

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241 1980

DISTRICT II
811 South First St. Artesia NM 88210 2835

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

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

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

Form C-107-A
New 3-12-96

APPROVAL PROCESS:

☒ Administrative ☐ Hearing

EXISTING WELLBORE

☒ YES ☐ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Conoco Inc.

10 Desta Dr. Ste 100W, Midland, Tx. 79705-4500

Operator

Address

Nassau

#3E

Section 23, T-26-N, R-11-W J

San Juan, NM

Lease

Well No

Unit Ltr Sec Twp Rgs

County

OGRID NO. 005073

Property Code

16058

API NO.

30-045-24961

Spacing Unit Lease Types (check 1 or more)

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 | Gallegos Gallup 26980 | | Basin Dakota 71599 |
| 2. TOP and Bottom of Pay Section (Perforations) | 5345-5428' | | 6142-6276' |
| 3. Type of production (Oil or Gas) | Gas | | Gas |
| 4. Method of Production (Flowing or Artificial Lift) | Expected to Flow | | Flowing |
| 5. Bottomhole Pressure | a. (Current) | | a. |
| Oil Zones - Artificial Lift: Estimated Current | 500 | | 584 |
| Gas & Oil - Flowing: Measured Current | b. (Original) | | |
| All Gas Zones: Estimated Or Measured Original | 1200 | | 1382 |
| 6. Oil Gravity (*API) or Gas BT Content | 1300 | | 1275 |
| 7. Producing or Shut-In? | To be completed | | Shut-in |
| Production Marginal? (yes or no) | Expected Yes | | Yes |
| • If Shut-In give date and oil/gas/water rates of last production | Date Rates | Date Rates | Date Rates |
| Note: For new zones with no production history applicant shall be required to attach production estimates and supporting data. | | | 2/15/99 2 MCFD, 0 BO, 0 BW |
| • If Producing, date and oil/gas/water rates of recent test (within 60 days) | Date Rates | Date Rates | Date Rates |
| | Allocation based on subtraction - see attached chart | | Allocation based on subtraction - see attached chart |
| 8. Fixed Percentage Allocation Formula - % of 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? ☒ 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 others ☒ 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

Kay Maddox

TITLE Regulatory Agent

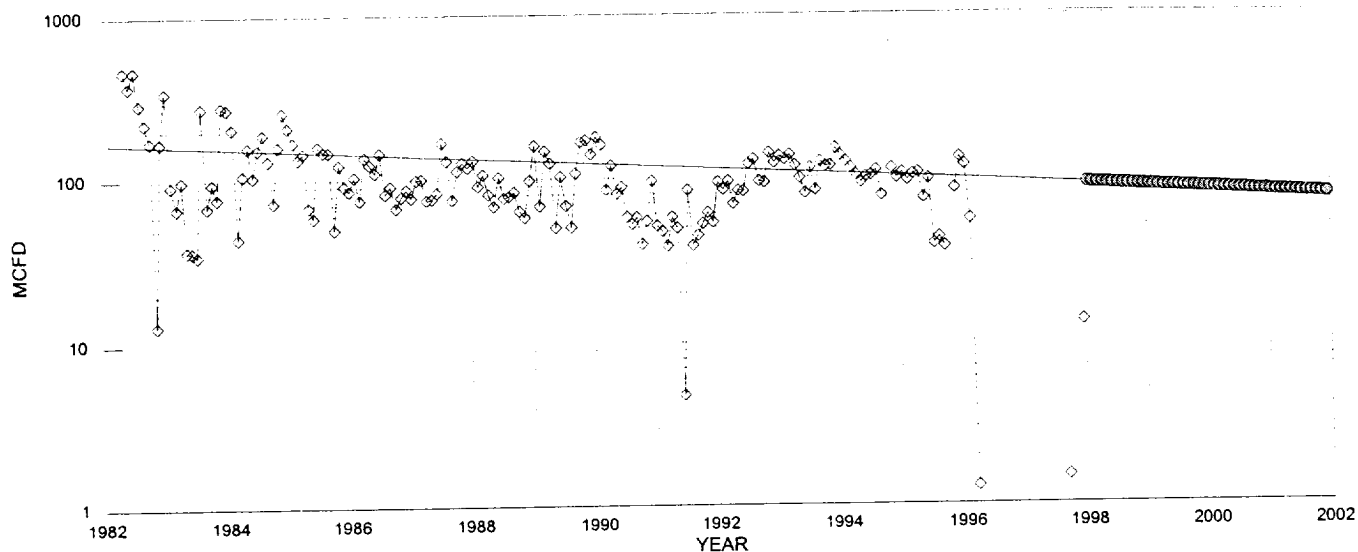
DATE

6/18/99

TYPE OR PRINT NAME Kay Maddox

TELEPHONE NO. (915) 686-5798

NASSAU #3E DAKOTA PRODUCTION
SECTION 23J-26N-11W



◆ DAKOTA MCFD ○ FIT MCFD — Historical Fit

| DAKOTA HISTORICAL DATA | | 1ST PROD: 5/82 | | DAKOTA PROJECTED DATA | |
|------------------------|----------------|----------------|------------------------------|-----------------------|--|
| OIL CUM: | 4.5 MBO | 1/1/99 Qi: | 90 MCFD | | |
| GAS CUM: | 559.1 MMCF | DECLINE RATE: | 4.00% (EXPONENTIAL) | | |
| OIL YIELD: | 0.0080 BBL/MCF | OIL YIELD: | 0.0081 BBL/MCF, LAST 3 YEARS | | |

PRODUCTION FORECAST FOR SUBTRACTION METHOD COMMINGLE ALLOCATION

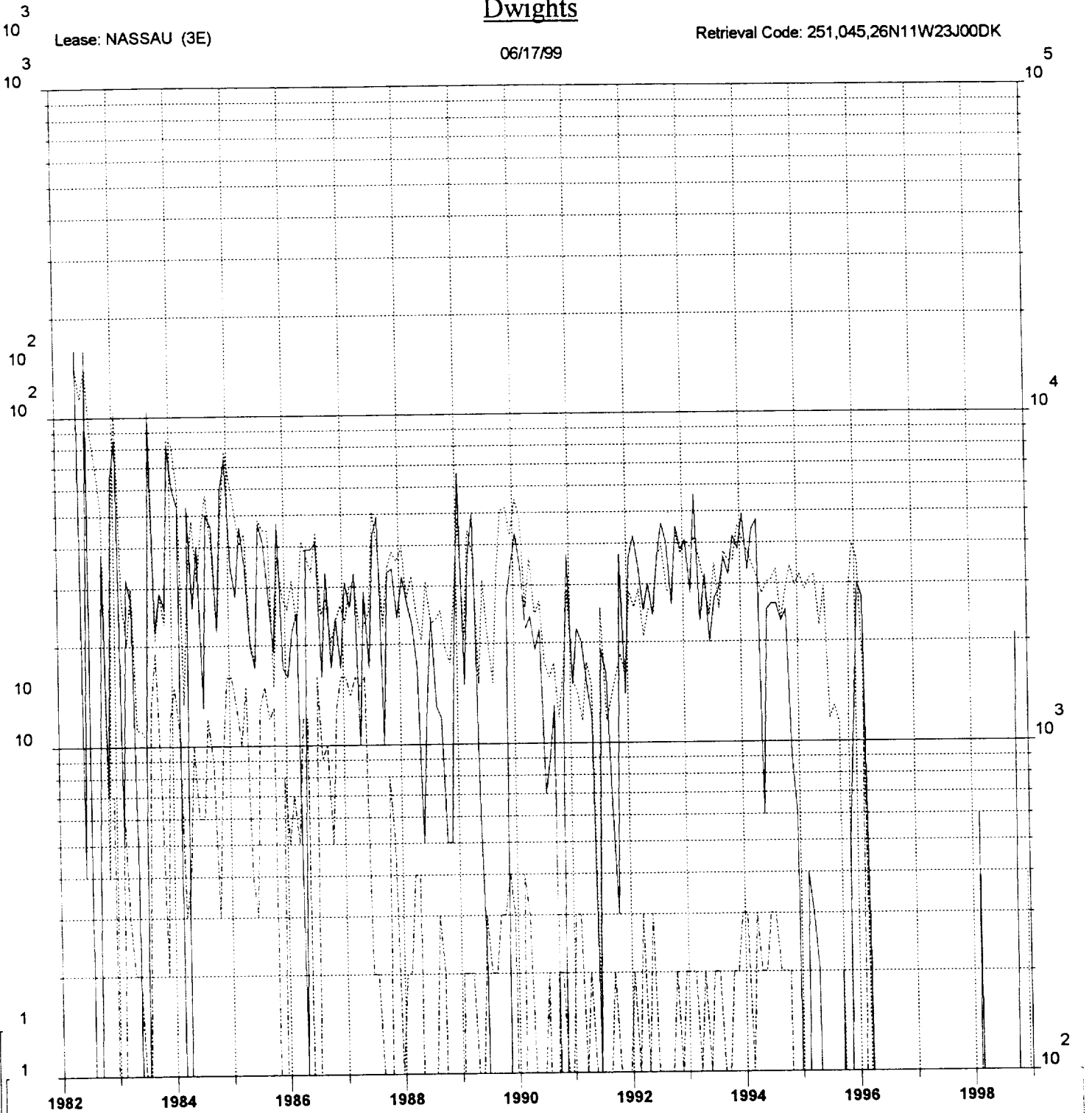
| YEAR | MID-YEAR AVG MCFD | MID-YEAR AVG BOPD |
|------|----------------------|----------------------|
| 1999 | 88 | 0.53 |
| 2000 | 84 | 0.51 |
| 2001 | 81 | 0.49 |
| 2002 | 78 | 0.47 |
| 2003 | 75 | 0.45 |
| 2004 | 72 | 0.43 |
| 2005 | 69 | 0.42 |
| 2006 | 66 | 0.40 |
| 2007 | 63 | 0.38 |
| 2008 | 61 | 0.37 |
| 2009 | 58 | 0.35 |
| 2010 | 56 | 0.34 |
| 2011 | 54 | 0.33 |
| 2012 | 52 | 0.31 |
| 2013 | 50 | 0.30 |
| 2014 | 48 | 0.29 |
| 2015 | 46 | 0.28 |
| 2016 | 44 | 0.27 |
| 2017 | 42 | 0.26 |
| 2018 | 40 | 0.25 |
| 2019 | 39 | 0.24 |
| 2020 | 37 | 0.23 |
| 2021 | 36 | 0.22 |
| 2022 | 34 | 0.21 |
| 2023 | 33 | 0.20 |
| 2024 | 32 | 0.19 |
| 2025 | 30 | 0.18 |
| 2026 | 29 | 0.18 |
| 2027 | 28 | 0.17 |
| 2028 | 27 | 0.16 |

Dwights

Lease: NASSAU (3E)

06/17/99

Retrieval Code: 251,045,26N11W23J00DK



County: SAN JUAN, NM

F.P. Date: 05/82

Gas (mcf/mo)

Field: BASIN (DAKOTA) DK

Oil Cum: 4488 bbl

Reservoir: DAKOTA

Gas Cum: 559.1 mmcf

Operator: CONOCO INC

Location: 23J 26N 11W

| | | | | |
|----|--|--|--|--|
| 16 | | | | 17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief <div>Signature <u>Kay Maddox</u></div> <div>Printed Name <u>Kay Maddox</u></div> <div>Title <u>Regulatory Agent</u></div> <div>Date <u>6/18/99</u></div> |
| | | | | |
| | | | | |
| | | | | |
| | | | | 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. <div>Date of Survey _____</div> <div>Signature and Seal of Professional Surveyor: _____</div> <div>Certificate Number _____</div> |
| | | | | |
| | | | | |
| | | | | |

District I
PO Box 1980, Hobbs, NM 88241-198

District II
PO Drawer DD, Artesia, NM 88211-071

District III
1000 Rio Brazos Rd. Aztec, NM 8741

District IV
PO Box 2088, Santa Fe, NM 87504-208

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102

Revised February 21, 1994

Instructions on back

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | |
|----------------------------|---|----------------------|-----------------------------|
| API Number 30-045-24961 | | 2 Pool Code 71599 | 3 Pool Name Basin Dakota |
| 4 Property Code 16058 | 5 Property Name Nassau | | 6 Well Number #3E |
| 7 OGRID No. 005073 | 8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500 | | 9 Elevation |

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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|----------|
| J | 23 | 26N | 11W | | 1580' | South | 1700' | East | San Juan |

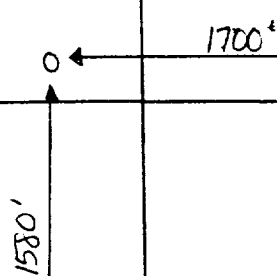
11 Bottom Hole Location If Different From Surface

| 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 320 | 13 Joint or Infill | 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  Signature Kay Maddox Printed Name Regulatory Agent Title 6/18/99 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. Date of Survey Signature and Seal of Professional Surveyor: Certificate Number |
| | | | | |
| | | | | |
| | | | | |



Nassau #3E
Section 23, T-26-N, R-11-W, J
API # 30-045-24961
San Juan, NM

RE: Application for Downhole Commingle (C 107-A)

Notification of Offset Operators:

Cross Timbers
6001 Hwy 64
Farmington, NM 82401

Four Star Oil & Gas
3300 N Butler Ave STE 100
Farmington, NM 87401

Dugan Production Co,
PO Box 420
Farmington, NM 87499-0420

Taurus Exploration
2101 6th Ave
Birmingham, AL 35203-2784

A copy of the C107A application has been sent to the above listed parties.

The following Working, Override, and Royalty Interest owners have been sent a copy of the C 1707A Application by Certified mail.

Z 137 529 199

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

| | |
|--------------------------------|------------------------|
| Sent to | Jerome P. McHugh Jr |
| Street & Number | 942 S. Franklin St |
| Post Office, State, & ZIP Code | Denver, CO. 80209-4507 |

Z 137 529 198

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

| | |
|--------------------------------|------------------------|
| Sent to | Malcolm Burke McHugh |
| Street & Number | #1225 650 S. Cherry |
| Post Office, State, & ZIP Code | Denver, CO. 80246-1827 |

Z 137 529 200

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

| | |
|--------------------------------|------------------------------|
| Sent to | June McHugh 1992 Trust |
| Street & Number | STE 115 8400 E. Prentiss Ave |
| Post Office, State, & ZIP Code | Englewood, CO 80111-2923 |

P 497 376 010

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

| | |
|---|-------------------------------|
| Sent to | Mineral Mgmt. NBO CIV-20-3022 |
| Street & Number | 1235 LA PLATA Hwy STE B |
| Post Office, State, & ZIP Code | Farmington, NM 87401-1805 |
| Postage | \$ 1.80 |
| Certified Fee | |
| Special Delivery Fee | |
| Restricted Delivery Fee | |
| Return Receipt Showing to Whom & Date Delivered | |

P 497 376 007

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

| | |
|--------------------------------|---------------------------|
| Sent to | Christopher L. McHugh |
| Street & Number | STE 1225 650 S. Cherry ST |
| Post Office, State, & ZIP Code | Denver, CO. 80246-1827 |

P 497 376 008

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

| | |
|--------------------------------|---------------------------|
| Sent to | Erin McHugh Gogulak |
| Street & Number | 6248 E. Montecito Ave |
| Post Office, State, & ZIP Code | Scottsdale, AZ 85251-1938 |

P 497 376 009

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

| | |
|--------------------------------|--------------------------------|
| Sent to | Natasha Nelson (Minerals Mgmt) |
| Street & Number | PO Box 52543 |
| Post Office, State, & ZIP Code | Phoenix, AZ 85072-2543 |

Z 137 529 197

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

| | |
|---|-----------------------|
| Sent to | Thomas A. Dugan |
| Street & Number | PO Box 420 |
| Post Office, State, & ZIP Code | Farmington, NM 87499- |
| Postage | \$ 0.42 |
| Certified Fee | |
| Special Delivery Fee | |
| Restricted Delivery Fee | |
| Return Receipt Showing to Whom & Date Delivered | |

1995