



CONTINENTAL OIL COMPANY

P. O. Box 1621
Durango, Colorado 81301
December 22, 1965

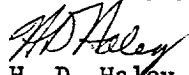
New Mexico Oil Conservation Commission (2)
P. O. Box 697
Aztec, New Mexico

Attention of Mr. Emery C. Arnold - District Supervisor

Gentlemen:

Continental Oil Company has recently drilled and completed its Jicarilla Apache 30 Well No. 4 in Unit F, Section 31, T25N, R4W, Rio Arriba County, New Mexico. The well was completed in the Undesignated Gallup oil zone and Undesignated Chacra gas zone as a gas over oil dual. A flowline from the well to a central battery is presently being installed to transport the Gallup oil production. The preliminary 3/4" choke test on the Chacra gas zone was 300 MCFD at 38 psig. The zone has not yet completely cleaned up from frac water, but it appears that it will be a very small gas producer against a sales line pressure of 250 psig. The nearest connection point to El Paso Natural Gas Company's pipeline system would be approximately 5000' and it would be uneconomical to install 5000' of line to serve such a low productivity well. For this reason, and because the Chacra gas is non-prorated, we request permission to install an orifice meter at the well to measure gas produced from the Chacra zone, and then connect into the Gallup oil zone flowline to the battery. The total gas from both the Gallup and Chacra zones will then be measured and sold through El Paso Natural Gas Company's sales meter at the Gallup central battery under our present casinghead gas contract. Allocation of gas to the Gallup can then be done by subtracting the Chacra gas measurement from El Paso's total gas sales meter. A schematic sketch of the proposed system is attached. If any additional information is required, please advise.

Very truly yours,

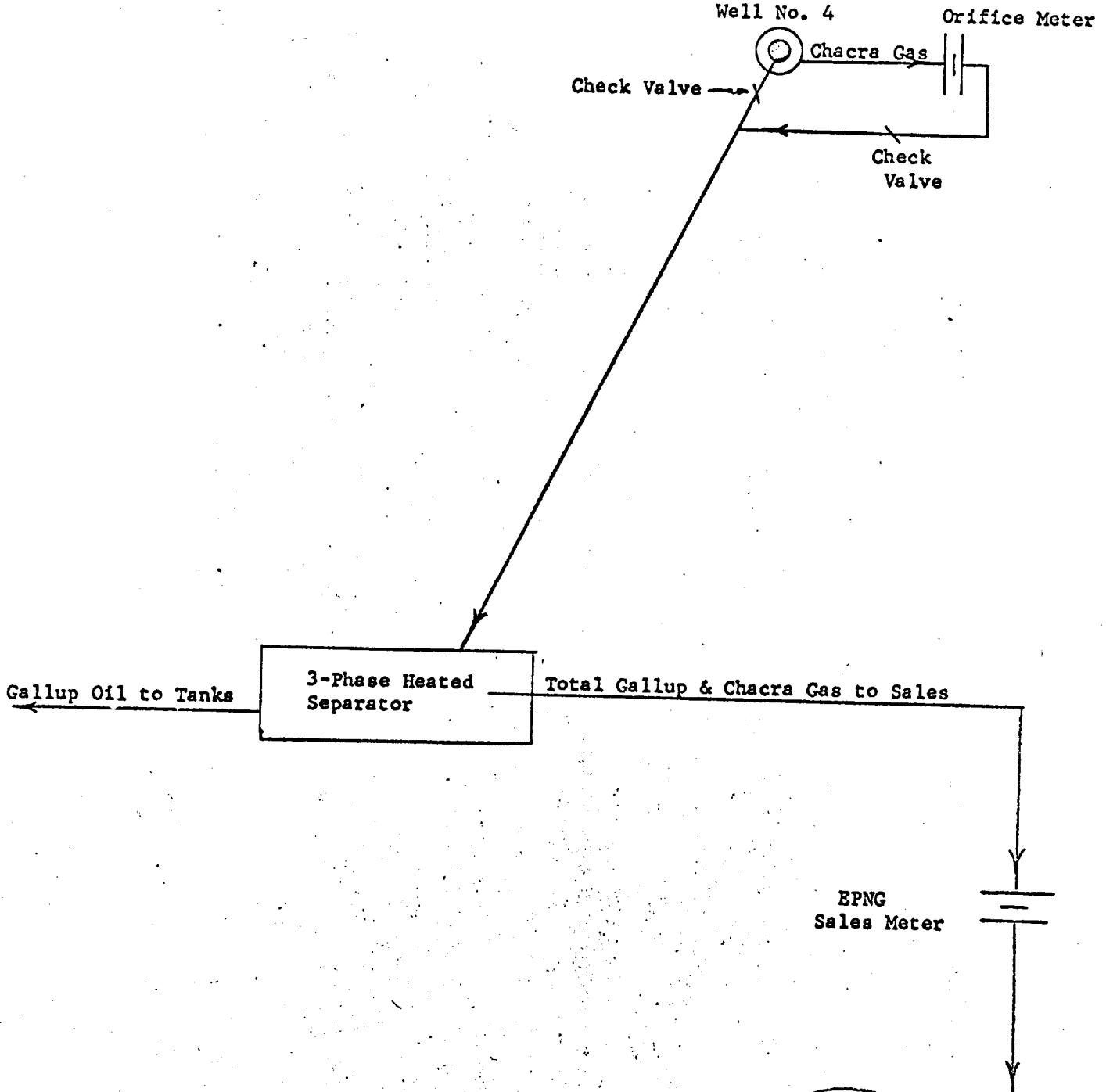

H. D. Haley
District Manager
Durango District
Production Department



GAB/ae

Attachment

Jicarilla 30
Well No. 4



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