



Consolidated Oil & Gas, Inc.

Executive Offices

4150 EAST MEXICO AVENUE
DENVER, COLORADO 80222
PHONE 757-5441

November 9, 1964

Mr. A. L. Porter Jr.
Secretary-Director
New Mexico Oil Conservation Commission
P.O. Box 871
Santa Fe, New Mexico

Dear Mr. Porter:

We would like to request administrative approval to an exception to Rule 303 to permit commingling of hydrocarbons from two separate pools in a single marketing facility on the Northwest Federal # 4-8, Section 8, Township 26 North, Range 4 West, Rio Arriba County, New Mexico.

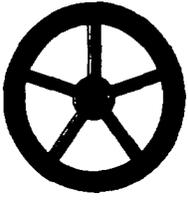
This well is an authorized dual completion in the Gallup Undesignated (gas) and Basin Dakota pools and at the present time is awaiting a pipeline connection. The Gallup tested 1760 MCFPD absolute open flow and the Dakota tested at 2139 MCFPD through a 3/4" choke on a three-hour initial potential test. From the low potentials it is certain that both zones will be marginal and physically incapable of producing top allowables.

From our offset well we have arrived at the following data:

	<u>Dakota</u>	<u>Gallup</u>
Hydrocarbon Gravity	59.6 ° API	61.0 ° API
Hydrocarbon Value	\$2.20/Bbl.	\$2.20/Bbl.
Expected Oil Volume/Day	5.0 Bbls.	3.0 Bbls.

The gravity of the commingled hydrocarbons should be 60.2° API and with this gravity the value will not be less than the sum of the values of the production from each zone.

Attached is a schematic diagram of the proposed installations and a plat showing the location of the well. The gas from each zone will be metered in separate meter runs and the only thing to be commingled are the liquid hydrocarbons.



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Mr. A. L. Porter

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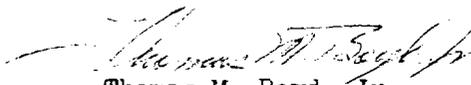
November 9, 1964

We would like to produce both zones immediately after hookup to obtain our initial deliverability test, then a seven day shut in period followed by the required packer leakage test. At the time the packer leakage test is being run a gas-oil-ratio can be obtained to prorate the cumulative oil production back to their respective zones.

The Regional Supervisor of the United States Geological Survey is mailing your office a letter of approval on this exception to Rule 303.

Very truly yours

CONSOLIDATED OIL & GAS INC.


Thomas M. Boyd, Jr.
Area Superintendent
P.O. Box 2038
Farmington, New Mexico

TMB:ra
Attachments

DAKOTA OUT



PROPOSED DAKOTA-GALLUP DUAL

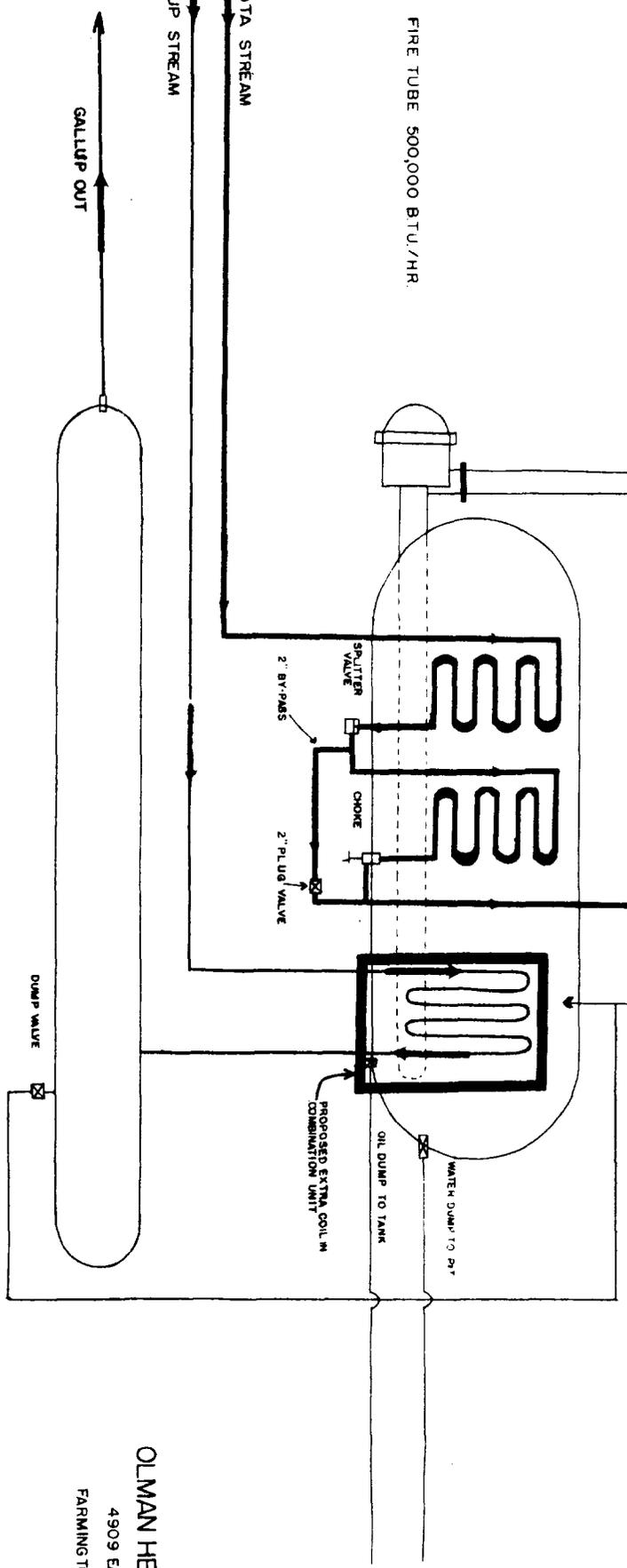
COMPLETION HOOK-UP

FIRE TUBE 500,000 B.T.U./HR.

DAKOTA STREAM

GALLUP STREAM

GALLUP OUT



OLMAN HEATH CO. INC.
4909 EAST MAIN ST.
FARMINGTON, NEW MEXICO

*Krahl of
McGrath*

P. O. Drawer 1857
Roswell, New Mexico

November 9, 1964

Consolidated Oil and Gas, Inc.
4150 East Mexico Ave.
Denver, Colorado 80222

MAIN OFFICE

*64 NOV 10 PM 1

Attention: Mr. Thomas M. Boyd, Jr.

Gentlemen:

Your letters of October 21 with attachments, addressed to Mr. P. T. McGrath request approval for the commingling of liquid hydrocarbon production from the Gallup and Dakota formations in each of your wells Nos. 3-6 and 4-8 Northwest Federal, both located on Jicarilla Contract No. 119.

According to the system as outlined in your application, production from each formation will enter a production unit with each stream kept separate. The gas from each formation will be metered separately and not commingled. Liquid from each stream will be separated from the gas and returned through the production unit where they are commingled.

The method you propose for the commingling of liquid hydrocarbon production from your Nos. 3-6 and 4-8 Northwest Federal is satisfactory to this office. For royalty purposes the the volume of liquid hydrocarbons delivered to the stock tanks should be prorated back to each zone based on a gas-oil ratio test split. Form 9-361, Lessee's Monthly Report of Sales and Royalty, must show all computation used in the calculation of the liquid hydrocarbon volume for each formation. Any change in this system must receive prior approval from this office.

You are requested to notify our Farmington office when the installation is completed so that a field inspection of the system can be made.

Sincerely yours,

(ORIG. SGD.) JOHN A. ANDERSON

JOHN A. ANDERSON
Regional Oil and Gas Supervisor

cc:
Farmington
Roswell
Accounts

RBKrahl:st
10 20 64