DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II

811 South First St., Artesie, NM 88210-2835

DISTRICT III

SIGNATURE _

TYPE OR PRINT NAME

Joe

Elledge

1000 Rio Brazos Rd, Aztec, NM 87410-1693

State of New México
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 S/Pacheco Santa Fe, New Mexico 87505-6429

APPROVAL PROCESS:

X Administrative __Hearing

EXISTING WELLBORE

APPLICATION FOR DØWNHOLE COMMINGLING X YES _ NO P.O. Box 1258 Farmington, NM 87499 Farmington, NM Little Oil & Gas, Inc. 2346 E. 20th Street 87401 Rio Arriba 10 K 22 25 6 Salazar Well No Unit Ltr. - Sec - Twp - Rge Specing Unit Lease Types: (check 1 or more) API NO. 30-039-23765 Federal $\underline{\chi}$, State _ ___, tand/or) Fee OGRID NO. **Property Code** The following facts are submitted in support of downhole commingling: Intermediate Zone Upper Lower Pool Name and Pool Code Otera Chacra South Blanco P.C. 2. Top and Bottom of Pay Section (Perforations) 3. Type of production (Oil or Gas) Gas Gas 4. Method of Production (Flowing or Artificial Lift) DITA Flow Flow 回图。3 a. (Current) 5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current 150 200 Gas & Oil - Flowing:
Measured Current b. (Original) All Gas Zones: Estimated Or Measured Original 980 900 6. Oil Gravity (*API) or Gas BTU Content 7. Producing or Shut-In? Shut-in Producing Yes Yes Production Marginal? (yes or no) Date: If Shut-In, give date and oil/gas/ water rates of last production Date: Date: Rates: Rates: Rates: te: For new zones with no production history, blicant shall be required to attach production imates and supporting data Date: If Producing, give date andoil/gas/ water rates of recent test (within 60 days) Rates: Rates 8. Fixed Percentage Allocation Formula -% for each zone If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data. 10. Are all working, overriding, and royalty interests identical in all commingled zones? If not, have all working, overriding, and royalty interests been notified by certified mail? Have all offset operators been given written notice of the proposed downhole commingling? Yes No No Yes No No Will cross-flow occur? \underline{X} Yes $\underline{\hspace{0.3cm}}$ No $\hspace{0.3cm}$ If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. $\underline{\hspace{0.3cm}}$ Yes $\underline{\hspace{0.3cm}}$ No $\hspace{0.3cm}$ (If No, attach explanation) 11. Will cross-flow occur? X Yes _ X_ Yes __ No 12. Are all produced fluids from all commingled zones compatible with each other? 13. Will the value of production be decreased by commingling? Yes X No (If Yes, attach explanation) If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. \underline{X} Yes $\underline{\hspace{0.5cm}}$ No 15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). * C-102 for each zone to be commingled showing its spacing unit and acreage dedication.

* Production curve for each zone for at least one year. (If not available, attach explanation.)

* For zones with no production history, estimated production rates and supporting data.

* Data to support allocation method or formula.

* Notification list of all offset operators.

* Notification list of working, overriding, and royalty interests for uncommon interest cases.

* Any additional statements, data, or documents required to support commingling. I hereby certify that the information above is true and complete to the best of my knowledge and belief.

___ TITLE _______ DATE _2-4-1999

TELEPHONE NO. (505) 327-9267

OIL CONSERVATION DIVISION

P. O. UOX 2048

SANTA FE, NEW MEXICO 87501

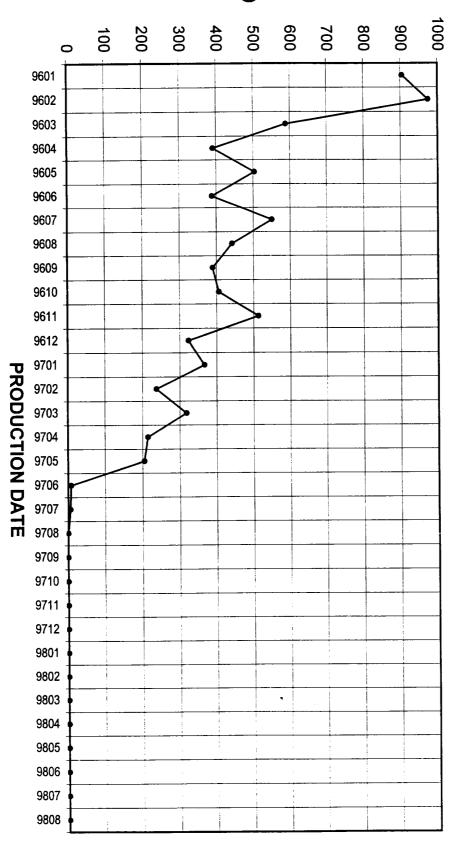
Form C-102 Revised 10-1-78

STATE OF NEW MEXICO . EHERGY AND MINERALS DEPARTMENT

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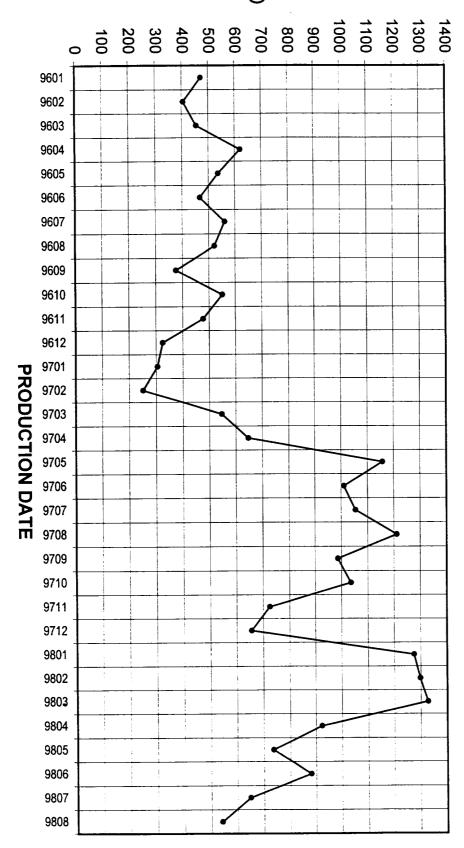
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Ground Level Elev	i	rmation	Otero-Chaera	Extension	160) Acres
6450	Chacra					t halaw
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	1830'				June Anti-	TOPO EN SAN

MCF @ 14.73

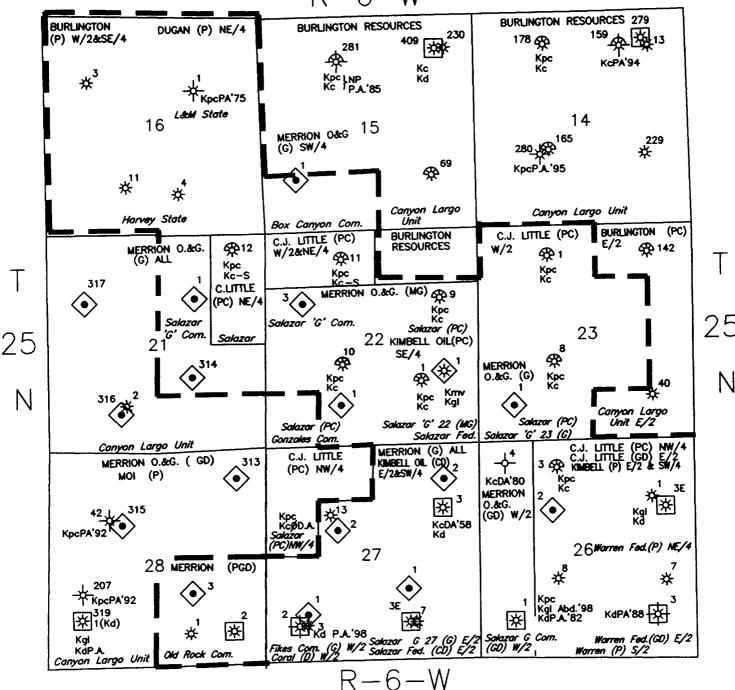


SALAZAR 10 CH

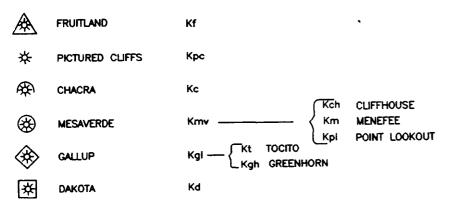
MCF @ 14.73



SALAZAR 10 PC



PRODUCING INTERVAL





2346 EAST 20TH STREET
P. O. BOX 1258 • FARMINGTON, NEW MEXICO 87499
OFF: (505) 327-6176 • FAX: (505) 327-6177

Sylvia F. Little, President

January 27, 1999

Merrion Oil & Gas Corporation P.O. Box 840 Farmington, NM 87499

RE: Commingling Application

Salazar #10 Sec. 22-25N-6W

Rio Arriba County, NM

This letter is to advise your company that Little Oil and Gas, Inc. has requested approval to commingle the subject well, per the attached BLM report.

Sincerely

JOE ELLEDGE

JE/cw

Encl.

salazar10199



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OFF: (505) 327-6176 • FAX: (505) 327-6177

Sylvia F. Little, President

January 27, 1999

Burlington Resources P.O. Box 4239 Houston, TX 77210-4239

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salazart0199



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Sylvia F. Little, President

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Kimbell Oil Company of Texas 500 Throckmorton, Suite 3000 Fort Worth, TX 76102

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