

DHC 12/21/98
2148

November 18, 1998

New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87504-2088

United States Department of the Interior
Bureau of Land Management
1235 La Plata Highway
Farmington, NM 87401

NOV 30 1998

New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, NM 87410

RE: Jicarilla Apache C No. 2
890' FNL, 1750' FEL, Sec. 27, T24N, R5W
Rio Arriba County, New Mexico

Dear Sirs:

Elm Ridge Resources, Inc. requests administrative approval to downhole commingle production from the Otero Gallup and Basin Dakota formations in the subject well. The following attachments are enclosed for your consideration:

1. Form C107A - Application for Downhole Commingling.
2. Form C102 - Plat for each formation showing its dedicated acreage.
3. Form C116 - Production test of each horizon for allocation purposes.
4. A notification list of offset operators.

The working interests and royalty interests are identical in both zones. Elm Ridge Resources, Inc. believes this application will be in the best interest of all owners. If you have any questions regarding this application, please give me a call at (505) 326-4125. Thank you for your consideration of this matter.

Sincerely,



Dana L. Delventhal
Agent

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 First St., Artesia, NM 88210-2835

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

APPROVAL PROCESS:
 Administrative Hearing

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

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE
 YES NO

Elm Ridge Resources, Inc. 312 W. La Plata St. Farmington, NM 87401

Operator Address
Jicarilla Apache C 2 B Sec. 27, T24N, R5W Rio Arriba

Lease Well No. Unit Ltr. - Sec - Twp - Rge County
Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 149052 Property Code _____ API NO. 30-039-21461 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 Gallup 48450		Basin Dakota 71599
2. Top and Bottom of Pay Section (Perforations)	5620'-5650'		6692'-6727'
3. Type of Production (Oil or Gas)	Oil		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) 650 psi	a.	a. 800 psi
	b. (Original) 1100 (est.)	b.	b. 1700 (est.)
6. Oil Gravity (° API) or Gas BTU Content	40°, 1200 (est.)		1200 (est.)
7. Producing or Shut-In?	SI-pending approval		SI-pending approval
Production Marginal? (yes or no) • If Shut-In, give date 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> • If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Yes		Yes
	Date: 11/17/98 Rates: 10 BOPD 30 MCFD	Date: Rates:	Date: 11/16/98 Rates: 0 BOPD 40 MCFD
	Date: Rates:	Date: Rates:	Date: Rates:
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 100 % Gas: 42.9 %	Oil: % Gas: %	Oil: 0 % Gas: 57.1 %

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
15. NMOCD 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 Dana S. Delventhal TITLE Agent DATE 11/17/98

TYPE OR PRINT NAME Dana L. Delventhal TELEPHONE NO. (505) 326-4125

District I
P. O. Box 1980, Hobbs, NM 88241-1980

District II
P.O. Drawer DD, Artesia, NM 88211-0719

District III
1000 Rio Brazos RD., Aztec, NM 87410

District IV
P.O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 21, 1994

Instructions on back
Submit to Appropriate District Office

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, NM 87504-2088

State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-039-21461	2 Pool Code 48450 / 71599	3 Pool Name Otero Gallup / Basin Dakota
4 Property Code	5 Property Name Jicarilla Apache C	6 Well Number 2
7 OGRID No. 149052	8 Operator Name Elm Ridge Resources, Inc.	9 Elevation 6663' GLE

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	27	24N	5W		890'	North	1750'	East	Rio Arriba

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
12 Dedicated Acres 40 / 320	13 Joint or Infill N	14 Consolidation Code	15 Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16			17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief
	<p>Lease No: 09-000013</p> <p>BASIN DAKOTA</p>		Signature <i>Dana L. Delventhal</i>
			Printed Name Dana L. Delventhal
			Title Agent
			Date 17-Nov-98
			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.
			Date of Survey
			Signature and Seal Professional Surveyor:
			Certificate Number

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

Submit 2 copies to Appropriate
District Office

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

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

GAS - OIL RATIO TEST

Operator		Pool		County							
Elm Ridge Resources, Inc.		Otero Gallup / Basin Fruitland Coal		Rio Arriba							
Address		TYPE OF TEST - (X)		Completion							
312 W. La Plata St. Farmington, NM 87401		<input type="checkbox"/> DAILY ALLOWABLE <input checked="" type="checkbox"/> TBG PRESSURE <input type="checkbox"/> GRAVITY <input type="checkbox"/> SPECIAL TEST		<input type="checkbox"/> WATER BBL. <input checked="" type="checkbox"/> OIL BBL. <input type="checkbox"/> GAS M.C.F. <input type="checkbox"/> SPECIAL TEST							
LEASE NAME	WELL NO.	LOCATION			DATE OF TEST	CHOKE SIZE	DAILY ALLOWABLE	LENGTH OF TEST HOURS	PROD. DURING TEST		GAS-OIL RATIO CU. FT/BBL
		U	S	T					R	GRAV. OIL	
Jicarilla Apache C	2	B	27	24N	5W						
Otero Gallup						115	24	0	10	30	
Basin Dakota						115	24	0	0	40	

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

Instructions:

During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Division.

Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60 F. Specific gravity base will be 0.60.

Report casing pressure in lieu of tubing pressure for any well producing through casing.

(See Rule 301 Rule 1116 & appropriate pool rules.)

Signature

Dana L. Delventhal

Printed name and title

Dana L. Delventhal, Agent

Date

11/17/98

Telephone No.

(505) 326-4125

OFFSET OPERATORS

Conoco, Inc.
10 Desta Drive, Suite 100W
Midland, TX 79705-4500

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