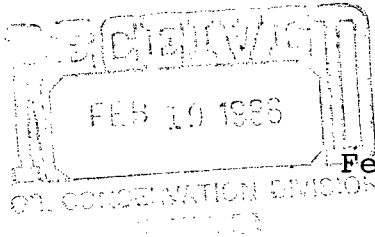




JERRY W. LONG
CONSULTANT



February 15, 1986

State of New Mexico
Department of Energy and Minerals
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: DOWNHOLE COMMINGLING APPLICATION
Grace Energy Company
No.1 Humble Grace Com.
Unit P, Sec.2, T.23S., R.26E.
South Carlsbad-Strawn and South Carlsbad-Morrow Pools
Eddy County, New Mexico

Gentlemen:

Grace Energy Company respectfully requests Administrative approval to commingle production from the South Carlsbad-Strawn and South Carlsbad-Morrow Pools in the wellbore of subject well in accordance with NMOCD Rule 303-C.

The No.1 Humble Grace well was completed on June 20, 1971 as a Morrow single zone producer. On July 23, 1973 the well was dually-completed in the Strawn under NMOCD Dual Completion Order No. R-4376 for the South Carlsbad-Strawn and South Carlsbad-Morrow formations. A schematic diagram of the present downhole dual completion equipment is attached.

Packer Leakage tests of July 1984 and April 1985 found the packer separating the Strawn and Morrow to be leaking. Extensive work-over operations resulted in pulling the mandrel out of the Morrow side of the packer. The Morrow zone has been shut-in since April 1985. Both zones have been shut-in since December 1985.

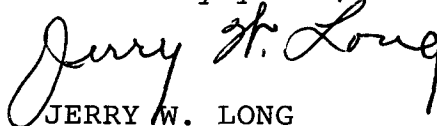
Since expensive work-over operations have failed, the operator requests your approval to commingle the Strawn and Morrow formations within the wellbore. The following information is offered in support of this request:

1. Both zones would be produced through a single string of 2 7/8" tubing with a packer set about 200' above the top perforation, at a depth of approximately 10,344'. Existing packers will be left in the hole at the present time.

2. Commingling within the wellbore would permit a practical and economical method of producing the marginally productive Morrow zone to abandonment pressure rather than plugging the zone at this time.
3. The two zones should be compatible with respect to liquids. Both dry gas zones have produced minimal amounts of oil and water. Attached water analyses indicates the water to be comparable. All of the liquids for the past three years have been produced from the Strawn formation. Liquid production for 1983, the year prior to packer leakage, was 19 BO and 690 BW.
4. The total value of products should not be reduced since gas from both zones are contracted at identical prices before adjustment to comparable specific gravities.
5. Correlative rights will not be violated since the ownership of the two zones to be commingled are common.
6. Attached are copies of 1983 production statistics for each zone, as compiled in the New Mexico Oil and Gas Engineering Committee Report. This is the year prior to discovery of packer leakage.
7. Attached Form C-124 reports indicate the reservoir pressures to be comparable, 1631 psi. for the Strawn and 1672 psi. for the Morrow. No cross-flow problems would be expected, as long as both zones are flowing to pipeline pressure.
8. Offset operators and Bureau of Land Management have been notified by "Certified" mail of this proposed commingling. The offset operators are listed on an attached exhibit.
9. No surface or subsurface damage or waste would be anticipated as a result of this proposal.
10. It is suggested that the commingled gas production be allocated 72% to the Strawn and 28% to the Morrow, based on the 1983 production, which is the latest representative statistics. 100% of the liquids should be allocated to the Strawn.

Administrative approval will allow the operator to accomplish the necessary work-over operations and get the well back on production. Please send your approval to GRACE ENERGY COMPANY, P.O. Box 207, Carlsbad, New Mexico 88220, with a copy to the undersigned at the letterhead address.

Sincerely yours,



JERRY W. LONG

Agent for: GRACE ENERGY COMPANY

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-122
Supersedes C-123
Effective 1-4-65

All distances must be from the outer boundaries of the Section.

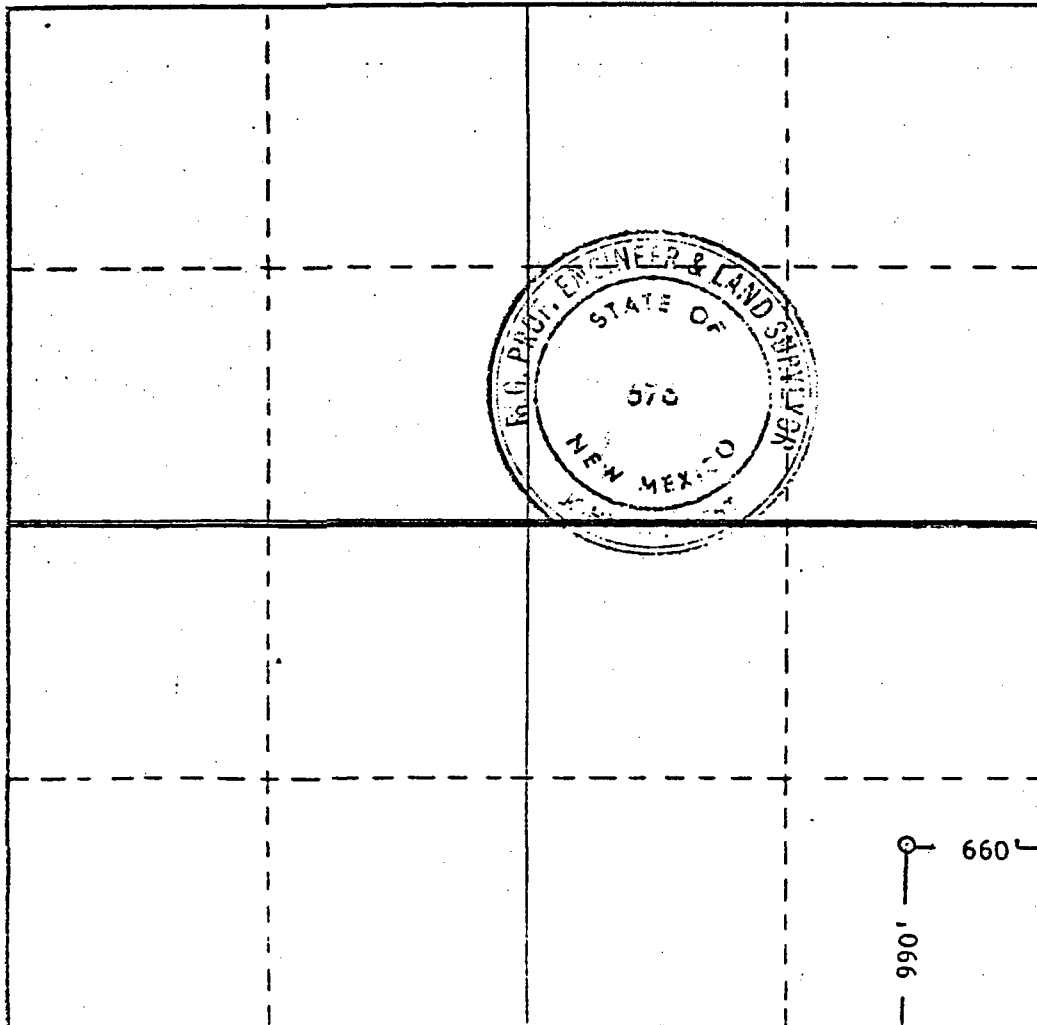
Operator CORINNE GRACE			Lease HUMBLE - GRACE		Well No. 1
Unit Letter P	Section 2	Township 23 SOUTH	Range 26 EAST	County EDDY	
Actual Footage Location of Well:					
990 feet from the SOUTH line and		660 feet from the EAST line			
Ground Level Elev. 3268	Producing Formation Strawn	Pool South Carlsbad	Dedicated Acreage: 320 Acres		

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name *Walter L. Jones*
Position Agent

Company
Corinne Grace

Date
10/9/73

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 knowledge and belief.

Date Surveyed:
2-1-1971

Registered Professional Engineer
and/or Land Surveyor

John W. Wat
Certificate No. **676**

DIAGRAM
DUAL PACKER ASSEMBLY

CORINNE GRACE
HUMBLE GRACE #1
So. CARLSBAD FIELD
EDDY COUNTY, NEW MEXICO

Recompletion Date:
July 23, 1973

Packer Fluid:
Salt Water with KCL

Completed By:
Ken Smith
Ron Johnson

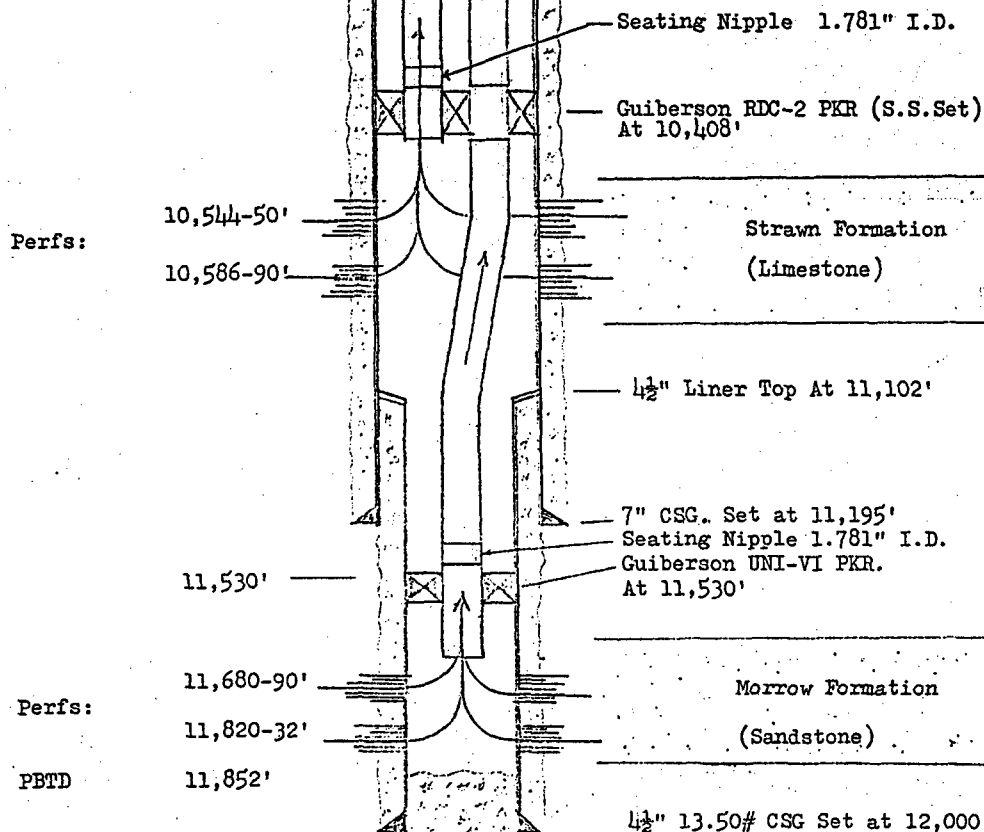
Dwg By: Ron Johnson

Split Hanger

349' JTS.

Long String: 2 3/8" EUE 8RD N-80

Short String 342 JTS. 2 3/8" C.S. Hydril N-80



HALLIBURTON DIVISION LABORATORY
HALLIBURTON COMPANY
LOVINGTON, NEW MEXICO

LABORATORY WATER ANALYSIS No. W2-270-71

To Corine Grace

Date 5/24/71

Box 1418

Carlsbad, New Mexico

This report is the property of Halliburton Company and neither it nor any part thereof nor a copy thereof is to be published or disclosed without first securing the express written approval of laboratory management; it may however, be used in the course of regular business operations by any person or concern and employees thereof receiving such report from Halliburton Company.

Submitted by Murdock

Date Rec. 5/22/71

Well No. Humble Grace # 1 Depth 10,560

Formation Strawn

County Eddy

Field South of Carlsbad

Source DST # 1

	TOP TEXT TOOL	TOP RECOVERY	MUD PIT
Resistivity	.050 @ 82 F	.046 @ 82 F	.040 @ 82 F
Specific Gravity	1.132		
pH	10.1		
Calcium (Ca)	Nil		*MPL
Magnesium (Mg)	60		
Chlorides (Cl)	102,000	150,000	189,500
Sulfates (SO ₄)	3,400		
Bicarbonates (HCO ₃)	14,706		
Soluble Iron (Fe)	Nil		
Carbonates (CO ₃)	4,740		
.....			
.....			

Remarks:

*Milligrams per liter

Respectfully submitted,

Analyst: Robert Lansford

HALLIBURTON COMPANY

cc:

By

Robert Lansford

 CHEMIST

NOTICE

This report is limited to the described sample tested. Any user of this report agrees that Halliburton shall not be liable for any loss or damage, whether it be to act or omission, resulting from such report or its use.

HALLIBURTON DIVISION LABORATORY
 HALLIBURTON COMPANY
 MIDLAND DIVISION

LABORATORY WATER ANALYSISNo. W71-574To CORRINE GRACEDate 6-16-71Box 1418CARLSBAD, N. M.

This report is the property of Halliburton Company and neither it nor any part thereof nor a copy thereof is to be published or disclosed without first securing the express written approval of laboratory management; it may however, be used in the course of regular business operations by any person or concern and employees thereof receiving such report from Halliburton Company.

Submitted by _____

Date Rec. 6-15-71Well No. HUMBLE GRAC #1Depth 11,828'Formation MORROWCounty EDDY, N. M.Field W/C.Source DST #7TOOL TOP

Resistivity

0.045 @ 76°

Specific Gravity

ND

pH

7.1

Calcium (Ca)

1,100

*MPL

Magnesium (Mg)

600

Chlorides (Cl)

133,200Sulfates (SO₄)NDBicarbonates (HCO₃)1,183

Soluble Iron (Fe)

NIL

C.I.R. SUB

RES. 0.053 @ 76°

CL.

90,100

TOP REC.

0.058 @ 76°80,300

P.I.T. SAMPLE

0.055 @ 76°86,200

Remarks:

*Milligrams per liter

Respectfully submitted,

Analyst: HOCHHALTER - BREWERcc: BOB LANSFORD

HALLIBURTON COMPANY

By



DIVISION CHEMIST

NOTICE

This report is limited to the described sample tested. Any user of this report agrees that Halliburton shall not be liable for any loss or damage, whether it be to act or omission, resulting from such report or its use.

WELL S T R	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	YR-PROD	HP	ACCU.
MICHAEL P. GRACE II HUMBLE GRACE COM 1P 223527E GAS OIL WAT		1513 10 175	1511 5 140	1300 4 125		811 85	983 50	1499 45	952 30	1113 15	752 15	1326 10	11760 19 690	567588 139	
PENNZUI COMPANY GOLF FEDERAL COM 2L 623527E GAS OIL WAT					38 1	125 2				4			167 3	1177262 23778	
THE SUPERIOR OIL COMPANY COLLATT STATE COM 1J 123526E GAS OIL															3404983 68011
RECOMPLETED TO CARLSBAD ATOKA, SOUTH (GAS)															
RYAN COM 1D 523527E GAS OIL										3658			3658	1108667 726	
COMPANY TOTAL OIL GAS										3658			3658	4513650	
CARLSBAD WOLF CAMP, EAST (GAS) MC															
9M TO 10M															
MORRIS R. ANTHEIL RANDALL 1K2122527E GAS OIL															49612 2304
PLUGGING APPROVED 1983															
BARUCH-FOSTER CORP. X-L 1G2022527E GAS OIL		618	2882 35	7497 33	4025 13	1179 1	299 2	480	988	850	51		18869 84	206922 7962	
CHAMPLIN PETROLEUM COMPANY NIX YALIS COM 1G 222527E GAS OIL		1196 66	1	1249 158	2570 219	4688 183	1 5	2727 166	294 64	2815 264	1137 113	2993 241	20483 1479	380246 30547	
PECOS FEDERAL COM 1C 122527E GAS OIL		1833 143	791 26	985 229	2296 146	1353 92	69 1	723 88	1829 227	3415 206	1040 44	580 128	2652 172	17498 1567	1034655 101351
REEVES FEDERAL 1B3521527E GAS OIL		572 30	576 63	1062 96	1694 240	675 65	5 5	1766 95	103 114	1415 159	540 123	1026 142	11023 1127	150432 17429	
STATE 36 1L3621527E GAS OIL		1384 117	886 14	1513 246	2869 373	1220 84	165 47	2625 259	1641 238	2549 247	1310 143	973 352	2929 2294	20064 352	700481 55711
TOOTHMAN GAS COM 1L2521527E GAS OIL		10954 424	4339 105	5664 333	10941 361	11878 418	1 18	8570 382	642 4	8035 534	1517 3490	3490 509	10598 3526	77029 3526	1075540 58293
WILSON GAS COM 1G 122527E GAS OIL		1827	337	802 1	1528	576	1	689 12	983 54	1463	1562	1343 110	2458	13569 183	159117 12351
COMPANY TOTAL OIL GAS		777 17766	208 6930	1069 11275	1339 21898	842 20390	139 174	1002 17500	523 5492	1165 17689	610 9833	1086 8063	1416 22656	10176 159666	275682 3500471
CITIES SERVICE COMPANY GOVERNMENT AD 2E2721527E GAS OIL															11059 10
RECOMPLETED TO EDDY UNDES ATOKA (GAS)															
GOVERNMENT AE 1J2721527E GAS OIL															107
PLUGGING APPROVED 1982															
COMPANY TOTAL OIL GAS															117 11059
CITIES SERVICE OIL AND GAS CORP. ELIZABETH FEDERAL 5K3421527E GAS OIL		1309 70	1229 68	869 58	3123 139	7161 164	1618 62	2572 123	3194 128	489 47	347	1021 85	3012 129	25944 1073	284445 17046
GOVERNMENT AD COM 1C2121527E GAS OIL															3225 980
PLUGGING APPROVED 1983															
COMPANY TOTAL OIL GAS		70 1309	68 1229	58 869	139 3123	164 7161	62 1618	123 2572	128 3194	47 489		85 1021	129 3012	1073 25944	18026 287670
UNION OIL COMPANY OF CALIFORNIA FORNI 111522527E GAS OIL WAT		476 202 17	5679 241	6221 260 13	6189 252 8	6233 236 7	2884 81 8	6509 278 13	6482 264 10	6457 251 12	5719 209 10	4970 175 11	2670 112 8	64759 2561 117	1003666 49132
V. H. WESTBROOK GRAND 1E2222527E GAS OIL										2584 143	5748 178	4985 251	3698 218	17015 790	17015 790
WESTERN OIL PRODUCERS INCORPORATED BASS 1H1122527E GAS OIL		6463 464	5922 424	6763 463	7023 438	6845 412	6534 408	6697 395	6565 396	6785 477	7081 450	6496 412	5528 331	78702 5070	541942 37421
HUNKER COM 1K3521527E GAS OIL		2781 65	3417 235	1589 6	10966 340	3745 138	1771 229	8760 626	6547 347	6649 493	4387 439	4519 433	2900 170	58031 3521	914516 31119
COMPANY TOTAL OIL GAS		529 9244	659 9339	469 8352	778 17989	550 10590	637 8305	1021 15457	743 13112	970 13434	889 11468	845 11015	501 8428	8591 136733	68538 1456458
CARLSBAD WOLF CAMP, SOUTH (GAS) MC															
9M TO 10M															
C AND K PETROLEUM INC MAROLD OLIVE COM 1O1422526E GAS OIL		295	92											387X	102308 697
GETTY OIL COMPANY FEDERAL 34 1G3422526E GAS OIL															20030 2166
RECOMPLETED TO EDDY UND GROUP 2															
PENNZUI COMPANY MOORE COM 112322526E GAS OIL		475		614	1763	1344	714	627	457	245	270	1171	7680	517163 6809	
CARSON MORROW (GAS) PM															
11M TO 12M															
MARALO INC CARSON FEDERAL COM IN 3 9531E GAS OIL		6234 178	4281 70	2775 100	4899 124	5973 48	5430 92	4007 78	2134 42		334	4213 103	40280 835	67049 1784	
CHAVELEA 1F10 9531E GAS OIL		30824 641	13912 674	6607 217	12076 312	14646 81	12466 189	8107 174	4805 17		532	11181 50	115156 1638	251597 3150	
4G15 9531E GAS OIL		13246 461	6874 49	4255 100	8463 107	11354 97	10663 65	6377 50	3592		628	4218 30	69670 979	121855 2009	
COMPANY TOTAL OIL GAS		1280 50304	126 25067	417 13637	543 25438	226 31973	346 28559	302 18491	59 10531		1494	153 19812	3422 225166	8943 440501	
CASS DRAW WOLF CAMP (GAS) MC															
9M TO 10M															
ALPHA TWENTY-ONE PRODUCTION CO. MILLER COM 1C1023527E GAS OIL		793 105	976	2527 231	4672	1984	1858 23	3848 197	21	5208 218	3740 83	2043 52	3464 67	31134 976	437823 11379
CASS RANCH MORROW (GAS) (ABANDONED) PM															
SUN OIL COMPANY KEWANEE STATE COM 1D 220523E GAS OIL															
PLUGGING APPROVED 1972															

WELL S T R	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	YR-PROD MP	ACCU.
COMPANY TOTAL OIL GAS	17026	12490	13451	12099	16956	7889	6140	17692	13162	11083	9516	12278	149782	360 4672208
GETTY OIL COMPANY FEDERAL 34 1G3423526E GAS	*****													
RECOMPLETED TO EDDY UNDES WOLFCAMP (GAS)	*****													
CURTINE GRACE AIRPORT GRACE 1K3623526E GAS	*****													
CITY OF CARLSBAD COM 102523526E GAS	*****													
GRACE CARLSBAD 113623526E GAS	*****													
COMPANY TOTAL OIL GAS	2783			1336	1195	1077	952	1139	993		1097	999	10194	5 262613
MICHAEL P. GRACE II GO PO GO 1G2523526E GAS	*****													
202423526E OIL	*****													
GRACE ATLANTIC COM 112423526E GAS	*****													
GRADUNOCO 1M 223526E GAS	*****													
HUMBLE GRACE COM 1P 223526E GAS	*****													
COMPANY TOTAL OIL GAS	3054	17368	26446	37069	36692	21127	24179	31591	22270	23332	27995	25570	296693	3099 24957735
GULF OIL CORPORATION EDDY GP STATE 1C1623527E GAS	*****													
2K1623527E GAS	*****													
COMPANY TOTAL GAS	448	96	1260	924	594	701	599	587	862	403	584	1140	8198	403393
JAKE L. HAMON STATE K 3828 1G3623526E GAS	*****													
STATE K-4401 COM 1C 224526E GAS	*****													
STATE L 4325 COM 1K 224526E GAS	*****													
STATE V 249 1M3623526E GAS	*****													
COMPANY TOTAL GAS	9917	3842	28124	64174	43237	16081	7041	42692	38874	40147	44419	69031	407579	5779432
J. M. HUBER CORPORATION MUORE COM 1G3523526E GAS	*****													
ONEILL FEDERAL COM 1G2323526E GAS	*****													
SOUTH BLANCO NAWAJU 8 1G1423526E GAS	*****													
TERRA-STATE 101423526E GAS	*****													
YATES KING 1K2223526E GAS	*****													
COMPANY TOTAL OIL GAS	15928		21244	20995	18194	21390	21046	22797	23000	15534	18314	6335	204779	183 9964512
INTERNORTH INC. CARLSBAD STATE COM 1E1623527E GAS	*****													
MESA PETROLEUM COMPANY BINDEL FEDERAL COM 1C 923527E GAS	*****													
MARQUESS COM 1M 923527E GAS	*****													
COMPANY TOTAL OIL GAS	717	475	624	778	1024	763	1109	654	1361	405	406	1874	10190	84421
MOBIL OIL CORPORATION FEDERAL PP COM 1P2423526E GAS	*****													
STATE RR 1K1723527E GAS	*****													
COMPANY TOTAL OIL GAS														2244594
MOBIL PRODUCING TEXAS AND NEW MEXICO BINDEL COM 1J 423527E GAS	*****													
FEDERAL LL 1N1323526E GAS	*****													
FEDERAL MM COM 1F1323526E GAS	*****													
FEDERAL RR COM 1N2423526E GAS	*****													
MISSOURI NEW MEXICO LAND CO COM 1C 423527E GAS	*****													
MOBIL STATE QQ COM 1C1723527E GAS	*****													
MAUDE RICKMAN COM 1L 323527E GAS	*****													
STATE SS 1C2023527E GAS	*****													
2K2023527E OIL	*****													
COMPANY TOTAL OIL GAS	9096	17081	15517	2665	5084	10300	8362	6840	6064	6801	6894	5896	100600	5552 11460328
PENNZUI COMPANY EEMOLS COM 1J1223526E GAS	*****													
GULF FEDERAL COM 1K 1223526E GAS	*****													
MOBIL 1L FEDERAL 1B1223526E GAS	*****													
O'NEILL B COM 1J1024526E GAS	*****													

100

RESERVOIR PRESSURE REPORT

[illegible]

DUPLICATE

all of the above means shall be self-measuring and shall be calibrated frequently over time, and a check weight factor to ensure an accuracy of one percent and accuracy shall be determined by analysis. Head level shall be feet above datum plane, see rule 302.

• The effect was produced at least 24 hours prior to drinking, in for some tests.

I hereby certify that the above information is true and complete to the best of my knowledge and belief.

REFCO WELL SERVICES, INC.
INDEPENDENT GAS TESTER
HOBBS, N.M.

1993 • 1994 Well Services, Inc.

7-23-84

1787

11-281

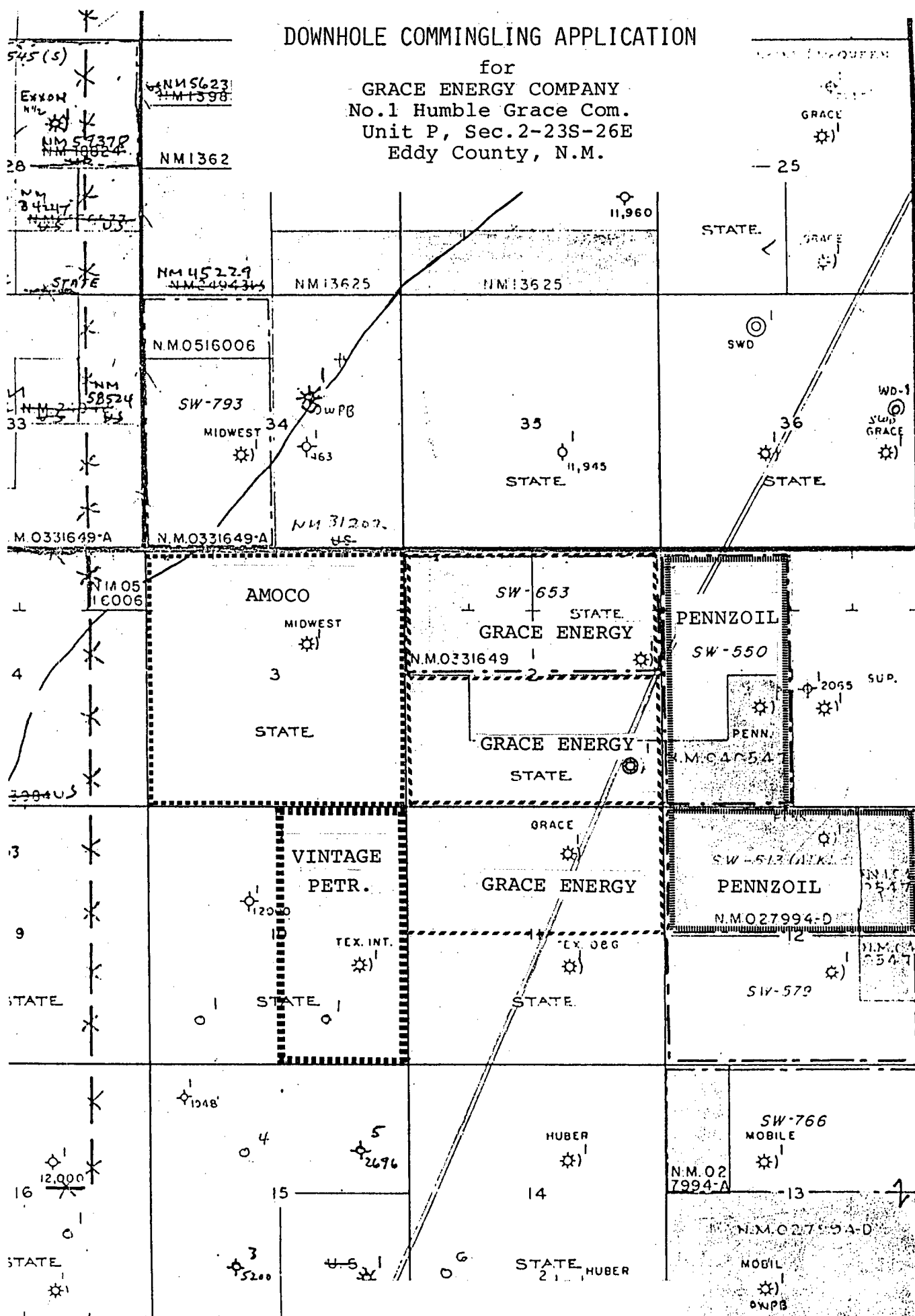
I hereby certify that the above information is true and complete to the best of my knowledge and belief.

Robert R. Harris

RESCO WELL SERVICE
INDEPENDENT GAS TESTERS
HOBBS, N.M.

President, RESCO WELL SERVICE, INC.
1967

for
GRACE ENERGY COMPANY
No.1 Humble Grace Com.
Unit P, Sec.2-23S-26E
Eddy County, N.M.



OFFSET OWNERSHIP PLAT

T
23
S

LIST OF OFFSET OPERATORS

PENNZOIL COMPANY ✓
P.O. Drawer 1828
Midland, Texas 79702

AMOCO PRODUCTION COMPANY
P.O. Box 68
Hobbs, New Mexico 88240

VINTAGE PETROLEUM, INC. ✓
502 South Main Mall, Ste.400
Tulsa, Oklahoma 74103

GRACE ENERGY COMPANY
P.O. Box 207
Carlsbad, New Mexico 88220

BUREAU OF LAND MANAGEMENT ✓
Fluid Minerals Section
P.O. Box 1397
Roswell, New Mexico 88201



JERRY W. LONG
CONSULTANT
February 15, 1986

BUREAU OF LAND MANAGEMENT
Fluid Minerals Section
P.O. Box 1397
Roswell, New Mexico 88201

Re: Downhole Commingling Application
Grace Energy Company
No.1 Humble Grace Com.
Unit P, Sec.2, T.23S., R.26E.
South Carlsbad-Strawn and Morrow Gas Pools
Eddy County, New Mexico

Gentlemen:

Grace Energy Company, operator, hereby notifies you that they have applied to the NMOCD for Administrative Approval to downhole commingle the Strawn and Morrow gas zones in referenced well.

Plans are to place a packer above the Strawn and Morrow gas zones and produce both through a single string of tubing. The commingling application was occasioned by difficulty in re-working the well to prevent packer leakage. Commingling will allow practical and economic operation of the well and recovery of marginal reserves.

If you have no objections to the commingling, please sign below and forward one copy to the NMOCD in Santa Fe, one copy to the undersigned and retain one copy for your records. Addressed, stamped envelopes have been provided for your convenience.

Sincerely yours,

A handwritten signature in cursive script that reads "Jerry W. Long".

JERRY W. LONG

Agent for: GRACE ENERGY COMPANY

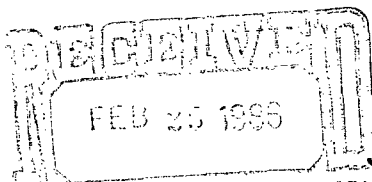
Attachments

APPROVAL

Company: _____

By: _____

Date: _____



JERRY W. LONG
CONSULTANT
NEW MEXICO CONSERVATION DIVISION
SANTA FE
February 15, 1986

DNC-600
2709 Resolana Dr.
Roswell, NM 88201

PENNZOIL COMPANY
P.O. Drawer 1828
Midland, Texas 79702

Re: Downhole Commingling Application
Grace Energy Company
No.1 Humble Grace Com.
Unit P, Sec.2, T.23S., R.26E.
South Carlsbad-Strawn and Morrow Gas Pools
Eddy County, New Mexico

Gentlemen:

Grace Energy Company, operator, hereby notifies you that they have applied to the NMOCD for Administrative Approval to downhole commingle the Strawn and Morrow gas zones in referenced well.

Plans are to place a packer above the Strawn and Morrow gas zones and produce both through a single string of tubing. The commingling application was occasioned by difficulty in re-working the well to prevent packer leakage. Commingling will allow practical and economic operation of the well and recovery of marginal reserves.

If you have no objections to the commingling, please sign below and forward one copy to the NMOCD in Santa Fe, one copy to the undersigned and retain one copy for your records. Addressed, stamped envelopes have been provided for your convenience.

Sincerely yours,

JERRY W. LONG
Agent for: GRACE ENERGY COMPANY

Attachments

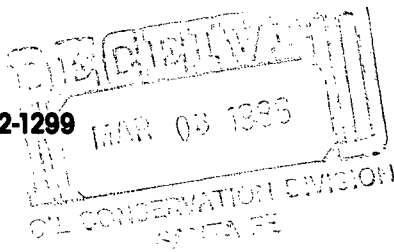
APPROVAL

Company: Pennzoil Co.

By: Paul T. Bruce

Date: 2-19-86

Ph. 505-622-1299



JERRY W. LONG
CONSULTANT
February 15, 1986

2709 Resolana Dr.
Roswell, NM 88201

DHC

606

VINTAGE PETROLEUM, INC.
502 South Main Mall, Ste.400
Tulsa, Oklahoma 74103

Re: Downhole Commingling Application
Grace Energy Company
No.1 Humble Grace Com.
Unit P, Sec.2, T.23S., R.26E.
South Carlsbad-Strawn and Morrow Gas Pools
Eddy County, New Mexico

Gentlemen:

Grace Energy Company, operator, hereby notifies you that they have applied to the NMOCD for Administrative Approval to downhole commingle the Strawn and Morrow gas zones in referenced well.

Plans are to place a packer above the Strawn and Morrow gas zones and produce both through a single string of tubing. The commingling application was occasioned by difficulty in re-working the well to prevent packer leakage. Commingling will allow practical and economic operation of the well and recovery of marginal reserves.

If you have no objections to the commingling, please sign below and forward one copy to the NMOCD in Santa Fe, one copy to the undersigned and retain one copy for your records. Addressed, stamped envelopes have been provided for your convenience.

Sincerely yours,

JERRY W. LONG

Agent for: GRACE ENERGY COMPANY

Attachments

APPROVAL

Company: _____

By: _____

Date: _____



JERRY W. LONG
CONSULTANT
February 15, 1986

PENNZOIL COMPANY
P.O. Drawer 1828
Midland, Texas 79702

Re: Downhole Commingling Application
Grace Energy Company
No.1 Humble Grace Com.
Unit P, Sec.2, T.23S., R.26E.
South Carlsbad-Strawn and Morrow Gas Pools
Eddy County, New Mexico

Gentlemen:

Grace Energy Company, operator, hereby notifies you that they have applied to the NMOCD for Administrative Approval to downhole commingle the Strawn and Morrow gas zones in referenced well.

Plans are to place a packer above the Strawn and Morrow gas zones and produce both through a single string of tubing. The commingling application was occasioned by difficulty in re-working the well to prevent packer leakage. Commingling will allow practical and economic operation of the well and recovery of marginal reserves.

If you have no objections to the commingling, please sign below and forward one copy to the NMOCD in Santa Fe, one copy to the undersigned and retain one copy for your records. Addressed, stamped envelopes have been provided for your convenience.

Sincerely yours,

A handwritten signature in cursive script that reads "Jerry W. Long".

JERRY W. LONG

Agent for: GRACE ENERGY COMPANY

Attachments

APPROVAL

Company: _____

By: _____

Date: _____



JERRY W. LONG

CONSULTANT

February 15, 1986

AMOCO PRODUCTION COMPANY
P.O. Box 68
Hobbs, New Mexico 88240

Re: Downhole Commingling Application
Grace Energy Company
No.1 Humble Grace Com.
Unit P, Sec.2, T.23S., R.26E.
South Carlsbad-Strawn and Morrow Gas Pools
Eddy County, New Mexico

Gentlemen:

Grace Energy Company, operator, hereby notifies you that they have applied to the NMOCD for Administrative Approval to downhole commingle the Strawn and Morrow gas zones in referenced well.

Plans are to place a packer above the Strawn and Morrow gas zones and produce both through a single string of tubing. The commingling application was occasioned by difficulty in re-working the well to prevent packer leakage. Commingling will allow practical and economic operation of the well and recovery of marginal reserves.

If you have no objections to the commingling, please sign below and forward one copy to the NMOCD in Santa Fe, one copy to the undersigned and retain one copy for your records. Addressed, stamped envelopes have been provided for your convenience.

Sincerely yours,

A handwritten signature in cursive script that reads "Jerry W. Long".

JERRY W. LONG

Agent for: GRACE ENERGY COMPANY

Attachments

APPROVAL

Company: _____

By: _____

Date: _____



JERRY W. LONG
CONSULTANT
February 15, 1986

VINTAGE PETROLEUM, INC.
502 South Main Mall, Ste.400
Tulsa, Oklahoma 74103

Re: Downhole Commingling Application
Grace Energy Company
No.1 Humble Grace Com.
Unit P, Sec.2, T.23S., R.26E.
South Carlsbad-Strawn and Morrow Gas Pools
Eddy County, New Mexico

Gentlemen:

Grace Energy Company, operator, hereby notifies you that they have applied to the NMOCD for Administrative Approval to downhole commingle the Strawn and Morrow gas zones in referenced well.

Plans are to place a packer above the Strawn and Morrow gas zones and produce both through a single string of tubing. The commingling application was occasioned by difficulty in re-working the well to prevent packer leakage. Commingling will allow practical and economic operation of the well and recovery of marginal reserves.

If you have no objections to the commingling, please sign below and forward one copy to the NMOCD in Santa Fe, one copy to the undersigned and retain one copy for your records. Addressed, stamped envelopes have been provided for your convenience.

Sincerely yours,

JERRY W. LONG

Agent for: GRACE ENERGY COMPANY

Attachments

APPROVAL

Company: _____

By: _____

Date: _____

P 131 077 254

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

★ U.S.G.P.O. 1984-446-014

PS Form 3800, Feb. 1982

Sent to	PENNZOIL COMPANY
Street and No.	P.O. Drawer 1828
P.O., State and ZIP Code	Midland, Texas 79702
Postage	\$.73
Certified Fee	.75
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	.70
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$2.18
Postmark or Date	FEB 18 1986 88201

P 131 077 257

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

★ U.S.G.P.O. 1984-446-014

PS Form 3800, Feb. 1982

Sent to	BUREAU OF LAND MANAGEMENT
Street and No.	Fluid Minerals Section P.O. Box 1397
P.O., State and ZIP Code	Boswell, New Mexico 88201
Postage	\$.73
Certified Fee	.75
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	.70
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$2.18
Postmark or Date	FEB 18 1986 88201

P 131 077 256

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

★ U.S.G.P.O. 1984-446-014

PS Form 3800, Feb. 1982

Sent to	VINTAGE PETROLEUM, INC.
Street and No.	502 South Main Mall, Ste. 400
P.O., State and ZIP Code	Tulsa, Oklahoma 74103
Postage	\$.73
Certified Fee	.75
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	.70
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$2.18
Postmark or Date	FEB 18 1986 88201

P 131 077 255

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

★ U.S.G.P.O. 1984-446-014

PS Form 3800, Feb. 1982

Sent to	AMOCO PRODUCTION COMPANY
Street and No.	P.O. Box 68
P.O., State and ZIP Code	Hobbs, New Mexico 88240
Postage	\$.73
Certified Fee	.75
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	.70
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$2.18
Postmark or Date	FEB 18 1986 88201