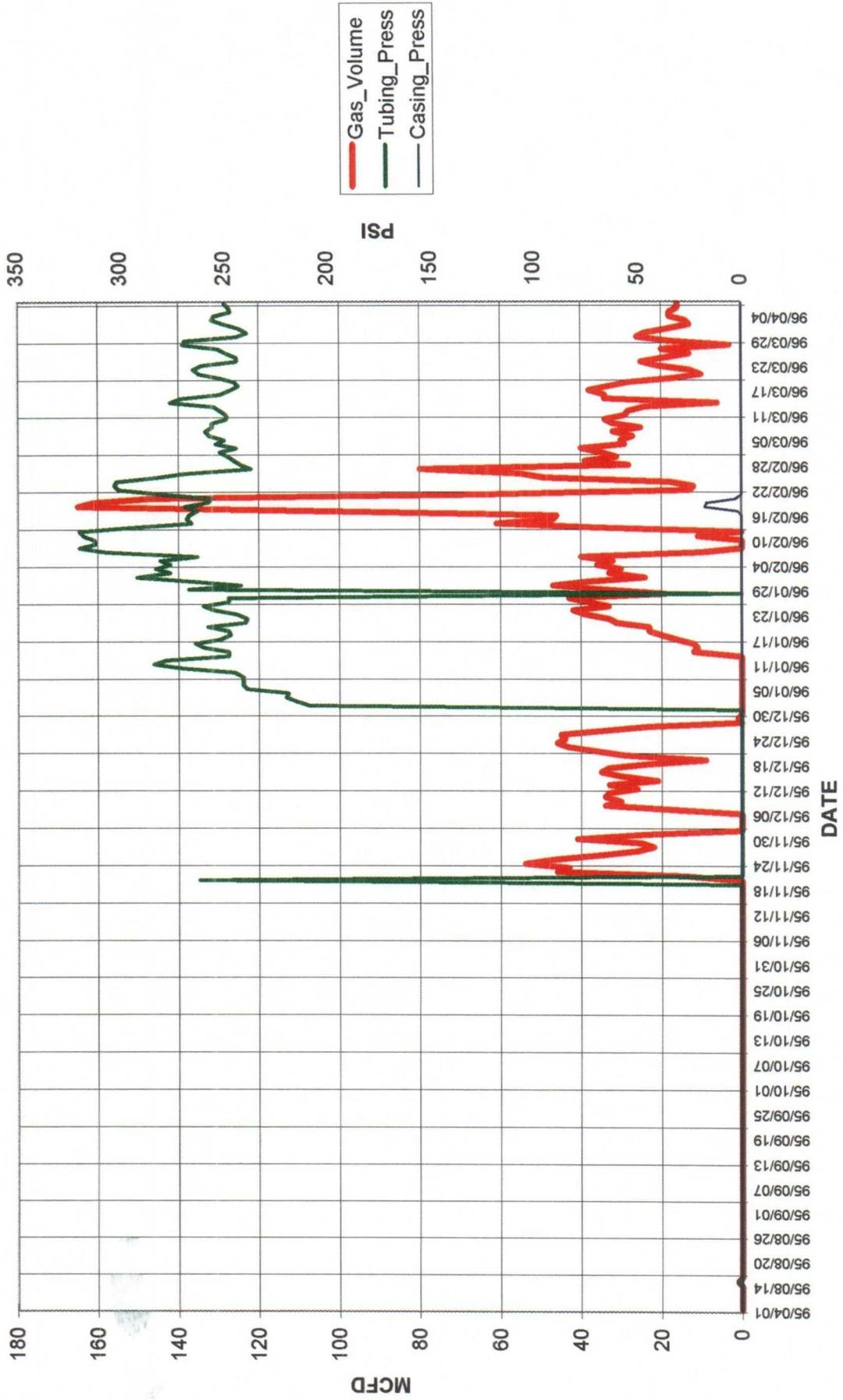


Chart1

Well: VANDEWART B 003-FT (97986802)



OFFSET OPERATORS
VANDEWART B#3

Conoco, Inc.
10 Desta Drive West
Midland, Texas 79705

S G Interest I Ltd.
811 Dallas Suite 1505
Houston, Texas 77002

Meridian Oil, Inc.
P.O. Box 4289
Farmington, NM 87499

Kukui Operating Company
Attn: Mr. Steve Sandlin
7880 San Felipe, Suite 207
Houston, Texas 77063