

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
811 South First St., Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410
DISTRICT IV
2040 S. Pacheco, Santa Fe, NM 87505

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
Revised August 1999

APPROVAL PROCESS:

___ Administrative ___ Hearing

EXISTING WELLBORE

___ YES ___ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Mallon Oil Company

P. O. Box 2797

Durango, Colorado 81302

Operator _____ Address _____
Jicarilla 30-03-27 2 M 27 - 30N - 03W Rio Arriba
Lease _____ Well No. _____ Unit Ltr. - Sec - Twp - Rge _____ County _____

Spacing Unit Lease Types (check 1 or more)

OGRID NO. 13925 Property Code 00024237 API NO. 30-039-26100 Federal X, 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	Cabresto Canyon San Jose Ext 96822	Cabresto Canyon Nacimiento Ext 96821 Cabresto Canyon Ojo Alamo Ext 96538	East Blanco Pictured Cliffs Ext 72400
2. Top and Bottom of Pay Section (Perforations)	1458' - 1 908' - San Jose	2447' - 2948' - Nacimiento 3058' - 3133' - Ojo Alamo	3566" - 3640" - Pictured Cliffs
3. Type of production (Oil or Gas)	Gas	Gas Gas	Gas
4. Method of Production (Flowing or Artificial Lift)	Flowing	Flowing 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) b. (Original) 305 psi	a. b 1100 psi	a. b. 1250 psi
6. Oil Gravity (EAPI) or Gas BTU Content	Each zone will be isolated and	tested for gas analysis and rate	for allocation percentages.
7. Producing or Shut-In?	Intent	Intent	Intent
Production Marginal? (yes or no)	No	No	No
* 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	Date: Rates:	Date: Rates:	Date: Rates:
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: Rates:	Date: Rates:	Date: Rates:
8. Fixed Percentage Allocation Formula - % for each zone (total of %'s to equal 100%)	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

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 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 _____ TITLE Operation Superintendent DATE 6/29/00

TYPE OR PRINT NAME Terry G. Lindeman TELEPHONE NO. (970-382-9100)