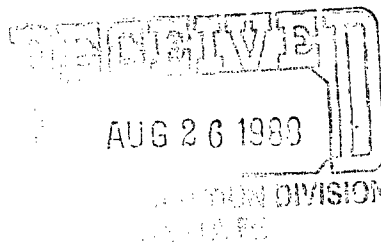




Union Texas Petroleum



375 U.S. Highway 64
Farmington, New Mexico 87401
Telephone (505) 325-3587

August 23, 1988

Mr. William J. LeMay
N. M. Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501-2088

Re: Navajo Indian #6 (FED1420603768)
1700' FNL & 910' FWL
Section 6, T26N-R8W
San Juan County, New Mexico

Dear Mr. LeMay:

Union Texas Petroleum is applying for a downhole commingling order for the referenced well in the Basin Dakota/Blanco Mesaverde fields. Ownership of the two fields to be commingled is common. The Bureau of Land Management and the offset operators indicated in the attached plats will receive notification of this proposed downhole commingling.

The subject well was drilled and completed during September, 1964 in both the Dakota and Mesaverde formations. The Dakota formation was fracture stimulated with 85,000# sand in 134,000 gallons water and 40 tons CO₂. The Mesaverde formation was fracture stimulated with 100,000# sand in 74,000 gallons water and 40 tons CO₂. CAOF of the Dakota zone (10/15/64) was 4829 MCFD, and the Mesaverde zone (10/22/64) was 11,997 MCFD. The Dakota zone is currently averaging less than 10 MCFD and less than 0.1 barrels of oil and water per day. The Mesaverde averages 150 MCFD and ± 0.5 barrels of oil and water per day.

The Dakota is no longer economic to continue operating alone. The proposed commingling of the Dakota with the Mesaverde will result in recovery of additional hydrocarbons from the Dakota formation, thereby preventing waste, and will not violate correlative rights. Commingling of the two zones will result in a more efficient operation by eliminating one tubing string, one metering facility, extra paperwork, pumper's time, and allow the Mesaverde gas to help lift the small amount of Dakota liquids.

The fluids from the Mesaverde and Dakota zones have been shown to be compatible from many wells in the San Juan Basin already approved for commingling. The Mesaverde and Dakota were similarly commingled in the Navajo Indian B #5M (1745' FNL & 870' FWL, Section 30, T27N-R8W), an offset to the north of the subject well, as per Administrative Order No. DHC-381. The very small amount of liquids produced from the

subject well will be similar to this offset well. That analysis indicated that the total value of crude will not be reduced by the commingling. The fluids from each zone are compatible and no precipitates will be formed as a result of commingling to damage either reservoir. The calculated static bottom hole pressure, based on surface pressure and fluid measurements, is 426 psi in the Mesaverde and 565 psi in the Dakota (adjusted to a common datum of sea level), well within the limits of Rule 303-C, Section 1(b), Part (6). Current flow tests indicate the daily liquid production will not exceed the limit of Rule 303-C, Section 1(a), Parts (1) and (3).

The Division Aztec District Office will be notified any time the commingled well is shut in for seven consecutive days. To allocate the commingled production to each zone, Union Texas Petroleum will consult with the supervisor of the Aztec District Office and determine an allocation for each of the producing zones.

Included with this letter are two plats showing ownership of offsetting leases, a production curve of each zone, Form C-116 (GOR test), and a wellbore diagram showing the proposed downhole configuration after commingling.

Yours truly,

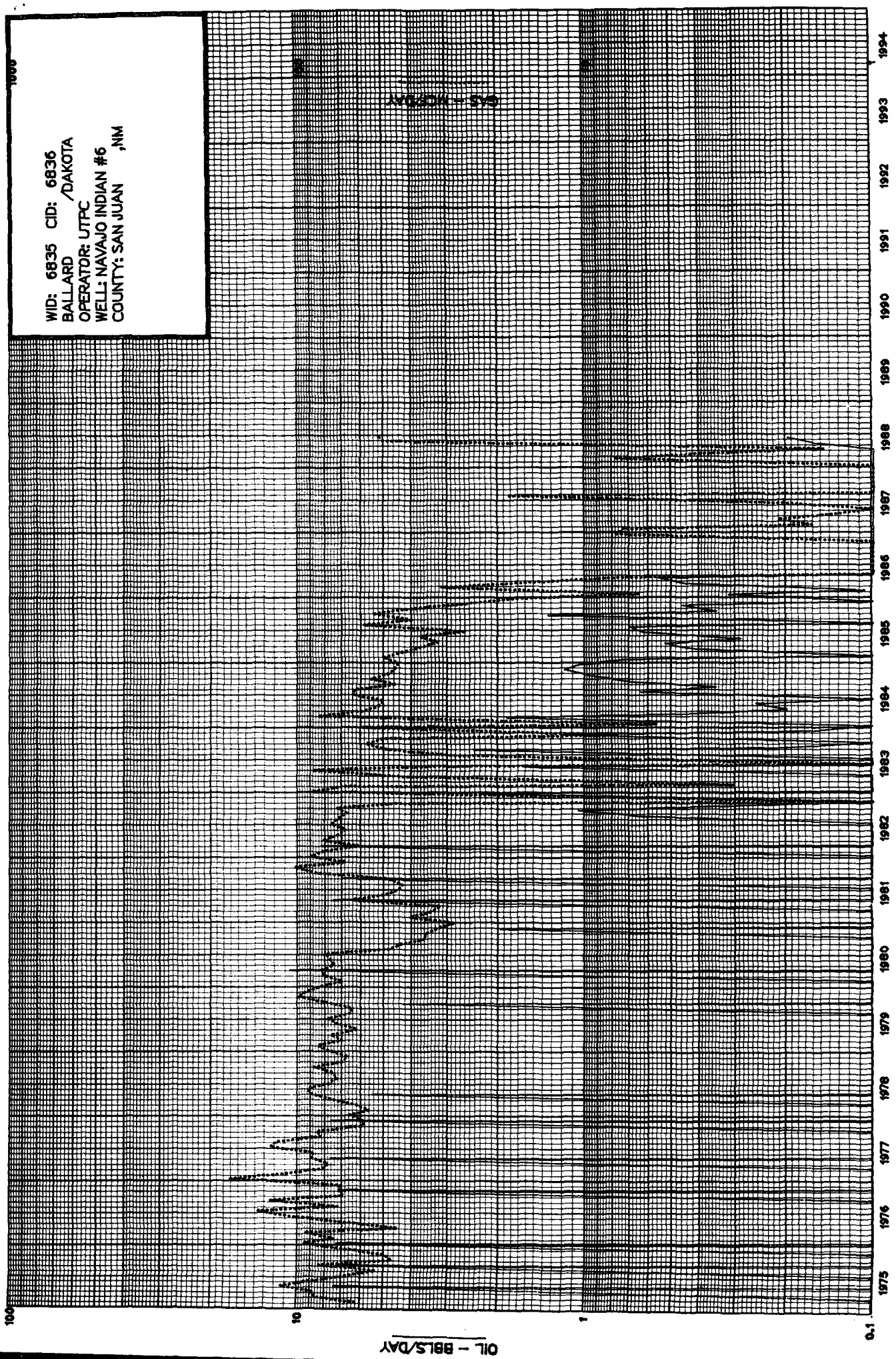


S. G. Katirgis
Production Engineer

SGK:lmj
attachments

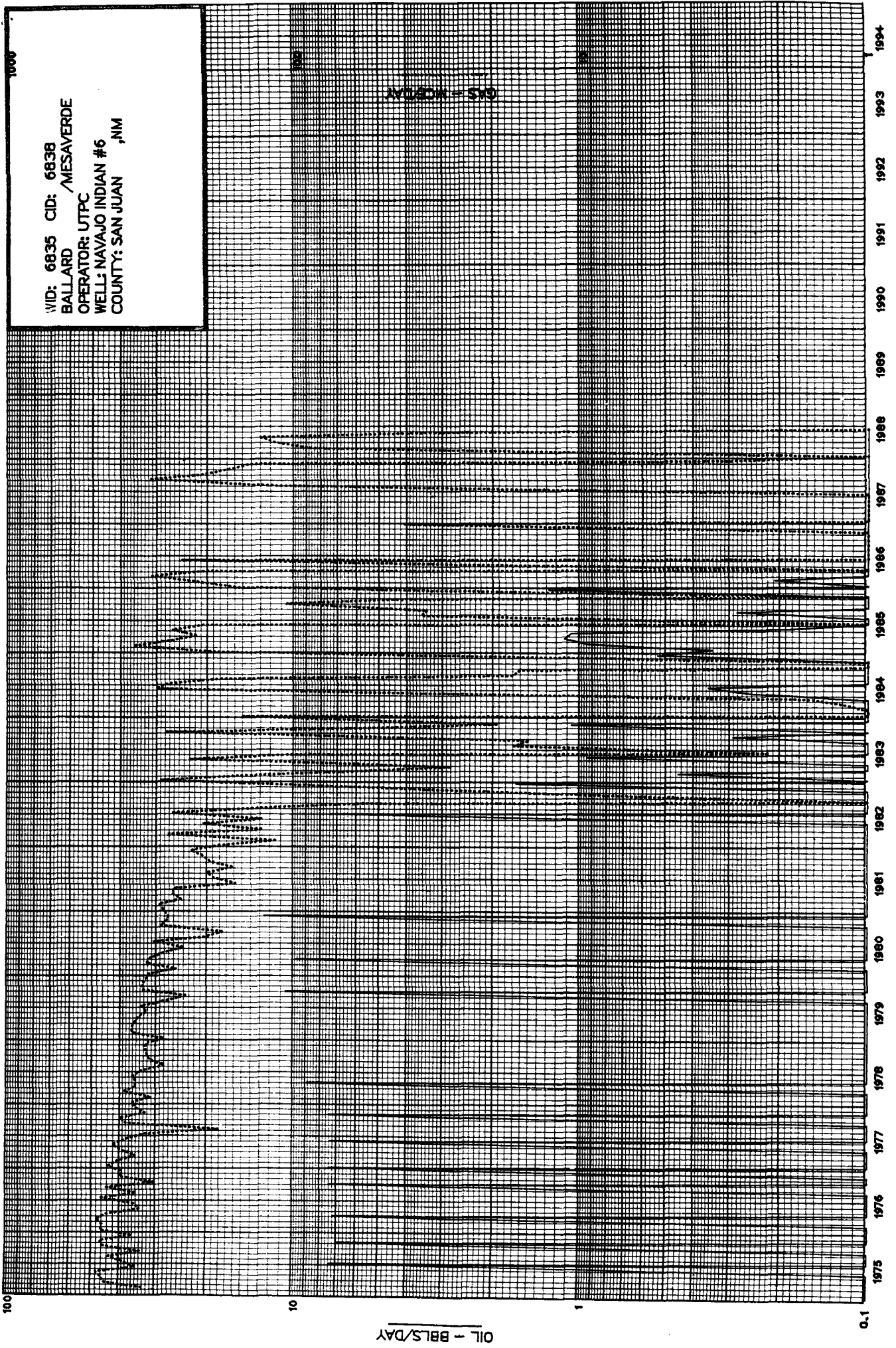
cc: NMOCD - Aztec
M. R. Herrington
W. K. Cooper

WID: 6835 CID: 6836
BALLARD /DAKOTA
OPERATOR: UTPC
WELL: NAVAJO INDIAN #6
COUNTY: SAN JUAN ,NM

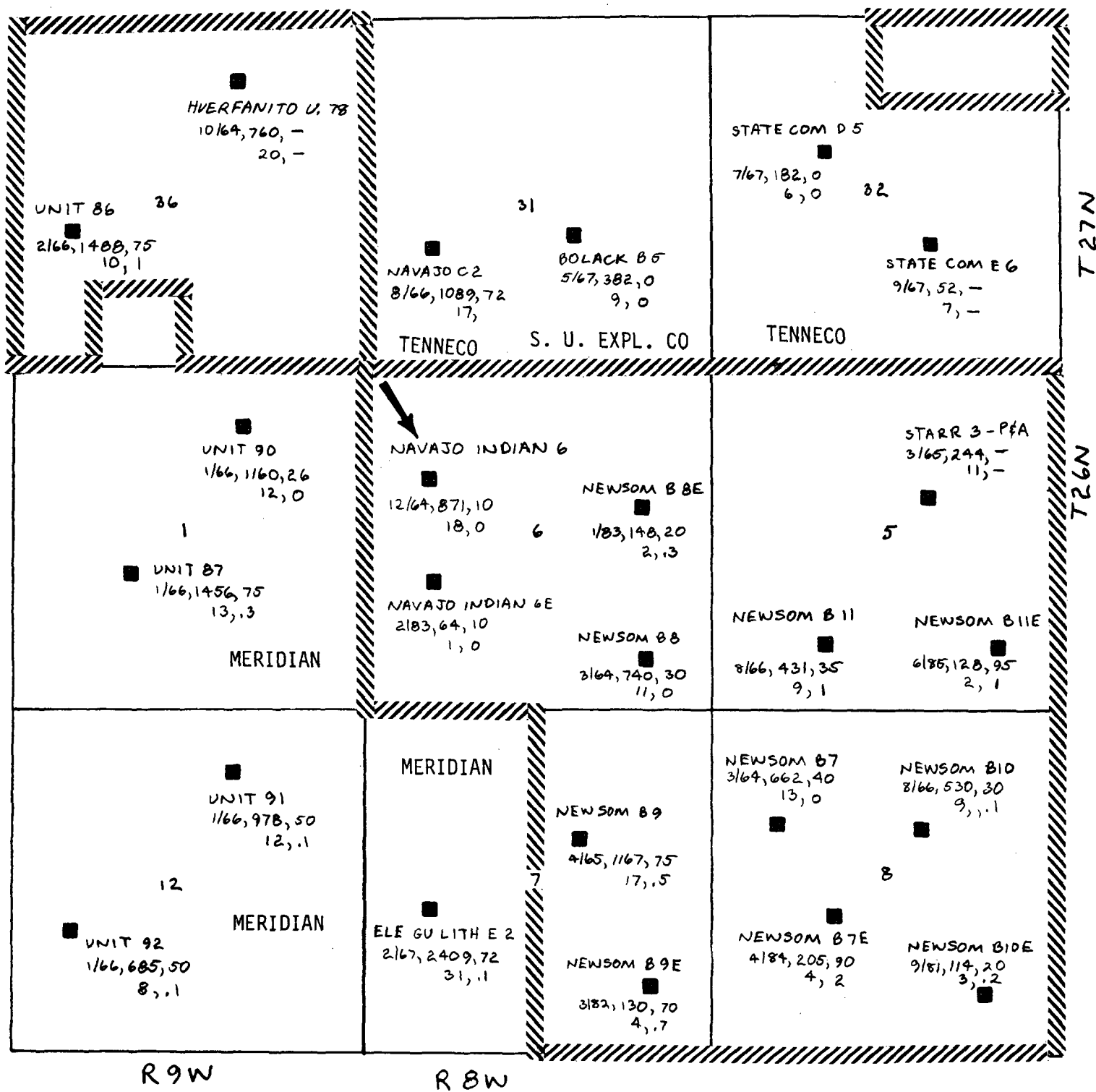


OIL - BBL/DAY

WID: 6835 CID: 6838
BALLARD / MESAVERDE
OPERATOR: UTPC
WELL: NAVAJO INDIAN #6
COUNTY: SAN JUAN , NM



DAKOTA OFFSET PRODUCERS

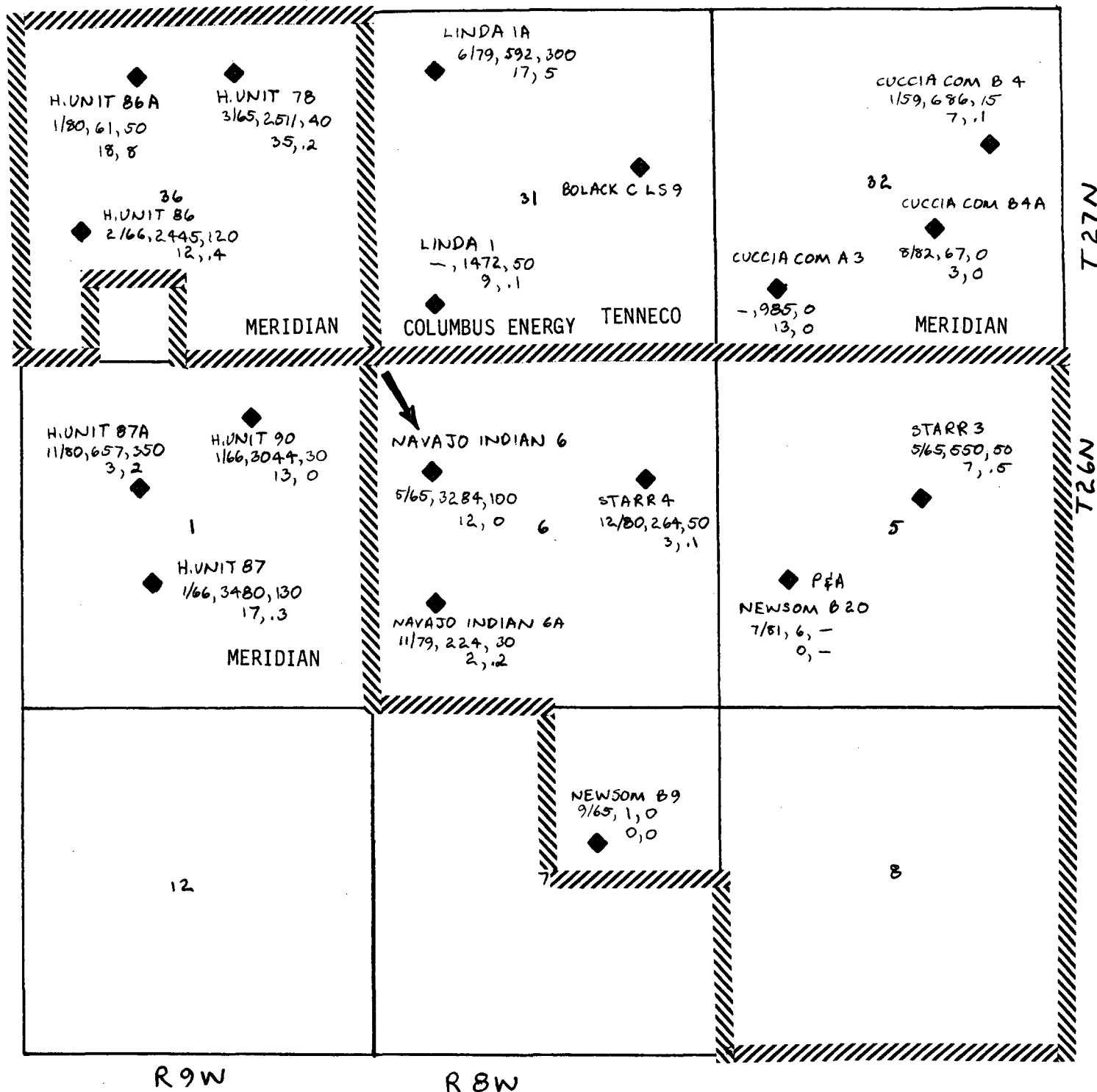


LEGEND

DATE 1ST PROD., CUM GAS (MMCF), CAPACITY (MCFD)
CUM OIL (MBO), CAPACITY (BOPD)

UNION TEXAS PETROLEUM ACREAGE
SUBJECT WELL

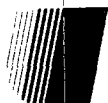
MESAVERDE OFFSET PRODUCERS



LEGEND

DATE 1ST PROD., CUM GAS (MMCF), CAPACITY (MCFD)
CUM OIL (MBO), CAPACITY (BOPD)

/// UNION TEXAS PETROLEUM ACREAGE
◈ SUBJECT WELL



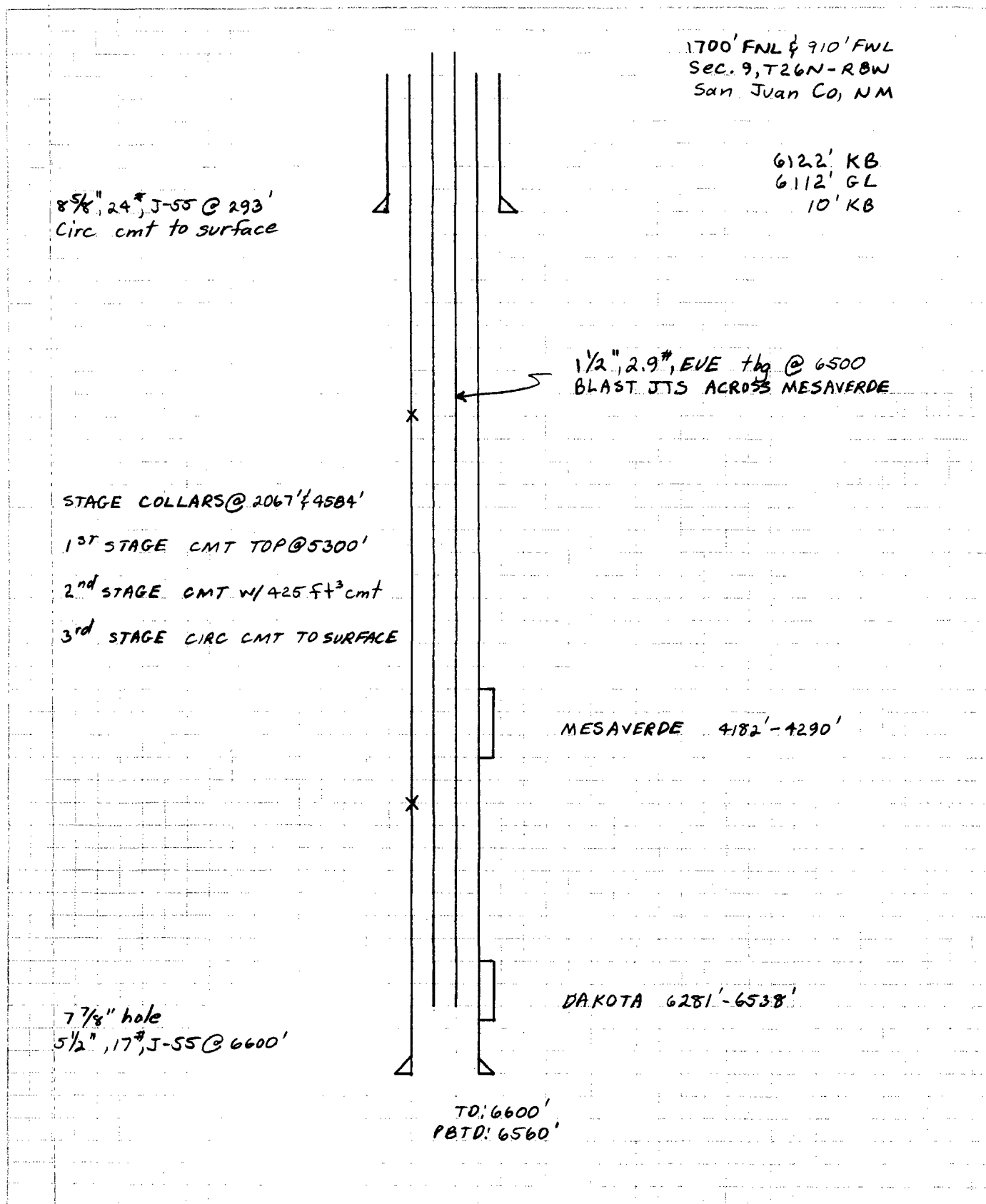
Union Texas Petroleum

SUBJECT: NAVAJO INDIAN #6

WELLBORE DIAGRAM-COMMINGLED

BY: SGK DATE: 8-22-88

PAGE _____ OF _____



NEW MEXICO OIL CONSERVATION COMMISSION
GAS-OIL RATIO TESTS

C-1116
Revised 1-1-64

Operator		Pool		County										
Union Texas Petroleum		Blanco Mesaverde/Basin Dakota		San Juan										
Address		TYPE OF TEST - (X)		Scheduled	Completion	Special								
375 US Highway 64 Farmington, NM 87401						<input checked="" type="checkbox"/>								
LEASE NAME	WELL NO.	LOCATION			DATE OF TEST	CHOKE SIZE	TBG. PRESS.	DAILY ALLOWABLE	PROD. DURING TEST				GAS - OIL RATIO CU.FT./BBL	
		U	S	T					R	WATER BBLs.	GRAV. OIL	OIL BBLs.		GAS M.C.F.
Navajo Indian (Dakota)	6	E	6	26N	8W	3-10-88		340		Trace		Trace	20	NA
Navajo Indian (Mesaverde)	6	E	6	26N	8W	8-22-88		380				.5	150	300,000

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 Commission.

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 Commission 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.

(Signature)
Production Engineer



Union Texas Petroleum

375 U.S. Highway 101
Farmington, New Mexico 87401
Telephone (505) 325-3587

August 23, 1988

Operations Manager
Southern Union Exploration Co.
P. O. Box 2179
Farmington, NM 87499

Gentlemen:

Union Texas Petroleum Corporation is in the process of applying for a downhole commingling order for our Navajo Indian #6 well located 1700' FNL & 910' FWL in Section 9, T26N-R8W, San Juan County, New Mexico in the Blanco Mesaverde and Basin Dakota.

This is to notify you of such action as our records indicate that you are owner and operator of acreage which adjoins the area in which the downhole commingling is requested. If you have no objection to the proposed downhole commingling order, we would appreciate your signing the attached copy of this letter and returning it to this office.

Your prompt attention to this matter would be appreciated.

Very truly yours,

S. G. Katirgis
Production Engineer

SGK:lmg
attachment

The above downhole commingling request is hereby approved:

Date



Union Texas Petroleum

375 U.S. Highway 6-1
Farmington, New Mexico 87401
Telephone (505) 325-3587

August 23, 1988

Operations Manager
Tenneco Oil Company
P. O. Box 3249
Englewood, CO 80155

Gentlemen:

Union Texas Petroleum Corporation is in the process of applying for a downhole commingling order for our Navajo Indian #6 well located 1700' FNL & 910' FWL in Section 9, T26N-R8W, San Juan County, New Mexico in the Blanco Mesaverde and Basin Dakota.

This is to notify you of such action as our records indicate that you are owner and operator of acreage which adjoins the area in which the downhole commingling is requested. If you have no objection to the proposed downhole commingling order, we would appreciate your signing the attached copy of this letter and returning it to this office.

Your prompt attention to this matter would be appreciated.

Very truly yours,

S. G. Katirgis
Production Engineer

SGK:lmg
attachment

The above downhole commingling request is hereby approved:

Date



Union Texas Petroleum

375 U.S. Highway 64
Farmington, New Mexico 87401
Telephone (505) 325-3587

August 23, 1988

Operations Manager
Columbus Energy Corporation
P. O. Box 2038
Farmington, NM 87499

Gentlemen:

Union Texas Petroleum Corporation is in the process of applying for a downhole commingling order for our Navajo Indian #6 well located 1700' FNL & 910' FWL in Section 9, T26N-R8W, San Juan County, New Mexico in the Blanco Mesaverde and Basin Dakota.

This is to notify you of such action as our records indicate that you are owner and operator of acreage which adjoins the area in which the downhole commingling is requested. If you have no objection to the proposed downhole commingling order, we would appreciate your signing the attached copy of this letter and returning it to this office.

Your prompt attention to this matter would be appreciated.

Very truly yours,

S. G. Katirgis
Production Engineer

SGK:lmg
attachment

The above downhole commingling request is hereby approved:

Date



Union Texas Petroleum

375 U.S. Highway 64
Farmington, New Mexico 87401
Telephone (505) 325-3561

August 23, 1988

Operations Manager
Meridian Oil Company
3535 East 30th Street
Farmington, NM 87401

Gentlemen:

Union Texas Petroleum Corporation is in the process of applying for a downhole commingling order for our Navajo Indian #6 well located 1700' FNL & 910' FWL in Section 9, T26N-R8W, San Juan County, New Mexico in the Blanco Mesaverde and Basin Dakota.

This is to notify you of such action as our records indicate that you are owner and operator of acreage which adjoins the area in which the downhole commingling is requested. If you have no objection to the proposed downhole commingling order, we would appreciate your signing the attached copy of this letter and returning it to this office.

Your prompt attention to this matter would be appreciated.

Very truly yours,

S. G. Katargis

S. G. Katargis
Production Engineer

SGK:lmg
attachment

The above downhole commingling request is hereby approved:

Date



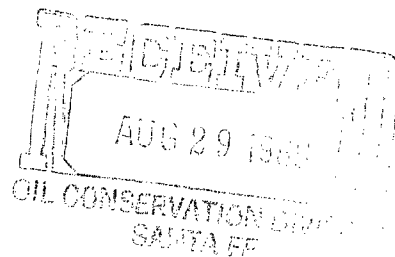
STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

10001 THE DIAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

OIL CONSERVATION DIVISION
BOX 2088
SANTA FE, NEW MEXICO 87501

DATE 8-26-88

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



Gentlemen:

I have examined the application dated 8-26-88

for the Union Texas Petroleum Corp. Navajo Indian #6 E-6-26N-8W
Operator Lease and Well No. Unit, S-T-R

and my recommendations are as follows:

Approve

Yours truly,

Ernst Busch