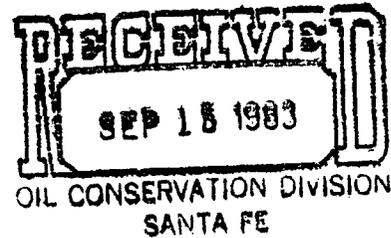


CHACE OIL COMPANY, INC.

313 Washington S.E.

Albuquerque, New Mexico 87108

(505) 266-5562



September 13, 1983

Mr. Joe D. Ramey, Director  
Oil Conservation Division  
State of New Mexico Energy and  
Minerals Dept.  
P.O. Box 2088  
Santa Fe, New Mexico 87501

Gentlemen:

Please find your copy, or copies, of Chace Oil Company's application requesting authority for downhole commingling.

Neither of these wells has been spud in, however, we hope to begin drilling operations this week. Should you find that we need to supply any further information please advise.

Cordially,

CHACE OIL COMPANY

Ross Easterling  
Landman

cc: Mr. F. T. Chavez  
Oil Conservation Division  
Aztec, N.M.

RE:gs

BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

APPLICATION OF CHACE OIL COMPANY, INC.  
FOR ADMINISTRATIVE APPROVAL OF DOWNHOLE COMMINGLING

September 8, 1983

The applicant, Chace Oil Company, Inc., desires to drill two development wells to the base of the Dakota formation and commingle oil and gas in the well bore of each. Commingled production will be from the Chacon Dakota associated pool and an undesignated Gallup member.

Each well is a direct offset to the Chace Oil Company, Inc. # 1-47-JV well which is commingled from the same zones by the authority of Oil Conservation Division order number DHC-388.

Chace Oil Company, Inc. requests administrative approval for downhole commingling in wells # 6-47-JV and # 7-47-JV.

The application is presented in the order that the requirements are outlined in the Oil Conservation Division's Rules and Regulations, dated March 1, 1982.

Rule: 303-C

Section I

(a) For wells involving oil zones:

1. Lowermost pool (estimated depths).            Bbl/day limit

Base Dakota - Chacon Dakota	7500'	50
Base Greenhorn (under Gallup)	7180'	50

Neither of the zones above are expected to exceed the Bbl/day limit.

2. Each zone requires artificial lift. Neither is capable of flowing.
3. "Neither zone produces more water than the combined oil limit as determined in paragraph (1) above."
4. The fluids from each zone are similar and compatible. Fluids will not react with each other to cause damage in either reservoir.
5. The total value of the crude will not be reduced by commingling.

6. Ownership of each zone is common.

7. The commingling will not jeopardize the efficiency of any future secondary recovery operations.

Section 2, paragraphs A-J 'For approval of downhole commingling':

(a) Chace Oil Company, Inc.

313 Washington, S.E.

Albuquerque, New Mexico 87108

(b) Lease name: Jicarilla Tribal Contract # 47

Well number: 6-JV

Location: Section 12, Township 23 North, Range 4 West

Unit 'G' 1850' FNL & 1850' FEL, Elevation 7353 GL

Rio Arriba County, New Mexico

Lease name: Jicarilla Tribal Contract # 47

Well number: 7-JV

Location: Section 13, Township 23 North, Range 4 West

Unit 'A' 790' FNL & 790' FEL, Elevation 7385 GL

Rio Arriba County, New Mexico

Pools to be commingled:

Chacon Dakota, Undesignated Gallup

(c) Plat indicating location of # 1-47-JV well commingled under authority of Oil Conservation Division order number DHC-388. Plat also indicates location of wells subject to this application. Attached p. 4.

(d) Gas Oil Ratio Form C-116 to be submitted to the Oil Conservation Division no sooner than 20 days or later than 30 days of the completion of each well in accordance with the Oil Conservation Division's Rules and Regulations.

(e) A complete resume of the wells' completion histories including description of treating, testing, etc., of each zone, and a prognostication from each zone shall be submitted.

(f) Estimated Bottom Hole Pressure for each artificially lifted zone (PSIA).

Undesignated Gallup	2181
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Chacon Dakota	2400
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(g) Fluid Characteristics:

All zones produce oil of 40° - 45° gravity with little or no water.

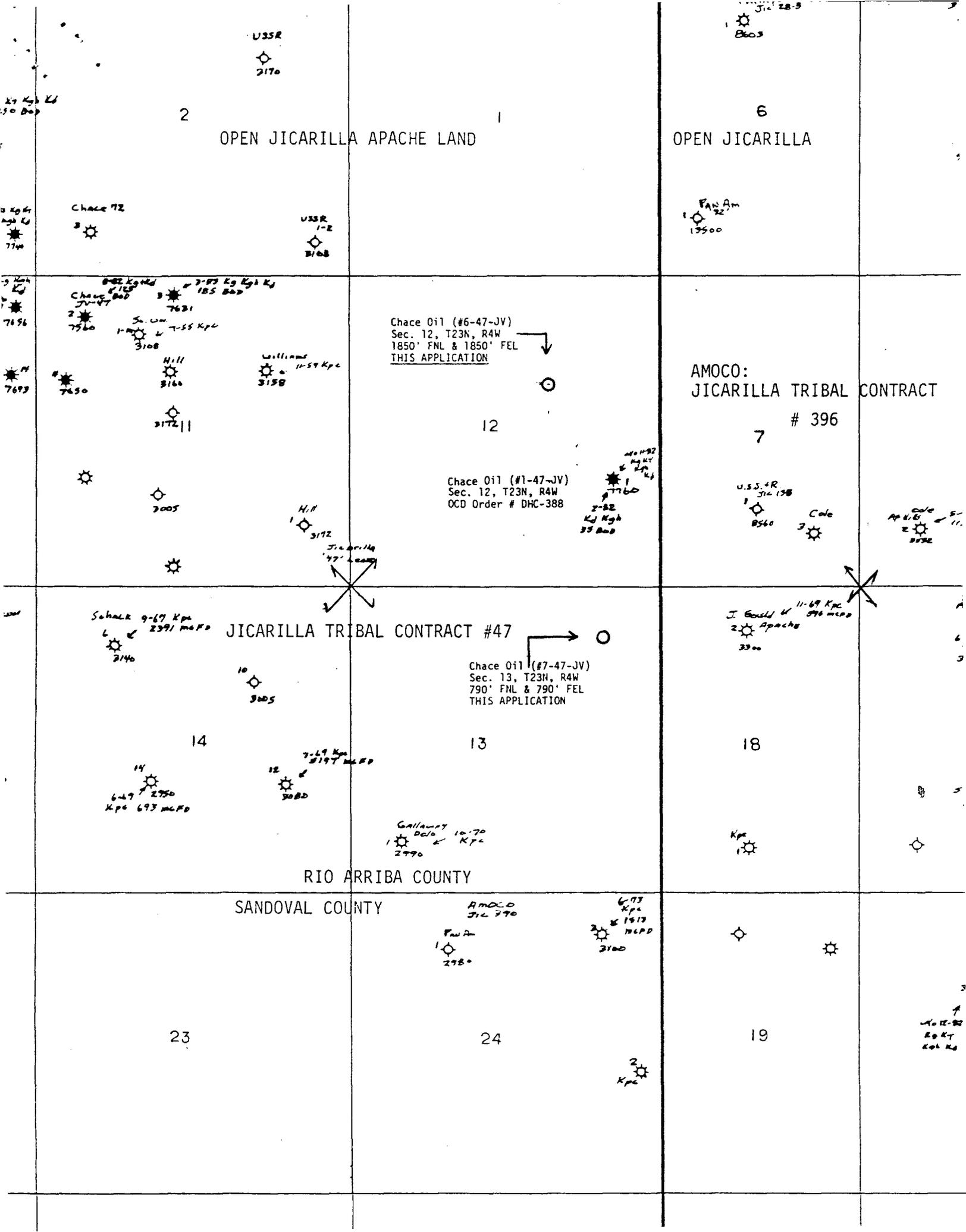
- (h) Individual production of each zone would not increase or decrease the value of the production. The price per barrel of oil is the same for each producing horizon.
- (i) Allocation of production for the offset to these wells has been determined to be:

	<u>Gallup</u>	<u>Dakota</u>
Oil	25%	75%
Gas	44%	56%

Chace will test and determine the production from each pool and submit an allocation of production formula within a time period specified by the Oil Conservation Division.

- (j) Notification of Proposed Commingling:

All offset operators have been notified by copy of Notification of Intent to Commingle Letter submitted to the Bureau of Land Management.



OPEN JICARILLA APACHE LAND

OPEN JICARILLA

AMOCO:  
JICARILLA TRIBAL CONTRACT

# 396

JICARILLA TRIBAL CONTRACT #47

Chace Oil (#7-47-JV)  
Sec. 13, T23N, R4W  
790' FNL & 790' FEL  
THIS APPLICATION

RIO ARRIBA COUNTY

SANDOVAL COUNTY

USSR  
2170

USSR  
2803

Chace 72

USSR  
1-2  
3168

FAN Am  
13500

Chace Oil (#6-47-JV)  
Sec. 12, T23N, R4W  
1850' FNL & 1850' FEL  
THIS APPLICATION

Chace Oil (#1-47-JV)  
Sec. 12, T23N, R4W  
OCD Order # DHC-388

U.S.S. + R  
312 138

0560

Cole

0560

Schaak 9-67 Kpc  
2391 m.c.F.D.  
2140

3205

Chace Oil (#7-47-JV)  
Sec. 13, T23N, R4W  
790' FNL & 790' FEL  
THIS APPLICATION

J. Bond 11-69 Kpc  
596 m.c.F.D.  
2 Apache  
3300

Kpc  
1

6-69 2750  
Kpc 693 m.c.F.D.

7-69 Kpc  
2197 m.c.F.D.  
3080

Galloway 10-70  
2010 Kpc  
2790

L-73  
Kpc  
1917  
1917  
3100

FAN Am  
2780

Kpc  
2

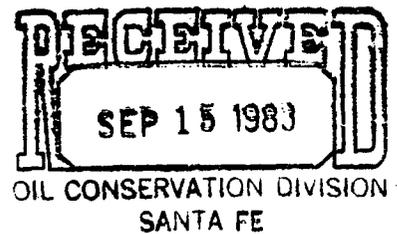
23

24

19

CHACE OIL COMPANY, INC.

313 Washington S.E.  
Albuquerque, New Mexico 87108  
(505) 266-5562



September 13, 1983

Amoco Production Company  
Amoco Building  
1670 Broadway  
Denver, Colorado 80202

Attention: Bruce Carney

RE: Well # 6-47-JV  
Section 12, Township 23 North, Range 4 West  
Unit 'G' 1850' FNL & 1850 FEL, Elevation 7353 GL  
Rio Arriba County, New Mexico

Well # 7-47-JV  
Section 13, Township 23 North, Range 4 West  
Unit 'A' 790' FNL & 790 FEL, Elevation 7385 GL  
Rio Arriba County, New Mexico

Gentlemen:

This is to notify Amoco Production Company that Chace Oil Company, Inc. has applied for authority to commingle Chacon Dakota Production with an undesignated Gallup member in the well base of the above referenced wells.

Should Amoco have any questions regarding our application, please call.

Yours very truly,

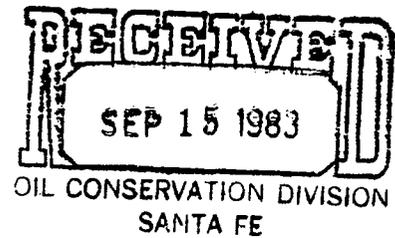
  
Ross Easterling  
Landman

RE:gs



CHACE OIL COMPANY, INC.

313 Washington S.E.  
Albuquerque, New Mexico 87108  
(505) 266-5562



September 13, 1983

Mr. John S. Keller  
U.S. Dept. of the Interior  
Bureau of Land Management  
P.O. Drawer 600  
Farmington, New Mexico 87401

RE: Jicarilla Tribal Contract # 47  
Well # 6-JV - Section 12, Township 23 North, Range 4 West  
Unit 'G' 1850' FNL & 1850' FEL  
Rio Arriba County, New Mexico

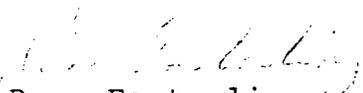
Gentlemen:

This is to notify the Bureau of Land Management that Chace Oil Company, Inc., has applied under the Oil Conservation Commission rule 303-C for authority to commingle Chacon Dakota production with an undesignated Gallup member in the above referenced well.

Chace will spud this well sometime during the week of September 12, 1983.

Yours very truly,

CHACE OIL COMPANY

  
Ross Easterling  
Landman

RE:gs  
Via Certified Mail



STATE OF NEW MEXICO  
**ENERGY AND MINERALS DEPARTMENT**  
 OIL CONSERVATION DIVISION  
 AZTEC DISTRICT OFFICE

1000 RIO BRAZOS ROAD  
 AZTEC, NEW MEXICO 87410  
 (505) 334-6178

OIL CONSERVATION DIVISION  
 BOX 2088  
 SANTA FE, NEW MEXICO 87501

**RECEIVED**  
 SEP 19 1983  
 OIL CONSERVATION DIVISION  
 SANTA FE

DATE 9-16-83

RE: Proposed MC \_\_\_\_\_  
 Proposed DHC a \_\_\_\_\_  
 Proposed NSL \_\_\_\_\_  
 Proposed SWD \_\_\_\_\_  
 Proposed WFX \_\_\_\_\_  
 Proposed PMX \_\_\_\_\_

Gentlemen:

I have examined the application dated Sept. 15, 1983  
 for the Chas. O.K. Jr. Co. Cont 47 #1617 G-12 + A-13-2500  
 Operator Lease and Well No. Unit, S-T-R

and my recommendations are as follows:

Approve. Requires nothing of at least one year.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Yours truly,

Scott D. Jones