



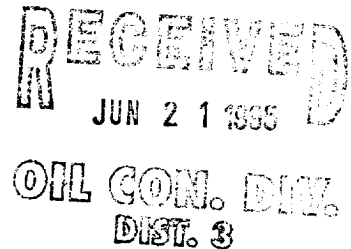
STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
2040 S. PACHECO
SANTA FE, NEW MEXICO 87505
(505) 827-7131

ADMINISTRATIVE ORDER DHC-1135

Amoco Production Company
P.O. Box 800
Denver, Colorado 80201-0800

Attention: Ms. Pamela W. Staley

*Jicarilla Contract 146 Well No.22
Unit A, Section 10, Township 25 North, Range 5 West,
NMPM, Rio Arriba County, New Mexico.
South Blanco Pictured Cliffs (Gas) and Basin Dakota (Prorated Gas) Pools*



Dear Ms. Staley:

Reference is made to your recent application for an exception to Rule 303-A of the Division Rules and Regulations to permit the subject well to commingle production from both pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303-C, and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the two zones is hereby placed in abeyance.

In accordance with the provisions of Rule 303-C-4., total commingled oil production from the subject well shall not exceed 30 barrels per day, and total water production shall not exceed 60 barrels per day. The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule.

Assignment of allowable to the well and allocation of production from the well shall be on the following basis:

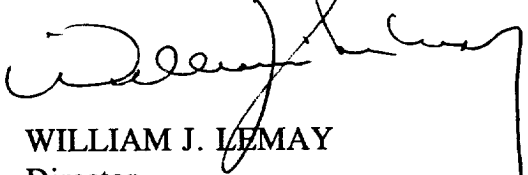
South Blanco Pictured Cliffs (Gas)	Oil 0%	Gas 32%
Basin Dakota (Prorated Gas)	Oil 100%	Gas 68%

FURTHER: The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303-C-5, the commingling authority granted by the order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 19th day of June, 1995.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

S E A L

WJL/BES

cc: Oil Conservation Division - Aztec ✓
Bureau of Land Management - Farmington

Ernie Busch

From: Ernie Busch
To: David Catanach
Cc: Ben Stone
Subject: AMOCO (DHC) JIC CONT 146 #22
Date: Friday, June 09, 1995 11:20AM
Priority: High

JICARILLA CONTRACT 146 #22

A-10-25N-05W

RECOMMEND: DOCKET FOR HEARING, BHP PRESSURES ARE ESTIMATES AND ARE VERY CLOSE
TO BEING OUT OF RANGE FOR ADMINISTRATIVE APPROVAL. TIME TO BE CAUTIOUS!



FUNCTIONS OF ENERGY MINERALS AND NATURAL RESOURCES DEPARTMENT

WELL AND POOL MANAGEMENT

- Establish and maintain well and pool data
- Assign API numbers
- Establish and maintain well bonds
- Authorize production and transportation of oil and gas

PRODUCTION/DISPOSITION REPORTS

- Correlate production/transportation/storage data
- Publish monthly statistical summaries for industry
- Maintain public files for industry access

GAS AND OIL PRORATION

- Maintain deliverability test records
- Calculate oil and gas allowables
- Publish periodic schedules



Southern

Rockies

Business

Unit

May 17, 1995

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

RECEIVED
MAY 22 1995

OIL CON. DIV.
DIST. 3

Application for Exception to Rule 303-A
Downhole Commingling
Jicarilla Contract 146 #22 Well
830' FNL, 860' FEL, Unit A Section 10-T25N-R5W
Basin Dakota and South Blanco Pictured Cliffs Pools
Rio Arriba County, New Mexico

Amoco Production Company hereby requests administrative approval to downhole commingle production from the Basin Dakota and South Blanco Pictured Cliffs Pools in the Jicarilla Contract 146 #22 well referenced above. The Jicarilla Contract 146 #22 well was originally a multiple completion in the Dakota and Pictured Cliffs formations. This well has a marginal Pictured Cliffs zone that if left as a dual completion, the marginal zone would be shut-in in the near future. We plan to complete the well with both the Dakota and Pictured Cliffs formations being downhole commingled in the wellbore. The two zones are expected to produce at a total commingled rate of about 175 MCFD with 4 BOPD. The ownership (WI, RI) of these pools is identical in this wellbore. Downhole commingling will offer an economical method of production while protecting against reservoir damage, waste of reserves and violation of correlative rights. Offset operators to this well will receive a copy of this application by certified mail.

The allocation method that we plan to use for this commingled well is as follows. Since these formations have been producing as a dual completion in this wellbore for some time, we have a good historical representation of the production by formation. Based on historical production we recommend that the allocation for gas production be 68% of the gas production to the Dakota formation and 32% of the gas production to the Pictured Cliffs formation. We recommend that 100% of the liquid production be attributed to the Dakota formation as the Pictured Cliffs formation has not historically produced liquids in this well. The actual commercial value of the commingled production will not be less than the sum of the values of the production from each of the common sources of supply.

Attached to aid in your review are plats showing the location of the well and offset wells in the same formation, a historical and recent production plot and a C-102 for each formation. This spacing unit

is located on a federal lease and we will send a copy of the application to the BLM requesting their consent. Should you have questions concerning this matter, please contact me at (303) 830-5344.

Sincerely,



Pamela W. Staley

Enclosures

cc: Steve Smethie
Patty Haeefe

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

Duane Spencer
Bureau of Land Management
1235 La Plata Hwy
Farmington, NM 87401

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: Jicarilla Contract 146
Well Number: 22
Well Location: 830' FNL, 860' FEL
Unit A Section 10-T25N-R5W
Rio Arriba County, New Mexico

Pools Commingled: South 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 Basin Dakota produced an average stabilized rate of 65 MCFD and 0.1 BCPD. The South Blanco Pictured Cliffs zone produced at an average rate of about 30 MCFD and 0 BCPD.

- (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.

South Blanco Pictured Cliffs Completion:	Historical production curve attached.
Basin Dakota Completion:	Historical production curve attached.

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

Bottomhole pressures were estimated from 24 hour bottomhole shut-in pressures in the Pictured Cliffs and Dakota formations in the Jicarilla field. Estimated bottomhole pressure in the Pictured Cliffs formation is 450 PSI while the estimated bottomhole pressure in the Dakota is 900 PSI.

- (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. Amoco has applied for and received several downhole commingling orders in this area including wells in which these two formations have been successfully downhole commingled with no apparent incompatibility in the commingled fluids.

- (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:

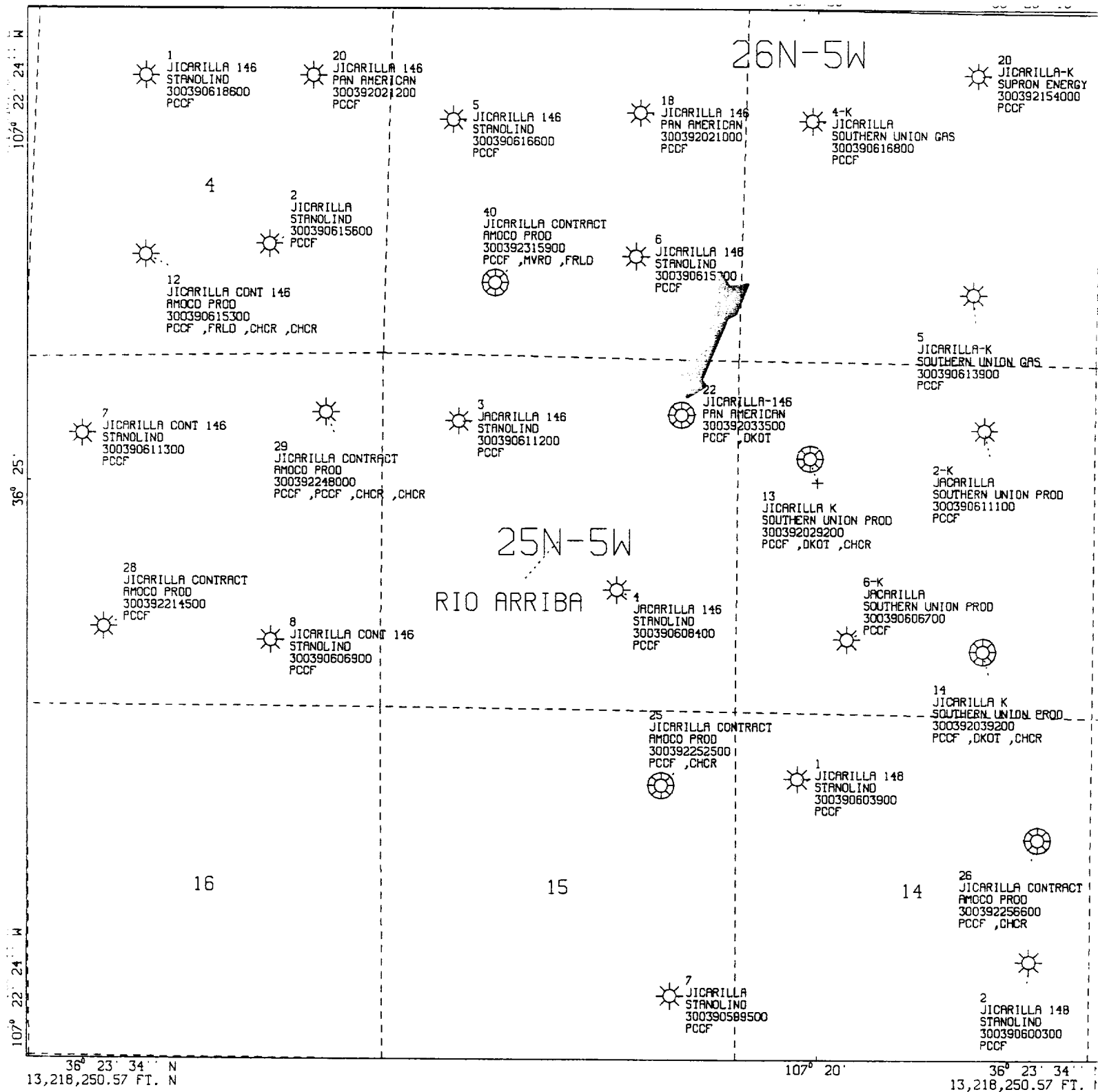
Since the BTU content of the produced fluids are very similar, we would expect the commingled production to have the same value as the sum of the individual streams.

- (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:

Based on historical production we recommend that the allocation for gas production be 68% of the gas production to the Dakota formation and 32% of the gas production to the Pictured Cliffs formation. We recommend that 100% of the liquid production be attributed to the Dakota formation as the Pictured Cliffs formation has not historically produced liquids in this well.

- (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.

BLM will receive a copy of this application by certified mail. The offsetting operators listed on the attached sheet will receive a copy of this application by certified mail.

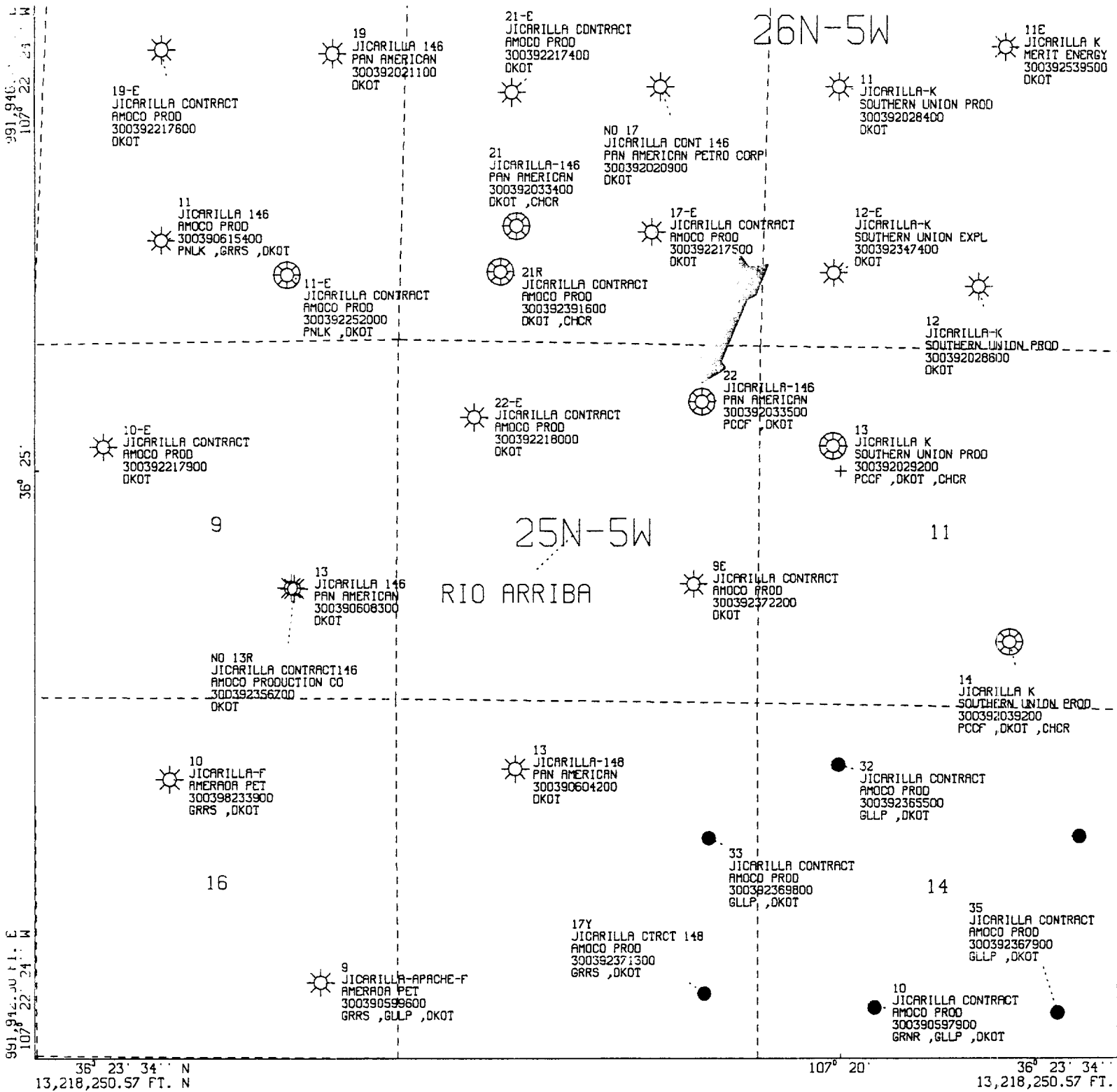


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POLYCONIC CENTRAL MERIDIAN - 107° 20' 46\" W LON
SPHEROID - 6

AMOCO PRODUCTION COMPANY
PLAT MAP
Jicarilla Contract 146 #22
Pictured Cliffs

SCALE 1 IN. = 2,000 FT. MAY 11, 1995



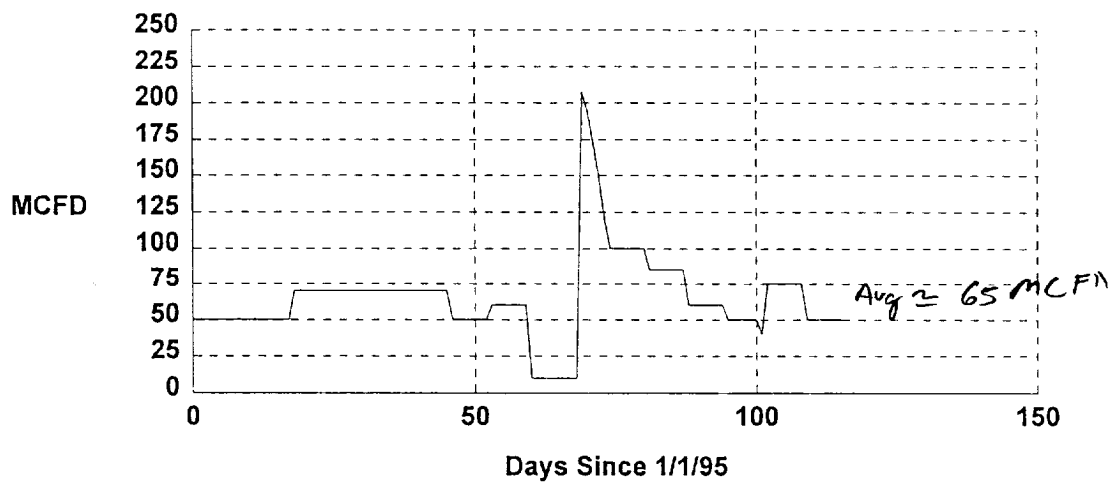
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POLYCONIC CENTRAL MERIDIAN - 107° 20' 46" W LON
SPHEROID - 6

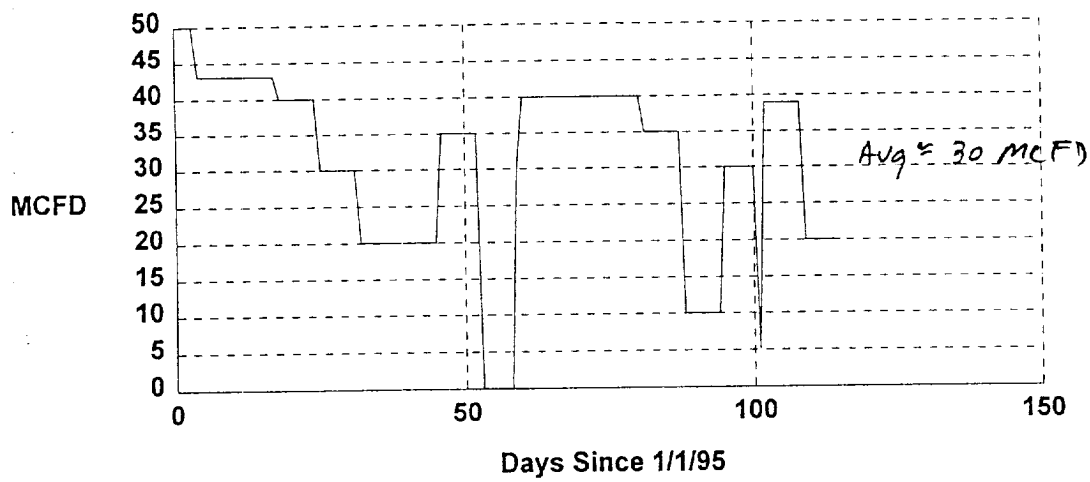
AMOCO PRODUCTION COMPANY
PLAT MAP
Jicarilla Contract 146 #22
Dakota

SCALE 1 IN. = 2,000 FT. MAY 11, 1995

San Juan O.C.
WELL: JICARILLA CONTRACT #146 022-D (98801201)
(Downtime excluded) DAKOTA



San Juan O.C.
WELL: JICARILLA CONTRACT #146 022-P (98801202)
(Downtime excluded) PICTUREDCLIFFS



OIL (BBL/DAY)

1000 Lease: JICARILLA CONTRACT 146

000022

Dwights

Retrieval Code: 251, 039, 25N05W10A00DK

1000
1000

100

100
100

GAS

10

10

A

1

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*Annual
Data*

F. D. Date 11-70

County:	RIO ARriba	3
Fseid:	BASIN (DAKOTA)	DK
Reservoir:	DAKOTA	
Operator:	AMOCO PRODUCTION CO	
011 Cum:	7379	Gas Cum: 830934
Location:	10A 25N	5W

Date: 05-12-95

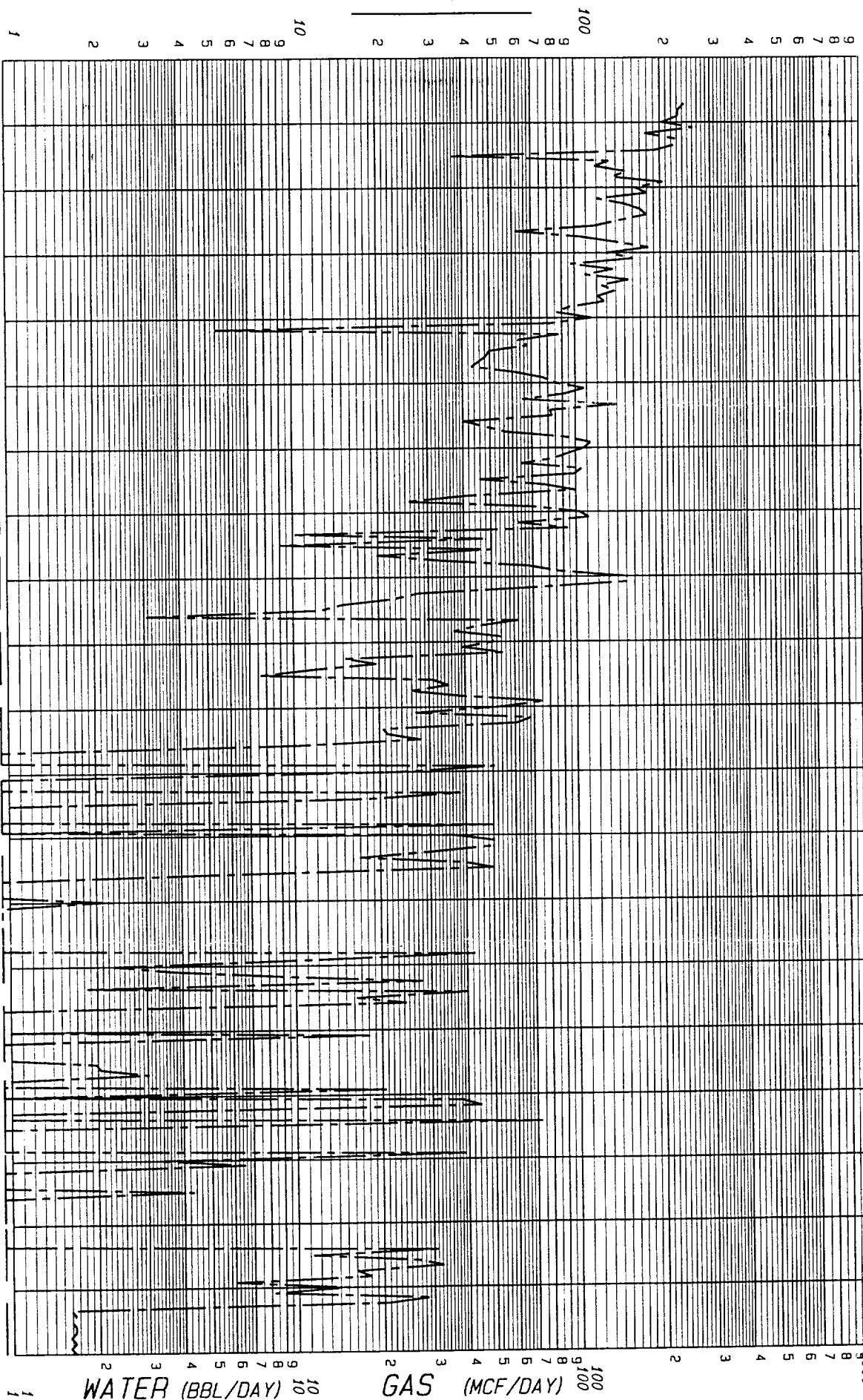
1000 Lease: JICARILLA CONTRACT 146

000022

Dwights

Retrieval Code: 251, 039, 25N05W10A00PC

OIL (BBL/DAY)



Annual
Data

65- 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93

F.P. Date 01-71

County: RIO ARriba State: NM
Field: BLANCO SOUTH (PICTURE CLIFFS)
Reservoir: PICTURE CLIFFS
Operator: AMOCO PRODUCTION CO
Oil Cum: 0 Gas Cum: 662618
Location: 10A 25N 5W

Date: 05-12-95

LIST OF ADDRESSES FOR OFFSET OPERATORS
Jicarilla Contract 146 #22

- 1* Merit Energy Corp.
12221 Merit Drive, Suite 500
Dallas, Texas 75251