



CONTINENTAL OIL COMPANY

P. O. Box 1621
Durango, Colorado
September 10, 1965

New Mexico Oil Conservation Commission (3)
P. O. Box 2088
Santa Fe, New Mexico

Gentlemen:

Under provisions adopted by the New Mexico Oil Conservation Commission Rule 303-b, Continental Oil Company requests administrative approval to commingle in common facilities, commonly owned liquid hydrocarbon production from the Undesignated Dakota oil pool and the Undesignated Gallup oil pool in its dual completion Jicarilla Apache 28 Well No. 2, Unit D, Section 27, T25N, R4W, Rio Arriba County, New Mexico. The two zones are marginal producers and underlie the same lease having common working and royalty interests. The required data are attached.

Under the proposed installation shown on the attached schematic diagram, required periodic well tests will be conducted by shutting-in one zone while obtaining tests on the other. Separate tests on each zone will be conducted. Gas allocation to each zone will be based on gas-oil ratios obtained during the tests.

The actual commercial value of the commingled production will not be less than the sum of the values of the production from each common source of supply.

A copy of this application and accompanying data has been forwarded to the United States Geological Survey requesting their approval of the proposed commingling on Indian lands.

If any additional information is required, please advise.

Very truly yours,

H. D. Haley
District Manager
Durango District
Production Department

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GAB/ca
Att.

cc: Mr. E. A. Austin, Continental Oil Company, Denver, Colorado
Llaves Pipeline Ltd., Farmington, New Mexico
Shell Oil Company, Box 1588, Farmington, New Mexico
U. S. Geological Survey, Roswell, New Mexico (2)
U. S. Geological Survey, Farmington, New Mexico

DATA REQUIREMENTS FOR SURFACE COMMINGLING INSTALLATIONS

Jicarilla 28 Well No. 2, Rio Arriba County, New Mexico

Average Daily Oil Production for 90-Day Period:

Jicarilla 28 Well No. 2	<u>Gallup</u>	<u>Dakota</u>
May, 1965	3 BOPD	7 BOPD
June, 1965	5 BOPD	6 BOPD
July, 1965	5 BOPD	6 BOPD

Top Unit Allowable: Gallup - 124 BOPD

Dakota - 164 BOPD

Crude Purchaser: Llaves Pipeline Ltd.-Shell Oil Company

Royalty Interest Owner: Jicarilla Apache Tribe

Liquid Hydrocarbon Gravities: Gallup - 44.1° API

Dakota - 48.6° API

Commingled Liquid Hydrocarbon Gravity - 45.5° API

Commingled gravity on adjacent lease (Jicarilla 22) over a six-month period has averaged 45.1° API.

Value of 44.1° API Crude = \$2.35 per barrel

Value of 48.6° API Crude = \$2.35 per barrel less \$.08 = \$2.27

Value of 45.5° API Crude = \$2.35 per barrel less \$.02 = \$2.33

Anticipated Producing Rates: Gallup - 7 BOPD

Dakota - 5 BOPD

Value Calculations: Gallup 7 BOPD x \$2.35 = \$16.45

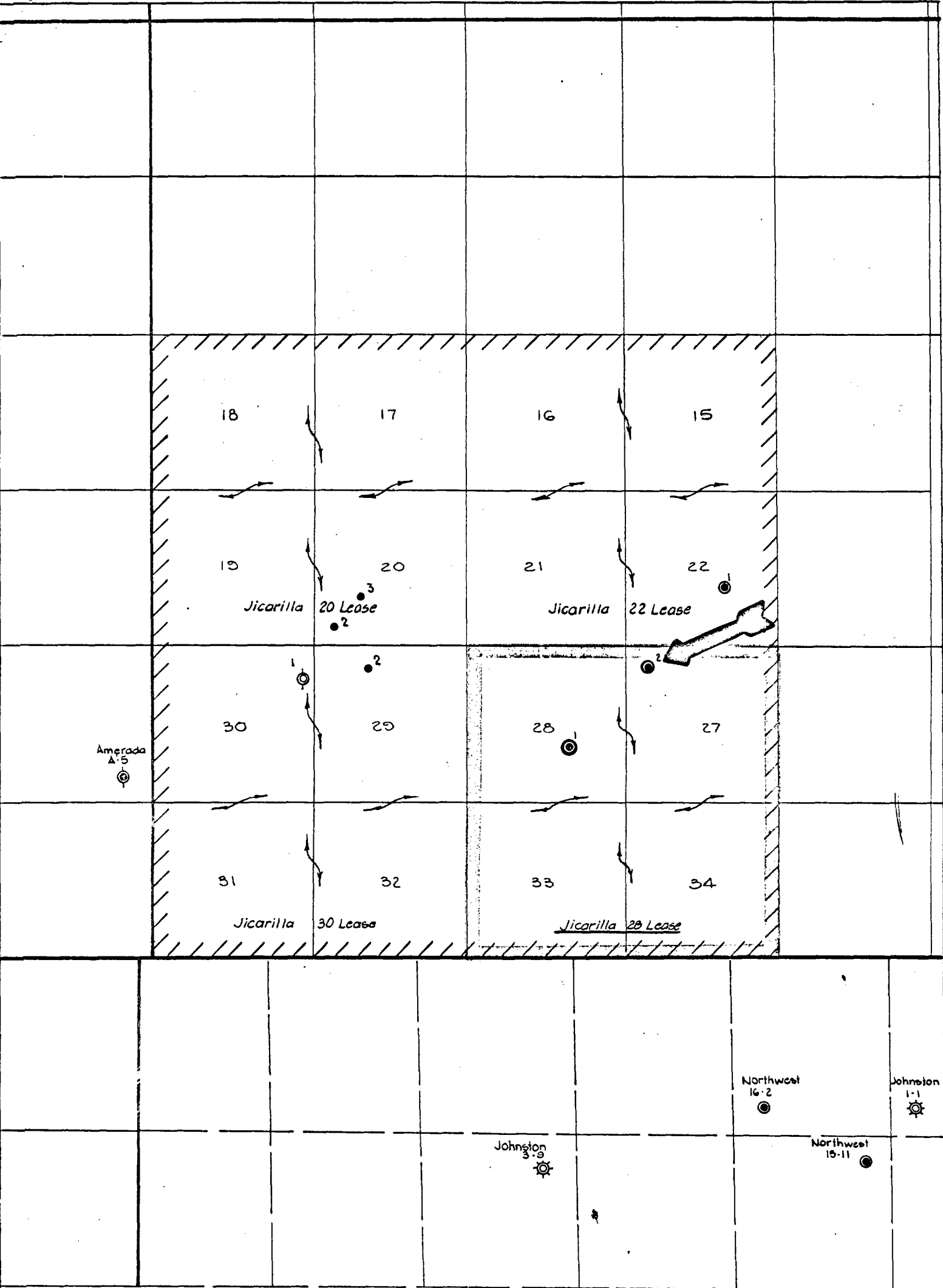
Dakota 5 BOPD x \$2.27 = 11.35

Total Separate Value = \$27.80/Day

Commingled Value - 12 BOPD x \$2.33 = \$27.96/Day

The value of the commingled production will not be less than the value of the production from each common source of supply.

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LEGEND

- GALLUP OIL WELL
- ⊙ DAKOTA - GALLUP DUAL COMPLETION



CONTINENTAL OIL COMPANY PRODUCTION DEPARTMENT



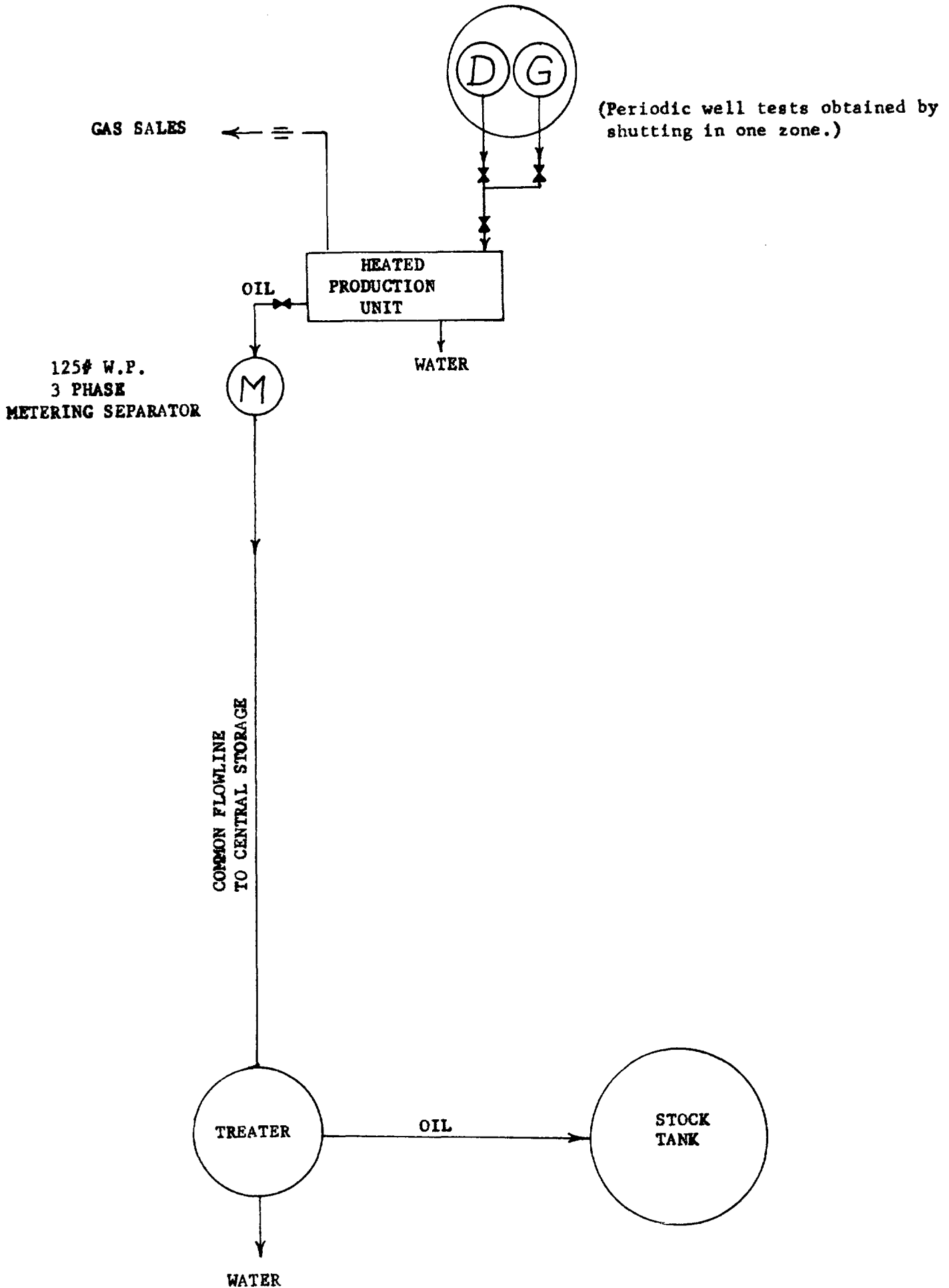
DRAWN _____
CHECKED _____
APPROVED _____

SCALE 1" = 4000'
DATE _____
SHEET _____ OF _____

FILE NO. _____

WEST LINDRITH BLOCK
Rio Arriba Co., New Mexico

JICARILLA 28 WELL NO. 2



SCHEMATIC DIAGRAM OF
PROPOSED COMMINGLING FACILITIES
JICARILLA 28 WELL NO. 2
SECTION 27, T25N, R4W
RIO ARriba COUNTY, NEW MEXICO



CONTINENTAL OIL COMPANY

P. O. Box 1621
Durango, Colorado
September 29, 1965

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

Gentlemen:

Attached are two copies of a letter from the crude purchaser approving the proposed surface commingling installation on the subject well. Application was submitted to the Commission on September 10, 1965, requesting administrative approval for the installation.

Very truly yours,

H. D. Haley
District Manager
Durango District
Production Department

GAB/slf

Attachments



SHELL OIL COMPANY

SHELL BUILDING

P. O. BOX 2099

HOUSTON, TEXAS 77001

September 20, 1965

Subject: Continental Oil Company
Jicarilla 28, Well No. 2
Shell's Lease No. 8303-001
Sec. 27, T-25-N, R4W
Rio Arriba County, New Mexico

Continental Oil Company
P. O. Box 3312
Durango, Colorado

Attention Mr. H. D. Haley

Gentlemen:

In response to your letter of September 10, 1965, and based on the facts set out therein, this is to advise that Shell Oil Company, as purchaser of the crude production, does not object to commingling of the Gallup and Dakota production from the subject well. Should the volume or gravity change appreciably, however, we request that you advise us of this change so that we may have the opportunity of reviewing this approval.

Please advise us of the effective date of commingling so we may adjust our reporting to the Commission accordingly.

Yours very truly,

W. Brannon

D. K. Brannan
Area Crude Oil Supervisor



CONTINENTAL OIL COMPANY

P. O. Box 1621
Durango, Colorado
September 27, 1965

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

Gentlemen:

Attached are two copies of a letter from the United States Geological Survey approving our request to surface commingle oil production from dual completion Jicarilla Apache 28 Well No. 2. Application to the Commission on this matter was submitted September 10, 1965. If any additional information for processing of the application is required please advise.

Very truly yours,

Ben W. Smith
Assistant District Manager
Durango District
Production Department

GAB/slf

Attachments

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
P. O. Drawer 1857
Roswell, New Mexico

SEP 28 PM 1 23
September 28, 1935

RECEIVED	
DURANGO PROD.	
SEP 28 1935	
SEP 28 1935	

Continental Oil Company
P. O. Box 1321
Durango, Colorado

Attention: Mr. M. D. Haley

Gentlemen:


Your letter of September 10, with attachments, requests approval to commingle oil production from the Gallup and Dakota formations in Clearilla Apache well No. 20-2 located in the NW $\frac{1}{4}$ sec. 27, T. 25 N., R. 4 W., N.M.P.M., Rio Arriba County, New Mexico, on Clearilla tribal Contract No. 66.

According to your application you proposed to allocate liquid hydrocarbon production back to each formation based on a periodic well test. Gas allocated to each zone will be based on gas-oil ratio tests.

The method you propose for the commingling is hereby approved. Any change in this system must receive prior approval from this office. Form 9-361a, Lessee's Monthly Report of Sales and Royalty, must show all computations used in the calculation of production from each formation.

You are requested to notify our Farmington office when the installation is completed so that a field inspection of the system can be made.

Sincerely yours,


JOHN A. ANDERSON
Regional Oil and Gas Supervisor

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