



OIL CONSERVATION DIVISION RECEIVED

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| Business | |
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April 10, 1996

Mr. William J. LeMay, Director New Mexico Oil Conservation Division 2040 S. Pacheco Street P. O. Box 6429 Santa Fe, NM 87505

Application for Exception to Rule 303-C - Downhole Commingling Vandewart B#3 Well Unit N Section 11-T29N-R8W Basin Fruitland Coal and Blanco Pictured Cliffs Pools San Juan County, New Mexico

Enclosed please find an administrative application form (C-107-A) and attachments for downhole commingling for the captioned well. By copy of this application by certified mail, return receipt requested, Amoco is notifying all offset operators in the formations captioned above as well as all affected interest owners if the ownership of those formations is not common. The Division Director may approve the proposed downhole commingling in the absence of a valid objection from any offset operator or any interest owner in those instances where ownership is not common in the zones to be commingled within 20 days after the receipt of the application if, in his opinion, waste will not result thereby, and correlative rights will not be violated.

Should there be questions concerning this matter, please contact me at (303) 830-5344.

Sincerety.

Pamela W. Staley

Enclosures cc: Steve Webb Gail Jefferson Wellfile Proration File

> Frank Chavez, Supervisor NMOCD District III 1000 Rio Brazos Road Aztec, NM 87410

Duane Spencer Bureau of Land Management 1235 La Plata Hwy. Farmington, NM 87401

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-107-A New 3-12-96

OIL CONSERVATION DIVISION

DISTRICT II 811 South First St., Artesia , NM 88210-2835

1000 Rio Brazos Rd. Aztec, NM 87410-1693

DISTRICT III

VANDEWART B

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

APPROVAL PROCESS:

X Administrative ____ Hearing

EXISTING WELLBORE

APPLICATION FOR DOWNHOLE COMMINGLING

Amoco Production Company

P.O. Box 800 Denver, CO 80201

N-11-29N-8W

Unit Ltr. - Sec Two - Ros

San Juan

Spacing Unit Lease Types: (check 1 or more)

001204 API NO. 3004526148 Federal x State (and/or) Fee OGRID NO. 000778 Property Code

3

Well No

| The following facts are submitted in support of downhole commingling: | Upper Zone | Intermediate Zone | Lower Zone |
|--|--|----------------------|---|
| 1. Pool Name and Pool Code | BASIN FRUITLAND COAL 71629 | | BLANCO PICTURED CLIFFS 72359 |
| 2. Top and Bottom of Pay Section (Perforations) | 2747' - 2975' | | 3042' - 3090' |
| 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 | ^(Current) 280 PSI a. | 8. | ^{a.} 322 PSI |
| Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated or Measured Original | (Original) 1149 PSI b. | b. | b. 1090 PSI |
| 6. Oil Gravity (° API) or Gas BTU Content | 925 BTU / 49.0 DEG API | | 1150 BTU / 49.0 DEG API |
| 7. Producing or Shut-In? | PRODUCING | | PRODUCING |
| Production Marginal? (yes or no) | YES | | NO |
| If Shut-In, give data and oil/gas/water rates of last production Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data | Date: Rates: | Date Rates: | Date Rates: |
| If Producing, give date and oil/gas/water rates of recent test (within 60 days) | 4/96 Date: 18 MCFD Rates: 0 BCPD 0 BWPD | Date: Rates: | 4/96 Date: 115 MCFD Rates: 0 BCPD 0 BWPD . |
| 8. Fixed Percentage Allocation Formula -% for each zone | Oil: 14 ^{Gas} 14 _% | Oil: Gas %: % | ^{Oil:} 86 ^{Gas} 86 _% |

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? If not, have all working, overriding, and royalty interests been notified by certified mail? Have all offset operators been given written notice of the proposed downhole commingling?

Yes _X_ No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, 11. Will cross-flow occur? 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?
- 13. Will the value of production be decreased by commingling? ____ Yes _X_ No (If Yes, attach explanation)

15. 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. _X_ Yes SF-078502 No

X Yes ___ No

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16. ATTACHMENTS:

- * C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- 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.

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- * 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 just | formation above is tra | and complete to the best | of my knowledge and beli |
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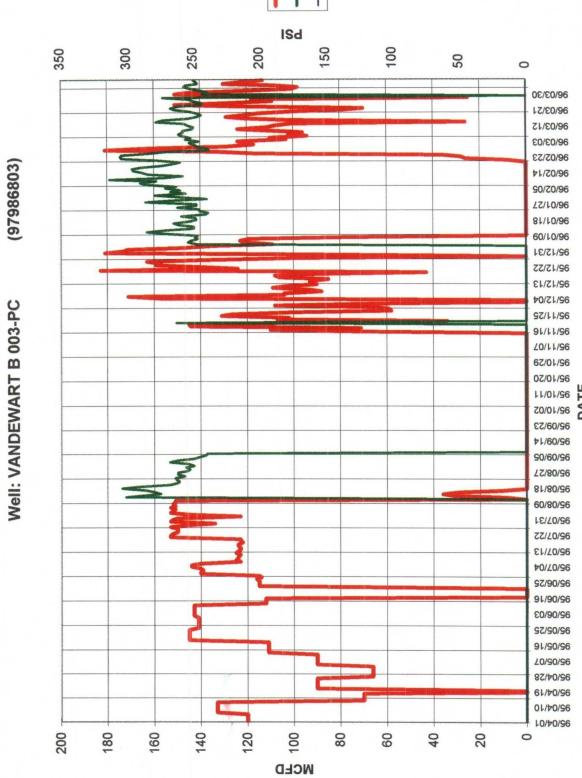
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|--|------------|-------------------------------------|
| SIGNATURE <u>Asmiles Makey</u> | TITLE | REGULATORY AFFAIRS REP DATE 4/10/96 |
| TYPE OR PRINT NAME PAMELA W. STALEY | | TELEPHONE NO. ()830-5344 |

_X_Yes _ No ___Yes ___ _X_Yes ___ No No

XYES __NO

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| DISTRICT III 1000 Rio Brizos Rá., Az | 1cc, NM 87410 | WELL LO | | ND ACREAC | | | it Add | |
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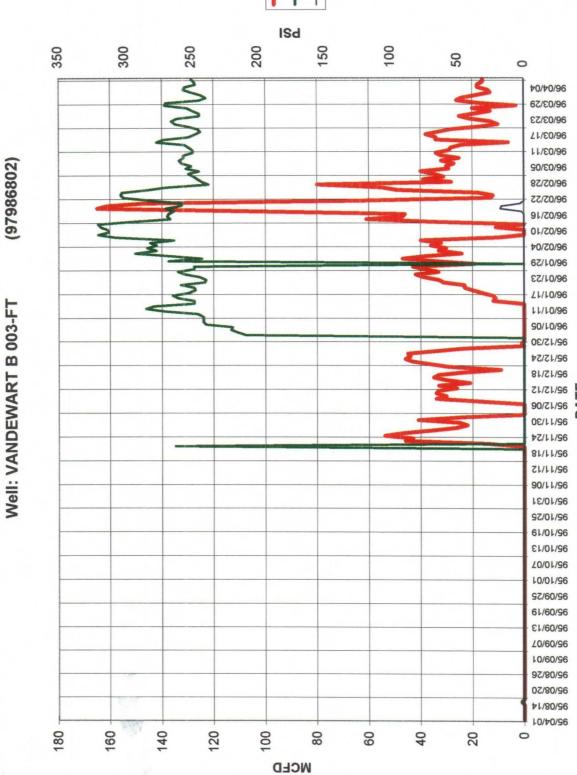
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Chart1

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Gas_Volume Tubing_Press -- Casing_Press

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Page 1

Chart1

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OFFSET OPERATORS VANDEWART B#3

Conoco, Inc. 10 Desta Drive West Midland, Texas 79705

به سر د به ور

> S G Interest I Ltd. 811 Dallas Suite 1505 Houston, Texas 77002

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

Kukui Operating Company Attn: Mr. Steve Sandlin 7880 San Felipe, Suite 207 Houston, Texas 77063

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