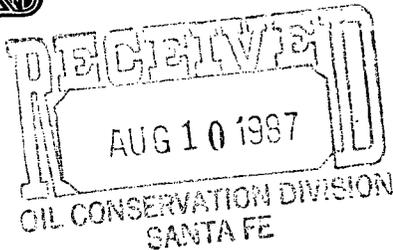




National Cooperative Refinery Association

1775 SHERMAN STREET, SUITE 3000 • DENVER, COLORADO 80203 • 303/861-4883



July 29, 1987

*Crude Oil
Division
Office*

New Mexico Oil Conservation Division
Post Office Box 2088
Sante Fe, New Mexico 87504

RE: Commingling Application
Candado No. 17
Unit A, Sec 10, T26N-R7W
Rio Arriba County, New Mexico

Gentlemen:

National Cooperative Refinery Association requests administrative approval to downhole commingle production from the Blanco Mesaverde and the Otero Chacra in the subject well. The downhole commingling will be achieved by pulling both tubing strings and the packer. A single tubing string will be run to the Mesaverde and both the Chacra and the Mesaverde will produce through tubing.

The downhole commingling of the Candado No. 17 is necessary to improve the producing efficiency, and thereby prevent waste of the Mesaverde gas resources. Currently, the Mesaverde logs off every other day due to liquid loading and must be blown to the atmosphere to re-establish production. By commingling production downhole, the Chacra will provide additional gas production and aid the Mesaverde in unloading liquids from the wellbore. Subsurface and surface equipment installations can also be used to prevent waste if the well continues to log off. Such equipment cannot be used effectively with the current wellbore configuration.

The proposed commingling will not adversely effect either zone for the following reasons:

1. The bottom hole pressure of the Chacra is 89 percent of the Mesaverde bottom hole pressure based on a 7 day shut-in period.
2. Neither zone has a history of sensitivity to condensate or water and should not be damaged by the small amount produced.
3. Both zones produce gas with a similiar BTU content and commingling will not diminish the value of the commingled gas.

Commingling Application
July 29, 1987
Page 2

4. Both zones have common ownership.

In compliance with New Mexico Oil Conservation Division rule 303C, please find two copies of each of the following attachments:

1. Well location map showing acreage dedicated to well and ownership of offsetting leases.
2. Division Form C-116, 24-hour productivity test.
3. Production curve for the Mesaverde.
4. Production curve for the Chacra.
5. Bottom hole pressure for the Mesaverde.
6. Calculated bottom hole pressure for the Chacra.
7. Water analysis for the Mesaverde.*
8. Gas analysis for the Mesaverde.
9. Gas analysis for the Chacra.
10. Formula for the allocation of production for each commingled zone.
11. A copy of the letter sent to all offset operators notifying them of our intent to commingle.

* The Chacra formation does not produce any liquids in this well.

To allocate production to the individual Mesaverde and Chacra formations we recommend the following:

1. Allocate 77.6 percent gas production to the Mesaverde.
2. Allocate 22.4 percent gas production to the Chacra.

Commingling Application
July 29, 1987
Page 3

3. Allocate 100 percent condensate production to the Mesaverde.

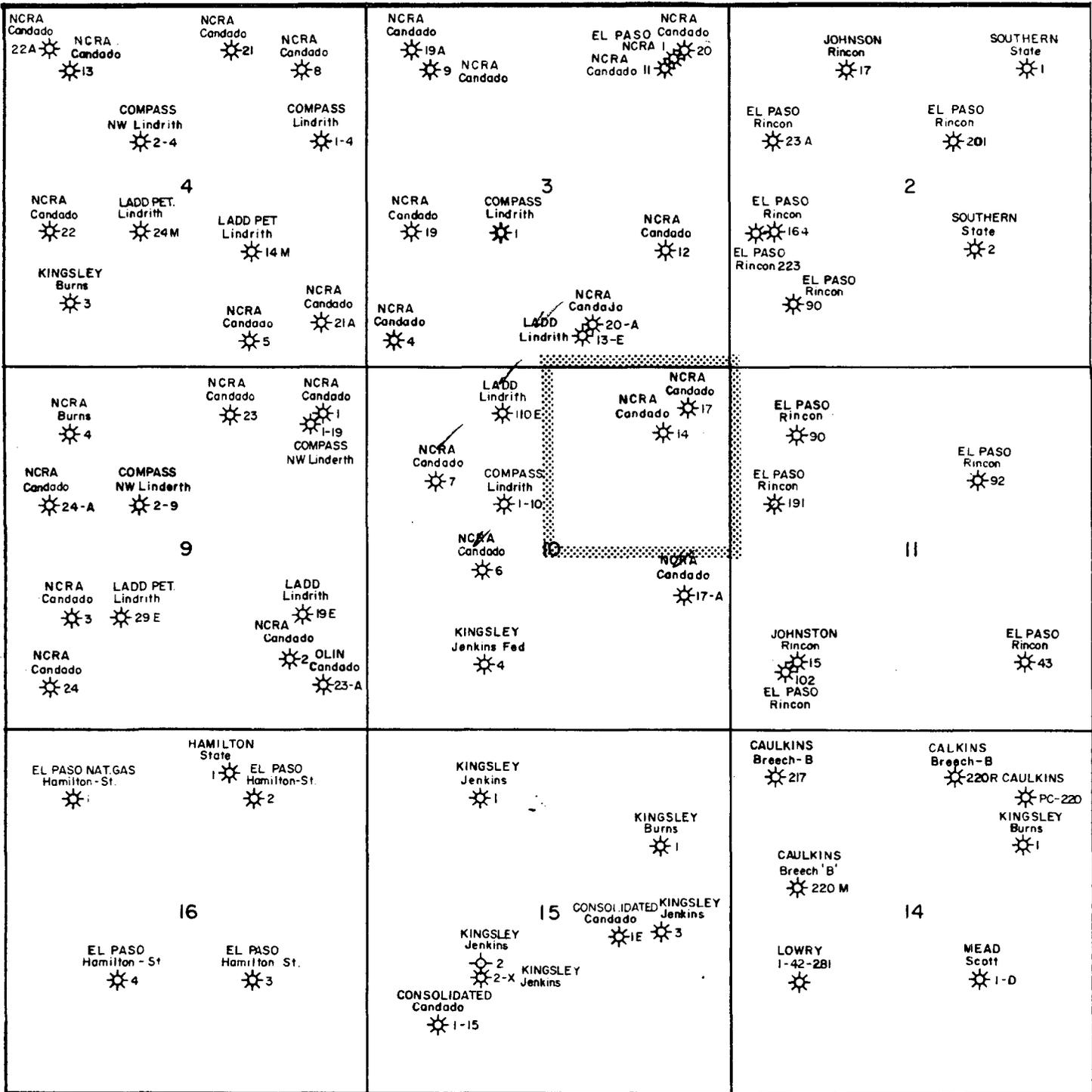
Questions concerning this commingling application should be directed to the undersigned at (303) 861-4883.

Sincerely,



A.M. O'Hare
Joint Operations Supervisor

MJB/bv1
enc



T
26
N

R 7 W

N.C.R.A.

Aceage Dedication Plat Showing Offset Ownership

Candado No. 17

Rio Arriba County, New Mexico

GAS-OIL RATIO TESTS

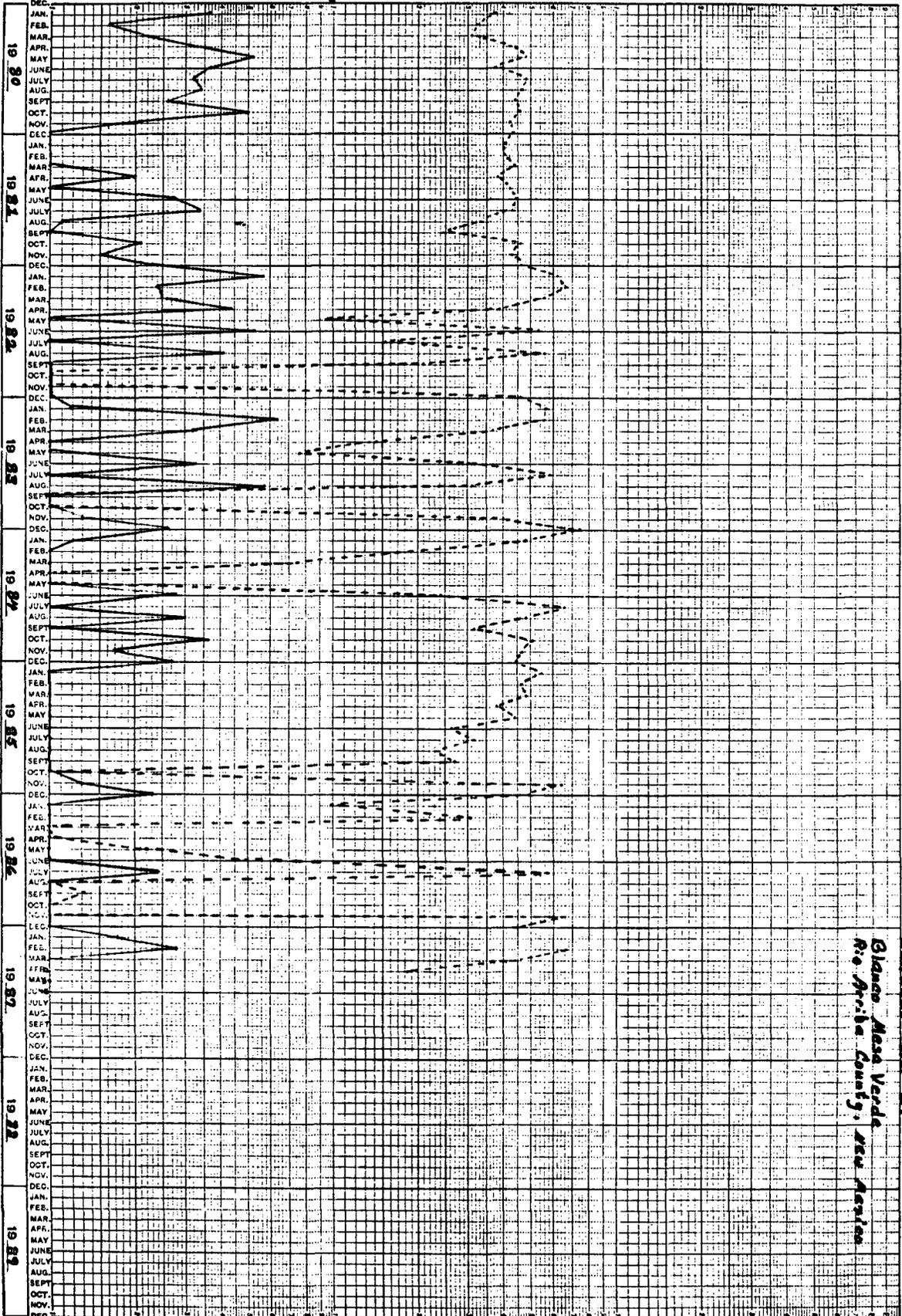
LEASE NAME	WELL NO.	LOCATION				DATE OF TEST	TYPE OF TEST - (X)	CHOKES SIZE	TBG. PRESS.	DAILY ALLOWABLE	SCHEDULING	COMPLETION	PROD. DURING TEST				GAS - OIL RATIO CU. FT./BBL.
		U	S	T	R								WATER BLS.	GRAV. OIL BLS.	GAS M.C.F.	GAS - OIL RATIO	
Candado No. 17 Mesaverde	17	A	10	26N	7M	7/15/87		130			<input type="checkbox"/>	<input type="checkbox"/>	24	0	0.1	350	3,500,000
Candado No. 17 Chacra	17	A	10	26N	7M	7/22/87		93			<input type="checkbox"/>	<input type="checkbox"/>	24	0	0	150	

No well will be assigned an allowable greater than the amount of oil produced on the official test.
 During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Division.
 Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60° F. Specific gravity base will be 0.60.
 Report casing pressure in lieu of tubing pressure for any well producing through casing.
 Mail original and one copy of this report to the district office of the New Mexico Oil Conservation Division in accordance with Rule 301 and appropriate pool rules.

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

A.M. O'Hare
 A.M. O'Hare (Signature)
 Joint Operations Supervisor
 (Title)

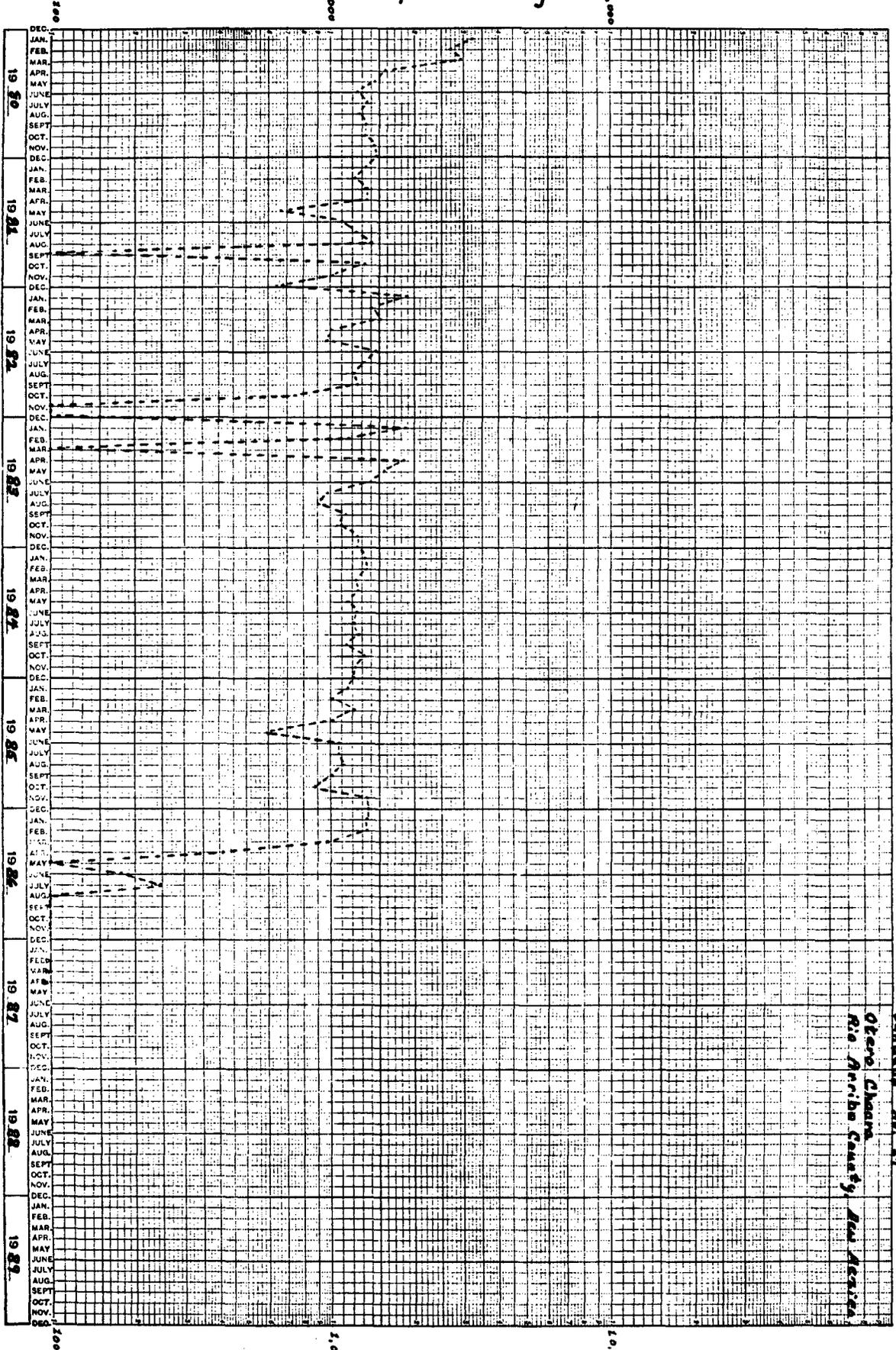
Condensate per Month - 1000



Condado No. 17
Blanco Mesa Verde
Rio Arriba County, New Mexico

MCF per Month - - - -

MCF per Monthly



Canada No. 11
Otero, Chama
Rio Arriba County, New Mexico

B & R SERVICE, INC.

P. O. Box 1048
Farmington, New Mexico 87499
(505) 325-2393

Company N.C.R.A. Lease CANADO Well #17
 County RIO ARRIBA State NEW MEXICO Date 6-25-87
 Shut-In 6/21/87 Zero Point G.L. Tbg. Pressure 510
 Casing Pressure _____ Tbg. Depth _____ Casing Perf. _____
 Max. Temp. _____ Fluid Level _____

<u>DEPTH</u>	<u>PSIG</u>	<u>GRADIENT</u>
0	510	----
3761	583	.019
5040	604	.016
5138	612	.081

CANDADO NO. 17

CHACRA BOTTOM HOLE PRESSURE CALCULATION

From Gas Analysis, Apparent Molecular Weight, $MA = 20 \frac{\text{lbm}}{\text{lb} \cdot \text{mol}}$

Measured Surface Pressure, $P_s = 495 \text{ psig} = 509 \text{ psia}$

Estimated BHT @ 3761 ft = $110^\circ\text{F} = 570^\circ\text{R}$

Surface Temperature = $60^\circ\text{F} = 520^\circ\text{R}$

$$\bar{T} = \frac{TBH + T_s}{2} = \frac{570^\circ\text{R} + 520^\circ\text{R}}{2} = 545^\circ\text{R}$$

Assume BHP = 557 psia, $P = \frac{509 + 557}{2} = 533 \text{ psia}$

$$\rho = \frac{\bar{P}}{\bar{T}} \frac{M_A}{R} = 533 \text{ psia} \times \frac{20 \frac{\text{lbm}}{\text{lb} \cdot \text{mol}}}{545^\circ\text{R} \times 10.73 \frac{\text{psia} \cdot \text{ft}^3}{\text{lb} \cdot \text{mol} \cdot ^\circ\text{R}}} = 1.823 \frac{\text{lb}}{\text{ft}^3}$$

$$\text{BHP} = P_s + 3761 \text{ ft} \left(1.823 \frac{\text{lbm}}{\text{ft}^3} \cdot \frac{1 \text{ft}^2}{144 \text{in}^2} \right) = 509 + 47.6 \text{ psia} =$$

$$\text{BHP} = 556.6 \approx 557$$

$$\text{BHP} = 557 \text{ psia} = 543 \text{ psig}$$

Company: N. R. C. A.
 Address:
 Attention: MIKE BARNES
 Date Sampled: 3-22-87

Report No: 1
 Date: 3-23-87
 County: SAN JUAN
 Field: BLANCO
 Formation: MESA VERDE
 Lease: CANDADO
 Well: 17

WATER ANALYSIS

Specific Grav:	1.000	pH:	6.50
Chloride:	1,000 mg/l	Calcium:	160 mg/l
Bicarbonate:	31 mg/l	Magnesium:	N D
Sulfate:	0.	Total Iron:	0.
Sulfide:	0.	Sodium:	476 mg/l
Total Hardness		Total Disslvd	
(as CaCO3):	400 mg/l	Solids:	1,666 mg/l
Resistivity:	10.00	Ohm Meters @:	60 F
Potassium:	0.	Carbonate:	N D

Sample Source:

Remarks:

Analyst: M. CONREY
 Smith Representative: M. CONREY

06-05-87

EL PASO NATURAL GAS COMPANY
MEASUREMENT DEPARTMENT
POST OFFICE BOX 1492
EL PASO, TEXAS 79978

MAILEE
04920

CHROMATOGRAPHIC GAS ANALYSIS REPORT

NATIONAL CO-OP REFINERY ASSN
1775 SHERMAN ST. SUITE 3000
DENVER, CO 80203

ANAL DATE 00-00-00

METER STATION NAME
CANDADO #17 MV

METER STA 89642
OPER 6311

TYPE CODE	SAMPLE DATE	EFF. DATE	USE MOS	H2S GRAINS	LOCATION
00 ***	04-13-87	04-28-87	06	0	4 F 13

	NORMAL MOL%	GPM
CO2	.55	.000
H2S	.00	.000
N2	.94	.000
METHANE	75.22	.000
ETHANE	11.84	3.167
PROPANE	6.45	1.778
ISO-BUTANE	1.11	.363
NORM-BUTANE	1.85	.583
ISO-PENTANE	.67	.245
NORM-PENTANE	.53	.192
HEXANE PLUS	.84	.365
	100.00	6.693

SPECIFIC GRAVITY .774

MIXTURE HEATING VALUE
(BTU/CF @14.73 PSIA, 60 DEGREES, DRY) 1327

RATIO OF SPECIFIC HEATS 1.272

NO TEST SECURED FOR H2S CONTENT

*** TYPE CODE EXPLANATION SINGLE METER ANALYSIS

GXC

06-05-87

EL PASO NATURAL GAS COMPANY
MEASUREMENT DEPARTMENT
POST OFFICE BOX 1492
EL PASO, TEXAS 79978

MAILEE
04920

CHROMATOGRAPHIC GAS ANALYSIS REPORT

NATIONAL CO-OP REFINERY ASSN
1775 SHERMAN ST. SUITE 3000
DENVER, CO 80203

ANAL DATE 00-00-00

METER STATION NAME
CANDADO #17 CH

METER STA 89643
OPER 6311

TYPE CODE	SAMPLE DATE	EFF. DATE	USE MOS	H2S GRAINS	LOCATION
40 ***	04-17-86	04-28-87	06	0	4 F 13

	NORMAL MOL%	GPM
CO2	.41	.000
H2S	.00	.000
N2	.91	.000
METHANE	84.10	.000
ETHANE	6.86	1.835
PROPANE	3.63	1.000
ISO-BUTANE	.65	.213
NORM-BUTANE	1.01	.318
ISO-PENTANE	.41	.150
NORM-PENTANE	.32	.116
HEXANE PLUS	1.70	.739
	100.00	4.371

SPECIFIC GRAVITY .716

MIXTURE HEATING VALUE
(BTU/CF @14.73 PSIA, 60 DEGREES, DRY) 1240

RATIO OF SPECIFIC HEATS 1.284

NO TEST SECURED FOR H2S CONTENT

*** TYPE CODE EXPLANATION SINGLE METER ANALYSIS

GXC

ALLOCATION FORMULA

The recommended allocation of production back to the Chacra and Mesaverde formations is based on the percentage of gas historically produced from each formation to the total amount of gas produced from the wellbore.

The established production declines were extrapolated to mid-year 1987. The monthly values from that point were individually divided by the sum of the values and multiplied by 100 to get the percentage production for each formation. This procedure is outlined arithmetically below.

$$\text{Chacra Allocation} = \frac{\text{Chacra Production}}{\text{Chacra + Mesaverde Prod. combined}} \times 100$$

$$\text{Mesaverde Allocation} = \frac{\text{Mesaverde Production}}{\text{Chacara + Mesaverde Prod. combined}} \times 100$$



National Cooperative Refinery Association

1775 SHERMAN STREET, SUITE 3000 • DENVER, COLORADO 80203 • 303/861-4883

*Crude Oil
Division
Office*

July 29, 1987

Offset Operators

RE: Candado #17
Section 10, T26N-R7W
Rio Arriba County, NM

Gentlemen:

National Cooperative Refinery Association is applying to the New Mexico Oil Conservation Division pursuant to NMOCD Rule 303C for administrative approval to commingle production from the Mesaverde and Chacra zones in the subject well. If you have no objections to this application we ask that you sign and return one copy of the enclosed Waiver of Objection to the NMOCD in the envelope provided.

Please contact the undersigned at (303)861-4883 if you have any questions pertaining to this application.

Sincerely,

A.M. O'Hare
Joint Operations Supervisor

/bv1
enc



National Cooperative Refinery Association

1775 SHERMAN STREET, SUITE 3000 • DENVER, COLORADO 80203 • 303/861-4883

*Crude Oil
Division
Office*

WAIVER OF OBJECTION

The undersigned, as an offset operator to National Cooperative Refinery Association's dual Mesaverde/Chacra producer known as Candado No. 17 and located in Unit A, Section 10, T26N, R7W, Rio Arriba County, New Mexico, does hereby waive any and all objections to NCRA's application for downhole commingling of the above specified well.

By: _____

Name(print): _____

Title: _____

Firm: _____

Date: _____

8/3/87

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

SUBMIT IN TRIPPLICATE*
(Other instructions on reverse side)

Form approved.
Budget Bureau No. 1004-0135
Expires August 31, 1985

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals.)

<p>1. OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER</p> <p>2. NAME OF OPERATOR National Cooperative Refinery Association</p> <p>3. ADDRESS OF OPERATOR 1775 Sherman Street, Suite 3000, Denver, CO 80203</p> <p>4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.* See also space 17 below.) At surface 790' FEL x 885' FNL</p>	<p>5. LEASE DESIGNATION AND SERIAL NO. SF-079161</p> <p>6. IF INDIAN, ALLOTTEE OR TRIBE NAME</p> <p>7. UNIT AGREEMENT NAME</p> <p>8. FARM OR LEASE NAME Candado</p> <p>9. WELL NO. 17</p> <p>10. FIELD AND POOL, OR WILDCAT Blanco Mesa Verde-Otero Chacra</p> <p>11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA Sec 10, T26N-R7W</p> <p>12. COUNTY OR PARISH Rio Arriba</p> <p>13. STATE NM</p>
<p>14. PERMIT NO.</p>	<p>15. ELEVATIONS (Show whether DF, RT, GR, etc.)</p>

13. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF <input type="checkbox"/>	PULL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETE <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	ABANDON* <input type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ABANDONMENT* <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	(Other) _____	
(Other) <input type="checkbox"/>	Comingle Well <input checked="" type="checkbox"/>	(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)	

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

It is our intention to seek administration approval for downhole comingling of the Mesa Verde and Chacra Zones in this well from New Mexico Oil Conservation Division.

18. I hereby certify that the foregoing is true and correct

SIGNED *J. M. O'Hare* TITLE Jt. Operations Supervisor DATE 8-8-87

(This space for Federal or State office use)

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

*See Instructions on Reverse Side



National Cooperative Refinery Association

1775 SHERMAN STREET, SUITE 3000 • DENVER, COLORADO 80203 • 303/861-4883

Crude Oil
Division
Office

WAIVER OF OBJECTION

The undersigned, as an offset operator to National Cooperative Refinery Association's dual Mesaverde/Chacra producer known as Candado No. 17 and located in Unit A, Section 10, T26N, R7W, Rio Arriba County, New Mexico, does hereby waive any and all objections to NCRA's application for downhole commingling of the above specified well.

By: Clyde Phillips

Name(print): Clyde E. Phillips

Title: District Superintendent

Firm: Ladd Petroleum Corporation

Date: 8-17-87

8/3/87



Columbus Energy Corp.

SEP 18 1987

LINCOLN TOWER BUILDING
1860 LINCOLN STREET
DENVER, COLORADO 80295
(303) 861-5252

September 14, 1987

Oil Conservation Division
Box 2088
Santa Fe, N.M. 87501-2088

Re: NCRA
Candado #17
Section 10-T26N-R7W
Rio Arriba County, New Mexico

Gentlemen:

Attached please find Columbus Energy Corp.'s waiver to the proposed commingling of the Mesaverde and Chacra zones in the above referenced well.

Yours very truly

COLUMBUS ENERGY CORP.

J. D. Stewart, Jr.

J. D. Stewart, Jr.
Operations Manager

JDS:bl
Encl.



National Cooperative Refinery Association

1775 SHERMAN STREET, SUITE 3000 • DENVER, COLORADO 80203 • 303/861-4883

*Crude Oil
Division
Office*

WAIVER OF OBJECTION

The undersigned, as an offset operator to National Cooperative Refinery Association's dual Mesaverde/Chacra producer known as Candado No. 17 and located in Unit A, Section 10, T26N, R7W, Rio Arriba County, New Mexico, does hereby waive any and all objections to NCRA's application for downhole commingling of the above specified well.

By: J D Stewart
Name(print): J D Stewart
Title: Opns Mgr
Firm: Columbus Energy Corp
Date: 9/11/87

8/3/87



National Cooperative Refinery Association

1775 SHERMAN STREET, SUITE 3000 • DENVER, COLORADO 80203 • 303/861-4883

Crude Oil
Division
Office

WAIVER OF OBJECTION

The undersigned, as an offset operator to National Cooperative Refinery Association's dual Mesaverde/Chacra producer known as Candado No. 17 and located in Unit A, Section 10, T26N, R7W, Rio Arriba County, New Mexico, does hereby waive any and all objections to NCRA's application for downhole commingling of the above specified well.

By: _____

Name(print): _____

Title: _____

Firm: _____

Date: _____

RECEIVED

AUG 20 1987

PRODUCTION

gentlemen:

According to our records, Hamilton Brothers Oil Company is not an offset operator to the Candado No. 17 well. We therefore are unaffected by the proposed commingling.

8/3/87

David P. Oberbrockling
Sr. Production Engr.



National Cooperative Refinery Association

1775 SHERMAN STREET, SUITE 3000 • DENVER, COLORADO 80203 • 303/861-4883

Crude Oil
Division
Office

RECEIVED

AUG 21 1987

PRODUCTION DEPT.
WAIVER OF OBJECTION

The undersigned, as an offset operator to National Cooperative Refinery Association's dual Mesaverde/Chacra producer known as Candado No. 17 and located in Unit A, Section 10, T26N, R7W, Rio Arriba County, New Mexico, does hereby waive any and all objections to NCRA's application for downhole commingling of the above specified well.

By: *M. D. Rogers*
Name(print): *M. D. Rogers*
Title: *V. P.*
Firm: *Adobe Resources Corporation*
Date: *8-18-87*

RECEIVED

AUG 21 1987

PRODUCTION DEPT.
8/3/87

TO CANDADO 8/21



National Cooperative Refinery Association

1775 SHERMAN STREET, SUITE 3000 • DENVER, COLORADO 80203 • 303/861-4883

Crude Oil
Division
Office

WAIVER OF OBJECTION

The undersigned, as an offset operator to National Cooperative Refinery Association's dual Mesaverde/Chacra producer known as Candado No. 17 and located in Unit A, Section 10, T26N, R7W, Rio Arriba County, New Mexico, does hereby waive any and all objections to NCRA's application for downhole commingling of the above specified well.

By: R. Craig Nielsen

Name(print): _____

Title: _____

R. Craig Nielsen, Attorney-in-Fact ✓

Firm: SOUTHERN UNION EXPLORATION COMPANY

Date: 8-21-87

8/3/87



National Cooperative Refinery Association

1775 SHERMAN STREET, SUITE 3000 • DENVER, COLORADO 80203 • 303/861-4883

Crude Oil
Division
Office

WAIVER OF OBJECTION

The undersigned, as an offset operator to National Cooperative Refinery Association's dual Mesaverde/Chacra producer known as Candado No. 17 and located in Unit A, Section 10, T26N, R7W, Rio Arriba County, New Mexico, does hereby waive any and all objections to NCRA's application for downhole commingling of the above specified well.

By: S. F. Reiger
Name(print): G. F. REIGER
Title: Mgr. Outside Opns.
Firm: DEPCO, INC
Date: 8-20-87

8/3/87



National Cooperative Refinery Association

1775 SHERMAN STREET, SUITE 3000 • DENVER, COLORADO 80203 • 303/861-4883

Crude Oil
Division
Office

WAIVER OF OBJECTION

The undersigned, as an offset operator to National Cooperative Refinery Association's dual Mesaverde/Chacra producer known as Candado No. 17 and located in Unit A, Section 10, T26N, R7W, Rio Arriba County, New Mexico, does hereby waive any and all objections to NCRA's application for downhole commingling of the above specified well.

By: Jon H. Pardee
Name(print): Jon H. PARDEE
Title: Casper District Oper. Manager.
Firm: UNION OIL CO. OF CALIFORNIA
Date: 9-1-87

8/3/87



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

RECEIVED
SEP 25 1987

OIL CONSERVATION DIVISION
BOX 2088
SANTA FE, NEW MEXICO 87501

DATE 9-18-87

RE: Proposed MC _____
Proposed DHC X _____
Proposed NSL _____
Proposed SWD _____
Proposed WFX _____
Proposed PMX _____

Gentlemen:

I have examined the application dated 9-15-87
for the Nat'l Cooperative Refinery Assoc. Candidate #17 A-10-260-7u
Operator Lease and Well No. Unit, S-T-R

and my recommendations are as follows:

Approve with an allocation of 28% gas to the
NV + 22% gas to the Chacra.

Yours truly,

E. Busch