

May 29, 1996

Mr. William LeMay  
New Mexico Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

**RECEIVED**  
MAY 31 1996  
**OIL CON. DIV.**  
**DIST. 3**

Re: San Juan 27-5 Unit #126E  
880'FNL, 1510'FWL Section 7, T-27-N, R-5-W, Rio Arriba County, NM  
API #30-039-23756

Dear Mr. LeMay:

This is a request for administrative approval for downhole commingling the Blanco Mesa Verde and Basin Dakota pools in the subject well. It is intended to add the Blanco Mesa Verde formation to this Dakota well and commingle both formations.

To comply with the New Mexico Oil Conservation Division rules, Meridian is submitting the following for your approval of this commingling:

1. Form C107A - Application for Downhole Commingling;
2. C-102 plat for each zone showing its spacing unit and acreage dedication;
3. Production curve for the Dakota for at least one year;
4. Notification list of offset operators - Meridian is operator of San Juan 27-5 Unit;
5. Notification list of working, overriding, and royalty interests.

If you are a working, overriding or royalty interest owner in either of the above described pools, you are being notified of this application as a requirement of the New Mexico Oil Conservation Division Rule #303C. Meridian Oil Inc, as operator, believes this application will be in the best interest of all owners. If you have no objection to this commingling application, you do not have to respond to this notification. Upon establishment of production from this well, you will receive your proportionate share of revenues from the pool in which you own an interest according to the proposed allocation formula.

The allocation formula will be based off past Dakota production. Any production over and above Dakota predicted volumes will be allocated to the Mesa Verde.

Please let me know if you require additional data.

Sincerely,



Peggy Bradfield  
Regulatory/Compliance Administrator

encs.

xc: Bureau of Land Management

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**DISTRICT I**  
 P.O. Box 1989, Hobbs, NM 88241-1989

**DISTRICT II**  
 811 South First St., Artesia, NM 88210-2838

**DISTRICT III**  
 1088 Rio Brazos Rd, Aztec, NM 87410-1088

State of New Mexico  
 Energy, Minerals and Natural Resources Department

**OIL CONSERVATION DIVISION**

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

Form C-107-A  
 New 3-12-98

APPROVAL PROCESS

Administrative  
 Hearing

**APPLICATION FOR DOWNHOLE COMMINGLING EXISTING WELLBORE**

YES  NO

Meridian Oil Inc PO Box 4289, Farmington, NM 87499

Operator Address

San Juan 27-5 Unit 126E C-7-27N-5W Rio Arriba

Lease Well No. Unit Ltr. - See - Top - Rge County

OGRID NO. 14538 Property Code 7454 API NO. 30-039-23756 Federal  State  (sealer) Fee \_\_\_\_\_

The following tests are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	Blanco Mesaverte - 72319		Basin Dakota - 71599
2. Top and Bottom of Pay Section (Perforations)	5009-5868'		7554-7776'
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated or Measured Original	(Current) a. not yet completed	a.	a. 1015 psi
	(Original) b. 980 (estimated)	b.	b. 1981 psi
6. Oil Gravity (°API) or Gas BTU Content	1200 (estimated)		1084 BTU
7. Producing or Shut-In?	not yet completed		producing
Production Marginal? (yes or no)	Yes		yes
* If Shut-in and oil/gas/water rates of last production	Date: Rates:	Date: Rates:	Date: Rates:
<small>Note: For new zones with no production history, applicant shall be required to submit production estimates and supporting data.</small>			
* If Producing, give date and oil/gas/water of recent test (within 60 days)	Date: Rates:	Date: Rates:	Date: 8-7-98 Rates: 25.00 BOPD, 101 MCFD, 0 BWPD
8. Fixed Percentage Allocation Formula -% for each zone (total of %'s to equal 100%)	Oil: % Gas: % See cover letter	Oil: % Gas: %	Oil: % Gas: % See cover letter

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 DIST. 3

9. 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?  Yes  No  
 If not, have all working, overriding, and royalty interests been notified by certified mail?  Yes  No  
 Have all offset operators been given written notice of the proposed downhole commingling?  Yes  No
11. Will cross-flow occur?  No 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.  Yes  No (If No, attach explanation)
12. Are all produced fluids from all commingled zones compatible with each other?  Yes  No
13. Will the value of production be decreased by commingling?  Yes  No (If Yes, attach explanation)
14. 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.  Yes  No
15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). \_\_\_\_\_

16. ATTACHMENTS:
- \* C-102 for each zone to be commingled showing its spacing unit and acreage dedicated on.
  - \* 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.

SIGNATURE Peggy Bradfield TITLE Regulatory Administrator DATE 5-30-96

TYPE OR PRINT NAME Peggy Bradfield TELEPHONE NO. (505) 326-9700

District I  
 PO Box 1990, Hobbs, NM 88241-1990  
 District II  
 PO Drawer DD, Artesia, NM 88211-0719  
 District III  
 1000 N. Brans Rd., Aztec, NM 87410  
 District IV  
 PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
 PO Box 2088  
 Santa Fe, NM 87504-2088

Form C-1  
 Revised February 21, 19  
 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 AFI Number 30-039-23756		2 Well Code 72319/71599		3 Well Name Blanco Mesaverde/Basin Dakota	
4 Property Code 7454		5 Property Name San Juan 27-5 Unit			6 Well Number 126E
7 OGRID No. 14538		8 Operator Name MERIDIAN OIL INC.			9 Elevation 6573'

10 Surface Location

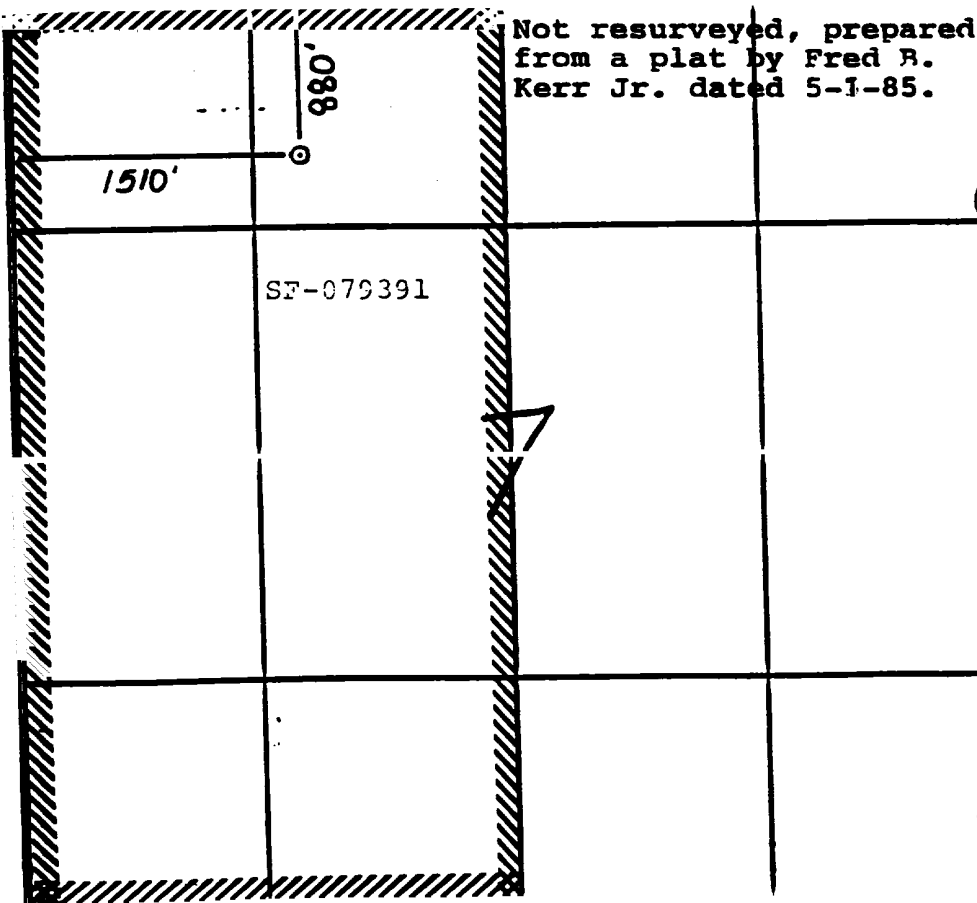
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	7	27 N	5 W		880	North	1510	West	R.A.

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 7/322.04	13 Joint or Infill	14 Consolidation Code	15 Order No.
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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



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

*Peggy Bradford*  
 Signature

Peggy Bradford  
 Printed Name

Regulatory Administrator  
 Title  
 5-23-96  
 Date

Date

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by or under my supervision, and that the same is true and correct to the best of my belief.

5-17-96

Date of Survey

Signature



Prop 1693 \*

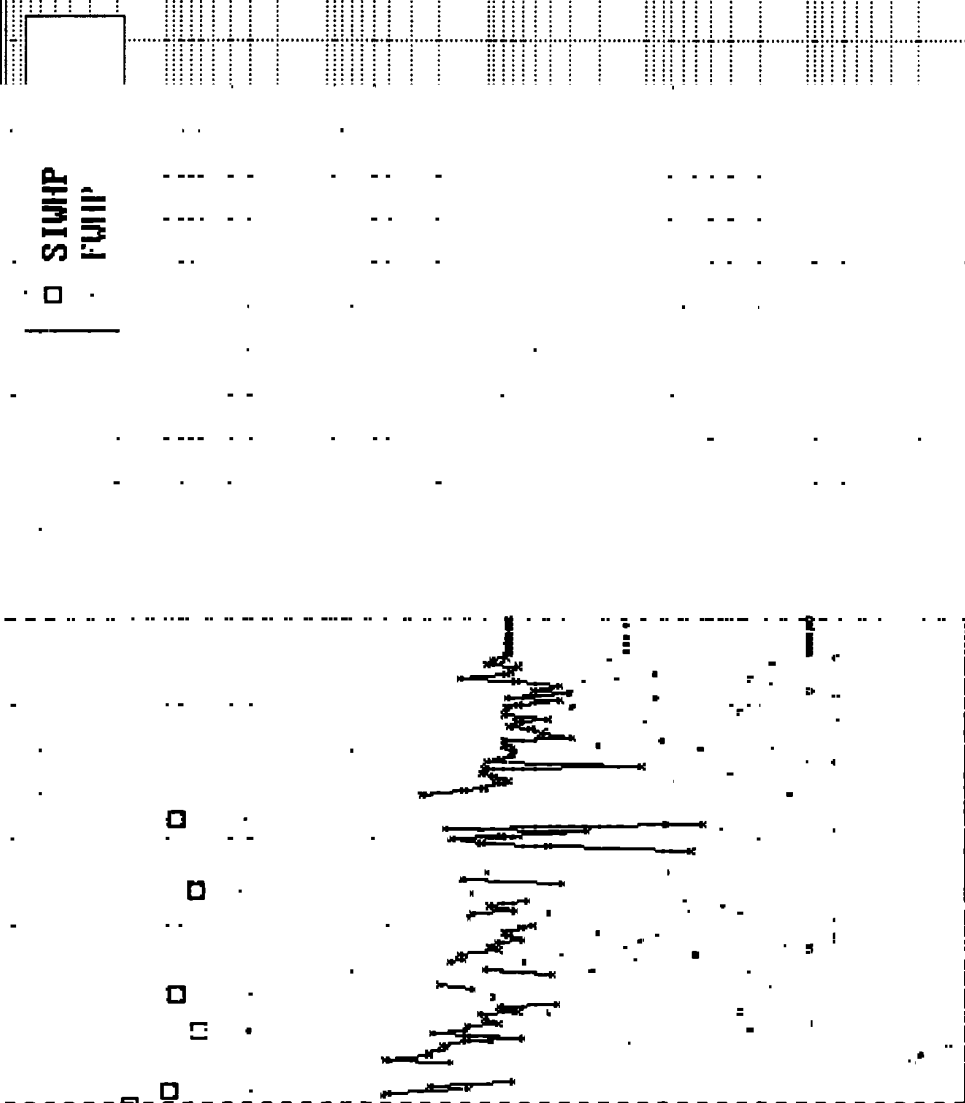
- GAS Mcf/d
- OIL Bbl/d
- OIL/GAS
- WATER Bbls/d



SAN JUAN 27-5 UNIT : 126E : AE : 642 CF: 92 SIP:

SIMHP  
 FWHP

10000 • WATER  
1000 • OIL/GAS  
1000 • OIL  
10000 • GAS



0.01 1  
0.01 1  
0.1 1  
1 1  
10 10  
10 10  
100 100  
1000 1000  
10000 10000

Major = GAS

**San Juan 27-5 Unit #126E  
Mesaverde Recompletion / Commingle**

**Justification for Commingling Production**

There are only two options available for developing the Mesaverde in the NW/4 of section 7. They are to recomplete the San Juan 27-5 Unit #126E and commingle with Dakota production or drill a new well. The current casing configuration in the #126E (4-1/2" casing from surface to 7,809') will not accommodate a dual configuration.

Meridian Oil does not feel the reserves in the Mesaverde can be exploited economically with new drill dollars. Based on this, it is our opinion that commingling is the only viable completion option to avoid waste in the Mesaverde interval. The Dakota formation will also benefit from commingling production with the Mesaverde. Adding the Mesaverde will extend the producing life of the Dakota and increase the overall recovery.

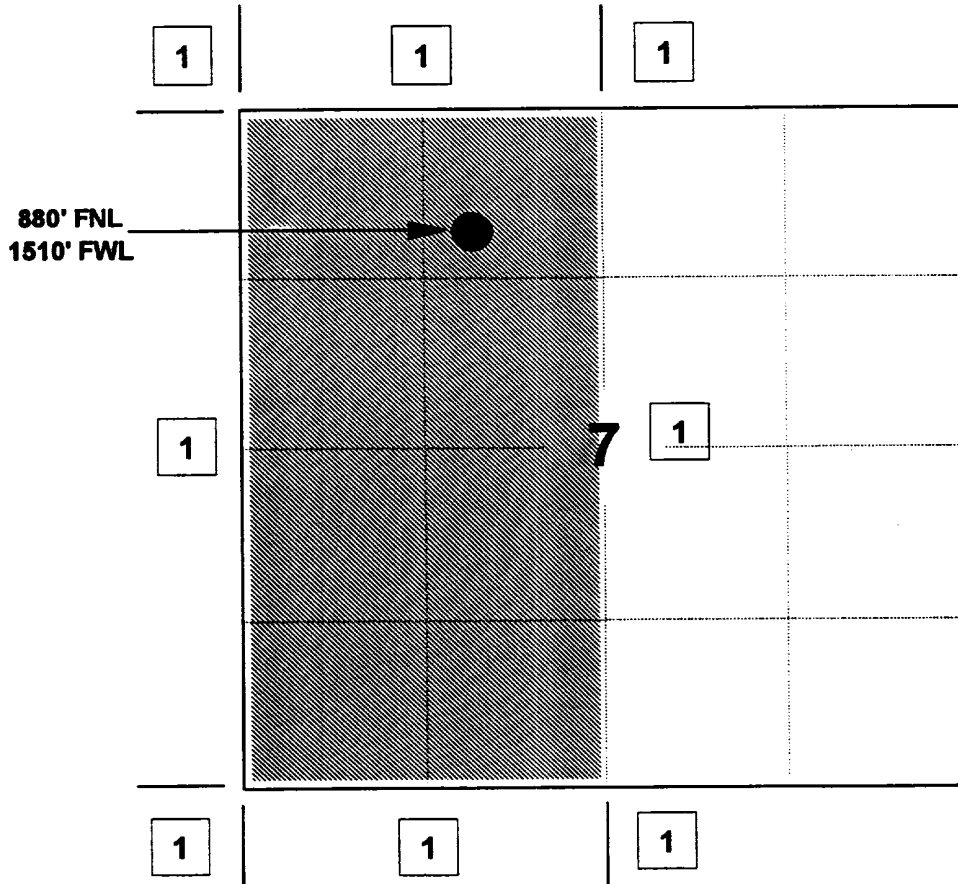
# MERIDIAN OIL INC

SAN JUAN 27-5 UNIT #126E

OFFSET OPERATOR \ OWNER PLAT

Mesaverde / Dakota Commingle Well

Township 27 North, Range 5 West



1) Meridian Oil Inc

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**San Juan 27-5 Unit #126E**  
**Dakota Pseudo Critical Properties**

Component	Yi	Mwi	Yi * Mwi	Tci	Yi*Tci	Pci	Yi*Pci
Carbon Dioxid	0.0137	44.01	0.60	547.91	7.51	1071.00	14.67
Nitrogen	0.0032	28.01	0.09	227.49	0.73	493.10	1.58
Methane	0.9000	16.04	14.44	343.33	309.00	666.40	599.76
Ethane	0.0588	30.07	1.77	549.92	32.34	706.50	41.54
Propane	0.0121	44.10	0.53	666.06	8.06	616.00	7.45
iso-Butane	0.0040	58.12	0.23	734.46	2.94	527.90	2.11
n-Butane	0.0037	58.12	0.22	765.62	2.83	550.60	2.04
iso-Pentane	0.0014	72.15	0.10	829.10	1.16	490.40	0.69
n-Pentane	0.0007	72.15	0.05	845.80	0.59	488.60	0.34
Hexane	0.0000	86.18	0.00	913.00	0.00	436.90	0.00
Heptane	0.0024	100.21	0.24	972.80	2.33	397.00	0.95
		Mwa =	18.27	Tpc=	367.48	Ppc=	671.14
		S.G.=	0.630648				

Init. SIWHP =	1686	Pri =	2.95
Init. SBHP (calc.) =	1981	Prc =	1.51
Curr. SIWHP =	874	Tr =	1.77
Curr. SBHP (calc.) =	1015	Zi =	0.865
Res. Temp (deg F) =	190	Zc =	0.93
Depth (mid perf) =	7665		

## **SAN JUAN 27-5 UNIT WORKING INTEREST OWNERS**

**Amoco Production Company  
Bedrock Limited Partnership  
Cinco General Partnership  
Coastal Oil & Gas Corporation  
Cruzelia C. & Pat Montoya  
Donald R. & Florence M. Candelaria  
EJE Brown Company  
Francis Lerby Candelaria  
Genevieve Candelaria  
Gerald E. Harrington  
Gerald F. Harrington Trust  
Harold O. Pool Irrevocable Trust  
James M. Raymond, Ind. & As Trustee for Corinne M. Gay & Maydell M. Mast  
James V. Harrington  
J. Fidel & Cordelia Candelaria  
John Christopher Candelaria  
Kerr-McGee Corporation  
Langdon D. Harrison  
MAR Oil & Gas Corporation, Inc.  
Mary Jone Chappell  
Mercedes M. Skidmore  
Meridian Oil Inc.  
Nick G. Candelaria  
Pablo Lenny Candelaria  
Paul M. Candelaria  
Paulette Sharon Candelaria  
Robert L. Bayless  
Robert P. Tinnin  
Ruth Zimmerman Trust  
Samuel L. Dazzo & Frances J. Dazzo  
Stephanie A. & Carlos Martinez  
Sunwest Bank for Kathleen Quinn  
Tempe LTD Partnership  
T. H. McElvain Oil & Gas Limited Partnership  
Thelma Pool Revocable Trust  
The Wiser Oil Company  
Thomas & Mary Dugan  
Williams Production Company**

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**San Juan 27-5 Unit  
Dakota Formation**

**Royalty Interest Owners:**

**Cruzelia C. Montoya  
Cruzelia & Pat D. Montoya  
Diocese of Gallup  
Donald & Florence M. Candelaria  
Donald R. Candelaria  
Francis L. Candelaria  
Genevieve Candelaria  
Horace & Elmyra McKay Trust  
J. Fidel & Cordelia Candelaria  
J. Fidel Candelaria  
James R. Payne & Jean Payne  
Jo Ann Schmidt  
John C. Candelaria  
Jose P. Esquibel  
Langdon D. Harrison  
Mercedes M. Skidmore  
Meridian Oil Inc.  
Minerals Management Services  
Nick G. Candelaria  
Pablo L. Candelaria  
Paul M. Candelaria  
Paulette S. Candelaria  
State of New Mexico  
Stephanie A. & Carlos Martinez**

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**San Juan 27-5 Unit  
Dakota Formation**

**Overriding Royalty Interest Owners:**

Alice Jane Webb  
Amalia S. Sanchez  
Amoco Production Company  
Bedrock Limited Partnership  
Corinne Miller Gay Trust  
Derek Peter Venezia  
Edna E. Morrell Living Trust  
Eleanor G. Hand  
Elizabeth T. Calloway  
Frank D. Gorham, Jr.  
Frederick E. Turner  
Gerald E. Harrington  
Gerald F. Harrington  
J. Glenn Turner, Jr.  
James M. Raymond  
James V. Harrington  
John C. Meadows  
John Lee Turner  
Joseph R. Abraham  
Manuel A. Sanchez Trust  
Mary Jo Wells  
Mary Jone Chappell  
Maydell Miller Mast Trust  
Meridian Oil Inc.  
Patricia Ann Ashburn  
Robert P. & Anna D. Earnest  
Romero Family Ltd. Partnership  
Scott Anthony Venezia  
Tempe Limited Partnership  
Total Minatome Corporation  
U/W Foster Morrell, Dec'd  
Union Oil Company of California  
Vastar Resources, Inc.  
W. G. Peavy Oil Company  
William G. Webb

**San Juan 27-5 Unit  
Mesaverde Formation**

**Royalty Interest Owners:**

Alice M. Vicenti  
Amalia S. Sanchez  
Cruzelia C. Montoya  
Cruzelia & Pat D. Montoya  
Diocese of Gallup  
Donald & Florence M. Candelaria  
Donald R. Candelaria  
Ernestina M. Gallegos  
Francis L. Candelaria  
Freddy Arnold  
Frieda M. Holt  
Genevieve Candelaria  
Horace & Elmyra McKay Trust  
Iris Ann Daharsh  
J. Fidel & Cordelia Candelaria  
J. Fidel Candelaria  
James R. Payne & Jean Payne  
Jo Ann Schmidt  
John C. Candelaria  
Jose P. Esquibel  
Kathryn L. Campbell  
Langdon D. Harrison  
Manuel A. Sanchez Trust  
Marie Barton  
Mercedes M. Skidmore  
Meridian Oil Inc.  
Minerals Management Services  
Nick G. Candelaria  
Pablo L. Candelaria  
Paul M. Candelaria  
Paulette S. Candelaria  
Raymond Martinez  
Richard Arnold  
Rufie Lujan  
Stanley R. Arnold  
State of New Mexico  
Stephanie A. & Carlos Martinez  
Verda L. Boccacio  
Virgina M. Martinez

**San Juan 27-5 Unit  
Mesaverde Formation**

**Overriding Royalty Interest Owners:**

Alice Jane Webb  
Amalia S. Sanchez  
Amoco Production Company  
Bedrock Limited Partnership  
Corinne Miller Gay Trust  
Derek Peter Venezia  
E J E Brown Company  
Edna E. Morrell Living Trust  
Eleanor G. Hand  
Elizabeth T. Calloway  
Frank D. Gorham, Jr.  
Frederick E. Turner  
Gerald E. Harrington  
Gerald F. Harrington  
Harold O. Pool Irrev. Residual Trust  
J. Glenn Turner, Jr.  
James M. Raymond  
James V. Harrington  
John C. Meadows  
John Lee Turner  
Joseph R. Abraham  
Kathleen Quinn  
Kerr-McGee Corporation  
Langdon D. Harrison  
Manuel A. Sanchez Trust  
Mary Jo Wells  
Mary Jone Chappell  
Maydell Miller Mast Trust  
Meridian Oil Inc.  
Patricia Ann Ashburn  
Robert L. Bayless  
Robert P. & Anna D. Earnest  
Robert P. Tinnin  
Romero Family Ltd. Partnership  
Ruth Zimmerman Trust  
Scott Anthony Venezia  
T.H. McElvain Oil & Gas Limited Partnership  
Thomas A. Dugan & Mary E. Dugan  
Total Minatome Corporation  
U/W Foster Morrell, Dec'd  
Union Oil Company of California  
Vastar Resources, Inc.  
W. G. Peavy Oil Company  
William G. Webb