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STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING

ANITA LOCKWOOD CABINET SECRETARY

POST OFFICE BOX 2088 STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO 87504 (505) 827-5800

ADMINISTRATIVE ORDER DHC-1024

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

Attention: Travis D. Stice

N AUG - 5 1994

OIL CON. DIV.

Sharp Well No. 1
Unit D, Section 18, Township 28 North, Range 8. West. NMPM,
San Juan County, New Mexico.
Blanco-Mesaverde and Undesignated Otero-Chacra Pools

Dear Mr. Stice:

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 20 barrels per day, and total water production shall not exceed 40 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.

In accordance with the provisions of Rule 303-C, the supervisor of the Aztec District Office of the Oil Conservation Division shall determine the proper allocation of production from the subject well following its completion.

Administrative Order DHC-1024 Meridian Oil, Inc. August 2, 1994 Page 2

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Pursuant to Rule 303-C-5, the commingling authority granted by the order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.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 2nd day of August, 1994.

STATE OF NEW MEXICO

OIL CONSERVATION DIVISION

WILLIAM J. LEMAY

Director

SEAL

WJL/DRC/amg

cc:

Oil Conservation Division - Aztec

US Bureau of Land Management - Farmington

Ernie Busch

From:

Ernie Busch

To: Subject:

David Catanach MERIDIAN OIL INC (DHC)

Date:

Tuesday, July 12, 1994 8:33AM

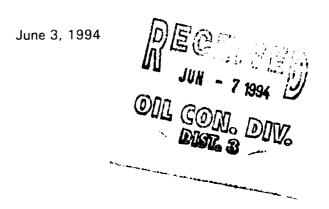
WELL NAME: SHARP #1

LOCATION: D-18-28N-08W

RECOMMEND: APPROVAL

MERIDIAN OIL

New Mexico Oil Conservation Division Attn: Mr. Bill LeMay P.O. Box 2088 310 Old Santa Fe Trail Santa Fe, New Mexico



RE: Sharp #1

Unit D, Section 18, T28N, R08W San Juan, New Mexico

Downhole Commingling Request

Dear Mr. LeMay:

Meridian Oil respectfully requests administrative approval to downhole commingle the Blanco Mesaverde and Otero Chacra (extension) pools in the referenced well. Ownership for the zones to be commingled is common. All offset interest owners shown on the attached plat and the Bureau of Land Management will receive notice of this commingling application.

Precedent for commingling the referenced zones in this area has been established in the Grambling A #3 (Unit G, Section 28, T28N, R08W) per NMOCD Administrative Order #DHC-817, dated September 4, 1991. This well is producing with no adverse effects from commingling.

The Sharp #1 was completed openhole in the Mesaverde and stimulated with a solidified nitroglycerine shot in 1951. Currently the well produces 30 MCFD and less the 0.5 BOPD. The well has cumulative production of 2450 MMCF and 1.5 MBO. Meridian plans to sidetrack the existing wellbore and complete both the Mesaverde and Charca intervals. A post sidetrack deliverability of 230 MCFD and 1.5 BOPD is predicted from the Mesaverde interval.

Based on Chacra completions in this area, ultimate reserves of 250 MMCF and an initial deliverability of 130 MCFD are estimated for the Chacra zone in the Sharp #1. Although significant reserves are in place, new drill wells can not be economically justified based solely on reserves found in the Chacra. The only feasible way to produce the Chacra at this location and prevent potential waste of these reserves is to commingle production with an existing wellbore.

The fluids in the two reservoirs are compatible and no precipitates will be formed which could potentially damage either reservoir. (See attached fluid analyses and compatibility tests.) The reservoir parameters of each zone are such that underground waste will not be caused by the proposed commingling. The estimated shut-in pressures for the Mesaverde and Chacra are 700 psi and 800 psi, respectively.

The allocation of the commingled production will be calculated using flow tests from the Mesaverde and Chacra zones during completion operations. Meridian will consult with the district supervisor of the Aztec NMOCD office for approval of the allocation.

New Mexico Oil Conservation Division Mr. Bill LeMay Sharp #1 Downhole Commingling Request Page Two

Approval of this commingling application will prevent resources from being wasted and protect correlative rights. Included with this letter are plats showing ownership of offsetting leases for both formations, copies of letters to offset operators and the Bureau of Land Management, and a detailed report of fluid compatibility.

If you have any questions concerning this matter please contact Mr. Sean Woolverton at (505) 326-9837. Your attention to this matter is greatly appreciated.

Sincerely,

Travis D. Stice Regional Engineer

SCW:scw Attachments

cc:

Frank T. Chavez - NMOCD/Aztec

Peggy Bradfield

Well File

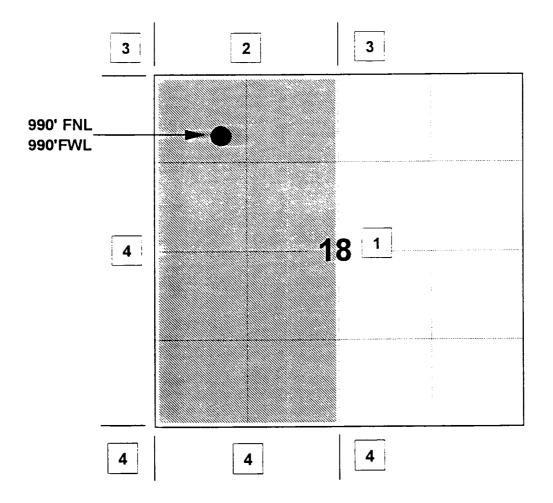
MERIDIAN OIL INC

SHARP #1

OFFSET OPERATOR \ OWNER PLAT

Mesaverde / Chacra Commingle Well

Township 28 North, Range8 West



1) Meridian Oil Inc	
2) Meridian Oil Inc &	Southland Royalty Company
3) Meridian Oil Inc &	
Amoco Production Company	PO Box 800, Denver, CO 80201
4) Amoco Production Company	

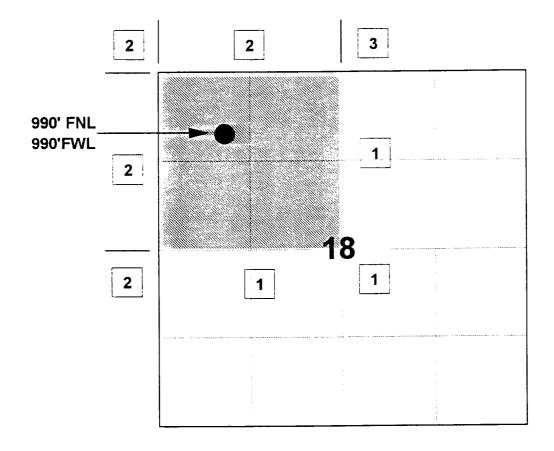
MERIDIAN OIL INC

SHARP #1

OFFSET OPERATOR \ OWNER PLAT

Mesaverde / Chacra Commingle Well

Township 28 North, Range8 West



1) Meridian Oil Inc	
2) Amoco Production Company	PO Box 800, Denver, CO 80201

Chacra Formation

MERIDIAN OIL

May 25, 1994

Bureau of Land Management 1235 La Plata Highway Farmington, New Mexico 87401

RE: Sharp #1

Unit D, Section 18, T28N, R08W

San Juan, New Mexico

Downhole Commingling Request

Gentlemen:

Meridian Oil Inc. is in the process of applying for a downhole commingling order from the New Mexico Oil Conservation Division (NMOCD) for the referenced well located in San Juan County, New Mexico. The approved application will commingle the Blanco Mesaverde and the Otero Chacra pools.

The purpose of this letter is to notify you of Meridian's application. If you have no objections to the proposed NMOCD commingling order, we would appreciate your signing this letter and returning it to this office.

Your prompt attention to this matter would be appreciated.

Yours truly,

Sean C. Woolverton Reservoir Engineer

Sean Wooherton

SCW:scw

Wavier approval.

Date:

MERIDIAN OIL

May 25, 1994

Amoco Production Company Attn: David Simpson P.O. Box 800 Denver, CO 80201

RE: Sharp #1

Unit D, Section 18, T28N, R08W San Juan, New Mexico Downhole Commingling Request

Dear Mr. Simpson:

Meridian Oil Inc. is in the process of applying for a downhole commingling order from the New Mexico Oil Conservation Division (NMOCD) for the referenced well located in San Juan County, New Mexico. The approved application will commingle the Blanco Mesaverde and the Otero Chacra pools.

The purpose of this letter is to notify you of Meridian's application. If you have no objections to the proposed NMOCD commingling order, we would appreciate your signing this letter and returning it to this office.

Your prompt attention to this matter would be appreciated.

Lean Woodverton
Sean C. Woolverton
Reservoir Engineer

Yours truly,

SCW:scw

Wavier approval.

Date:



LABORATORY INVESTIGATION

OF

ALBRIGHT MESA VERDE AND CHACRA FLUIDS COMPATABILITY

JANUARY 23, 1991

PREPARED FOR:

PREPARED BY:

MERIDIAN OIL, INC MIKE PIPPIN PETROLEUM ENGINEER BRIAN P. AULT
PETROLEUM ENGINEER
WESTERN COMPANY CF
NORTH AMERICA

SERVICE POINT FARMINGTON, NEW MEXICO 505-327-6222

SUMMARY OF RESULTS

- 1. No precipitation of materials was observed from either admixture of fluids.
- 2. Emulsion testing was performed. There should be no serious concern over the formation of a stabilized emulsion at well bore temperatures.
- 3. The cloud point of oil mixtures dropped or remained the same upon mixing of fluids.
- 4. According to calculations not enough cool down from gas expansion will occur to alter paraffin deposition significantly.

ALBRIGHT 7-1 MV/CH SAN JUAN COUNTY, NEW MEXICO

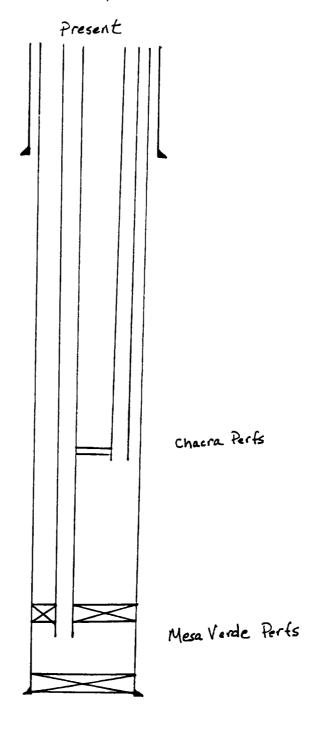


FIGURE 1

ALBRIGHT 7-A MV/CH SAN JUAN COUNTY, NEW MEXICO

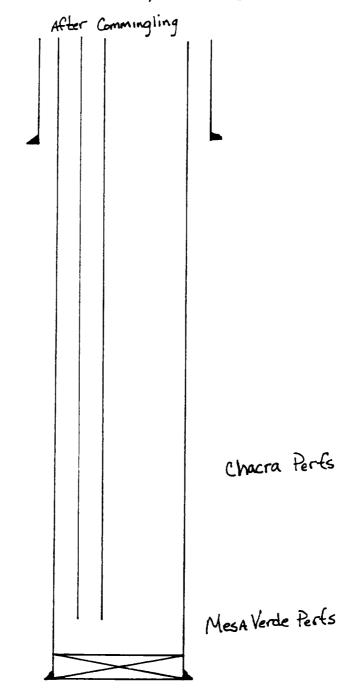


FIGURE 2

On Thursday, January 10, 1991, a request for laboratory work was placed by Mike Pippin, Petroleum Engineer of Meridian Oil, Inc.

PURPOSE

Two oil samples were received of Mr. Pippin with the request we investigate the concern of potentially detrimental effects due to commingling of Mesa Verde and Chacra fluids in the Albright 7A wellbore.

INVESTIGATION

- Background information current wellbore.
 - a. Figure 1
 - b. Figure 2
 - c. BHST Gradient: 1.375° f/100 ft.
 - d. Current production problems are primarily due to paraffin deposition from surface down to more/less 1000' depth.
 - e. Commingling Order Mixture Requirements:

The commingling requests present the mixing of Albright 7-A Mesa Verde fluids with Albright 2-J Chacra fluids.

The tests performed simulated the mixture of fluids that may result from this commingling action. Each oil component was analyzed for API gravity, paraffin, pour point and cloud point. Each water component was analyzed for dissolved solids, pH, specific gravity and resistivity. The mixture of oils addressed the potential increase in precipitation of materials and the potential increase in paraffin content by a synergistic effect of mixing oils of different constitution. Emulsion tests simulated the mixing environment of the wellbore where the water component of a fluid could be tied up in a resulting emulsion without the ability to break out and allow separation of the oil and constituents. The emulsion test results

present the number of ml (% of mixture) of water breakout at listed time intervals. The volume of test sample (mixture) used in the emulsion tests is 100 ml.

- 2. Concerns to address in analysis:
 - a. The precipitation of materials produced by the admixture of oils of potentially different constitution.
 - b. The creation of emulsions due to the admixture of different fluids.
 - c. Increased paraffin deposition by additive properties of oils.
 - d. Increased paraffin deposition due to the reduction of temperature accompanying gas expansion.
- 3. Steps taken in analysis
 - a. API Analysis of oils including: API Gravity
 Pour Point
 Cloud Point
 Paraffin Content
 - b. Discussion with Mr. Pippen regarding the well bore production environment, e.g., mode of hydrocarbon production, pump type and operation, water components of production fluids, current paraffin problems, etc.
 - c. Mixing of oils in appropriate cases with additional cloud point testing to determine resulting fluid characteristics.
 - d. API Water Analysis
 - e. Emulsion tendency testing via mixing of fluids in appropriate cases.

DATA

SAMPLE #1 - ALBRIGHT 7A		
ZONE	MESA	VERDE
API GRAVITY @ 60° F		55.1°
CLOUD POINT		60°F
POUR POINT		<10°F
PARAFFIN CONTENT		0.91%
SAMPLE #2 - ALBRIGHT 2J		
ZONE	C	CHACRA
API GRAVITY @ 60° F		54.10°
CLOUD POINT		<10° F
POUR POINT		<10° F
PARAFFIN CONTENT		0%
SAMPLE #3 50:50 MIX OF ALBRIGHT 7A AND	2J FLUIDS	
ZONE	50:50 MIX	MV/CH
API GRAVITY @ 60° F	!	53.20°
CLOUD POINT		48°F
POUR POINT	•	<10° F
PARAFFIN CONTENT		0.27%

CALCULATIONS

Cool down effects due to gas expansion:

Reference: Perry's Handbook of Chemical Engineering

RE : Adiabatic Expansion of Ethane, Methane

 $T_s + T_r (P_s/P_r) (K-1/K)$, where

T_s = Surface Temperature

 $T_r = Reservoir Temperature$

P_s = Surface Pressure

P_r = Reservoir Pressure

Assumed values for maximum cool down due to gas expansion:

 $T_{\bullet} = Unknown$

 $T_r = 140^{\circ}F$

P. = 500 psi

 $P_{r} = 1500 \text{ psi}$

K = 1.2

 $T_{\bullet} = 140 (500/1500) 0.1667$

 $T_s = 117^{\circ}F$

NOTE:

A total cooldown of 23°F would be expected

FIELD	RECEIPT	NO	

API FORM 45.1

API WATER ANALYSIS REPORT FORM

Company Meridian	Oil		Sample No.	Date Sampled	@ 1:5
Field	Legal Descri	Tagn RIOW	County or Paris	in Strie	
Lease or Unit Albright	Weil 7-A	Depth	Mesa Yerde	Water. B/D	
Type of Water (Produced, S		impiing Poins		Sampled By	
DISSOLVED SCLIDS CATIONS Sodium. Na (caia) Calcium. Ca Magnesium. Mg Barium. Ba Potassium. K [8]	me/l 54.68 1.90 74	P S R	OTHER PROPERTY PH Specific Gravity, 60/66 Lesistivity (ohm-meter Total hardness	o F. 7a =	6.55 1.00a 1.64 13a
ANIONS		_	WATER F	PATTERNS — me/l	
Cileride CI 9'17	55.78		-	TANDARD	
Sulfata, SO ₄ Carbonate, CO ₃ Bicarbonate, ECO ₃ OH O	0 3.00 0	C.	20 10	0 10	29 C1 HCC
Total Dissoived Solids (cala) 3422				ARITHMIC	- nim hcs
Iron. Fe (total) H, HH O,O ppl Sulfide. as HaS nog	m			- 2 8	0000
RIMARES & RECOMMENDATIONS:		A	ANALYST:	LLee	 -

THE WESTERN COMPANY OF NORTH AMERICA, FARMINGTON. NM (505) 327-6222

Please refer any questions to: BRTAN AULT, District Engineer



Date 01-16-91 # 51-01-91

Rocky Mountain Region

THE WESTERN COMPANY

Oil Analysis

Operator Moridian Oil	Date Sampled 01-11-91
well Albright 7-A	Date Received 01-15-91
Field 5aa 1aan RIOW	Submitted By MIKE PIPPIN
Formation Mega Yerde	Worked By Lhee
Depth	Sample Description 500 ml
County <u>San</u> Juan	clear brown oil + 0% Srea
State NM	HaO.
API Gravity 55.1° at 60°F Paraffin Content 91 % by wei Asphaltene Content 7 by Pour Point 410 °F Cloud Point 60 °F	
Comments:	

DO Drawer 250 - European 1111 87100

Paraffin Concent

wt. Buchner funnel, watch glass, and filter papers 146.823

After filtering:

Total wt. paraffin:

Paraffin content (%) =

Asphaltene Content

Asphaltene content
$$(\pi)$$

FIELD	RECEIPT	NO

API FORM 45-1

DISSOLVED SOLIDS

1 PT	WATER	ANALYSIS	REPORT	FORM
------	-------	----------	--------	------

Company Moridian	01	Sample No.	Date Sampled	@ I: ¹
Field	Saa Tagn	RIOW Country	or Parisn State	
Lease or Unit Albright	Weil a-J	Depth Formation Chack		_ .
Type of Water (Produced	i. Suppry, etc.) Sampiing	Point	Sampled By	

Carrons Sodium. Na (cala) Calcium. Ca Magnesium. Mg Barium. Ba Potassium. K	교 기	139.65 3.40 1.30 .46
AIMIONS Chloride, CI Sulfata, SO4 Carbonate, CO3 Bicarbonate, HCO3 OH	4601 0 0 339 0	129.79 0 3.92 0
Total Dissoived Solids (^{c=ic.)} 7903	
म _ा मा Iran. Fe (total) Suifide. as HaS	0,0 p	pm

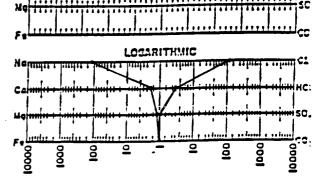
RIMARKS & RECOLLIENDATIONS:

OTHER PROPERTIES

nÆ	_7.d5
r —	1.00
Specific Gravity, 60/60 F. 72F.	.75
Total hardness	180

WATER PATTERNS - me/l

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ANALYST: LLOO

THE WESTERN COMPANY OF NORTH AMERICA, FARMINGTON. NI (505) 327-6222

Please refer any questions to: BRTAN AULT, District Engineer



Date 01-17-91 # 51-02-91

Rocky Mountain Region

THE WESTERN COMPANY

Oil Analysis

Operator Moridian Oil	Date Sampled 01-11-91								
Well Albright a-J	Date Received 01-15-91								
Field Saa Tagn RIOW									
Formation Chacra	Worked By Lhee								
Depth	Sample Description 115 ml								
County San Juan	clear oil + 400 ml (78%)								
StateNM	Sree HaO.								
API Gravity 54.1 ° at 60°F									
Paraffin Content% by weig	ght								
Asphaltene Content% by w	veight								
Pour Point 410 °F									
Cloud Point 4/0 °F									
<pre>Comments:</pre>									

Paraffin Content

.wr. beaker + sample

wt. Buchner funnel, watch glass, and filter papers 123.664

After filtering:

wt. beaker + paraffin residue 98.160

wt. funnol, glass, papers + paraffin residue 100.664

Total wt. paraffin:

wt. paraffin in beaker O

+ wt. paraffin in others O

Total paraffin O grams

Paraffin content (%) =

Asphaltone Content

wt tube + sample

(wr. sample)

- wt. tube /

Asphyltene content (%)

$$5.6. = \frac{7.56}{10.0} @ 75°7 = .756$$

°API @
$$75^{\circ}F = \frac{141.5}{5.6} - 131.5 = 55.669$$

Temp. Correction: OAPI @ 60°F



Date 01-19-91 # 51-03-91

Rocky Mountain Region

THE WESTERN COMPANY

Oil Analysis

operator Moridian Oil	Date Sampled 01-11-91						
Well Albright 7-A/Albright a-J	Date Received 01-15-91						
Field Saa Tagn RIOW	Submitted By MIKE PIPPIN						
Formation Mosa Vordo / Chacra	Worked By Lhee						
Depth	Sample Description 50/50 mlX						
county San Juan	of Albright 7-A oil +						
State NM	Albright a-J oil.						
	J						
API Gravity 53.d ° at 60°F							
Paraffin Content . 27 % by wei	ght						
Asphaltene Content % by weight							
Pour Point <10 °F							
Cloud Point 48 °F							
Comments:							

Analyst__

Paraffin Content

After filtering:

Total wt. paraffin:

Paraffin content (%) =
$$\frac{.08}{0.918}$$
 Total paraffin x 100 = $\frac{.37}{0.918}$ % Sample wt.

5.G. =
$$\frac{7.60}{10.0}$$
 @ $74^{\circ} f = .760$
°API @ $74^{\circ} f = \frac{141.5}{5.6} - 131.5 = 54.684$

THE EMPLSION TESTS DATA SHEET

7.5% a-Joil + a55% a-

OPERATOR: MORIDIAN OIL SUBMITTED BY: MIKE PIPPIN EII: Albright 7-A + a-J

SOURCE OF SAMPLE: WOINEAD

TIPE & CONC. OF FLUTD: +32.5% 7-Acil + 34.5%

TIELD: Sa' Tagn RIOW

DATE SAMPLED: 01-11-91

FORMATION: MOOD YORDO /CHOCK DATE RECEIVED: 01-15-91

TEST TEMPERATURE: 76°F

DEPTH: countre: San Juan API GRAVITI OF OIL: 53.2° @ 60°F CHATTER PLOTE PATTO:

water PERCENTAGE OF ORIGINAL ACED SEPARATED AT VARIOUS TIME INTERVALS AFTER EMULSIFYING

		AGE 0.							3 1155						ī	
Test Number		1	1		<u> </u>		1	_					<u> </u>		<u> </u>	
Additives & Concentration, Gal/1000 Gal																1
Flansed Time	Time	Vol	Time	Vol	Time	Val	Time	Vol	Time	Vol	Time	Vol	Time	Vol	Time	Vol
1 ====	1	59.5	2		3		4		5		6		7		8	
:	2		3		4		5		6		7	1.	8		9	
3	3	i	1 4		5		6		7		8		9		10	
<u> </u>	4		5		6		7		8		9		10		111	
5	5		6		7		8		9		10		n		12	
6	6	1	7	-	8		9		10		n		12		13	<u> </u>
;	7	1	8		9		10		11		12		נו		14	
8	8		9		10		111		12		13		14		15	
y	9		13		l n		12		נו		14		15		16	
10	10		11	•	12	•	13		14		15		15		17	
20	20		21	-	22		23		24		25		26		27	
30	30		31		32		33		34		35		36		37	
otal Vol (ml)		59.5														
Vol. Emuision / Siudge																_
Sclids*																
Interface	γ!	ImL													<u> </u>	
Vol. Sediment	1	i	1									İ				

^{*} Preferencial vecting of solids: OB=oil-wet bottom; OO=oil-wet oil phase: WB=water-wet bottom; WD=water-wet oil phase: VB=water-wet bottom; WD=water-wet oil phase: VE=water-wet interface
** Interface: F=Fluid; S=Solid; V=Viscous

^{7.5} ml Albright a-J Chacra oil + 25.5 ml Albright a-J Chacra water + 32.5 ml Albright 7-A Mesa Yerde oil + 34.5 ml Albright 7-A Mesa Yerde H