

OIL CONSERVATION COMMISSION
1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO

April 23, 1965

Continental Oil Company
P.O. Box 3312
Durango, Colorado

Attn: H. D. Haley
District Manager

Re: PC-237, Authorization to
Commingle Liquid Hydrocarbons
On Northeast Haynes Apache
Lease

Dear Mr. Haley:

Administrative Order PC-237 states that the liquid hydrocarbon production to be allocated to each commingled zone may be determined on the basis of periodic gas-oil ratio tests. Therefore the procedure you have set out in your letter of April 21, 1965 is hereby approved. As both of the zones have common ownership and as both zones are marginal zones sofar as liquid hydrocarbon production is concerned I believe that annual tests will be sufficient. However we do reserve the right to call for gas-oil ratio tests at shorter intervals in the event production indicates that this is necessary.

Yours very truly

Emery C. Arnold
Supervisor, District #3

ECA:ks

cc: OCC, Santa Fe, N.M.

CONTINENTAL OIL COMPANY

P. O. Box 3312
Durango, Colorado
April 21, 1965

New Mexico Oil Conservation Commission (2)
P. O. Box 697
Aztec, New Mexico

Gentlemen:

Attached is a schematic diagram of the method originally proposed for the commingling of hydrocarbon liquid production from the Otero-Gallup and Basin-Dakota Pools in our Northeast Haynes Apache Lease in T24N, R5W, Rio Arriba County, New Mexico, allocating production on the basis of periodic well tests.

Under the provisions of Rule 303(b), authorization to commingle the production was granted on October 20, 1964, by Administrative Order PC-237. Production from both pools is of a marginal nature and neither pool is capable of top allowable production.

Due to the high gravity (60° API) of the liquid hydrocarbon produced from the Dakota pool, and the associated high vaporization losses, we have been unable to obtain reliable measurement by use of a positive displacement meter as shown on the attached sketch.

Authorization is therefore requested to allocate production back to the Basin Dakota pool for each well, based on a periodic gas-oil ratio test to determine barrels of Dakota condensate/MCF of gas produced. Dakota condensate can then be allocated monthly on the basis of gas produced and sold during the interval.

It is suggested gas-oil ratio tests be performed on each well during the annual packer-leakage test or at any time a packer-leakage test is performed. Each well proposed for commingling is a Gallup-Dakota dual completion.

It is proposed that production allocation to the Basin-Dakota Pool be based on the past twelve (12) month gas-condensate production data until gas-oil ratio tests are performed.



N.M.O.C.C.

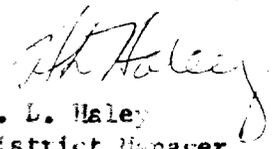
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The following is a tabulation of Bakota gas-condensate production data for the past twelve months for each well proposed for commingling:

<u>Well</u>	<u>Gas (MMCF)</u>	<u>Condensate (Bbls.)</u>	<u>Gas-Condensate Ratio</u>	<u>Bbls. Condensate Per MMCF</u>
N. E. Haynes No. 1	115,754	1,887	61,449	16.3
N. E. Haynes No. 3	163,902	1,879	87,648	11.4
N. E. Haynes No. 4	241,221	4,063	59,370	16.8
N. E. Haynes No. 5	51,668	1,141	18,989	52.7
N. E. Haynes No. 6	127,109	1,331	95,500	10.5
N. E. Haynes No. 8	37,647	168	224,090	4.5

Please advise if any additional information is required.

Very truly yours,


H. L. Haley
District Manager
Durango District
Production Department

GAB/ca