

1299 6/3/96

Southern  
Rockies  
Business  
Unit

May 3, 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**  
**VCU #27 Well**  
**Unit M Section 22-T28N-R4W**  
**Basin Fruitland Coal and Choza Mesa Pictured Cliffs Pools**  
**Rio Arriba 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.

Sincerely,

Pamela W. Staley

Enclosures

cc: Mark Rothenberg  
Patty Haefele  
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

Amoco Production Company

P.O. Box 800 Denver, CO 80201

Operator  
VCU

Well No.  
27

Address  
M-22-28N-4W

County  
Rio Arriba

Lease

Unit Ltr. - Sec Twp - Rge

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 000778

Property Code 001191

API NO. 3003921595

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	BASIN FRUITLAND COAL 71629		CHOZA MESA PICTURED CLIFFS 74960
2. Top and Bottom of Pay Section (Perforations)	4004' - 4094'		4188' - 4290'
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 Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated or Measured Original	a. (Current) (EST) 671 PSI b. (Original) 1149 PSI	a.  b.	a. (EST) 418 PSI b. 1090 PSI
6. Oil Gravity (° API) or Gas BTU Content	1195 BTU		1000 BTU
7. Producing or Shut-In?	PRODUCING		SHUT-IN
Production Marginal? (yes or no)	YES		YES
• 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: NEVER PRODUCED SEE ALLOCATION METHOD FOR EXPLANATION	Date: Rates:	Date: Rates:
• If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: Rates:	Date: Rates:	5/96 Date: Rates: 15 MCFD 0.1BCPD 0 BWPD
8. Fixed Percentage Allocation Formula -% for each zone	Oil: % Gas %	Oil: % Gas %	Oil: % Gas %

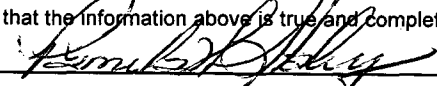
9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.
10. Are all working, overriding, and royalty interests identical 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 ☐ No

☐ Yes ☐ No

☒ 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 other? ☒ 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 NM-14916
15. 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. SEE ATTACHED
  - \* 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 

TITLE REGULATORY AFFAIRS REP

DATE 5/3/96

TYPE OR PRINT NAME PAMELA W. STALEY

TELEPHONE NO. ( 303 ) 830-5344

NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form 2-107  
Revised 1-6-66

All distances must be from the outer boundaries of the Section.

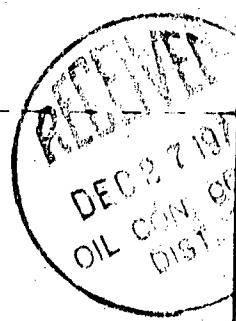
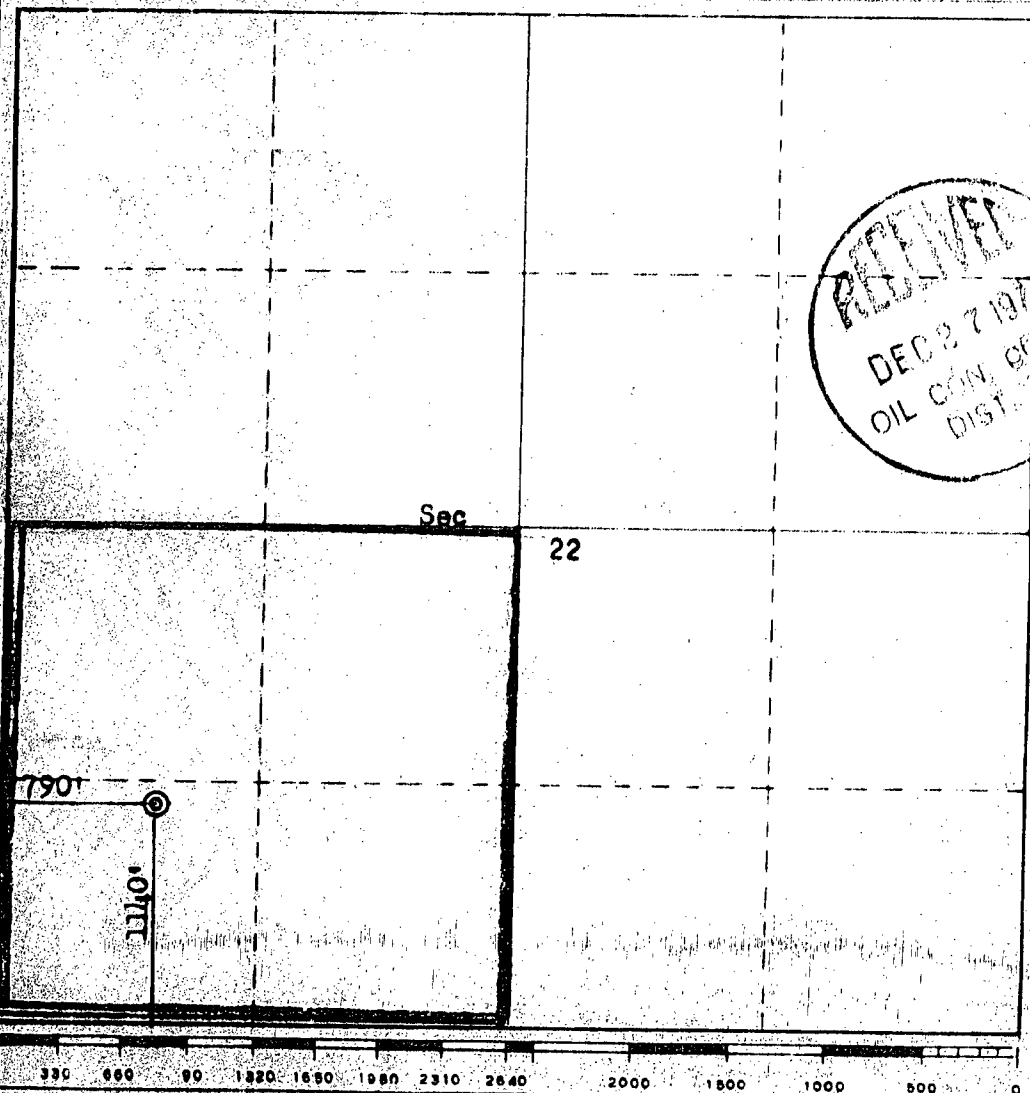
Operator <b>Amoco Production Company</b>			Lease <b>Valencia Canyon Unit</b>		Well No. <b>27</b>
Unit Letter <b>M</b>	Section <b>22</b>	Township <b>28N</b>	Range <b>4W</b>	County <b>Rio Arriba</b>	
Actual Footage Location of Well:					
<b>1140</b>	feet from the	<b>South</b>	line and	<b>790</b>	feet from the <b>West</b> line
Ground Level Elev. <b>7282</b>	Producing Formation <b>Pictured Cliffs</b>		Pool <b>Choza Mesa Pictured Cliffs</b>	Dedicated Acreage: <b>160</b> <input checked="" type="checkbox"/> Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation \_\_\_\_\_

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



**CERTIFICATION**

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

Name J. L. KRUPKA  
 Position AREA ENGINEER  
 Company AMOCO PRODUCTION COMPANY  
 Date DECEMBER 14, 1977

I hereby certify that the well location shown on this plat was plotted from the notes of actual surveys made by me under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed December 9, 1977  
 Registered Professional Engineer and/or Land Surveyor  
Fred B. Kerr Jr.  
 Certificate No. 3950

16			

17 OPERATOR CERTIFICATION

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

*Patty Haeefe*

Signature

Patty Haeefe

Printed Name

Business Associate

Title

1-26-95

Date

18 SURVEYOR CERTIFICATION

*I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.*

12/14/77

Date of Survey

Signature and Seal of Professional Surveyor:

On File

3950

Certificate Number

790'

1140'

O

10<sup>3</sup>  
10<sup>3</sup>  
10<sup>3</sup>

10<sup>2</sup>  
10<sup>2</sup>  
10<sup>2</sup>

10  
10  
10

1  
1  
1

Oil (bbl/mo)

Water (bbl/mo)

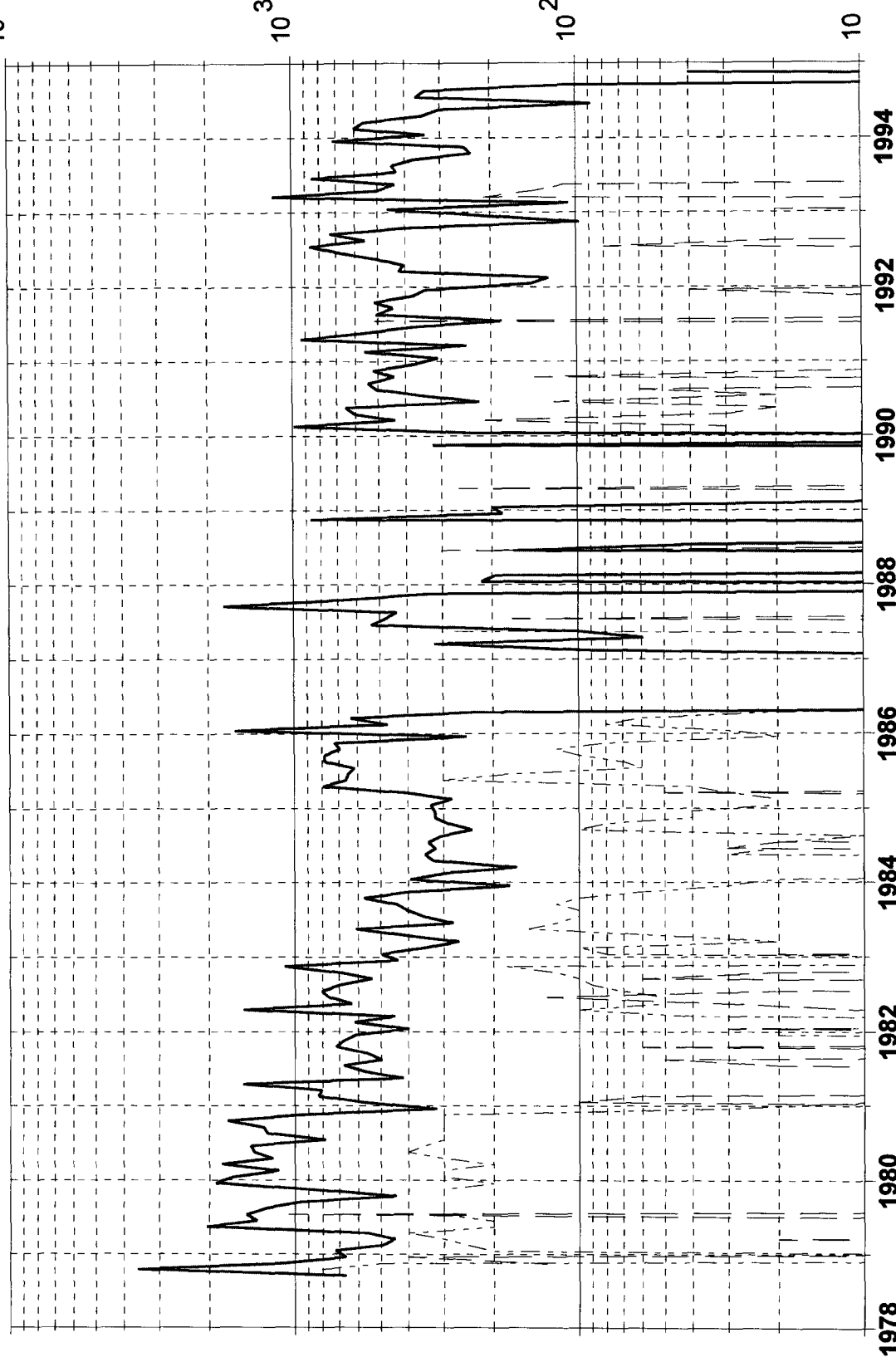
Gas (mcf/mo)

# Dwights

Lease: VALENCIA CANYON UNIT 000027

Retrieval Code: 251,039,28N04W22M00PC

04/09/96



County: RIO ARRIBA, NM F.P. Date: 09/78

Field: CHOZA MESA (PICTURED CLIFFS) Oil Cum: 490 bbl

Reservoir: PICTURED CLIFFS Gas Cum: 101.0 mmcf

Operator: AMOCO PRODUCTION CO Location: 22M 28N 4W

**VCU #27**

**OFFSET OPERATORS**

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

**PROPOSED ALLOCATION METHOD**

The VCU #27 has been producing since 1978 from the Pictured Cliffs formation. The Pictured Cliffs has a stable decline curve as evidenced in the attached production curve. In 1995, we perforated the Fruitland to determine if it we could inject air and produce the formation. Now we propose placing the Fruitland on production and commingling it with the Pictured Cliffs.

The proposed allocation method would be by the subtraction method. The attached production curve shows the average production on an annual basis for the Pictured Cliffs formation. We propose that the following production schedule be used for the Pictured Cliffs until the economic limit of 10 MCFD is reached (estimated to be 2015). Total production minus the scheduled production listed below would be the production attributed to the Fruitland Coal. All liquid should be attributed 100% to the Pictured Cliffs formation.

1996 - 15 MCFD  
1997 - 15 MCFD  
1998 - 15 MCFD  
1999 - 14 MCFD  
2000 - 14 MCFD  
2001 - 14 MCFD  
2002 - 14 MCFD  
2003 - 13 MCFD  
2004 - 13 MCFD  
2005 - 13 MCFD  
2006 - 13 MCFD  
2007 - 12 MCFD  
2008 - 12 MCFD  
2009 - 12 MCFD  
2010 - 12 MCFD  
2011 - 11 MCFD  
2012 - 11 MCFD  
2013 - 11 MCFD  
2014 - 11 MCFD  
2015 - 10 MCFD POTENTIAL ECONOMIC LIMIT