



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

November 7, 1997

RECEIVED
NOV 13 1997

OIL CON. DIV.
DIST. 3

Conoco, Inc.
10 Desta Drive - Suite 100W
Midland, Texas 79705-4500
Attention: Jerry W. Hoover

Administrative Order NSL-3374-A

Dear Mr. Hoover:

Reference is made to: (i) your original application dated November 3, 1997 (received by the Division in Santa Fe on November 5, 1997); and, (ii) the Division's records in Santa Fe, which also include the files on Administrative Orders NSL-3374 and DHC-1623: all of which concern Conoco, Inc.'s ("Conoco") request for an unorthodox gas well location in both the Blanco-Mesaverde and Undesignated Otero-Chacra Pools for Conoco's existing Jicarilla "K" Well No. 10-E (API No. 30-039-25393), located 1370 feet from the South line and 1440 feet from the West line (Unit K) of Section 1, Township 25 North, Range 5 West, NMPM, Rio Arriba County, New Mexico.

The Jicarilla "K" Well No. 10-E was drilled by Merit Energy Company ("Merit") in 1994 in order to test the Undesignated West Lindrith Gallup-Dakota Oil Pool at an unorthodox oil well location (see Division Administrative Order NSL-3374, dated April 8, 1994) within a standard 160-acre oil spacing and proration unit comprising the SW/4 of said Section 1. Division records indicate that this well was actually completed as an infill gas well in the Basin-Dakota Pool and, pursuant to the "*General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Basin-Dakota Pool*," as promulgated by Division Order No. R-8170, as amended, said location is also considered to be "non-standard" with respect to the internal quarter-quarter section line for the existing standard 319.69-acre gas spacing and proration unit ("GPU") comprising Lots 3 and 4, the S/2 NW/4, and the SW/4 (W/2 equivalent) of said Section 1. The operator at the time (Merit) evidently failed to procure proper authorization from the Division for the unorthodox infill gas well location within the Basin-Dakota Pool for the Jicarilla "K" Well No. 10-E.

The Division therefore finds that since this location is unorthodox only to the internal quarter-quarter section line of the subject 319.69-acre GPU and is not encroaching upon any other operator or properties, approval of this unorthodox infill gas well location within the Basin-Dakota Pool should be included within the order to be issued in this matter at this time.

It is our understanding that Conoco intends to downhole commingle gas production from the Blanco-Mesaverde, Basin-Dakota, and Undesignated Otero-Chacra Pools in said well under authority of Division Administrative Order DHC-1623, dated August 15, 1997; and, pursuant to Division General Rule 104.C(3) and to the "*General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Blanco-Mesaverde Pool*," as promulgated by Division Order No. R-8170, as amended, said location is also unorthodox for both the Otero-Chacra and Blanco-Mesaverde gas producing intervals, respectively.

Basin-Dakota gas production from said 319.69-acre GPU is currently simultaneously dedicated to said Jicarilla "K" Well No. 10-E and to Conoco's Jicarilla "K" Well No. 10 (API No. 30-039-20260), located at a standard gas well location 790 feet from the North line and 1190 feet from the West line (Lot 4/Unit D) of said Section 1.

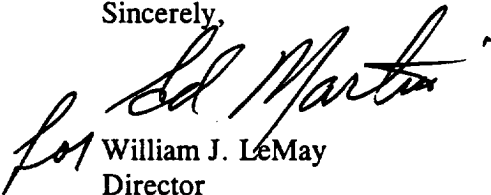
Production from the Blanco-Mesaverde Pool in said well is to be included to the existing standard 319.69-acre gas spacing and proration unit comprising the W/2 equivalent of said Section 1, which production is also currently dedicated to the above-described Jicarilla "K" Well No. 10.

The SW/4 of said Section 1, being a standard 160-acre gas spacing and proration unit for the Undesignated Otero-Chacra Pool, is to be dedicated to said well.

By the authority granted me under the provisions of Rule 2(d) of the "*General Rules for the Prorated Gas Pools of New Mexico/Special Rules and Regulations for the Blanco-Mesaverde Pool/Special Rules and Regulations for the Basin-Dakota Pool*," as promulgated by Division Order No. R-8170, as amended, and Division General Rule 104.F(2) the above-described unorthodox "infill" Dakota/Mesaverde gas well location and Chacra gas well location for the Jicarilla "K" Well No. 10-E is hereby approved.

At this time the original Administrative Order NSL-3374 shall be placed in abeyance until further notice.

Sincerely,


William J. LeMay
Director

WJL/MES/kv

cc: New Mexico Oil Conservation Division - Aztec /
U. S. Bureau of Land Management - Farmington
W. Thomas Kellahin, Counsel - Santa Fe
Dave Wacker, Conoco, Inc. - ~~REDACTED~~
File: NSL-3374
DHC-1623



Mid-Continent Region
Exploration/Production

Conoco Inc.
10 Desta Drive, Suite 100W
Midland, TX 79705-4500
(915) 686-5400

November 3, 1997

RECEIVED
NOV - 5 1997

OIL CON. DIV.
PLC 9

Mr. Michael Stogner
New Mexico Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87504

RE: Application for Approval of a Non-Standard Chacra and Mesaverde
Location for the Jicarilla "K" No. 10E, located at 1370' FSL & 1440' FWL,
Sec. 1, T-25N, R-5W, caused by Recompletion from a deeper horizon

Dear Mr. Stogner:

This well was originally drilled in 1994 by Merit Energy as a Dakota completion at this non-standard drilling location for the Basin Dakota Pool which was approved by Administrative Order NSL-3374. A copy of the original C-102 is attached. This location is non-standard only to the interior quarter-quarter lines and does not crowd the perimeter 790-foot set-backs from the quarter-section lines as required by the Chacra, Mesaverde, and Dakota pools. Effective 10/31/95 Conoco became the operator of this well.

Conoco's plan for this well included recompletions to the Chacra and Mesaverde with eventual downhole commingling with the original Dakota completion. BLM approval was secured to set a retrievable bridge plug over the Dakota, complete both the Chacra and Mesaverde, and dually produce these two new zones until sufficient allocation data is secured. Approval to downhole commingle all three zones has already been granted by OCD Administrative Order DHC-1623 (copy attached).

A map showing the W/2 Section 1 spacing unit for the Jicarilla K No. 10E well and offset operators is also attached. Conoco offsets the unit on three sides while Burlington is the offset on the north side. Since the encroachment is only to the interior quarter-quarter section lines no correlative rights should be affected. However, a copy of this application has been sent to Burlington as evidenced by the attached copy of the certified mail receipt.

This request for amending the current NSL-3374 to include the Chacra and Mesaverde zones has been discussed with Ernie Busch of the Aztec Office who volunteered that he would contact your office in support of it.

If there are any further questions concerning this application please call me at (915) 686-6548.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jerry W. Hoover". The signature is fluid and cursive, with the first name "Jerry" being more prominent and the last name "Hoover" following in a similar style.

Jerry W. Hoover
Sr. Conservation Coordinator

cc: Oil Conservation Division - Aztec

District I
PO Box 1988, Hobbs, NM 88241-1988
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-039-25393		Pool Code 71599	Pool Name Basin Dakota
Property Code 013592	Property Name Jicarilla K		Well Number 10E
OGRID No. 014591	Operator Name Merit Energy Company		Elevation 6930'

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
K	1	25N	5W		1370	South	1440	West	Rio Arriba

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 319.69	13 Joint or Infill N	14 Consolidation Code	15 Order No. NSL - 3374
------------------------------	-------------------------	-----------------------	----------------------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16 	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature Sheryl J. Carruth Printed Name Regulatory Manager Title 6-29-94 Date		
	18 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 belief. Date of Survey Signature and Seal of Professional Surveyor:		
	Certificate Number		
	RECEIVED NOV - 5 1997 OIL CON. DIV. DIST. 3		



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

ADMINISTRATIVE ORDER DHC-1623

Conoco Inc.
10 Desta Drive
Suite 100W
Midland, Texas 79705-4500

Attention: Mr. Jerry W. Hoover

*Jicarilla "K" No. 10E
API No. 30-039-25393
Unit K, Section 1, Township 25 North, Range 5 West, NMPM,
Rio Arriba County, New Mexico.
Blanco-Mesaverde (Prorated Gas - 72319)
Basin-Dakota (Prorated Gas - 71599) and
Otero-Chacra (Gas - 82329) Gas Pools*

Dear Mr. Hoover:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule.

Production from the subject well shall be allocated as follows:

Gas production from the Basin-Dakota Gas Pool shall be determined utilizing the mid-year average production forecast submitted by the applicant as an attachment to the downhole commingling application. Gas production from the Blanco-Mesaverde and Otero-Chacra Gas Pools shall be determined by subtracting Basin-Dakota Gas Pool production from the well's total monthly gas production. A fixed formula for allocation of production between the Blanco-Mesaverde and Otero-Chacra Gas Pools shall be determined after completion and testing of the well and said

Administrative Order DHC-1623

Conoco Inc.

August 15, 1997

Page 2

formula shall be submitted to the supervisor of the Division's Aztec District Office for approval.

The applicant shall submit the fixed allocation formula for the Blanco-Mesaverde and Otero-Chacra Gas Pools to the Santa Fe Office of the Division subsequent to district office approval.

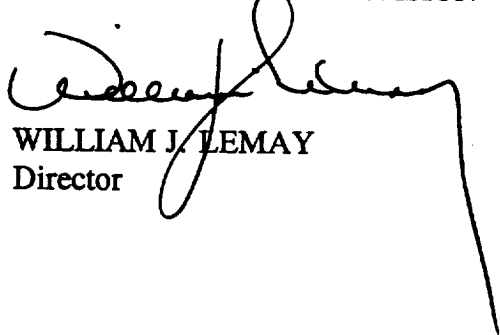
The allocation method established herein may be altered at some time subsequent to initiating downhole commingling operations upon request by the operator and for good cause shown.

REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 15th day of August, 1997.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

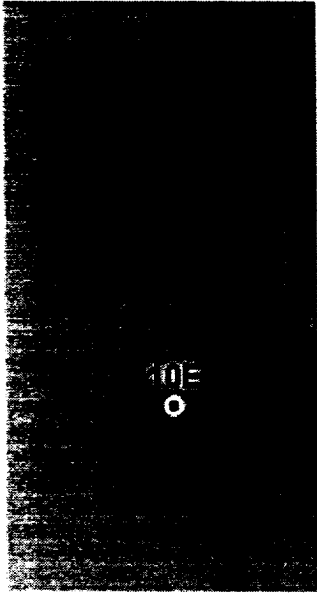
S E A L

WJL/DRC

cc: Oil Conservation Division - Aztec
Bureau of Land Management-Farmington

JICARILLA "K" 10E

OFFSET OPERATORS

35 <i>Burlington Resources</i>	36 <i>Burlington Resources</i>	31
	T-26N, R-5W	T-26N, R-4W
	T-25N, R-5W	T-25N, R-4W
2 Conoco	 1 Conoco	6
Conoco	Conoco	
11	12	7

P 268 424 977

US Postal Service
Receipt for Certified Mail

Burlington Resources
P.O. Box 4289
Farmington, NM 87499

PS Form 3800, April 1995

Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$
Postmark or Date 11/3/97	