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PC-333

P. O. Box 1621
Durango, Colorado
June 20, 1967

1967 JUN 22 PM 1 24

New Mexico Oil Conservation Commission (S)
P. O. Box 2080
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr., Secretary-Director

Re: REQUEST TO SURFACE COMINGLE
OTERO GALLUP OIL AND BASIN DAKOTA
CONDENSATE
NORTHEAST HAYNES WELL NO. 2
SECTION 16, T24N, R5W
RIO ARNIBA COUNTY, NEW MEXICO

Gentlemen:

Continental Oil Company requests administrative approval to surface commingle Otero Gallup oil production and Basin Dakota condensate production from the Northeast Haynes Well No. 2. The well was recently recompleted in the Gallup formation as a dual producer.

Gallup and Dakota hydrocarbon production is commonly owned by the Navajo Apache Tribe. Production in the wellbore is segregated by a production packer with the Gallup being produced through tubing and the Dakota produced through the casing-tubing annulus. The proposed surface commingling facilities will be installed as shown on the attached schematic diagram.

Required production tests of the Gallup will be conducted during the prescribed periods by shutting off Dakota production. Tests of the Dakota for production purposes will be made with the Gallup shut-in.

The value of the commingled production will not be less than the sum of the values of production from the Gallup and Dakota zones. The gravities, volumes of production and values of oil produced are shown on the attached Table I.

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New Mexico Oil Conservation Commission
Page Two

Copies of this application are being distributed to the United States Geological Offices in Roswell and Farmington, New Mexico. With these copies, we request U.S.G.S. approval so that upon receipt of such approval we may notify the NMOSC in compliance with Rule 303(b).

Yours very truly,



H. D. Halsey
District Manager
Durango District
Production Department

ISC/ejs
Att.

cc: Mr. E. A. Austin, Continental Oil Co., Denver, Colorado
U.S.G.S., Roswell, New Mexico
U.S.G.S., Farmington, New Mexico

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TABLE 1
PRODUCTION AND REVENUE DATA
NORTHEAST HAYNES NO. 2
PROPOSED SURFACE COMBINING
OVERO GALLUP AND BASIN DAKOTA FIELDS

Average Daily Oil Production:

Gallup	25 BOPD	(Recent Dual Completion)
Dakota	4 BOPD	(Average Last 3 Months)

Gravity of Oil Produced:

Gallup	40° API
Dakota	63° API

Value of Oil Produced:

Gallup	-	2.75 (less \$.10 Apache diff. and \$.10 Llaves P.L.Tariff)
		x 25 BOPD = \$68.75
Dakota	-	2.53 (less \$.10 Apache diff. and \$.10 Llaves P.L.Tariff)
		x 4 BOPD = <u>\$ 8.92</u>

TOTAL VALUE DAILY OIL PROD.: \$72.67

Gravity of Commingled Oil:

Gallup - Dakota Blend: 42.8° API

Value of Commingled Oil Produced:

\$2.55 x 29 BOPD	\$73.95
TOTAL VALUE DAILY COMMINGLED OIL PROD.: \$73.95	

Crude Oil Purchaser:	Llaves Pipeline Ltd.
Royalty Interest Owner:	Gallup - Jicarilla Apache Tribe
	Dakota - Jicarilla Apache Tribe

The value of the commingled production will not be less than the value of production from each common source of supply.

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Gallup Well
Pictured Cliffs Well
Dakota Well
Dakota - Gallup Dual



PRODUCTION DEPARTMENT

WYOMING
RECORD

44 NC

LEASE & WELL LOCATION PLAT.



CONTINENTAL OIL COMPANY

P. O. Box 1621
Durango, Colorado
August 17, 1967

New Mexico Oil Conservation Commission (3)
P. O. Box 2083
Santa Fe, New Mexico

Attn: Mr. A. L. Portez, Jr.
Secretary-Director

RE: REQUEST TO SURFACE COMMINGLE
OTERO-GALLUP OIL AND BASIN
DAKOTA CONDENSATE
NORTHEAST HAYNES WELL NO. 2
SEC. 16, T24N, R5W
RIO ARriba COUNTY, NEW MEXICO

Gentlemen:

In compliance with N.M.O.C.C. Rules and Regulations Rule 303 (b), we are attaching a copy of U. S. Geological Survey approval regarding the referenced request to surface commingle Otero-Gallup oil and Basin-Dakota condensate from our Northeast Haynes Well No. 2, located in Section 16, T24N, R5W, Rio Arriba County, New Mexico.

Very truly yours,

H. D. Maley
Division Manager
Durango Division
Production Department

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LSC/ca

cc: Mr. R. L. Adams, Continental Oil Company, Houston, Texas
Mr. B. E. Anderson, Continental Oil Company, Farmington, New Mexico

General Order
Durango, New Mexico Area

July 5, 1967

RECEIVED	
DURANGO PRG 1	
AUG 17 1967	
OFFICE MOR.	
DATE	
BY	
[Signature]	

Continental Oil Company
P.O. Box 2000
Durango, Colorado 81301

Attention: Mr. R. S. Bailey

Dear Sir:

Your letter of June 13, 1967, regarding approval to exchange property and certain equipment between the Durango and Alamosa fields located in the highly volatile oil fields of the Alamosa and Durango Counties, New Mexico on certain small lease tracts was received.

The matter of exchanging certain oil and gas property and as well as the exchange of certain equipment between the Durango and Alamosa fields located in the highly volatile oil fields of the Alamosa and Durango Counties, New Mexico on certain small lease tracts was approved by the Durango and Alamosa field supervisors and the Durango and Alamosa field engineers, who also are responsible for the safety and carbon production efficiency of each field.

You are requested to notify our Durango field office that the exchange has been completed so that a final inspection can be made.

Sincerely yours,

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Original Signed by:

W. A. Anderson
Regional Oil and Gas Supervisor

cc:
Farmington
Oil
Records

Enclosed: