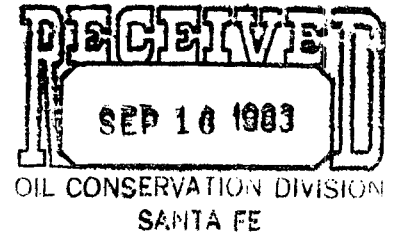


OIL CONSERVATION DIVISION  
STATE OF NEW MEXICO



IN THE Matter of the Application of  
Jerome P. McHugh for Downhole  
Commingling of the E.T. #1 Well  
in San Juan County, New Mexico

*Case 7967*

APPLICATION

Pursuant to Rule 303 C of the Rules and Regulations of the State of New Mexico Oil Conservation Division, The Applicant, Jerome P. McHugh, by and through its attorney, Tommy Roberts, hereby submits its application for approval of downhole commingling in the well bore of the E.T. #1 Well in Rio Arriba County, New Mexico.

The Applicant further states:

1. The Operator of the E.T. #1 Well will be the Applicant, Jerome P. McHugh, whose address is P.O. Box 208, Farmington, NM 87499.

2. The E.T. #1 Well is situated on a fee lease at the following legal location:

Township 25 North, Range 2 West, NMPM  
Section 28: Unit Letter C  
1100' FNL and 1600' FWL  
Rio Arriba County, New Mexico

3. The following proration units are applicable to the oil/gas pools which are the subject of this application:

Township 25 North, Range 2 West, NMPM  
Section 28: NE/4 NW/4 (Undesignated Gallup)  
Section 28: N/2 (Basin Dakota)

4. The E.T. #1 Well is not currently dually completed in the Undesignated Gallup Pool and the Basin Dakota Pool.

5. The E.T. #1 Well is capable of only low marginal production from the Undesignated Gallup Pool, and is capable of only low marginal production from the Basin Dakota Pool.

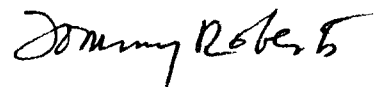
6. The ownership of the above mentioned Pools is not common.

7. The proposed commingling from the above Pools will result in recovery of additional hydrocarbons, the prevention of waste and the protection of correlative rights.

8. All operators of leases offsetting the dedicated acreage for this well, the Bureau of Land Management and the Supervisor of the District III Office of the New Mexico Oil Conservation Division have been mailed a copy of this Application.

WHEREFORE, the Applicant requests this Application be set for hearing on September 28, 1983, and that after said hearing the New Mexico Oil Conservation Division grant this Application by giving approval to the downhole commingling of the E.T. #1 Well in Rio Arriba County, New Mexico.

Respectfully submitted,

A handwritten signature in cursive script, reading "Tommy Roberts".

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Tommy Roberts  
Attorney for Applicant  
P.O. Box 208  
Farmington, NM 87499

E.T. #1 WELL

Application For Approval of Downhole Commingling  
Jerome P. McHugh

OFFSET LEASES AND OPERATORS

1. UNLEASED FEE ACREAGE

Township 25 North, Range 2 West, NMPM  
Section 20: NW/4 SE/4  
Rio Arriba County, New Mexico

2. USA NM 43755

Township 25 North, Range 2 West, NMPM  
Section 20: NE/4 SE/4  
Section 21: NE/4 SW/4  
Rio Arriba County, New Mexico

OPERATOR: Northwest Exploration Company  
P.O. Box 5800, Terminal Annex  
Denver, CO 80217

3. FEE LEASE

Township 25 North, Range 2 West, NMPM  
Section 20: S/2 SE/4  
Section 29: NE/4  
Rio Arriba County, New Mexico

OPERATOR: Jerome P. McHugh (50%)  
650 S. Cherry St., #1225  
Denver, CO 80222  
  
Kenai Oil and Gas Inc. (50%)  
One Barclay Plaza  
1675 Larimer Str., Suite 500  
Denver, CO 80202

4. FEE LEASE

Township 25 North, Range 2 West, NMPM  
Section 21: NW/4 SW/4, S/2 SW/4, SE/4  
Section 27: NW/4  
Rio Arriba County, New Mexico

OPERATOR: Jerome P. McHugh  
650 S. Cherry St., #1225  
Denver, CO 80222

5. USA NM 43757

Township 25 North, Range 2 West, NMPM  
Section 22: SW/4  
Rio Arriba County, New Mexico

OPERATOR: Northwest Exploration Company  
P.O. Box 5800, Terminal Annex  
Denver, CO 80217

6. USA NM 23038

Township 25 North, Range 2 West, NMPM  
Section 27: SW/4  
Rio Arriba County, New Mexico

OPERATOR: Jerome P. McHugh  
650 S. Cherry St., #1225  
Denver, CO 80222

OFFSET LEASES AND OPERATORS (Cont'd)

7. USA NM 23039

Township 25 North, Range 2 West, NMPM

Section 28: SE/4

Section 29: SE/4

Rio Arriba County, New Mexico

OPERATOR: Jerome P. McHugh  
650 S. Cherry St., #1225  
Denver, CO 80222

8. USA SF 079332

Township 25 North, Range 2 West, NMPM

Section 28: SW/4

Rio Arriba County, New Mexico

OPERATOR: Gulf Oil Exploration & Production Co.  
P.O. Box 2100  
Houston, TX 77252