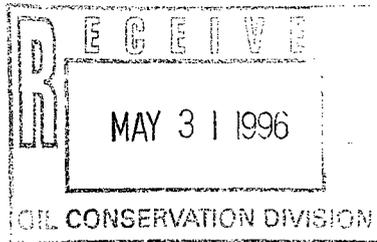


DHC

6/20/96

1307



Southern

Rockies

Business

Unit

May 28, 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
Hamner #3E Well
Unit M Section 29-T29N-R9W
Otero Chacra and Blanco Mesaverde 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.

Sincerely,

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

OIL CONSERVATION DIVISION

APPROVAL PROCESS:

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

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

Administrative Hearing

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

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE
 YES NO

Amoco Production Company

P.O. Box 800 Denver, CO 80201

Operator **Hammer** Well No. **3E** Address **M-29-29N-9W** County **San Juan**
Lease Unit Ltr. - Sec Twp - Rge

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 000778 Property Code 000625 API NO. 3004524800 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 | OTERO CHACRA 82329 | | BASIN DAKOTA 71599 |
| 2. Top and Bottom of Pay Section (Perforations) | 3105' - 3234' | | 6482' - 6582' |
| 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) 502 PSI | a. | a. 978 PSI |
| | b. (Original) 1153 PSI | b. | b. 2681 PSI |
| 6. Oil Gravity (° API) or Gas BTU Content | 1192 BTU | | 1275 BTU / 59.2 DEG API |
| 7. Producing or Shut-In? | PRODUCING | | PRODUCING |
| Production Marginal? (yes or no) | YES | | YES |
| • If Shut-In, give data and oil/gas/water rates of last production <small>Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data</small> | Date: Rates: | Date: Rates: | Date: Rates: |
| | Date: 5/96 Rates: 40 MCFD .0023 BCPD 0 BWPD | Date: Rates: | Date: 5/96 Rates: 70 MCFD .0019 BCPD <1 BWPD |
| 8. Fixed Percentage Allocation Formula -% for each zone | Oil: 55 % Gas 36 % | Oil: % Gas % | Oil: 45 % Gas 64 % |

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 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 SF-080245

15. NMOC Reference Cases for Rule 303(D) Exceptions: ORDER NO(S) _____

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 *Pamela W. Staley* TITLE REGULATORY AFFAIRS REP DATE 5/23/96
TYPE OR PRINT NAME PAMELA W. STALEY TELEPHONE NO. (303) 830-5344

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form No. 1
Effective 10-81

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

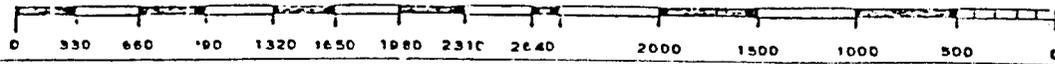
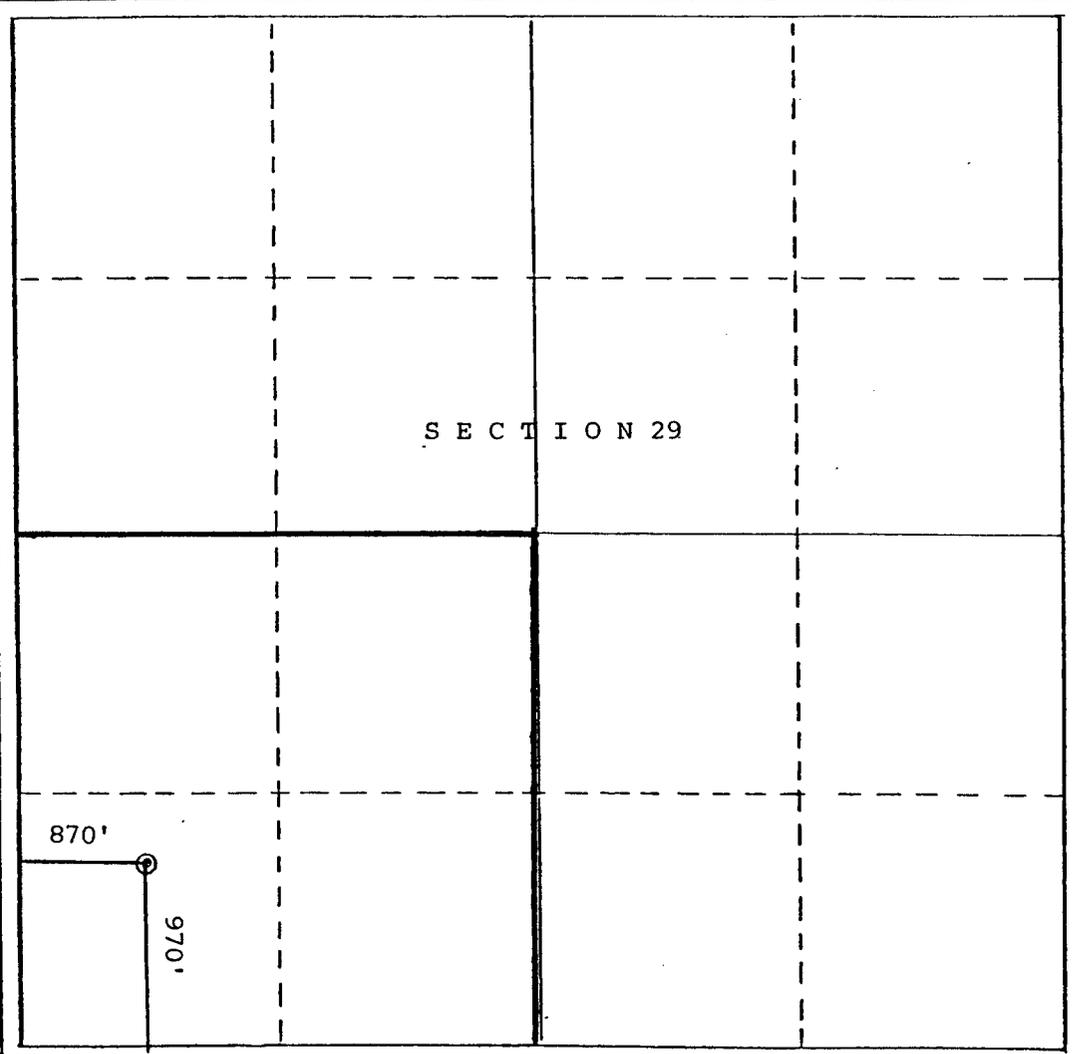
| | | | | |
|--|---|------------------------------|--|---------------------------|
| Operator Tenneco Oil Company | | Lease Hamner | | Well No. 3E |
| Unit Letter M | Section 29 | Township 29N | Range 9W | County San Juan |
| Actual Footage Location of Well: 970 feet from the South line and 870 feet from the West line | | | | |
| Ground Level Elev: 5761 | Producing Formation Dakota/Chacra | Pool Dakota/Chacra | Dedicated Acreage: 160 Acres | |

1. Outline the acreage dedicated to the subject well by colored pencil or hachure 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.

[Signature]
Name
Production Analyst
Position
Tenneco Oil Company
Company
8/3/81
Date

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 knowledge and belief.

Date Surveyed _____
Registered Professional Engineer and/or Land Surveyor _____
Certificate No. _____

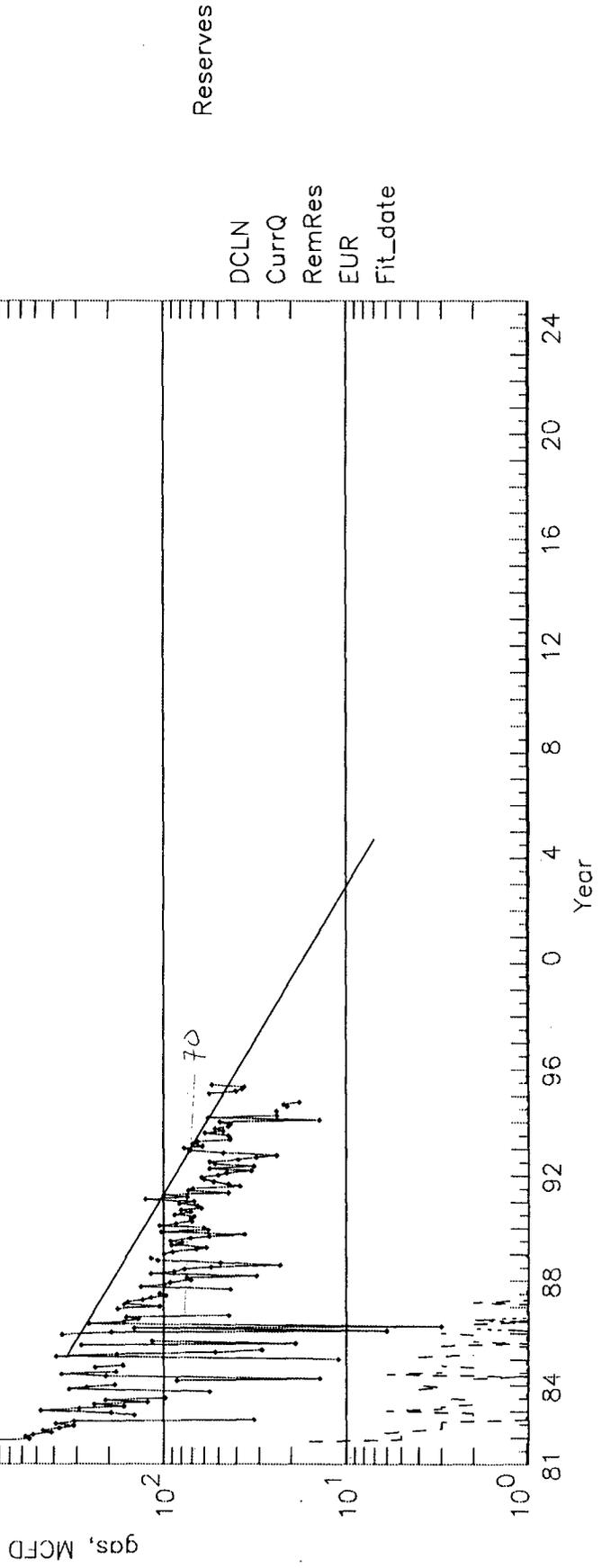
For: zalc14
Engr: zrar06

HAMNER 3E Operator - AMOCO PRODUCTION CO

30045248000DK M292909-003EDK

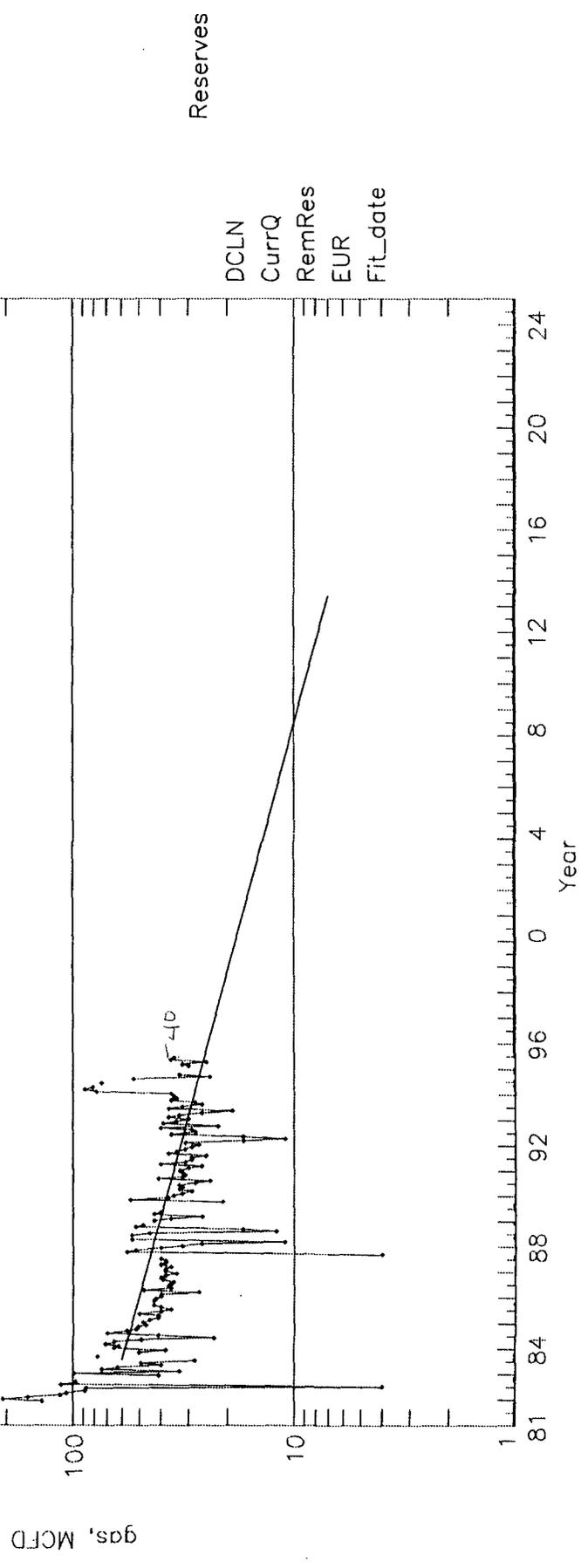
APC_WI - 0.50000000

| | |
|-----------|--------|
| CumG_70 - | 0 |
| CumO_70 - | 0 |
| CumGAS - | 551405 |
| CumOIL - | 4326 |



For: zalc14
 Engr: zrar06

HAMNER 3E
 300452480000CK M292909-003ECK
 Operator- AMOCO PRODUCTION CO
 APC_WI - 0.50000000
 CumG_70 - 0
 CumO_70 - 0
 CumGAS - 194516
 CumOIL - 57



Last Op. Forecast by zrar06 in 07/1995

OFFSET OPERATORS

Hamner #3E

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

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

Lively Exploration Co.
1300 Post Oak #1900
Houston, Texas 77056

D.J. Simmons Co., Ltd.
P.O. Box 1469
Farmington, NM 87499