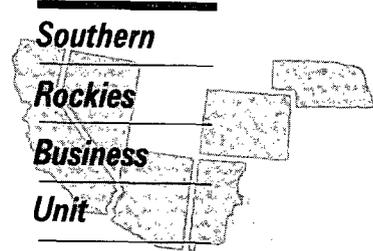
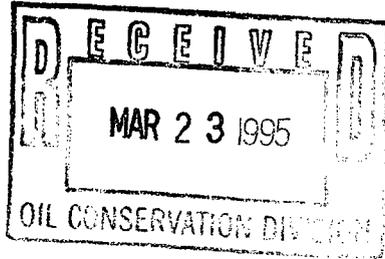


4-11-95



March 21, 1995



Mr. William J. LeMay, Director
New Mexico Oil Conservation Division
2040 S. Pacheco Street
P.O. Box 6429
Santa Fe, NM 87505

**Application for Exception to Rule 303-A
Downhole Commingling and
Approval of Unorthodox Location
Childers #3E Well
1290' FSL, 1780' FEL, Section 3-T31N-R11W
Blanco Pictured Cliffs, Basin Dakota Pools
San Juan County, New Mexico**

Amoco Production Company hereby requests administrative approval to downhole commingle production from the Blanco Pictured Cliffs and Basin Dakota Pools and approval for an unorthodox location for the Blanco Pictured Cliffs Pool in the Childers #3E well referenced above. This well was originally drilled at an approved non-standard location under order NSL-1627 and has been producing as a single Dakota completion. We now wish to add the Pictured Cliffs formation and downhole commingle the two zones in this well. The ownership (WI, RI ORRI) of these pools is identical in this wellbore. Downhole commingling will offer an economical method of production while protecting against reservoir damage, waste of reserve and violation of correlative rights. Amoco is the only offset operator affected by this application

Sincerely,

J. W. Hawkins

Enclosures

cc: Mark Rothenberg

Frank Chavez, Supervisor
NMOCD District III
1000 Rio Brazos Road
Aztec, NM 87410

Application for Exception to Rule 303: SEGREGATION OF PRODUCTION FROM POOLS

Requirements

- (1) Name and address of the operator:

Amoco Production Company
P.O. Box 800
Denver, CO 80201

- (2) Lease name, well number, well location, name of the pools to be commingled:

Lease Name: Childers
Well Number: 3E
Well Location: 1290' FSL & 1780' FEL
Section 3, T31N-R11W
San Juan County, New Mexico
Pools Commingled: Blanco Pictured Cliffs
Basin Dakota

- (3) A plat of the area showing the acreage dedicated to the well and the ownership of all offsetting leases.

Attached

- (4) A current (within 30 days) 24-hour productivity test on Division Form C-116 showing the amount of oil, gas and water produced from each zone.

The Dakota has produced for over 20 years and is currently averaging about 20 mcf/d. The Pictured Cliffs will be a new completion and has not been produced.

- (5) A production decline curve for both zones showing that for a period of at least one year a steady rate of decline has been established for each zone which will permit a reasonable allocation of the commingled production to each zone for statistical purposes. (This requirement may be dispensed within the case of a newly completed or recently completed well which has little or no production history. However, a complete resume of the well's completion history including description of treating, testing, etc., of each zone, and a prognostication of future production from each zone shall be permitted.)

Dakota Completion: Historical production curve attached.

Pictured Cliffs Completion: not yet completed.

- (6) Estimated bottomhole pressure for each artificially lifted zone. A current (within 30 days) measured bottom hole pressure for each zone capable of flowing.

	BH Pressure	SI Tubing Press.	Fluid Level
Blanco Pictured Cliffs Completion:	500 est. psi		
Basin Dakota Completion	481 psi	431 psi	0'

- (7) A description of the fluid characteristics of each zone showing that the fluids will not be incompatible in the wellbore.

The fluids have no abnormal components that would prohibit commingling, or promote the creation of emulsions or scale.

- (8) A computation showing that the value of the commingled production will not be less than the sum of the values of the individual streams:

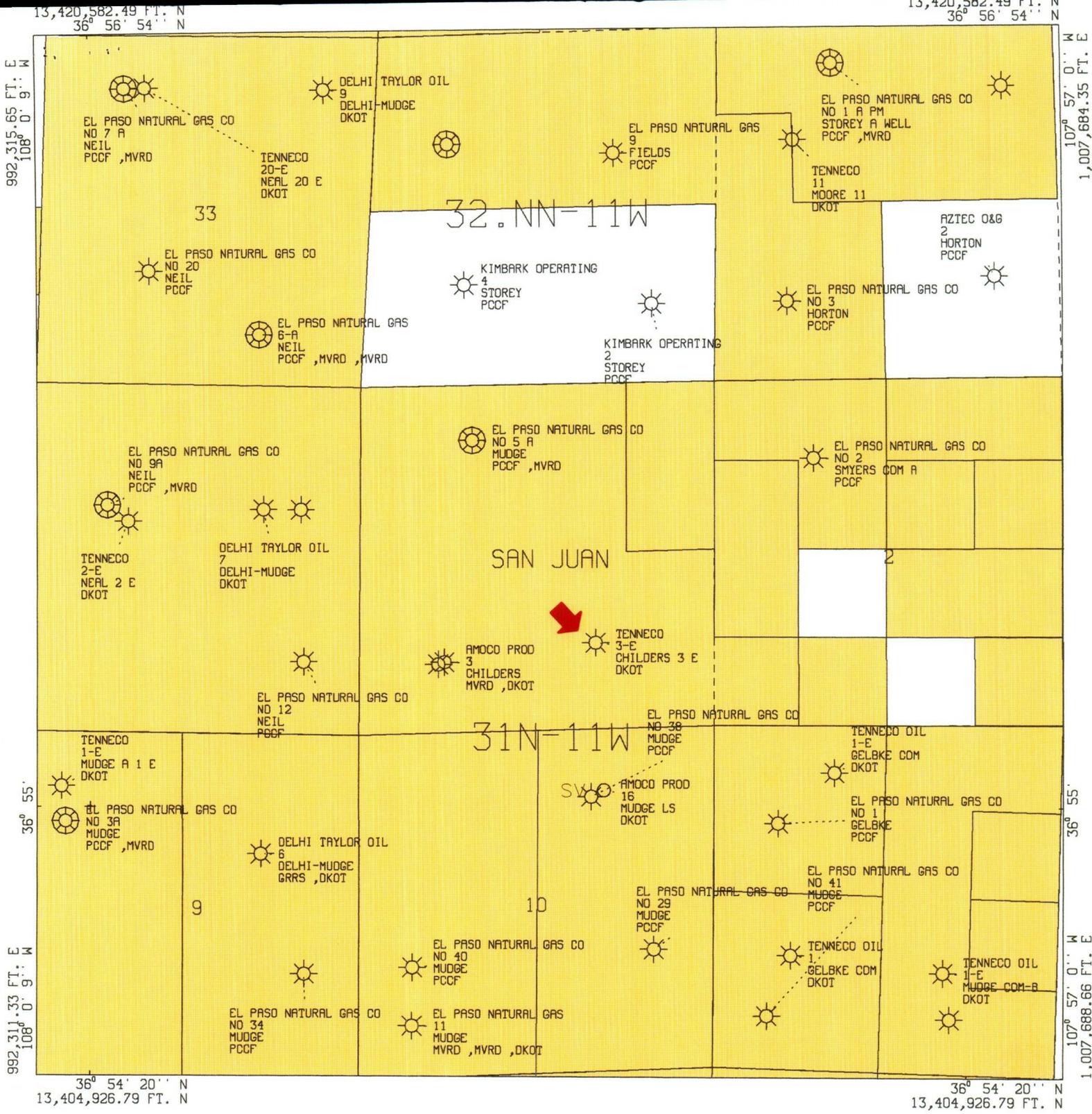
Since the BTU content of the produced fluids are very similar, we would expect the commingled production to have the same value as the sum of the individual streams.

- (9) A formula for the allocation of production to each of the commingled zones and a description of the factors or data used in determining such formula:

The well is undergoing additional testing to aid in determination of the allocation factor. We propose a fixed percentage allocation using the recent average Dakota rate as a percentage of the commingled rate.

- (10) A statement that all offset operators and, in the case of a well on federal land, the United States Bureau of Land Management, have been notified in writing of the proposed commingling.

Amoco is the only offsetting operator.



All geological and geophysical data, including the interpretation thereof, appearing on this map is the private and confidential property of Amoco Production Company. The publication or reproduction thereof without the written permission of said Company is strictly prohibited.

AMOCO PRODUCTION COMPANY
 PLAT MAP
 Childers 3E
 Offset DK and PC Wells
 SCALE 1 IN. = 2,000 FT. FEB 24, 1995

POLYCONIC CENTRAL MERIDIAN - 107° 58' 35'' W LON
 SPHEROID - 6

PLAT#05050202017

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Form C-102
 Revised October 18, 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

¹ API Number 3004525623		¹ Pool Code 72359		¹ Pool Name Blanco Pictured Cliffs (Gas)	
⁴ Property Code 000372		² Property Name Childers			⁶ Well Number 3E
⁷ OGRID No. 000778		⁵ Operator Name Amoco Production Company			⁸ Elevation

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	3	31N	11W		1290	South	1780	East	San Juan

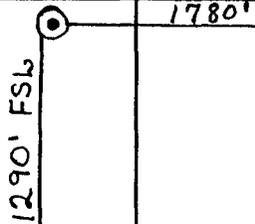
¹¹ Bottom Hole Location If Different From Surface

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

¹² Dedicated Acres 160.00	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
---	-------------------------------	----------------------------------	-------------------------

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				<p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i></p> <p><i>Gail M. Jefferson</i> Signature Gail M. Jefferson</p> <p>Printed Name Business Assistant</p> <p>Title 03-16-1995</p> <p>Date</p>
				<p>¹⁸ SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>September 23, 1982</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>3950</p> <p>Certificate Number</p>



OIL CONSERVATION DIVISION

STATE OF NEW MEXICO
 OIL AND MINERALS DEPARTMENT

P. O. BOX 2048
 SANTA FE, NEW MEXICO 87501

Form C-107
 Revised 10-1-78

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

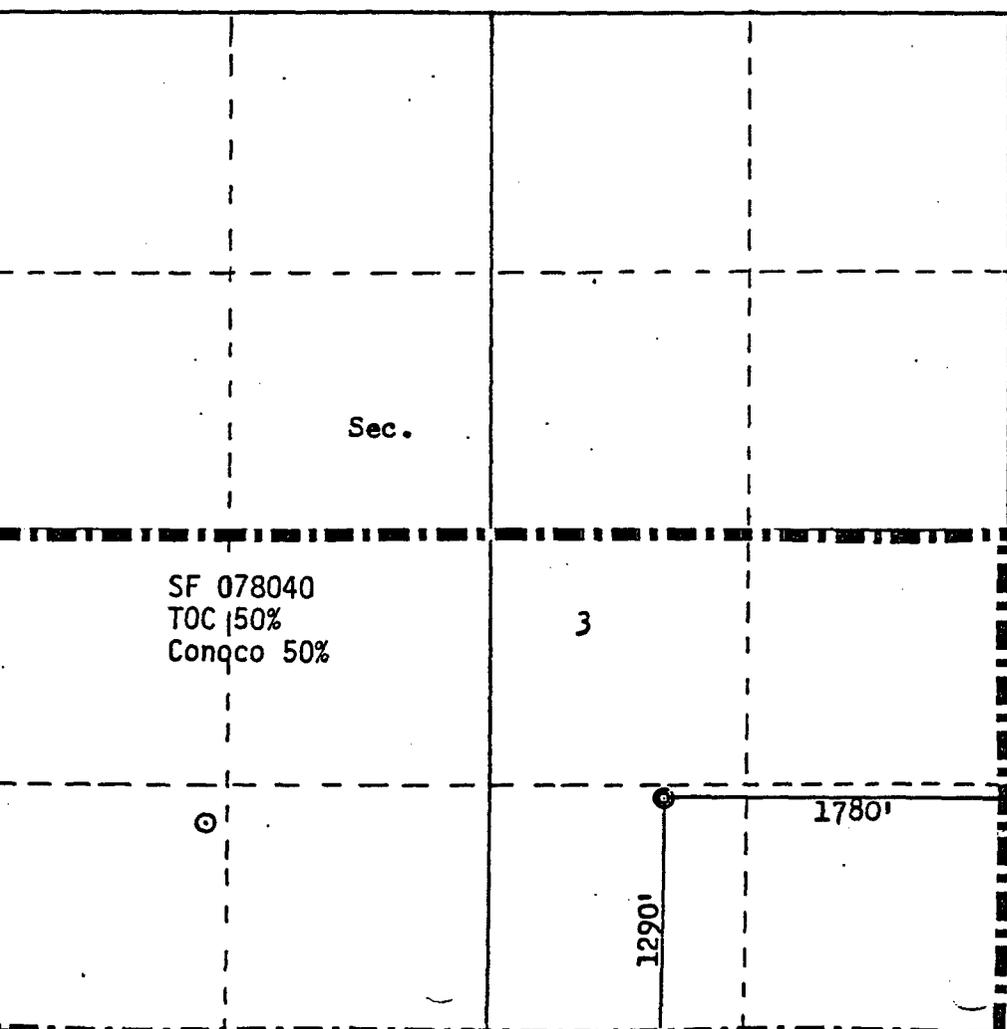
Operator TENNECO OIL COMPANY		Lease CHILDERS			Well No. 3E
Site Letter 0	Section 3	Township 31N	Range 11W	County San Juan	
Actual Footage Location of Well: 1290 feet from the South line and 1780 feet from the East line					
Ground Level Elev. 5980	Producing Formation Dakota		Pool Basin Dakota		Dedicated 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 _____

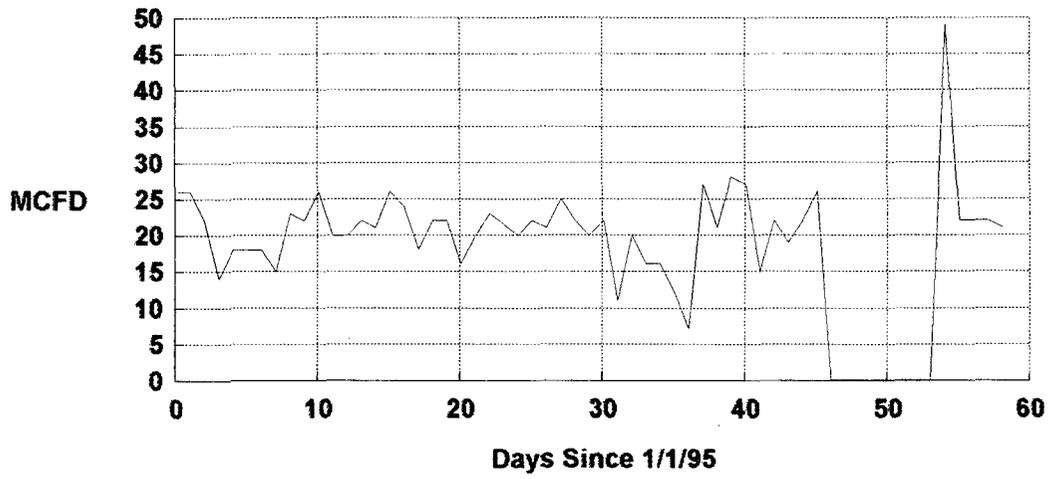
If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

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.



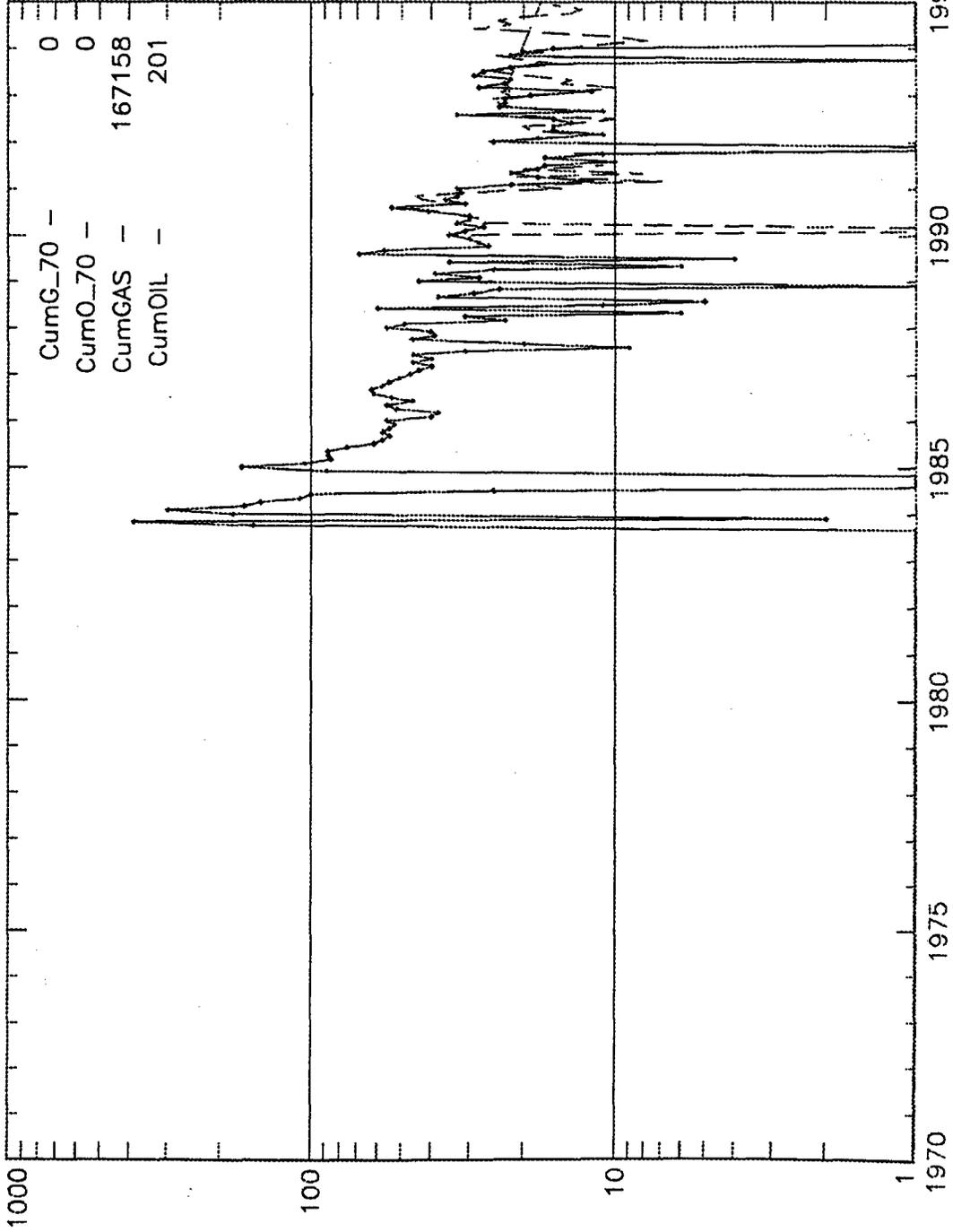
CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.
<i>Ken Russell</i> Name Ken Russell
Position Sr. Production Analyst
Company Tenneco Oil Company
Date November 12, 1982
I hereby certify that the well location shown on this 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 September 23, 1982
Registered Professional Engineer and Land Surveyor <i>Fred E. Kerr Jr.</i> Fred E. Kerr Jr.
Certificate No. _____

San Juan O.C.
WELL: CHILDERS 003E-DK (97982701)
(Downtime excluded)



Engr: zmdr16

CHILDERS 3E
300452562300DK 0033111-003EDK
Operator-- AMOCO PRODUCTION CO
APC_WI - 0.50000000





7/10/94

AMOCO PRODUCTION COMPANY
WELL ANALYSIS COMPARISON

SAN JUAN COUNTY,
DATE RECEIVED

WELL NAME: NEILS 12
STATION NO.: (Neighboring PC)

	BRADENHEAD	CASING
ANALYSIS NO.:	AMO40732	AMO40733
DATE:	7/7/94	7/7/94
<u>COMPONENT</u>	<u>MOLE %</u>	<u>MOLE %</u>
NITROGEN	7.172	0.206
CO2	0.041	0.505
METHANE	83.030	86.270
ETHANE	4.876	7.592
PROPANE	2.748	3.245
I-BUTANE	0.615	0.553
N-BUTANE	0.730	0.830
I-PENTANE	0.256	0.274
N-PENTANE	0.167	0.192
<u>HEXANE +</u>	<u>0.365</u>	<u>0.333</u>
<u>BTU'S</u>	<u>1078.8</u>	<u>1174.3</u>
<u>GPM</u>	<u>2.8064</u>	<u>3.6829</u>
<u>SPEC. GRAV.</u>	<u>0.6730</u>	<u>0.6675</u>



7/7/94

AMOCO PRODUCTION COMPANY
WELL ANALYSIS COMPARISONWELL NAME: MOORE COM 1
STATION NO.: (Neighboring DK)

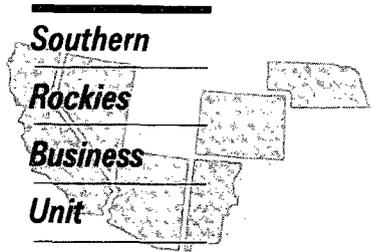
	BRADENHEAD	CASING	INTERMEDIATE
ANALYSIS NO.:	AMO40711	AMO40712	AMO40713
DATE:	7/6/94	7/6/94	7/6/94
<u>COMPONENT</u>	<u>MOLE %</u>	<u>MOLE %</u>	<u>MOLE %</u>
NITROGEN	0.211	0.181	0.182
CO2	0.145	0.150	0.148
METHANE	85.669	85.673	85.747
ETHANE	8.535	8.556	8.528
PROPANE	3.375	3.384	3.364
I-BUTANE	0.566	0.568	0.562
N-BUTANE	0.791	0.792	0.785
I-PENTANE	0.246	0.246	0.242
N-PENTANE	0.185	0.184	0.180
HEXANE +	0.277	0.266	0.262
<u>BTU'S</u>	<u>1183.1</u>	<u>1183.3</u>	<u>1182.0</u>
<u>GPM</u>	<u>3.9255</u>	<u>3.9294</u>	<u>3.9076</u>
<u>SPEC. GRAV.</u>	<u>0.6672</u>	<u>0.6672</u>	<u>0.6663</u>

4-18-95



OIL CONSERVATION DIVISION
RECEIVED

1995 MAR 21 PM 8 52



March 21, 1995

Mr. William J. LeMay, Director
New Mexico Oil Conservation Division
2040 S. Pacheco Street
P.O. Box 6429
Santa Fe, NM 87505

**Application for Exception to Rule 303-A
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Sincerely,
JWHawkins/eb
J. W. Hawkins

Enclosures

cc: Mark Rothenberg

Frank Chavez, Supervisor
NMOCD District III
1000 Rio Brazos Road
Aztec, NM 87410

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- (1) Name and address of the operator:

Amoco Production Company
P.O. Box 800
Denver, CO 80201

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Section 3, T31N-R11W
San Juan County, New Mexico
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Basin Dakota

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- (10) A statement that all offset operators and, in the case of a well on federal land, the United States Bureau of Land Management, have been notified in writing of the proposed commingling.

Offsetting operators listed on the attached page will receive a copy of this application by certified mail..

Amoco Production Company

Offset Operator Plat

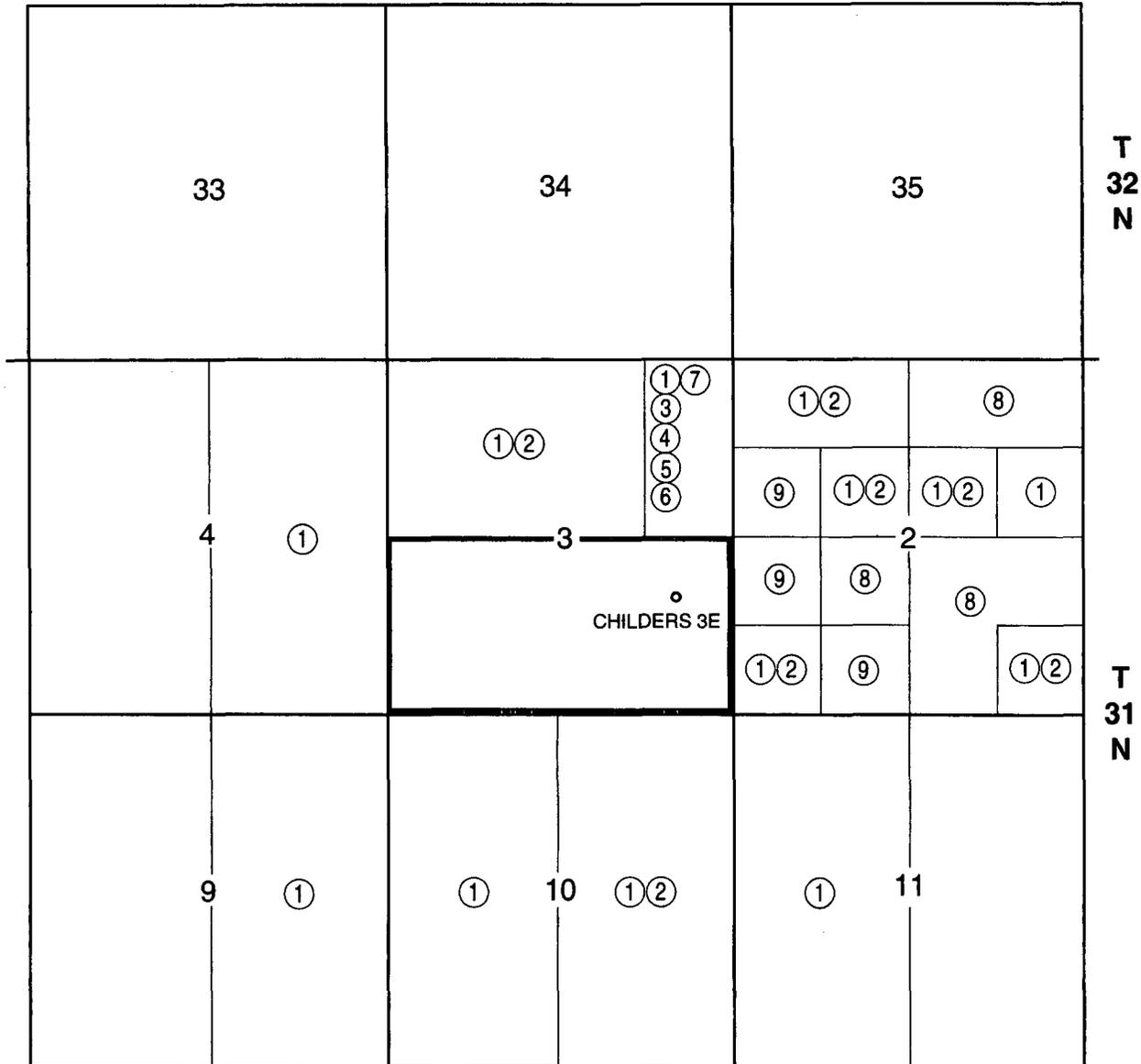
Childers 3E

T31N-R11W Sec. 3

1290' FSL & 1780' FEL

Dakota Formation

R 11 W



- ① Amoco Production Company
- ② Conoco, Inc.
- ③ Robert Umbach
- ④ George Umbach
- ⑤ Wayne Moore
- ⑥ Cross Timbers Oil Company
- ⑦ Meridian Oil, Inc.
- ⑧ Meridian Oil Production, Inc.
- ⑨ El Paso Production Company

Amoco Production Company

Offset Operator Plat

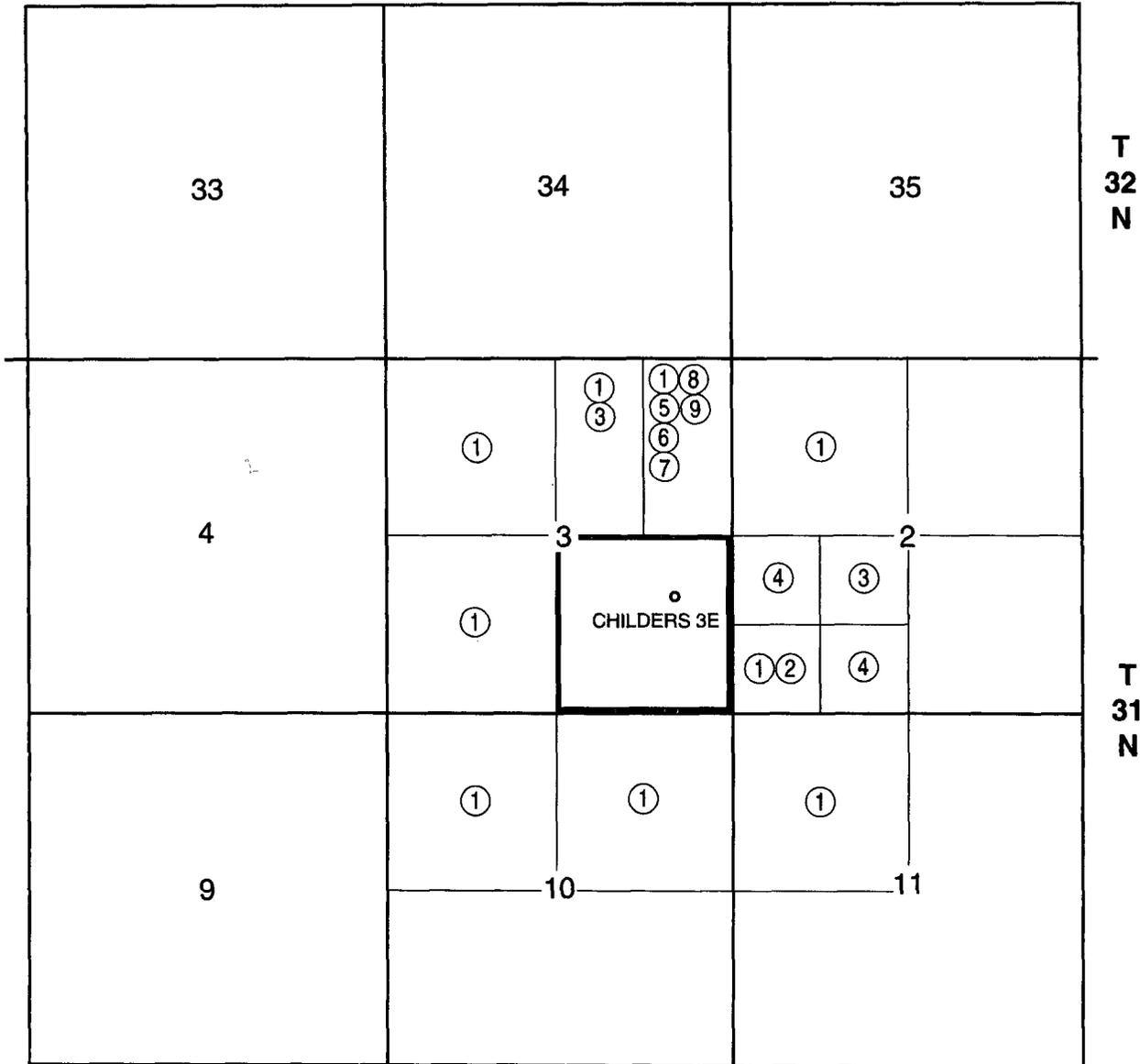
Childers 3E

T31N-R11W Sec. 3

1290' FSL & 1780' FEL

Picture Cliffs Formation

R 11 W



- ① Amoco Production Company
- ② Conoco, Inc.
- ③ Meridian Oil Production, Inc.
- ④ El Paso Production, Inc.
- ⑤ Meridian Oil, Inc.
- ⑥ Cross Timbers Oil Company
- ⑦ Wayne Moore
- ⑧ George Umbach
- ⑨ Robert Umbach

CONOCO INC
10 DESTA DRIVE SUITE 100W
MIDLAND TX 79705-4500

ROBERT UMBACH
P O BOX 5310
FARMINGTON NM 87499-5310

GEORGE UMBACH
P O BOX 95247
LAS VEGAS NV 89193-5427

WAYNE MOORE
403 N MARIENFELD
MIDLAND TX 79701-4323

CROSS TIMBERS OIL COMPANY
810 HOUSTON ST STE 2000
FT WORTH TX 76102-6223

MERIDIAN OIL INC
P O BOX 4289
FARMINGTON NM 87499-4289

MERIDIAN OIL PRODUCTION INC
P O BOX 4289
FARMINGTON NM 87499-4289

EL PASO PRODUCTION COMPANY
C/O MERIDIAN OIL INC
P O BOX 4289
FARMINGTON NM 87499-4289

David Catanach

From: Ernie Busch
To: David Catanach
Subject: AMOCO (DHC)
Date: Tuesday, March 28, 1995 10:07AM
Priority: High

CHILDERS #3E
O-03-31N-11W

RECOMMEND: THEY SHOULD BE ABLE TO SUBMIT A LIST OF THE CLOSEST OFFSETTING PC WELLS TO GIVE US A BETTER IDEA OF EXPECTED PERFORMANCE