

# MERIDIAN OIL

January 19, 1994

New Mexico Oil Conservation Division  
Attn: Mr. Bill LeMay  
P.O. Box 2088  
310 Old Santa Fe Trail  
Santa Fe, New Mexico, 87501

RE: Jicarilla 94 and 95 Lease

- |                    |                              |
|--------------------|------------------------------|
| • Jicarilla 94 #1A | SE/4, Section 22, T27N, R03W |
| • Jicarilla 94 #5A | NW/4, Section 23, T27N, R03W |
| • Jicarilla 94 #6A | SE/4, Section 27, T27N, R03W |
| • Jicarilla 95 #3A | NW/4, Section 35, T27N, R03W |
| • Jicarilla 95 #4A | NW/4, Section 26, T27N, R03W |
| • Jicarilla 95 #5A | NW/4, Section 25, T27N, R03W |

Rio Arriba County, New Mexico  
Downhole Commingling Request

Dear Mr. LeMay:

Meridian Oil Inc. is applying for an administrative downhole commingling order for the referenced wells in the Gavilan Pictured Cliffs and the Blanco Mesaverde fields. The ownership of 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.

The Mesaverde and Pictured Cliffs wells in this area are marginal economic producers based on current rates of 10-90 MCFD for each zone. A reserve study in the area predicts an ultimate recovery of 775 MMCF for the Mesaverde and 700 MMCF for the Pictured Cliffs wells. These reserves and the low current producing rates are uneconomic as separate zone projects. The projects are economic when commingled due to savings realized on surface facilities and tubulars. The only economical way to recover the Mesaverde and Pictured Cliffs reserves identified on the lease is to downhole commingle production from both zones in the wells proposed.

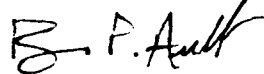
It is proposed to complete the Mesaverde formation and test its production. It is then proposed to set a bridge plug above the Mesaverde, perforate and stimulate the Pictured Cliffs, and test its production. The bridge plug will then be removed, and both zones produced through a single string of tubing. The reservoir characteristics of each of the subject zones are such that underground waste will not be caused by the proposed commingling. The fluids in the two reservoirs are compatible and no precipitates will be formed to cause damage to either reservoir (see attached fluid analyses and compatibility tests). The shut-in pressure for the Mesaverde and Pictured Cliffs are 550 and 490 psi, respectively.

The allocation of the commingled production will be calculated using flow tests from the Mesaverde and Pictured Cliffs during completion operations, and the surrounding production history from both producing intervals. Meridian will consult with the district supervisor of the Aztec NMOCD office for approval of the allocation.

Mr. Bill LeMay  
Page 2  
January 19, 1994

Approval of this commingling application will allow for the prevention of wasted resources and the protection of correlative rights. The Mesaverde and Pictured Cliffs are commingled in four other wells in this township as per NMOCD Order #'s R-5350 (01/17/77), R-6004 (05/02/79), DHC-924 and DHC-925 (09/27/93). Two of these wells (DHC-924, 925) are completed, waiting on hook-up, while two (R-5350, -6004) are producing with no adverse affects from the commingling. 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.

Sincerely,



Brian P. Ault  
Production Engineer

BPA/rjp

Attachments

xc: Frank T. Chavez - NMOCD/Aztec

R-03-W

DATE: January 17, 1994  
 NAME: JICARILLA 94, 95 LSE.  
 FORM: MESAVERDE  
 LOCATION  
 UNIT:  
 SEC: 27N  
 TWN: 03W  
 RANG:

|    |   |   |   |
|----|---|---|---|
| 16 | MERIDIAN<br>JIC. 89 #3<br>0/807<br>INA  | MERIDIAN<br>15<br>NA<br>JIC. 89 #3A<br>73/341<br>3/1<br>JIC. 89 #2<br>3/721<br>0/1                                  | MERIDIAN<br>14<br>JIC. 84 #4<br>25/560<br>0/5<br>JIC. 84 #8<br>21/161<br>2/4<br>13  |
| 21 | MERIDIAN<br>12/94<br>9/58<br>JIC. 94 #3A<br>98/617<br>72/1524<br>7/2<br>1/7<br>22     | MERIDIAN<br>9/58<br>JIC. 94 #5<br>12/1646<br>1/7<br>JIC. 84 #6A<br>23   | MERIDIAN<br>4/82<br>JIC. 94 #7<br>26/871<br>1/2<br>10/58<br>24  |
| 28 | MERIDIAN<br>JIC. 94 #3<br>1/524<br>0/1<br>11/77<br>JIC. 94 #2A<br>51/293<br>3/1<br>27 | MERIDIAN<br>JIC. 94 #1A<br>10/58<br>JIC. 95 #4A<br>47/1872<br>4/9<br>10/57<br>JIC. 5 #4<br>119/2533<br>0/1<br>26    | MERIDIAN<br>9/58<br>JIC. 95 #8<br>61/1046<br>0/1<br>11/76<br>JIC. 95 #8A<br>94/753<br>1/3<br>6/58<br>JIC. 95 #5<br>79/1833<br>1/11<br>25  |
| 33 | WILLIAMS<br>FIELD SERVICE<br>10/82<br>JIC. 93 #12<br>74/424<br>34<br>0/1              | JIC. 94 #6A<br>JIC. 96 #3A<br>3/62<br>JIC. 93 #2<br>218/3972<br>2/10<br>7/57<br>JIC. 95 #3<br>84/4556<br>4/11<br>35 | MERIDIAN<br>8/56<br>JIC. 95 #1<br>21/147<br>1/27<br>8/76<br>JIC. 95 #1A<br>1/1138<br>5/5<br>NA<br>JIC. 95 #7A<br>146/1087<br>1/4<br>8/58<br>JIC. 95 #8<br>26/640<br>2<br>4/22<br>36 |

LEGEND  
 COMPLETION DATE  
 WELL NAME  
 MCFD - CUM(MCF)  
 BOPD - CUM(MBO)

**PICTURED CLIFFS/MESAVERDE COMMINGLE  
TOWNSHIP 27 NORTH, RANGE 3 WEST  
OFFSET OPERATORS**

1. Meridian Oil Inc.  
P.O. Box 4289  
Farmington, NM 87499-4289
2. Merrion Oil & Gas Corp.  
610 Reilly Avenue  
Farmington, NM 87401
3. Dugan Production Co.  
P.O. Box 420  
Farmington, NM 87490420
4. Williams Field Service Inc.  
295 Chipeta Way  
Salt Lake City, UT 84108
5. Max D. Webb  
2705 1/2 E. Main  
Farmington, NM 87401

# MERIDIAN OIL

January 19, 1994

Max D. Webb  
2705-1/2 East Main Street  
Farmington, NM 87401

RE: Jicarilla 94 and 95 Lease

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Rio Arriba County, New Mexico  
Downhole Commingling Request

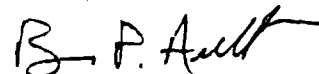
Gentlemen:

Meridian Oil, Inc. is in the process of applying for an downhole commingling order for the referenced wells in Rio Arriba County, New Mexico, in the Gavilan Pictured Cliffs and the Blanco Mesaverde fields.

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

Your prompt attention to this matter would be appreciated.

Sincerely,



Brian P. Ault  
Production Engineering

BPA/rjp

The above downhole commingling request is hereby approved:

\_\_\_\_\_  
Date: \_\_\_\_\_

# MERIDIAN OIL

January 19, 1994

Williams Field Service Inc.  
295 Chipeta Way  
Salt Lake City, UT 84108

RE: Jicarilla 94 and 95 Lease

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Rio Arriba County, New Mexico  
Downhole Commingling Request

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Production Engineering

BPA/rjp

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Date: \_\_\_\_\_

# MERIDIAN OIL

January 19, 1994

Merrion Oil & Gas Corp.  
610 Reilly Avenue  
Farmington, NM 87401

RE: Jicarilla 94 and 95 Lease

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Rio Arriba County, New Mexico  
Downhole Commingling Request

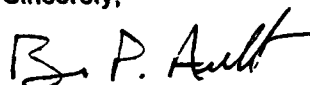
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Production Engineering

BPA/rjp

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Date: \_\_\_\_\_



# MERIDIAN OIL

January 19, 1994

Dugan Production Corp.  
P.O. Box 420  
Farmington, NM 87499-0420

RE: Jicarilla 94 and 95 Lease

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Rio Arriba County, New Mexico  
Downhole Commingling Request

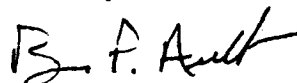
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Production Engineering

BPA/rjp

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Date: \_\_\_\_\_

# MERIDIAN OIL

January 19, 1994

Bureau of Land Management  
1235 La Plata Highway  
Farmington, NM 87401

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Rio Arriba County, New Mexico  
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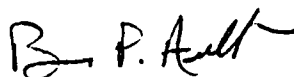
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Production Engineering

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\_\_\_\_\_  
Date: \_\_\_\_\_

Microsoft Mail v3.0 IPM.Microsoft Mail.Note

From: Ernie Busch

To: Ben Stone

David Catanach

Subject: MERIDIAN OIL INC (DHC)

Date: 1994-02-22 10:50

Priority: R

Message ID: F712233E

Conversation ID: F712233E

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JICARILLA 95 #3A

D-35-27N-03W

RECOMMEND: APPROVAL  
=====

DHC-986