

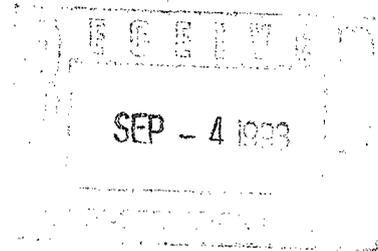


AMEND DHC 9/24/98

Mid-Continent Region
Exploration/Production

Conoco Inc.
10 Desta Drive, Suite 100W
Midland, TX 79705-4500
(915) 686-5400

September 1, 1998



Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico

RE: Downhole Commingle Application Amendment
Lackey B "LS" Well #8
Section 20, T-28-N, R-9-W, M
San Juan County, NM:
Aztec Pictured Cliffs (71280)
Blanco Mesaverde (72319)

Dear Mr. Catanach,

Please be advised that Conoco, Inc. requests that the previous DHC Order # 1262 (Attached) for this well be amended. This Order was issued to Amoco in May 1996. Amoco never commingled this well. Conoco purchased this well in January 1998. On August 12, 1998 we submitted an application C-107A to your office requesting approval to downhole commingle. We were unaware of the previous Order. The BLM notified us that there was already a standing order and sent us a copy. The engineers have reviewed Amoco's order and have decided that the data that we submitted on our C-107A this past August will accurately handle the better rates that we have seen from the Mesaverde production. Please reference our application to substantiate our request for the percentages stated.

Thank you for your attention and we are sorry for any inconvenience caused. If you have any further questions please call me @ (915) 686-5798.

Sincerely yours,

Kay Maddox

KM/

cc: BLM Farmington - Jim Lovato



NEW MEXICO ENERGY, MINERALS & NATURAL RESOURCES DEPARTMENT

5F-077106
OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

RECEIVED
BLM

96 MAY 30 PM 12:51

070 FARMINGTON, NM

ADMINISTRATIVE ORDER DHC-1262

Amoco Production Company
P.O. Box 800
Denver, Colorado 80201-0800

Attention: Ms. Pamela Staley

Lackey B 'LS' Well No. 8
Unit M, Section 20, Township 28 North, Range 9 West, ~~NMPM~~
San Juan County, New Mexico.
Aztec Pictured Cliffs (Gas - 71280) and
Blanco Mesaverde (Gas - 72319) Pools

MINERALS DEPARTMENT
FORM 1-82
LOG BOOKS _____
COPIES _____
FILED _____
DATE _____
FILED _____
EPS _____
ALL COPY _____
FILES _____

Dear Ms. Staley:

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.

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.

Aztec Pictured Cliffs Pool	Oil 0%	Gas 73%
Blanco Mesaverde Pool	Oil 100%	Gas 27%

REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303.H., 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.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington District Office
1235 La Plata Highway
Farmington, New Mexico 87401

April 24, 1996

IN REPLY REFER TO:
SF-077106
3162.3-2 (07327)

Pamela W. Staley
Amoco Production Company
P.O. Box 800 1670 Broadway
Denver, Colorado 80201

Dear Ms. Staley:

We have reviewed your application to commingle production downhole from the Blanco Mesaverde and the Aztec Pictured Cliffs Pools in the following well:

**Lackey "B" LS #8
890' FSL, 990' FWL, Section 20, T-28N, R-9W
San Juan County, New Mexico**

None of the production from this well is communitized. Your percentage allocation is based on selective formation testing and analysis of previous production. Mesaverde production, while erratic, is declining at a rate similar to Pictured Cliffs production. Your Application and allocation method, are hereby approved as submitted, effective the date that actual commingling of the pools occurs. Approved allocation factors are:

Formation	Gas	Condensate
Blanco Mesaverde	27%	100%
Aztec Pictured Cliffs	73%	-0-%

If you have any questions regarding this correspondence, please contact Ray Hager at (505) 599-6366.

Sincerely,

for Duane Spencer

Duane Spencer
Team Lead, Petroleum Management

bcc:
New Mexico Oil Conservation Division, Santa Fe
New Mexico Oil Conservation Division, Aztec
07327:RHager:4/24/96 :x366Lackey"B".ltr

DOM Reader
AIRS

Well File (SF-077106, Lackey "B" LS #8, 890 FSL, 990 FWL, Section 20, T-28N, R-9W) W/Application

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

*Amend
DHC-1262*

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

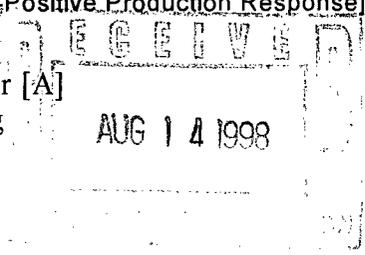
[1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**

- [A] Location - Spacing Unit - Directional Drilling
- NSL NSP DD SD

Check One Only for [B] and [C]

- [B] Commingling - Storage - Measurement
- DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
- WFX PMX SWD IPI EOR PPR



[2] **NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply**

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [B] Offset Operators, Leaseholders or Surface Owner
- [C] Application is One Which Requires Published Legal Notice
- [D] Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] Waivers are Attached

[3] **INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding**

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

Print or Type Name Kay Maddox Signature *Kay Maddox* Title Regulatory Agent Date 8/12/98

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241 1980

State of New Mexico
Energy, Minerals and Natural Resources Department

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

DISTRICT II
811 South I First St. Artesia NM 88210 2835

OIL CONSERVATION DIVISION

APPROVAL PROCESS:

Administrative Hearing

DISTRICT III
1000 Rio Brazos Rd. Aztec, NM 87410 1693

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

EXISTING WELLBORE

YES NO

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Conoco Inc. Address 10 Desta Dr. Ste 100W, Midland, Tx. 79705-4500

Lease Lackey B LS Well No #8 Unit Ltr Sec Twp Rge Section 20, T-28-N, R-9-W, M County San Juan

OGRID NO. 005073 Property Code 22395 API NO. 30-045-13254 Spacing Unit Lease Types: (check 1 or more)
Federal State (and/or) Fee

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	Aztec Pictured Cliffs 71280		Blanco Mesaverde 72319
2. TOP and Bottom of Pay Section (Perforations)	2040-2082'		4288-4424'
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: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a (Current) 221	a.	a. 419
	b (Original) 667	b.	b. 1222
6. Oil Gravity (°API) or Gas BT Content	1150		1200
7. Producing or Shut-In?	Producing		Producing
Production Marginal? (yes or no) • If Shut-In give date and oil/gas/water rates of last production Note For new zones with no production history applicant should be required to attach production estimates and supporting data • If Producing, date and oil/gas/water rates of recent test (within 60 days)	Yes		Yes
	Date Rates	Date Rates	Date Rates
	Date Rates 8/97 78 MCFD, 0 BOPD, 0 BWPD	Date Rates 8/97 19 MCFD, 0.4 BOPD, 0 BWPD	Date Rates
8. Fixed Percentage Allocation Formula - % for each zone	oil: 0 % Gas 52 %	oil: % Gas %	oil: 100 % Gas 48 %

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? Yes No
If not, have all working, overriding, and royalty interests been notified by certified mail? Yes No
Have all offset operators been given written notice of the proposed downhole commingling? Yes No

11. Will cross-flow occur? Yes No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, 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 others Yes No

13. Will the value of production be decreased by commingling? Yes No (If Yes, attach explanation)

14. 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. Yes No

15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). Dual Produced Order # DC-418

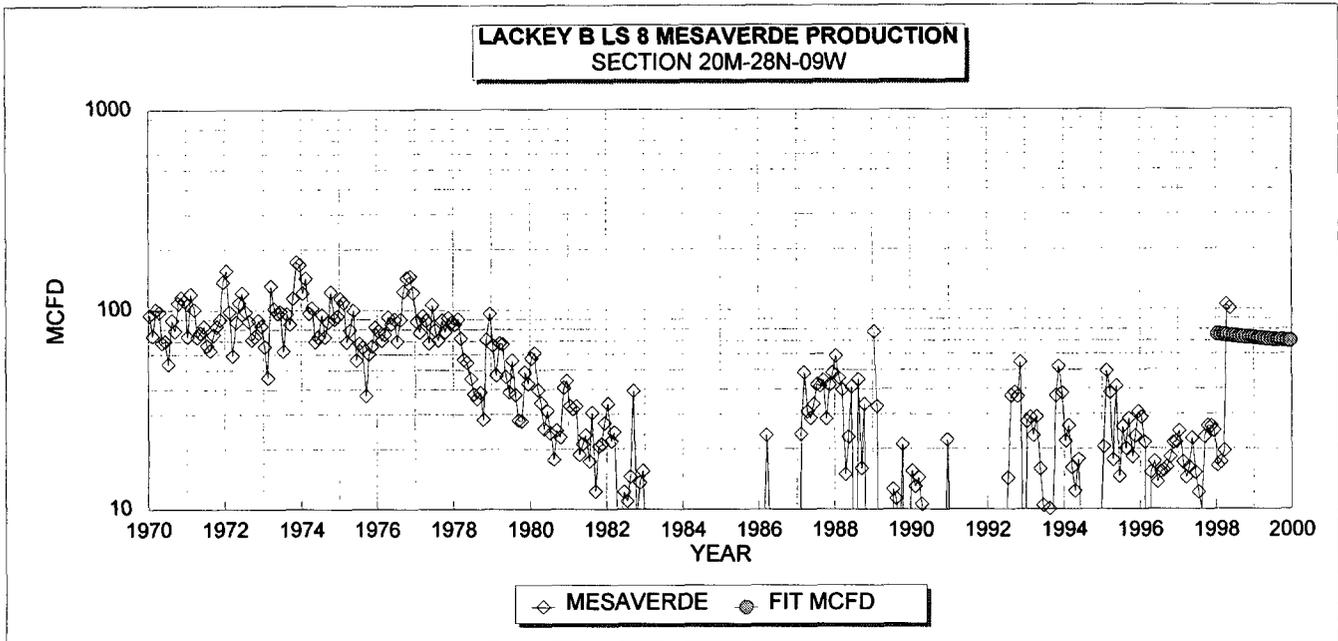
16. ATTACHMENTS

- * 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.
- * Notification list of working, overriding and royalty interests for uncommon interest cases.
- * Any additional statements, data, or documents required to support commingling.

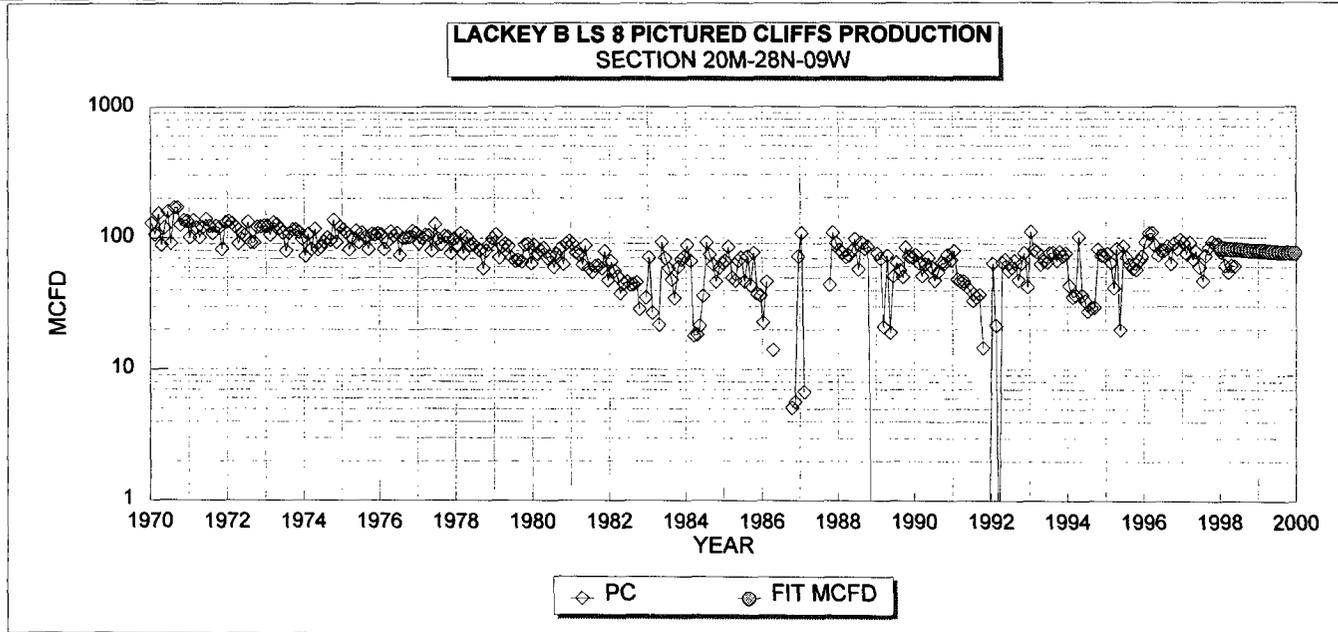
I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Kay Maddox TITLE Regulatory Agent DATE August 12, 1998

TYPE OR PRINT NAME Kay Maddox TELEPHONE NO. (915) 686-5798



MESAVERDE HISTORICAL DATA: 1ST PROD: 06/57		MV PROJECTED DATA	
OIL CUM:	14.82 MBO	1/1/98 Q1:	75 MCFD 0.98 BOPD
GAS CUM:	1128.9 MMCF	DECLINE RATE:	4.0% (EXPONENTIAL)
OIL YIELD:	0.0131 BBL/MCF		



PC HISTORICAL DATA 1ST PROD: 06/57		PC PROJECTED DATA	
OIL CUM:	0.0 MBO	1/1/98 Q1:	83 MCFD 0.00 BOPD
GAS CUM:	1461.0 MMCF	DECLINE RATE:	4.0% (EXPONENTIAL)
OIL YIELD:	0.0000 BBL/MCF		

FIXED COMMINGLE ALLOCATION FACTORS:		
	GAS	OIL
MESAVERDE	48%	100%
PICT CLIFFS	52%	0%

GAS ALLOCATION BASED ON PROJECTED 1998 RATES
 OIL ALLOCATION BASED ON WEIGHTED CUM OIL YIELDS
NOTE: ALL PRODUCTION DATA FROM DWIGHTS ENERGYDATA

Calculate BHP and Z-factor from surface shut-in pressure

DESCRIPTION: Mesaverde Formation - original pressure based on ISIP
 WELL NAME : Lackey B LS 8 (20M 28N 09W)
 GAS GRAVITY: 0.70 % N2 0.40 %
 CONDENSATE (YES=1): 1 % CO2 0.85 %
 RESERVOIR TEMP: 150 'F % H2S 0.00 %
 SURFACE TEMP: 60 'F Pc = 667.68
 DEPTH OF ZONE: 4,356 feet Tc = 381.89

SURFACE PRES	BHP	Z	BHP/Z
psi	psi		psi
1,081	1,222	0.8704	1,404

Calculate BHP and Z-factor from surface shut-in pressure

DESCRIPTION: Mesaverde Formation - current pressure based on SIP
 WELL NAME : Lackey B LS 8 (20M 28N 09W)
 GAS GRAVITY: 0.70 % N2 0.40 %
 CONDENSATE (YES=1): 1 % CO2 0.85 %
 RESERVOIR TEMP: 150 'F % H2S 0.00 %
 SURFACE TEMP: 60 'F Pc = 667.68
 DEPTH OF ZONE: 4,356 feet Tc = 381.89

SURFACE PRES	BHP	Z	BHP/Z
psi	psi		psi
376	419	0.9511	440

Calculate BHP and Z-factor from surface shut-in pressure

DESCRIPTION: Pictured Cliffs Formation - original pressure based on ISIP
 WELL NAME : Lackey B LS 8 (20M 28N 09W)
 GAS GRAVITY: 0.65 % N2 0.25 %
 CONDENSATE (YES=1): 0 % CO2 0.80 %
 RESERVOIR TEMP: 115 'F % H2S 0.00 %
 SURFACE TEMP: 60 'F Pc = 673.92
 DEPTH OF ZONE: 2,061 feet Tc = 372.60

SURFACE PRES	BHP	Z	BHP/Z
psi	psi		psi
634	667	0.9137	730

Calculate BHP and Z-factor from surface shut-in pressure

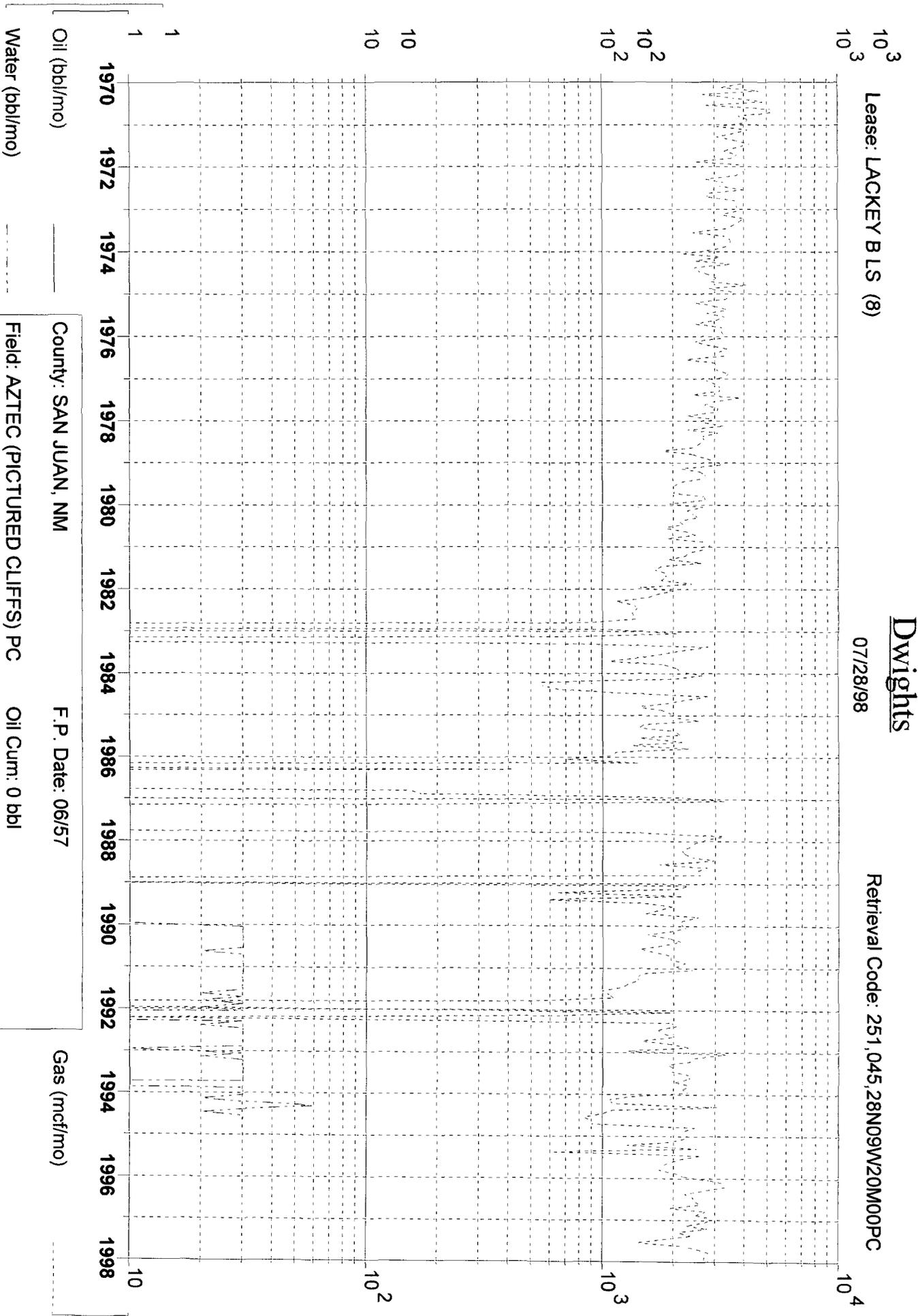
DESCRIPTION:	Pictured Cliffs Formation - current pressure based on SIP		
WELL NAME :	Lackey B LS 8 (20M 28N 09W)		
GAS GRAVITY:	0.65	% N2	0.25 %
CONDENSATE (YES=1):	0	% CO2	0.80 %
RESERVOIR TEMP:	115 'F	% H2S	0.00 %
SURFACE TEMP:	60 'F	Pc =	673.92
DEPTH OF ZONE:	2,061 feet	Tc =	372.60

SURFACE PRES	BHP	Z	BHP/Z
psi	psi		psi
211	221	0.9705	228

Lease: LACKEY BLS (8)

Dwights
07/28/98

Retrieval Code: 251,045,28N09W20M00PC



Oil (bbl/mo) _____
Water (bbl/mo) - - - - -

Country: SAN JUAN, NM

Field: AZTEC (PICTURED CLIFFS) PC

Reservoir: PICTURED CLIFFS

Operator: CONOCO INC

F.P. Date: 06/57

Oil Cum: 0 bbl

Gas Cum: 1451 mmcf

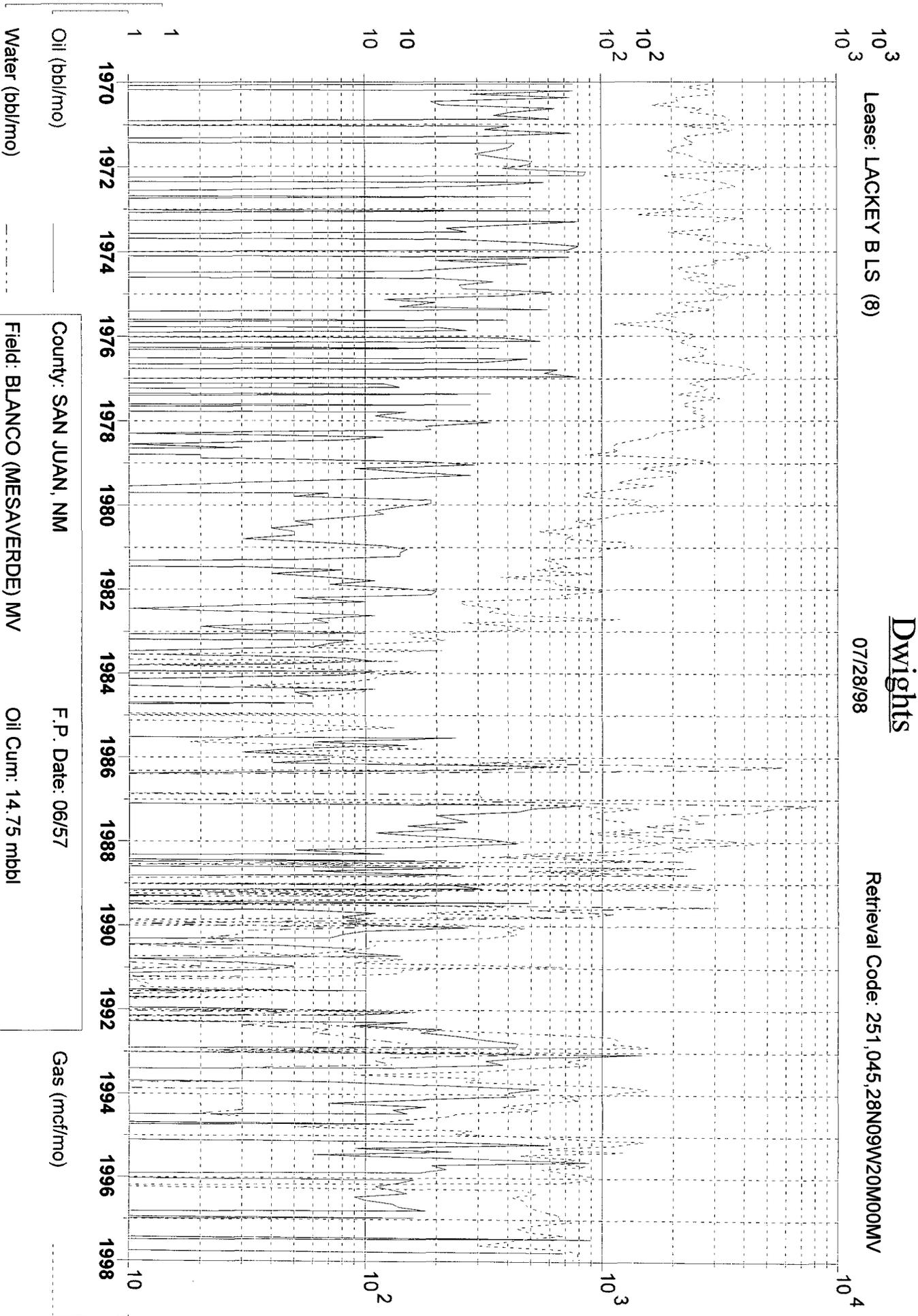
Location: 20M 28N 9W

Gas (mcf/mo)

Lease: LACKEY B L S (8)

Dwights
07/28/98

Retrieval Code: 251,045,28N09W20M00MV



Oil (bbl/mo)

Water (bbl/mo)

Country: SAN JUAN, NM

Field: BLANCO (MESAVERDE) MV

Reservoir: MESAVERDE

Operator: CONOCO INC

F.P. Date: 06/57

Oil Cum: 14.75 mbbl

Gas Cum: 1121 mmcf

Location: 20M 28N 9W

Gas (mcf/mo)

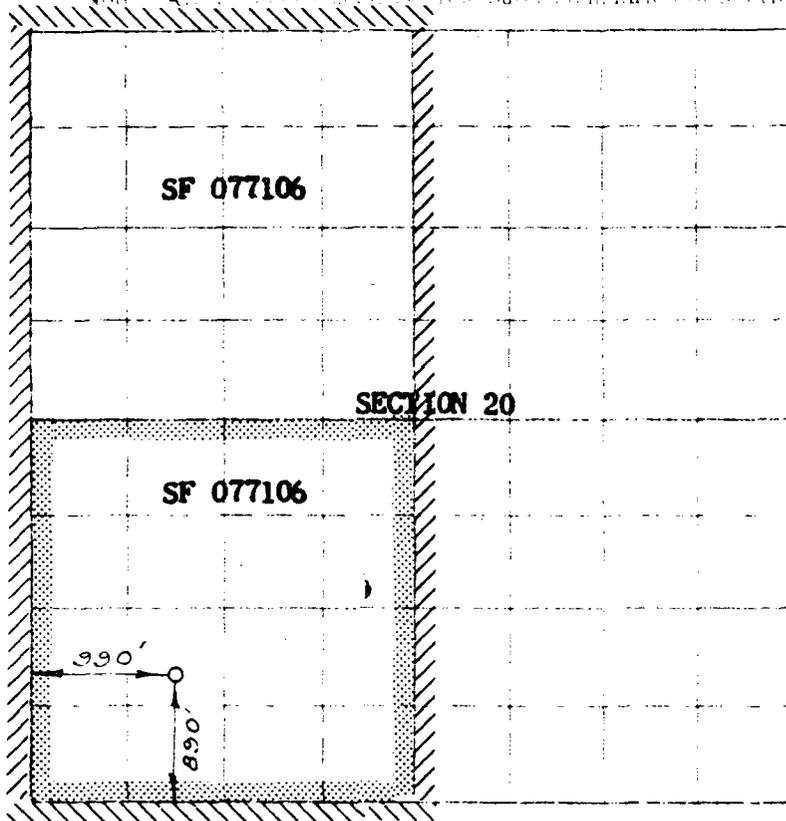
NEW MEXICO
OIL CONSERVATION COMMISSION

WELL LOCATION AND/OR GAS PRODUCTION PLAT

JANUARY 7, 1957

OPERATOR EL PASO NATURAL GAS COMPANY LACKEY "B" SF 077106
 SECTION 8 (PM) 20 28 N 9 W
 RANGE 890 SOUTH 990 WEST
 COUNTY SAN JUAN PICTURED CLIFF AZTEC P.C. 5861
& MESA VERDE BLANCO M.V. 160 AC. PC
320 AC. MV
(1919 PLAT)

Note: All distances are in feet from corner to corner of section.



Scale: 1 inch = equal 1 mile

NOTE

This Section of
Form is to be used
for gas wells only.

This is to certify that the above plat was prepared from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

Date Surveyed DECEMBER 17, 1956

C. O. Walker
Registered Professional Engineer and/or Land Surveyor

1. Is this well a Dual Comp.

Yes No

2. If the answer to question 1 is yes, are there any other fully completed wells within the 160-foot radius?

Yes No

Name ORIGINAL SIGNED E. S. OBERLY

Position Petroleum Engineer

Representing El Paso Natural Gas Co.

Address Box 997, Farmington, N.M.

Seal

Farmington, New Mexico

Lackey B LS #8
API # 30-045-13254
Section 20, T-28-N, R-9-W, M
San Juan County, NM

RE; Downhole Commingle Application C-107 A

OFFSET OPERATORS:

Burlington Resources
PO Box 4289
Farmington, NM 87499

Amoco
PO Box 800
Denver, CO 80201

A copy of the C-107A Application was sent to the above listed parties for notification of Conoco's intent to downhole commingle the Mesaverde and Pictured Cliffs. This well is currently being produced as a dual well.

REQUEST FOR (OIL) - (GAS) ALLOWABLE

New Well
~~Recompletion~~

This form shall be submitted by the operator before an initial allowable will be assigned to any completed Oil or Gas well. Form C-104 is to be submitted in QUADRUPPLICATE to the same District Office to which Form C-101 was sent. The allowable will be assigned effective 7:00 A.M. on date of completion or recompletion, provided this form is filed during calendar month of completion or recompletion. The completion date shall be that date in the case of an oil well when oil is delivered into the stock tanks. Gas must be reported on 15.025 psia at 60° Fahrenheit.

Farmington, N.M. April 8, 1957
(Place) (Date)

WE ARE HEREBY REQUESTING AN ALLOWABLE FOR A WELL KNOWN AS:

El Paso Natural Gas Co. Lackey, Well No. 2-B (FM), in SW 1/4 SW 1/4,
(Company or Operator) (Lease)
M Sec 20 T 28N R 9W, NMPM, Blanco Pool
Unit Letter
San Juan County Date Spudded 1-18-57 Date Completed 2-21-57

Please indicate location:

D	C	B	A
E	F	G	H
L	K	J	I
M	N	O	P

2905, 990W

Casing and Cementing Record

Size Feet Sax

10-3/4"	162'	150
7"	3810'	300
5-1/2"	740'	120
2"	415'	
1-1/4"	2085'	

Elevation 5861 Total Depth 4483 Spgs C.O. 4440'

Top oil/gas pay 4288' (Perf) Name of Prod. Form M.V.

Casing Perforations: 4288-4300; 4322-4332; 4360-4386; 4414-4426 or

Depth to Casing shoe of Prod. String 3732-4480 (Liner)

Natural Prod. Test..... BOPD

based on..... bbls. Oil in..... Hrs..... Mins.

Test after acid or shot..... BOPD

Based on..... bbls. Oil in..... Hrs..... Mins.

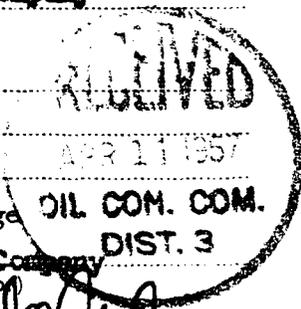
Gas Well Potential ACF = 5006 MCF/D; Ch. Volume = 3842 MCF/D

Size choke in inches 3/4"

Date first oil run to tanks or gas to Transmission system: W/O Pipeline

Transporter taking Oil or Gas: El Paso Natural Gas Company

Remarks: Perf. nipple (3.12') set at 4394'; Baker E&J packer set at 3706;
Garrett perf. Sleeve at 2103'.



I hereby certify that the information given above is true and complete to the best of my knowledge.
Approved: APR 11 1957, 19.....

OIL CONSERVATION COMMISSION

By: Original Signed Emery C. Arnold
Title: Oil and Gas Inspector Dist. #3.

El Paso Natural Gas Company
(Company or Operator)
By: *Emery C. Arnold*
(Signature)
Title: Petroleum Engineer
Send Communications regarding well to:
Name: E. J. Coal
Address: Box 997 - Farmington, New Mexico

REQUEST FOR (OIL) - (GAS) ALLOWABLE

New Well
~~Recompletion~~

This form shall be submitted by the operator before an initial allowable will be assigned to any completed Oil or Gas well. Form C-104 is to be submitted in QUADRUPPLICATE to the same District Office to which Form C-101 was sent. The allowable will be assigned effective 7:00 A.M. on date of completion or recompletion, provided this form is filed during calendar month of completion or recompletion. The completion date shall be that date in the case of an oil well when oil is delivered into the stock tanks. Gas must be reported on 15.025 psia at 60° Fahrenheit.

Farmington, N.M.
(Place)

April 8, 1957
(Date)

WE ARE HEREBY REQUESTING AN ALLOWABLE FOR A WELL KNOWN AS:

El Paso Natural Gas Co. (Company or Operator) Lackey (Lease) Well No. 8-B (H) in SW 1/4 SW 1/4

M Unit Letter Sec. 20 T. 20N R. 9W NMPM, Artec P.C. Pool

San Juan County. Date Spudded 1-18-57 Date Completed 2-21-57

Please indicate location:

D	C	B	A
E	F	G	H
L	K	J	I
M X	N	O	P

Elevation 5861 Total Depth 4483 ~~xxxx~~ C.O. 4440'

Top oil/gas pay 2040' (Perf) Name of Prod. Form P.C.

Casing Perforations: 2040-2056; 2060-2072 or

Depth to Casing shoe of Prod. String 3619

Natural Prod. Test..... BOPD

based on..... bbls. Oil in..... Hrs..... Mins.

Test after acid or shot..... BOPD

Based on..... bbls. Oil in..... Hrs..... Mins.

Gas Well Potential A.C.F. = 4041 MCF/D; Ch. Volume = 3450 MCF/D

Size choke in inches 3/4"

Date first oil run to tanks or gas to Transmission system: W/O Pipeline

Transporter taking Oil or Gas: El Paso Natural Gas Company

Casing and Cementing Record

Size Feet Sx

10-3/4"	162'	150
7"	3810'	300
5-1/2"	1483'	130
2" 1-1/4"	4419' 2085'	---

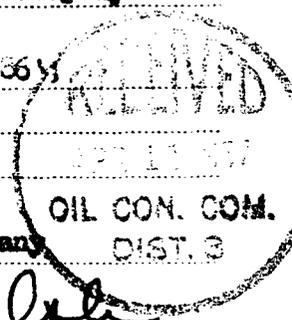
Remarks: Perf. nipple (3.20') set at 4394'; Baker EGJ packer set at 3764';
Murrett perf. sleeve at 2103'.

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

Approved....., 19.....

By: Original Signed Emery C. Arnold
Title: Oil and Gas Inspector Dist. #3

El Paso Natural Gas Company (Company or Operator)
By: *Emery C. Arnold* (Signature)
Title: Petroleum Engineer
Send Communications regarding well to:
Name: E. J. Coal
Address: Box 997 - Farmington, New Mexico



OIL CONSERVATION COMMISSION

GOVERNOR
EDWIN L. MECHEM
CHAIRMAN

New Mexico

OIL CONSERVATION COMMISSION

LAND COMMISSIONER, MURRAY E. MORGAN
MEMBER

STATE GEOLOGIST, A.L. PORTER JR.
SECRETARY DIRECTOR



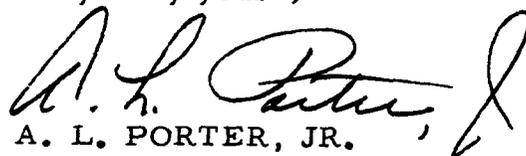
P. O. BOX 871
SANTA FE, NEW MEXICO
April 16, 1957

El Paso Natural Gas Company
P. O. Box 997
Farmington, New Mexico

Gentlemen:

Enclosed please find Administrative Order No. DC-418 for your Lackey Well No. 8-B (PM), located 890 feet from the South line and 980 feet from the West line of Section 20, Township 28 North, Range 9 West, NMPM, San Juan County, New Mexico, in the Aztec-Pictured Cliffs Gas Pool and in the Mesaverde Formation within one mile of the Blanco Mesaverde Gas Pool.

Very truly yours,


A. L. PORTER, JR.
Secretary-Director

/dea
Enclosure

SUBJECT: DUAL COMPLETION (GAS-GAS)

April 8, 1957

ORDER NO. DC-418

THE APPLICATION OF EL PASO NATURAL GAS COMPANY FOR PERMISSION TO EFFECT DUAL COMPLETION OF ITS LACKEY WELL NO. 8-B (PM) LOCATED 890 FEET FROM THE SOUTH LINE AND 980 FEET FROM THE WEST LINE OF SECTION 20 TOWNSHIP 28 NORTH, RANGE 9 WEST, NMPM, SAN JUAN COUNTY, NEW MEXICO, IN THE AZTEC-PICTURED CLIFFS GAS POOL AND IN THE MESA-VERDE FORMATION WITHIN ONE MILE OF THE BLANCO MESAVERDE GAS POOL.

ADMINISTRATIVE ORDER
OF THE OIL CONSERVATION COMMISSION

Under the provisions of Rule 112-A (c) El Paso Natural Gas Company made application to the New Mexico Oil Conservation Commission on April 8, 1957, for permission to dually complete its Lackey Well No. 8-B (PM), located 890 feet from the South line and 980 feet from the West line of Section 20, Township 28 North, Range 9 West, NMPM, San Juan County, New Mexico, in the Aztec-Pictured Cliffs Gas Pool and in the Mesaverde Formation within one mile of the Blanco Mesaverde Gas Pool.

The Secretary-Director Finds:

- (1) That application has been duly filed under the provisions of Sub-section 'c' of Rule 112-A of the Commission's Rules and Regulations;
- (2) That satisfactory information has been provided that all operators of offset acreage have been duly notified; and
- (3) That waivers of objection from all affected offset operators have been received.

IT IS THEREFORE ORDERED:

That the applicant, herein, El Paso Natural Gas Company be and it hereby is authorized to dually complete its Lackey Well No. 8-B (PM), located 890 feet from the South line and 980 feet from the West line of Section 20, Township 28 North, Range 9 West, NMPM, San Juan County, New Mexico, in such a manner as to permit the production of gas from the Aztec-Pictured Cliffs Pool through proper perforation of the casing and through the casing-tubing annulus and the production of gas from the Mesaverde Formation through proper perforation of the liner and through the tubing, and the installation of a suitable packer and with the installation of adequate surface equipment to maintain complete separation of the two zones of production.

PROVIDED HOWEVER, That subject well shall be completed and thereafter produced in such a manner that there will be no commingling within the well-bore, either within or outside the casing of gas, oil and gas, or oil produced from either or both of the separate strata,

PROVIDED HOWEVER, That prior to the actual dual completion the operator shall make pressure tests of the casing to prove that no casing leaks have developed since the well was originally completed. In the event a casing leak is apparent the operator shall take appropriate steps to adequately repair the leak. The results of these tests shall be reported to the Commission on Form C-103.

PROVIDED FURTHER, That upon the actual dual completion of such subject well applicant shall submit to the appropriate District Office of the Commission, copies of Oil Conservation Commission Form C-104, Form C-110, and Form C-122, outlining the information required on those forms by existing Rules and Regulations, and two copies of the electric log of the well.

PROVIDED FURTHER, That said subject well for dual completion and production shall be equipped in such a way that reservoir pressures may be determined separately for each of the two specified strata, and further, be equipped with all necessary connections required to permit recording meters to be installed and used, at any time, as may be required by the Commission or its representatives, in order that natural gas, oil, or oil and gas from each separate stratum may be accurately measured and the gas-oil ratio thereof determined, and

PROVIDED FURTHER, That the operator-applicant shall make any and all tests, including segregation tests and packer leakage tests upon completion and annually thereafter during the deliverability test period for the Aztec-Pictured Cliffs Pool, but not excluding other tests and/or determinations at any convenient time and in such manner as deemed necessary by the Commission; the original and all subsequent tests shall be witnessed by representatives of the Commission and by representatives of offset operators, if any there be, at their election, and the results of each test properly attested to by the applicant herein and all witnesses, and shall be filed with the Commission within fifteen (15) days after completion of such test, and further that operator shall submit a packer setting affidavit within fifteen (15) days of completion and after remedial work whenever the packer is disturbed, and

PROVIDED FURTHER, That upon the actual dual completion of such subject well, applicant shall submit to the Commission a diagrammatic sketch of the mechanical installation which was actually used to complete and produce the seal between the strata, and a special report of production, gas-oil ratio and reservoir pressure determination of each producing zone or stratum immediately following completion.

IT IS FURTHER ORDERED, That jurisdiction of this cause is hereby retained by the Commission for such further order or orders as may seem necessary or convenient for the prevention of waste and/or protection of correlative rights; upon failure of applicant to comply with any requirement of this order after proper notice and hearing the Commission may terminate the authority hereby granted and require applicant or its successors and assigns to limit its activities to regular single-zone production in the interests of conservation.

APPROVED at Santa Fe, New Mexico, on this 8th day of April, 1957.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


A. L. PORTER, JR.
Secretary-Director

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