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ATTORNEYS AT LAW

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SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN*

*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 982-4285
TELEFAX (505) 982-2047

June 20, 1994

HAND DELIVERED

Mr. Michael E. Stogner
Chief Hearing Examiner
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

20
11028

Re: State Com R Well No. 14, M-36-30N-9W
State Com Q Well No. 13A, J-36-29N-8W
State Com G Well No. 2A, J-32-29N-8W
State Com Well No. 47, L-2-27N-8W
Application of Conoco Inc. for Downhole Commingling,
San Juan County, New Mexico

Dear Mr. Stogner:

On behalf of Conoco Inc., please find enclosed our referenced application which we request be set for hearing on the next available Examiner's docket now scheduled for July 21, 1994.

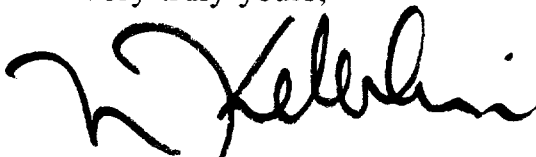
Notices are being sent certified mail, hereby we are notifying all interested parties of their right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application and that failure to appear at the hearing may preclude them from any involvement in this case at a later date.

Oil Conservation Division
June 20, 1994
Page 2

Pursuant to the Division's Memorandum 2-90, all parties are hereby informed that if they appear in this case, then they are requested to file a Pre-Hearing Statement with the Division not later than 4:00 PM on Friday, July 15, 1994, with a copy delivered to the undersigned.

Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written in a cursive style.

W. Thomas Kellahin

cc: Conoco Inc.

PROPOSED ADVERTISEMENT

Case 11028: Application of Conoco Inc. for downhole commingling, San Juan County, New Mexico. Applicant seeks approval to downhole commingle Blanco-Pictured Cliffs Gas Pool production or South Blanco-Pictured Cliffs Gas Pool production with Blanco-Mesaverde Gas Pool production within the wellbore of the following wells:

State Com R Well No. 14, located 940 feet FSL and 990 feet FWL (Unit M) Sec 36, T30N, R9W, with the S/2 dedicated to the Blanco-Mesaverde Pool and the SW/4 to the Blanco-Pictured Cliffs Pool. Said well is located approximately 6.5 miles northeast from Blanco, New Mexico;

State Com Q Well 13A, located 1500 feet FSL and 1450 feet FEL, (Unit J) Sec 36, T29N, R8W, with the E/2 dedicated to the Blanco-Mesaverde Pool and the SE/4 to the Blanco-Pictured Cliffs Pool. Said well is located approximately 1.5 miles northwest from Navajo City, New Mexico;

State Com G Well No. 2A, located 1650 feet FSL and 1650 feet FEL (Unit J) Sec. 32, T29N, R8W, with the S/2 dedicated to the Blanco-Mesaverde Pool and the SE/4 to the Blanco-Pictured Cliffs Pool. Said well is located approximately 4.2 miles east-northeast from Turley, New Mexico; and

State Com Well No. 47, located 1760 feet FSL and 835 feet FWL (Unit L) Sec 2, T27N, R8W, with the S/2 dedicated to the Blanco-Mesaverde Pool and the SW/4 to the South Blanco-Pictured Cliffs Pool. Said well is located approximately 8.5 miles northeast from Huerfanito Peak, New Mexico.

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

APPLICATION OF CONOCO INC.
FOR DOWNHOLE COMMINGLING
SAN JUAN COUNTY, NEW MEXICO.

CASE: /1028

APPLICATION

Comes now CONOCO INC., ("Conoco") by and through its attorneys, Kellahin and Kellahin, and applies to the New Mexico Oil Conservation Division for approval to downhole commingle Blanco-Pictured Cliffs Gas Pool production or South Blanco-Pictured Cliffs Gas Pool production with Blanco-Mesaverde Gas Pool production within the wellbore of the following four wells:

State Com R Well No. 14, located 940 feet FSL and 990 feet FWL (Unit M) Sec 36, T30N, R9W, with the S/2 dedicated to the Blanco-Mesaverde Pool and the SW/4 to the Blanco-Pictured Cliffs Pool.

State Com Q Well 13A, located 1500 feet FSL and 1450 feet FEL, (Unit J) Sec 36, T29N, R8W, with the E/2 dedicated to the Blanco-Mesaverde Pool and the SE/4 to the Blanco-Pictured Cliffs Pool.

State Com G Well No. 2A, located 1650 feet FSL and 1650 feet FEL (Unit J) Sec. 32, T29N, R8W, with the S/2 dedicated to the Blanco-Mesaverde Pool and the SE/4 to the Blanco-Pictured Cliffs Pool.

State Com Well No. 47, located 1760 feet FSL and 835 feet FWL (Unit L) Sec 2, T27N, R8W, with the S/2 dedicated to the Blanco-Mesaverde Pool and the SW/4 to the South Blanco-Pictured Cliffs Pool.

In support of its application, Conoco states:

(1) Conoco is the operator for each of the four wells which are existing Pictured Cliffs and Mesaverde dually completed producing wells, shown on the following exhibits:

State Com R Well No. 14:	Mesaverde Pictured Cliffs	See Exhibit "A" See Exhibit "B"
State Com Q Well No 13A:	Mesaverde Pictured Cliffs	See Exhibit "C" See Exhibit "D"
State Com G Well No. 2A:	Mesaverde Pictured Cliffs	See Exhibit "E" See Exhibit "F"
State Com Well No. 47:	Mesaverde Pictured Cliffs	See Exhibit "G" See Exhibit "H"

(2) Each well is to be reconfigured so that production from the Blanco-Mesaverde Pool and from either the South Blanco-Pictured Cliffs or the Blanco-Pictured Cliffs Gas Pool can be downhole commingled in the wellbore.

(3) The ownership is not common between these two spacing units.

(4) In accordance with Division Rule 303-C-1.(b), the Applicant states and will demonstrate at hearing:

1. That each well is currently a dual completion in the Pictured Cliffs and in the Mesaverde formations, is marginal and production cannot be economically continued unless it is done so by downhole commingling that production.

2. That there will be no crossflow between the two zones commingled.

3. That the value of the commingled production will not be less than the sum of the values of the individual production.

4. It is expected that the bottom hole pressure of the lower pressure zone is not less than 50 percent of the bottom hole pressure of the higher pressure zone adjusted to a common datum.

(5) In order to salvage the remaining Pictured Cliffs production and Mesaverde production from this spacing unit, Conoco seeks approval to produce each of these wells as downhole commingled wells.

(6) Conoco will submit at the hearing, its proposed 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.

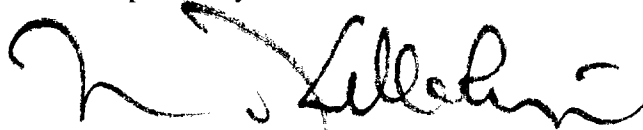
(7) That in order to allocate the commingled production to each of the commingled zones in these wells, Conoco requests a provision in the order delegating to the Supervisor of the Aztec District Office of the Division the authority to determine an allocation formula for each of the production zones.

(8) Applicant requests that this matter be docketed for hearing on the Division's Examiner docket now scheduled for July 21, 1994.

(9) Notice of this application has been sent to all owners of production within each of the spacing units who may be affected by downhole commingling as identified on Exhibit "I" attached.

WHEREFORE Applicant requests that this matter be set for hearing on July 21, 1994 before a duly appointed Examiner of the Oil Conservation Division and that after notice and hearing as required by law, the Division enter its order granting this application.

Respectfully submitted

A handwritten signature in black ink, appearing to read "W. Thomas Kellahin". The signature is fluid and cursive, with a large initial "W" and a long, sweeping underline.

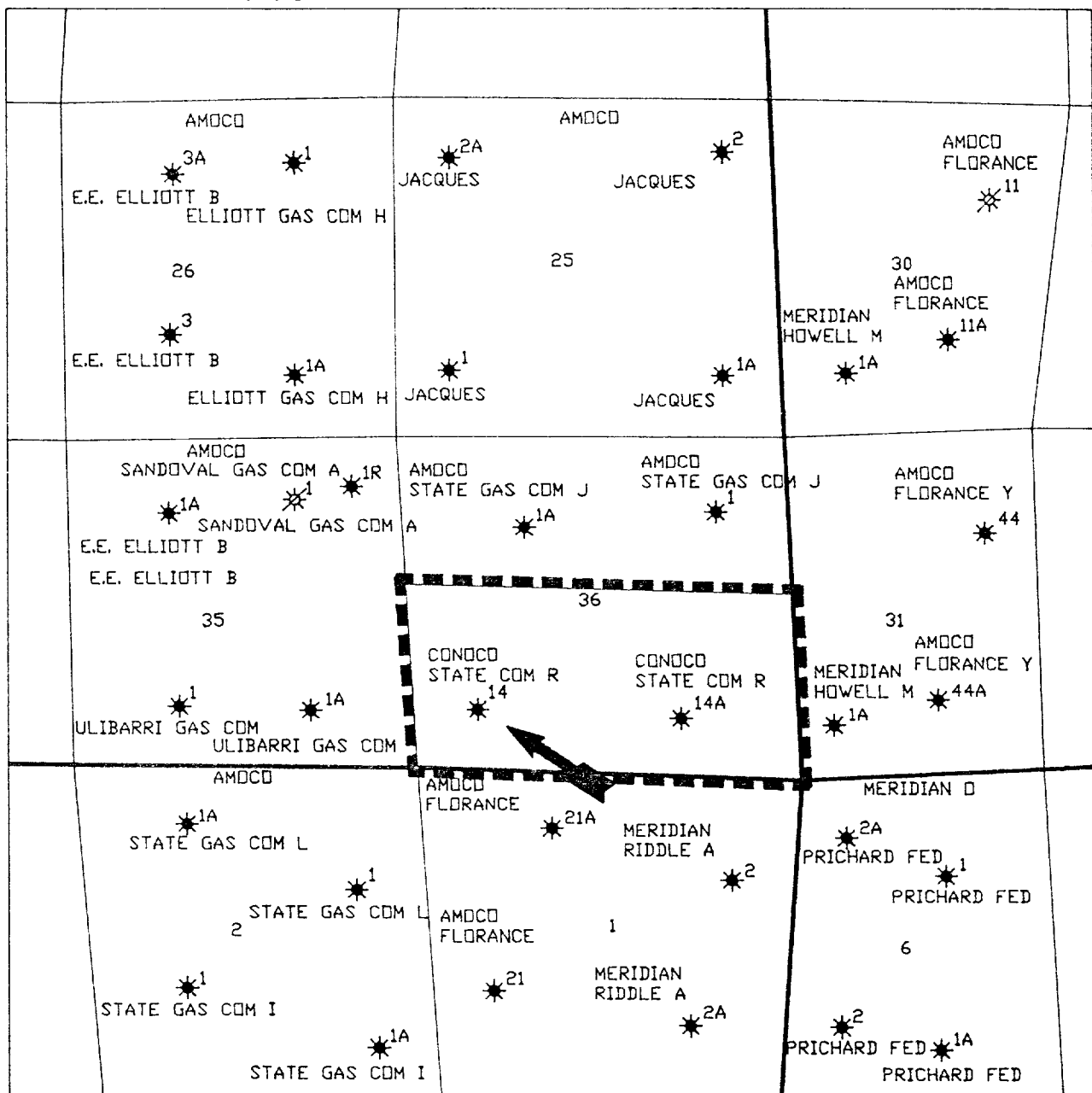
W. Thomas Kellahin
KELLAHIN and KELLAHIN
P. O. Box 2265
Santa Fe, New Mexico 87501
(505) 982-4285
Attorneys for Applicant

R09W

R08W

T
30
N

T
29
N



 MESAVARDE PRORATION
 UNIT


	
EPNGNA MIDLAND DIVISION	
STATE COM R #14	
MESAVARDE WELLS	
DRAWING NO. PL1148	

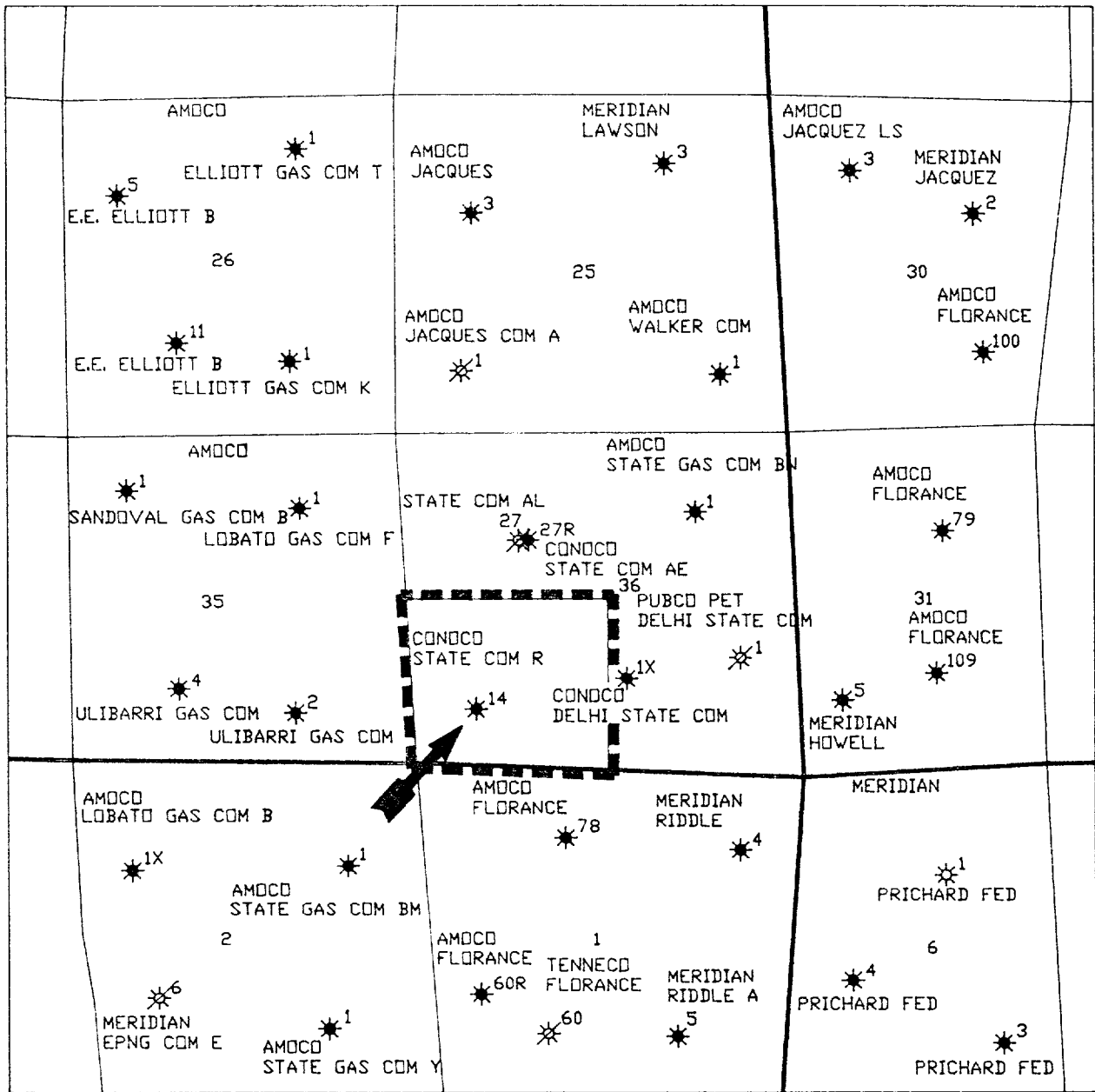
EXHIBIT A

R09W

R08W

T
30
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T
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PICTURED CLIFF
UNIT

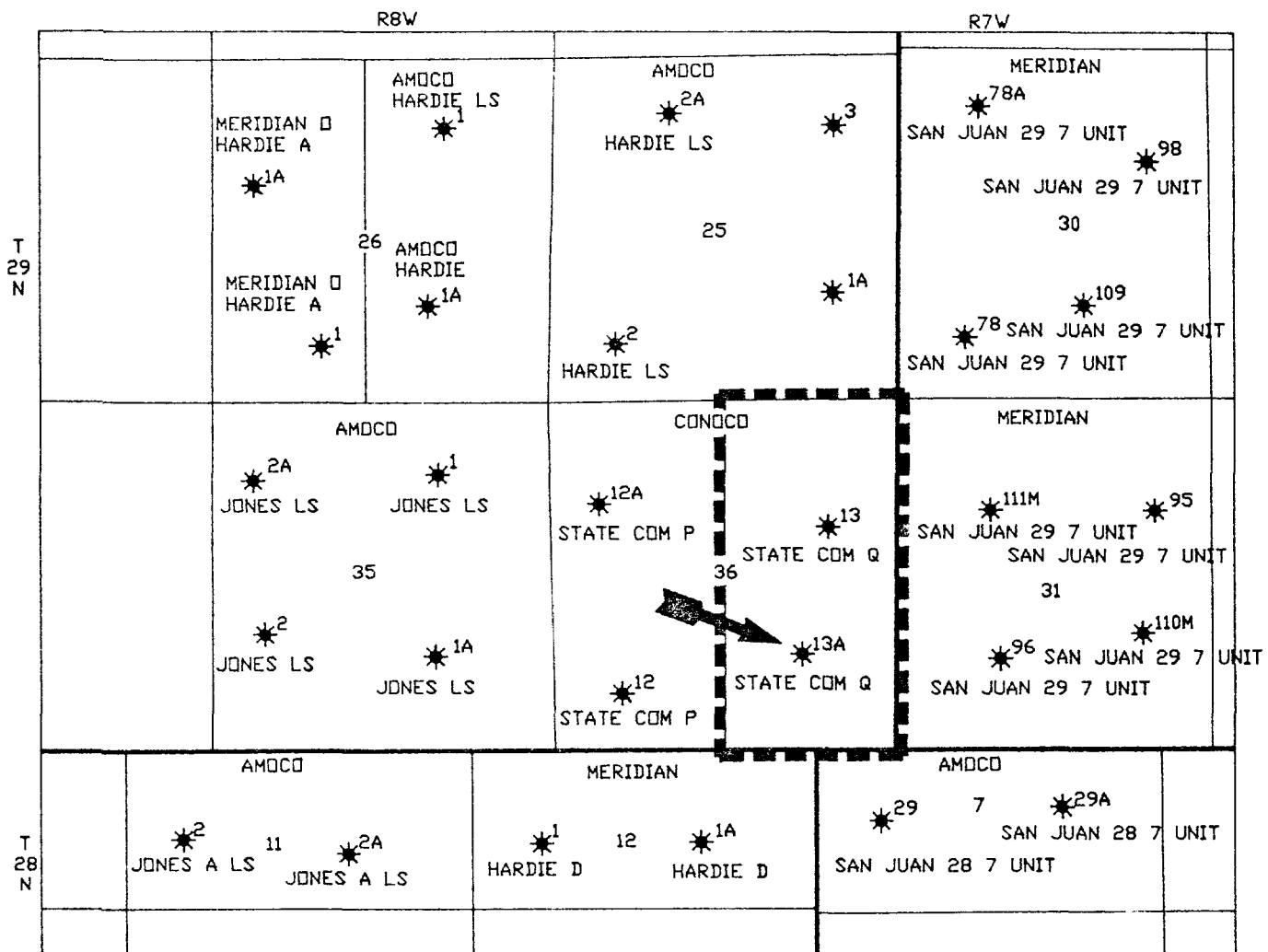


EPNGNA
MIDLAND DIVISION

STATE COM R #14
PICTURED CLIFF WELLS

DRAWING NO.
PL1149

EXHIBIT B



----- MESAVERDE PRORATION UNIT


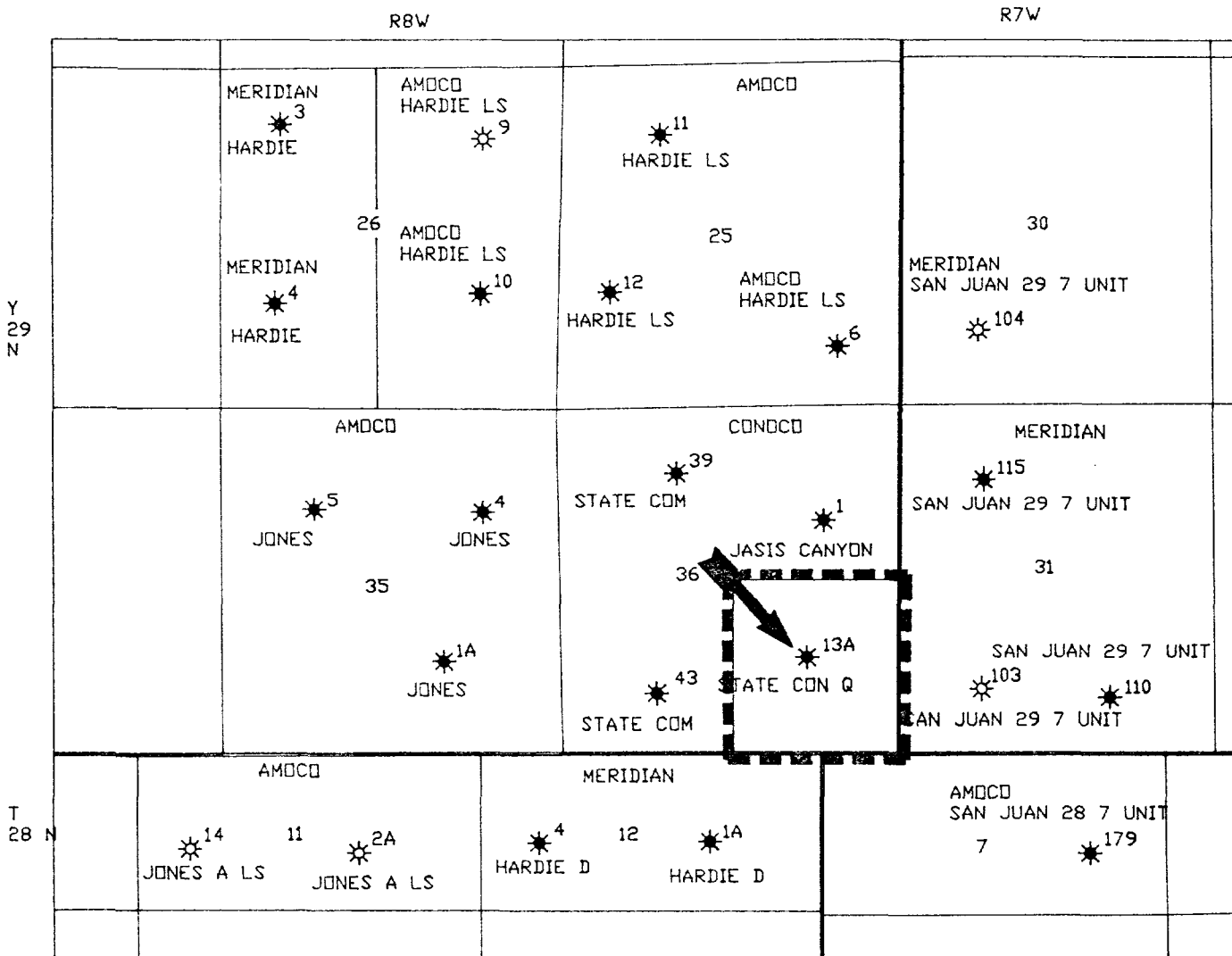

		EPNGNA MIDLAND DIVISION
STATE COM Q #13A MESAVERDE WELLS ONLY		
		DRAWING NO. PL1151

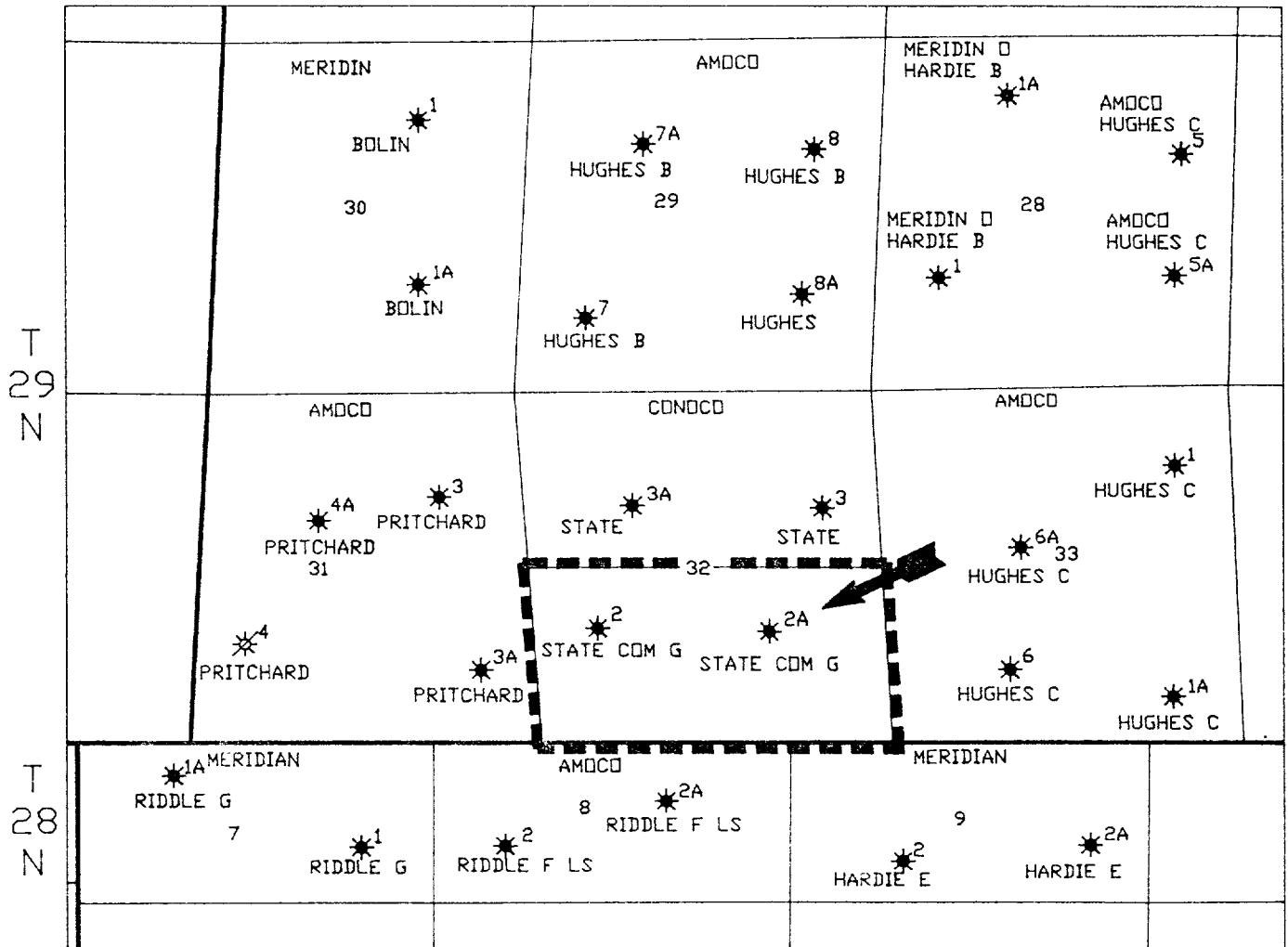
EXHIBIT C



PICTURED CLIFF
PRORATION UNIT

		EPNNGNA MIDLAND DIVISION
STATE COM Q #13A PICTURED CLIFF WELLS		
		DRAWING NO. PL1152

R8W



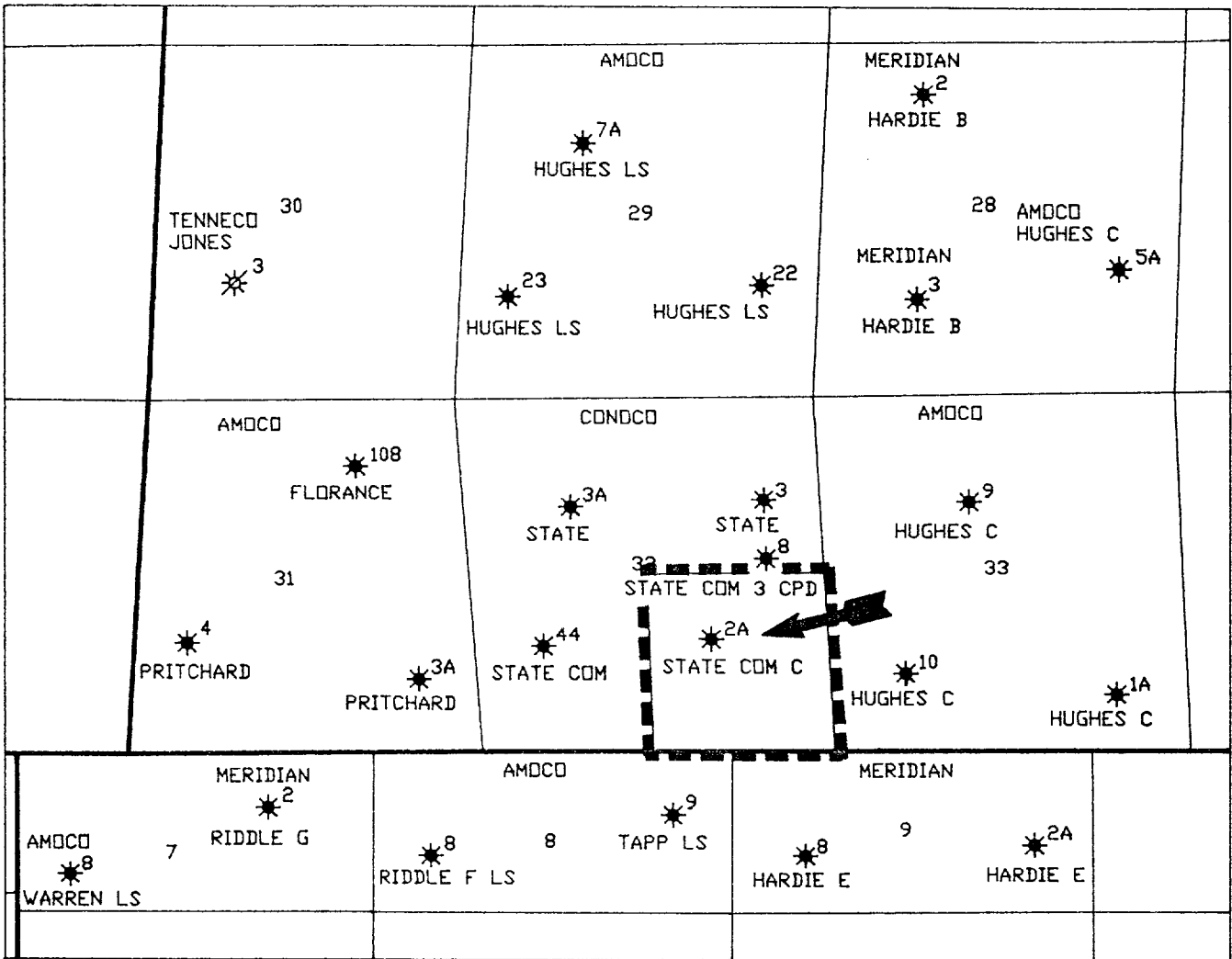
----- MESAVEVERDE PRORATION UNIT

CONOCO		EPNGNA MIDLAND DIVISION
STATE COM G #2A MESAVEVERDE WELLS		
		DRAWING NO. PL1153

EXHIBIT E

R8W

T
29
N



T
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PICTURED CLIFF
PRORATION UNIT


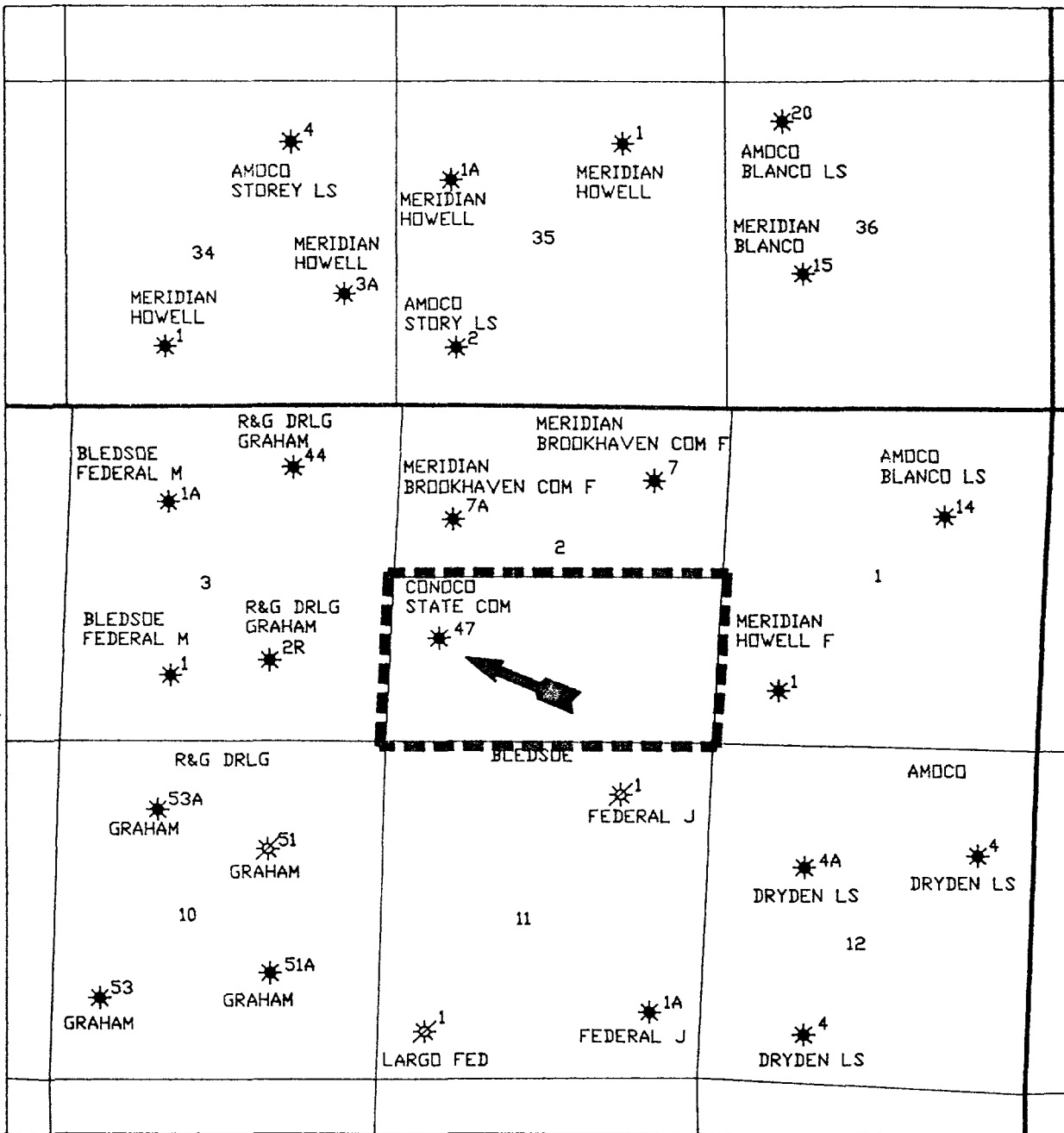
		EPNGNA MIDLAND DIVISION
STATE COM G #2A PICTURED CLIFF WELLS		
		DRAWING NO. PL1155

EXHIBIT F

R8W

T
28
N

T
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N



----- MESAVERDE PRORATION UNIT



EPNGNA
MIDLAND DIVISION

STATE COM #47
MESAVERDE WELL ONLY

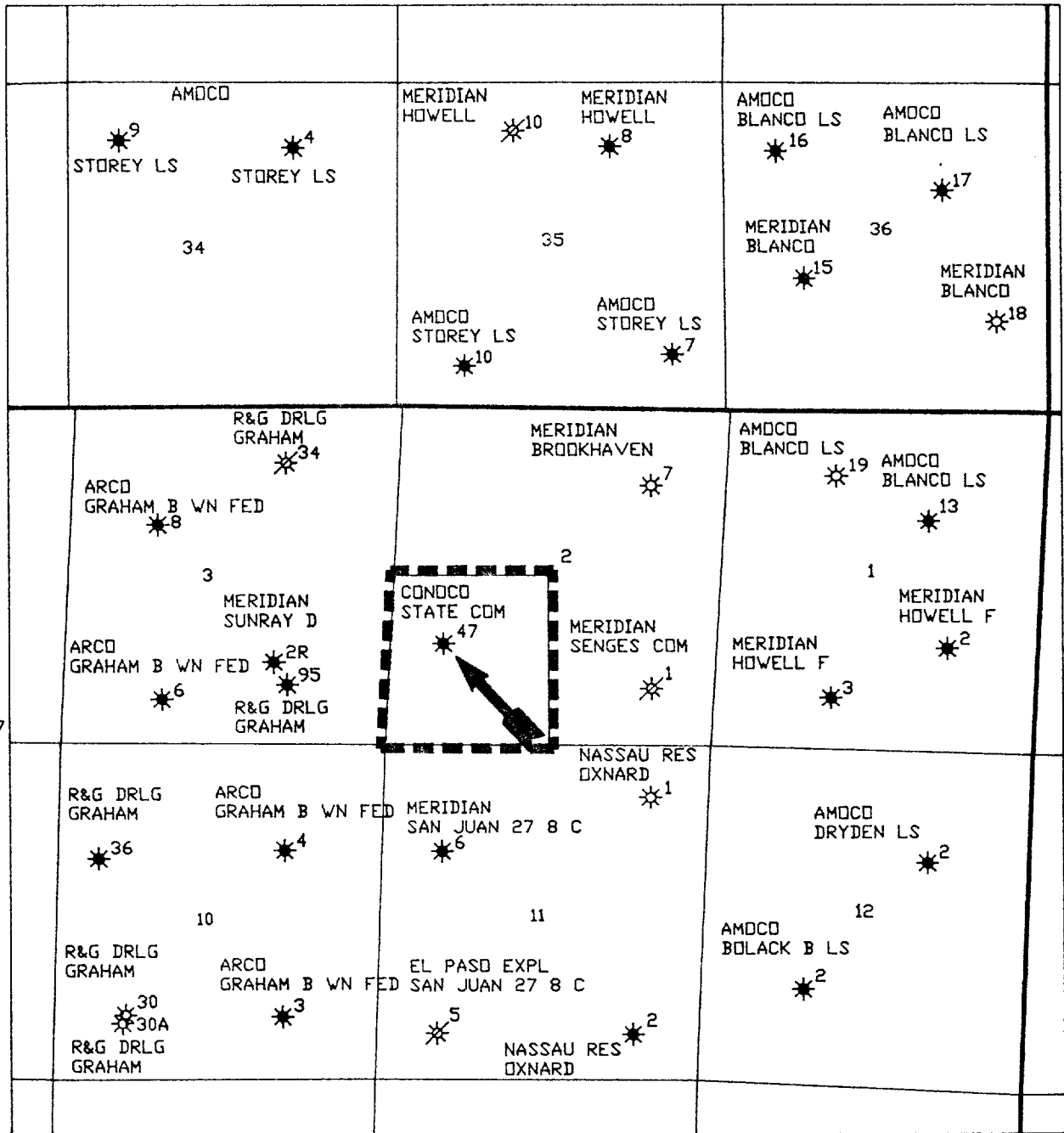
DRAWING NO.
PL1161

EXHIBIT G

R8W

T
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N

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N



PICTURED CLIFFS
PRORATION UNIT


		EPNGNA MIDLAND DIVISION
STATE CDM #47		
<div style="border: 1px solid black; padding: 2px; display: inline-block;"> Downhole Commingle Blanco Mesaverde </div>		
PICTURED CLIFF WELLS		
		DRAWING NO. PL1160

EXHIBIT H

STATE COM R No. 14

Conoco A/C Mesa Royalty Trust
New Mexico Properties Only
P.O. Box 1267
Ponca City, OK 74602-1267

Conoco A/C Shirley Bernstein
654 Madison Avenue
New York, NY 10021-8404

Conoco A/C Atwell & Company
% United States Trust Co. of New York
Box 456, Wall Street Station
New York, NY 10005

Conoco A/C Kathleen B. Lipkins
654 Madison Avenue
New York, NY 10021-8404

James B. Blazer, Ind. & as Attorney-in-Fact
for Patricia B. Hamilton Laur
Nan Behan & Sally B. Bond
234 W. Forestdale Rd.
Ashland, KY 41102-9401

F. J. Odendahl Investments, Inc.
110 E. 7th Ave.
Colona, IL 61241-9364

Comm. of Public Lands
State of New Mexico
P.O. Box 1148, E-1205
Santa Fe, NM 87504-1148

Amoco Production Co.
P.O. Box 65111
Charlotte, NC 28265-0111

Louis Dreyfus Natl Gas
P.O. Box 850163
Oklahoma City, OK 73185-0163

R. E. Beamon, III
Three Riverway, Suite 470
Houston, TX 77056

Rogers-Gibbard Trust
Orville C. Rogers/Veva Gibbard
& Elaine Gibbard Howe, Trustees
% Susan Rogers Eveland
6804 La Costa Drive
Tyler, TX 75703-9613

Daniel T. Heard
314 Valentian Drive
Gallup, NM 87301-4874

Carmen Varela
5587 New Colong Dr.
Virginia Beach, VA 23464-4010

V. A. Johnston Family Trust
Katherine Prewitt &
Mary Frances Chesser, Trustees
P.O. Box 925
Ralls, TX 79357-0925

James J. Johnston
Eleven Greenway Plz., Ste 2608
Houston, TX 77046-1105

Amador Gonzales
413 Heiland Drive
Aztec, NM 87410-2509

U/A Eula May Johnston
#661 NationsBank Texas NA, Trustee
P.O. Box 848703
Dallas, TX 75284-8703

Marathon Oil Company
P.O. Box 730366
Dallas, TX 75373-0366

Jerry J. Andrew
408 Longwoods
Houston, TX 77024-5617

Mary Cecile Forehand Estate
Gus E. Meriwether, Ind. Exec.
306 E. Houston
Crockett, TX 75835-2033

Leonard Gonzales
P.O. Box 85
Bloomfield, NM 87413-0085

Carol Rutland Zahara
14926-81 B Ave.
Surrey, BC V3S7J-6
CANADA

Union Oil Co. of CA
Union Oil & Gas Division
Attn: Revenue Accounting
P.O. Box 655075
Charlotte, NC 28265-5075

Gloria Wynne Lankford
248 Sugarberry Circle
Houston, TX 77024-7246

Pattie Beamon Lundell
1616 S. Voss Rd., #870
Houston, TX 77057-2626

Grace Mathews
P.O. Box 149
Coaldale, CO 81222-0149

Ann C. Berding Trustee
Ann C. Berding Living Trust
1487 Main Ave., Apt. 1
Clinton, IA 52732-1900

Bernice A. Unruh Living Trust
Bernice A. Unruh Trustee
332 Emma Cl
Goose Lake, IA 52750-9648

Gertrude E. Fogg
3519 Cleveland Street
Clinton, IA 52732-1441

Raymond H. Holdgrafer
3132 Soundien Court
Gig Harbor, WA 98335-5118

Henry B. Holdgrafer
2235 - 24 Street
Marion, IA 52302-1632

EVKO Development Co.,
A Partnership
4710 Cabrillo Street

San Francisco, CA 94121-3226
W. R. Archer
U/W/O Eleanor M. Archer, Trustee
3615 Piping Rock Ln.
Houston, TX 77027-4116

Amoco Production Co.
P.O. Box 65111
Charlotte, NC 28265-0111

Elizabeth Goodwin Reese
7800 Nairn
Houston, TX 77074-5321

Waters S. Davis, III
Texas Commerce Bank N A
Agent & Attorney-in-Fact
Trust Min Sec #32400-01
P.O. Box 200555
Houston, TX 77216-0555

Wesley West Mineral Corp.
P.O. Box 4383
Houston, TX 77210-4383

Maurice J. Florance, Jr. Trust
Ameritrust Texas NA Trustee
Dallas Oil & Gas
P.O. Box 951412
Dallas, TX 75395-1412

Mary Anne & Robert Howard
Joint Tenants
438 Fox Briar
Sugarland, TX 77478-3717

James Wendell West
P.O. Box 5591
Sherman Oaks, CA 91413-5591

Cynthia Gray Milani
Texas Commerce Bank NA
Agent & Attorney-in-Fact
Trust Mineral Sec 32400-07
P.O. Box 200555
Houston, TX 77216

L. J. & R. R. Money 1990 Tr
Dated 10-9-90
Lloyd J. & Ruth Money Tst
904 21st Street
Hermosa Beach, CA 90254-3105

Jeremy S. Davis
7539 Brompton Blvd.
Houston, TX 77025-2267

David H. Gray
Texas Commerce Bank NA
Agent & Attorney-in-Fact
Trust Minerals Sec 32400-03
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Houston, TX 77216

Douglas E. Florance Trust
Ameritrust Texas NA Trustee
Oil & Gas Mgmt Trust #2092
P.O. Box 951412
Dallas, TX 75395-1412

Catherine Gray Remenick
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Agent & Attorney-in-Fact
Trust Minerals Sec 32400-07
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Houston, TX 77216

Margaret A. Kearns Trust
U/A F/B/O Helene D. Gorman
Helene D. Gorman Trustee
1440 Osprey Avenue
Naples, FL 33962-3410

Pamela Gray Baldwin
Texas Commerce Bank NA
Agent & Attorney-in-Fact
Trust Mineral Sec 32400-07
P.O. Box 200555
Houston, TX 77216

Florence A. Florance
% Texas Commerce Trust
Company NA, Trustee
P.O. Box 951424
Dallas, TX 75395-1424

Margaret A. Kearns Trust
James B. Draper, Trustee
F/B/O James B. Draper
77 S. Birch Rd., Apt. #8D
Fort Lauderdale, FL 33316-1556

Virginia Thompson Creps
Revocable Living Trust
Virginia Thompson Creps Trst
4556 Avalon Cove
Lakeland, FL 33801-0572

Hazel Ashley Bracken
101 Westcott, #403
Houston, TX 77007-7030

F. L. Tucker
301 Sage Road, #3
Houston, TX 77056-1421

Margaret Hardy Van Sant
P.O. Box 817
League City, TX 77574-0817

James J. Florance Trust
Ameritrust Texas NA, Trustee
Dallas Oil & Gas
P.O. Box 951412
Dallas, TX 75395-1412

G. E. Thompson
P.O. Box 111
Round Top, TX 78954-0111

Rebecca Ann Reese Ward
2210 Custer Parkway
Richardson, TX 75080-2502

Davant Family Trust C
U/A Dated 11-19-86
NationsBank of TX NA Trs
Acct No. 30011053442647
P.O. Box 840738
Dallas, TX 75284-0738

David Elbert Reese
2203 N. Belmont
Richmond, TX 77469-5501

The Nordan Trust
Louis Belinsky, Trustee
112 E. Pecan, Suite 500
San Antonio, TX 78205-1516

Pearl Neugent Nordan
112 E. Pecan, Suite 500
San Antonio, TX 78205-1516

Barbara Reese Dinges
6510 Shadow Crest
Houston, TX 77074-6818

Lorene Raybourn Smith
Claud W. Raybourn & Jesse S.
Raybourn, Co-Trustees
207 Wilshire Lane
Newark, DE 19711-2757

Harry D. Porter
NationsBank of Texas NA
Trustee # 15-020-6401500
% Trust Oil & Gas
P.O. Box 840738
Dallas, TX 75284-0738

Joanne Thompson Rugeley
3813 Tolmas
Metairie, LA 70002-1846

Allison A. Henderson
Franklin Metzner Foreign
Personal Representative
P.O. Box 23462
Tampa, FL 33623

San Juan Royalty Partners
P.O. Box 3759
Midland, TX 79702-3759

John L. Gray
Texas Commerce Bank NA
Agent & Attorney-in-Fact
Trust Minerals Sec 32400-04
P.O. Box 200555
Houston, TX 77216

Maureen E. Florance Trust
Ameritrust Texas NA, Trustee
Oil & Gas Mgmt Trust #2517
P.O. Box 951412
Dallas, TX 75395-1412

Betty West Stedman
Attn: LB Dept.
P.O. Box 1349
Houston, TX 77251-1349

Catherine M. Florance Trust
Ameritrust Texas NA, Trustee
Oil & Gas Mgmt Trust #2767
P.O. Box 951421
Dallas, TX 75395-1412

Enid Lillian Thompson
316 Dahlia
Denver, CO 80220-5714

Jane M. Thompson Trust
The Four Seasons
333 Sunset Dr., Apt. #407
Fort Lauderdale, FL 33301-2647

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

Meridian Oil Inc.
P.O. Box 4287
Farmington, NM 87499-4289

STATE COM 47

Conoco A/C Mesa Royalty Trust
P.O. Box 1267
Ponca City, OK 74602-1267

Conoco A/C Shirley Bernstein
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New York, NY 10021-8404

Conoco A/C Atwell & Company
% United States Trust Co. of New York
Box 456, Wall Street Station
New York, NY 10005

Conoco A/C Kathleen B. Lipkins
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New York, NY 10021-8404

El Paso Production Company
% Meridian Oil Inc.
P.O. Box 4298
Farmington, NM 87499-4289

Commissioner of Public Lands
State of New Mexico
P.O. Box 1148
Santa Fe, NM 87504-1148

Irene Rueckert
46 Hurst Avenue
P.O. Box 113
Chautauqua, NY 14722-1103

Estate of Carl Senges
RR 1, Box 1538
Elk Grove, CA 95758-9801

Jean Burroughs
2311 Flintridge Drive
Colorado Springs, CO 80918

John Burroughs Estate
Herb Marchman, Personal Representative
9350 Arroyo Lane
Colorado Springs, CO 80908

Nassau Resources, Inc.
650 South Cherry Street, Suite 1225
Denver, CO 80222-1894

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

Bledsoe Energy Corporation
5850 Bank One Center
1717 Main Street
Dallas, TX 75201

R&G Drilling Company
% M&G Drilling Company
P.O. Box 9560
Palm Springs, CA 92263

Arco Oil and Gas Company
1601 Bryan Street
Dallas, TX 75201-3420

STATE COM Q 13A

Conoco A/C Mesa Royalty Trust
P.O. Box 1267
Ponca City, OK 74602-1267

Conoco A/C Shirley Bernstein
654 Madison Avenue
New York, NY 10021-8404

Conoco A/C Atwell & Company
% United States Trust Co. of New York
Box 456, Wall Street Station
New York, NY 10005

Conoco A/C Kathleen B. Lipkins
654 Madison Avenue
New York, NY 10021-8404

El Paso Production Company
% Meridian Oil Inc.
P.O. Box 4289
Farmington, NM 87499-4289

Texaco Exploration & Production Inc.
P.O. Box 2100
Denver, CO 80201

Jesse L. Ward, III
609-C Hampton Circle
Jackson, MS 39211-2334

Alfred H. Ward
7122 Murray Lane
Annandale, VA 22003-1713

Commissioner of Public Lands
State of New Mexico
P.O. Box 1148
Santa Fe, NM 87504-1148

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P.O. Box 800
Denver, CO 80201

STATE COM G 2A

Conoco A/C Mesa Royalty Trust
P.O. Box 1267
Ponca City, OK 74602-1267

Conoco A/C Shirley Bernstein
654 Madison Avenue
New York, NY 10021-8404

Conoco A/C Atwell & Company
% United States Trust Co. of New York
Box 456, Wall Street Station
New York, NY 10005

Conoco A/C Kathleen B. Lipkins
654 Madison Avenue
New York, NY 10021-8404

Commissioner of Public Lands
State of New Mexico
P.O. Box 1148
Santa Fe, NM 87504-1148

Harry G. Clarke, Jr.
21 D Center Drive
Lancaster, PA 17601

Amoco Production Company
P.O. Box 800
Denver, CO 80201
Meridian Oil Inc.
P.O. Box 4289
Farmington, NM 87499-4289