`		PIC	
DATE IN	Co 3 SUSPEN	SE ENGINEER DB LOGGED IN 8/23/13 TYPE DE PPNO.	191323846582
		NEW MEXICO OIL CONSERVATION DIVISION - Engineering Bureau - 1220 South St. Francis Drive, Santa Fe, NM 87505	
	- 19 4 1 1	ADMINISTRATIVE APPLICATION CHECKLIS	Τ
	ation Acronym [NSL-Non-Sta [DHC-Dow [PC-Pc	ANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RUI WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE and and Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous nhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Co ol Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measu [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase] Infied Enhanced Oil Recovery Certification] [PPR-Positive Production	Dedication] 382 pommingling] rement] n]
[1]	TYPE OF AF [A]	PLICATION - Check Those Which Apply for [A] Location - Spacing Unit - Simultaneous Dedication NSL NSP SD	El Pamco, Phc. 30-045-30752
	Check [B]	One Only for [B] or [C] Commingling - Storage - Measurement DHC CTB PLC PC OLS OLM	McDaniel #1 30-045-33080 River Rot #1
	[C]	Injection - Disposal - Pressure Increase - Enhanced Oil Recovery WFX PMX SWD IPI EOR PPR	River Rot*1
	[D]	Other: Specify	
[2]	NOTIFICAT [A]	ION REQUIRED TO: - Check Those Which Apply, or Does Not App Working, Royalty or Overriding Royalty Interest Owners	ly
	[B]	Offset Operators, Leaseholders or Surface Owner	
	[C]	Application is One Which Requires Published Legal Notice	
	[D]	Notification and/or Concurrent Approval by BLM or SLO U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office	
	[E]	For all of the above, Proof of Notification or Publication is Attache	d, and/or,
	[F]	Waivers are Attached	
[3]		CURATE AND COMPLETE INFORMATION REQUIRED TO PRO ATION INDICATED ABOVE.	OCESS THE TYPE

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Frank Walker	See attachments	Petroleum Eng.	08/23/2013
Print or Type Name	Signature	Title	Date
		frank@mckayoilandgas.com	
		e-mail Address	

District I 1625 N. French Drive, Hobbs, NM 88240 District II 811 S. First St., Artesia, NM 88210 District III 1000 Rio Brazos Road, Aztec, NM 87410 District IV 1220 S. St Francis Dr, Santa Fe, NM 87505

State of New Mexico Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION 1220 S. St Francis Drive

Santa Fe, New Mexico 87505

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: El Pamco, Inc.								
OPERATOR ADDRESS: P.O. Box 14738 Albuquerque, NM 87191-4738								
APPLICATION TYPE:								
Pool Commingling Lease Commingling Pool and Lease Commingling Off-Lease Storage and Measurement (Only if not Surface Commingled)								
LEASE TYPE: Fee State Federal								
Is this an Amendment to existing Orde								
Have the Bureau of Land Managemen ⊠Yes □No BLM "No"	t (BLM) and State Land	l office (SLO) been not	ified in writing o	of the proposed comm	ingling			
			~					
	· ·	DL COMMINGLIN s with the following in						
(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes			
Basin Fruitland Coal (71629)	1167 BTU	"See Attached"			See Attached			
Aztec Pictured Cliffs (71280)	1031 BTU							
]						
(2) Are any wells producing at top allow		•						
(3) Has all interest owners been notified	·	oposed commingling?	\boxtimes Yes \square No.					
 (4) Measurement type: Metering (5) Will commingling decrease the value 		⊠No If "yes", descri	be why commingli	ing should be approved				
	· _			-				
	(B) LEA	SE COMMINGLIN	G					
	(D) LEAS	SE COMMINGLIN	0					

Please attach sheets with the following information

	Pool Name and Code			
	Pool Name and Code.			
(2)	Is all production from same source of supply?	N Yes	ΠNo	
(-)				

(3)	Has all interest	owners been	notified by	certified mail	of the p	proposed	commingling?
-----	------------------	-------------	-------------	----------------	----------	----------	--------------

(4) Measurement type: Metering Other (Specify)

(C) POOL and LEASE COMMINGLING Please attach sheets with the following information

Complete Sections A and E. (1)

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

(1)	Is all production from same source of supply?	Yes	No
(2)	Include proof of notice to all interest owners.		

(E) ADDITIONAL INFORMATION (for all application types) Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.

A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved. (2)

Lease Names, Lease and Well Numbers, and API Numbers. (3)

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

SIGNATURE:

TITLE: Petroleum Engineer

DATE: 8/5/2013

□Yes □No

TYPE OR PRINT NAME: Frank Welker

TELEPHONE NO.: 505.296.5508

E-MAIL ADDRESS: frank@mckayoilandgas.com

Pame Inc.

P.O. BOX 14738 ALBUQUERQUE, NEW MEXICO 87191-4738 PHONE 296-5508, FAX 505-296-5500

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August 5, 2013

New Mexico Energy, Minerals & Natural Resources Department

Oil Conservation Division

1220 South St. Francis Drive

Santa Fe, NM 87505

Re: Application For Surface Commingling "Pool Commingling"

El Pamco, Inc. McDaniel #1 Unit B, 810' FNL & 1,805' FEL,

Section 30, T29N, R10W, San Juan County, NM

Aztec Pictured Cliffs Gas Well, API No. 30-045-30752

El Pamco, Inc. River Rat #1 Unit A, 1,125 FNL, & 1,130 FEL,

Section 30, T29N, R10W, San Juan County, NM

Basin Fruitland Coal Gas Well, API No. 30-045-33080

Dear Oil Conservation Division Associate,

Enclosed is our application for surface commingling (application) for the two referenced gas wells. We are respectfully asking for your approval of our application for economic reason. The two referenced gas wells are currently producing and selling gas utilizing two-individual gas compressors. The costs associated with leasing, maintaining, repairing, and replacing the two gas compressors has brought these Wells to their economic limits.

We are proposing to surface commingle gas from these two wells utilizing one of the existing compressors to compress gas for both wells. This proposed action will significantly reduce lease operating expenses for both Wells keeping the Wells economic for the time being.

We propose utilizing the gas compressor currently located on the River Rat #1 location as the sole gas compressor for both wells. We propose using the existing River Rat #1 gas meter as the combined gas meter for both Wells and the existing McDaniel #1 gas meter to measure gas production solely from the McDaniel #1. We propose to allocate gas production to the River Rat #1 using a subtraction method of the combined gas meter totals less the McDaniel #1 gas meter total. We will account for the difference in BTU value between the two gas Wells and allocate the correct MMBTU/day to each Well.

Please see the enclosed Form C-107-B Application For Surface Commingling, Forms C-102 Well Location and Acreage Dedication Plats for each gas Well, El Pamco, Inc. River Rat #1 aerial photograph (schematic diagram of surface production equipment), El Pamco, Inc. McDaniel #1 aerial photograph (schematic diagram of surface production equipment), River Rat #1 and McDaniel #1 aerial photograph showing both gas wells, and excel sheet calculated BTU of commingled gas production.

Please contact me if you have any questions regarding our application or if you require additional information.

Sincerely,

El Pamco, Inc. Frank A. Welker

Petroleum Engineer

DISTRICT I

1625 N. French Dr., Hobbs, N.M. 88240

DISTRICT II 1301 W. Grand Ave., Artesia, N.M. 88210

DISTRICT III 1000 Rio Brozos Rd., Aztec, N.M. 87410

⁴Property Code

7 OGRID No.

006834

DISTRICT IV

1220 South St. Froncis Dr., Santa Fe, NM 87505

Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION

1220 South St. Francis Dr. Santa Fe, NM 87505

Form C-102 Revised June 10, 2003 Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

AMENDED REPORT

²Pool Code ³Pool Name ¹ API Number 30-045-33080 71629 Basin Fruitland Coal • Well Number ⁸Property Nome 1 RIVER RAT [®]Operator Name * Elevation EL PAMCO INC. 5494 ¹⁰ Surface Location

WELL LOCATION AND ACREAGE DEDICATION PLAT

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
А	30	29-N	10-W		1125	NORTH	1130	EAST	SAN JUAN

"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 ¹³ Joi		oint or Infill		¹⁴ Consolidation Cod	le	¹⁵ Order No.			
320			N						.**

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

	QUARTER COR. FD 3 1/4" BC 1998 BLM LAT: 36°42'04.5" N. LONG: 108°55'13.0"	S 89-09-46 W 2597.8' (M) (NAD 83)	SECTION COR. FD 3 1/4" BC 1998 BLM	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief
	Fee	W. (NAD 63)	S 00-40-17 W 2634.2' (M)	Dana J. Delventhal Signoture <u>Dana L. Delventhal</u> Printed Nome Agent Title May 11, 2005
•			QUARTER COR. 1 1/2" AC IN PAVEMENT NOT MARKED	Date 18 SURVEYOR CERTIFICATION 1 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. APRIL 7, 2005
				Signature de Sec of MD termino au ryor. 14831 ES Certificote Number

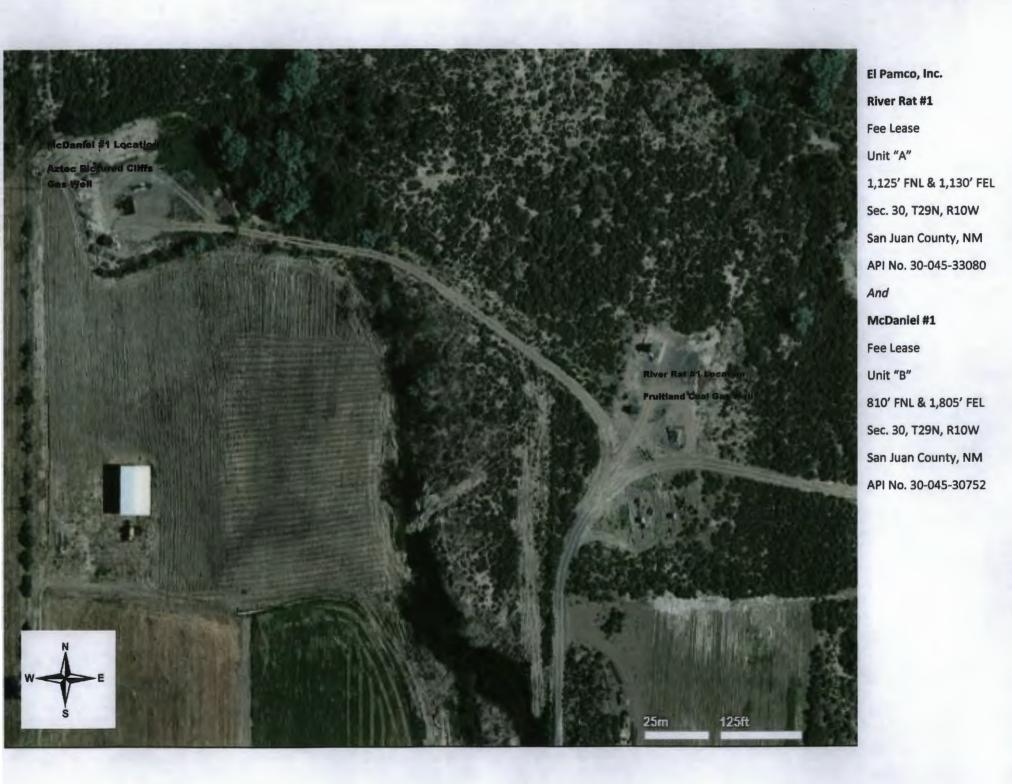
DISTRICT 1 1625 N. French Dr., Hobbs, 1	N.M. 88240	1	jy, Miner	Re	vised Au	Form C-102 Igust 15, 2000					
DISTRICT II 811 South First, Artesia, N.M DISTRICT III 1000 Rio Brazos Rd., Aztec,		Submit to OIL CONSERVATION DIVISION 2040 South Pacheco							to Appr S	tate Lea	District Office se - 4 Copies se - 3 Copies
DISTRICT IV 2040 South Pacheco, Santa	-			Santa H	Fe, NM	87505	C L MT O	N D1] AMEN	DED REPORT
	W			N AND	AC.	REAGE DEDI					
¹ API Number 30-045-307	F 7		*Pool Code				• F	ool Name	•		
⁴ Property Code	<u> </u>			5 D-	operty	Nome				• ¥e	ll Number
					ANIEL	11dTHC					1
7 OGRID No.					erator	Name				•	Elevation
· · · · · · · · · · · · · · · · · · ·					AMCO,						485'
· · · · · · · · · · · · · · · · · · ·											400
				¹⁰ Sur	face	Location					
UL or lot no. Section	Township	Range	Lot Idn	Feet from		North/South line	Feet fro		East/We		County
B 30	29-N	10-W		810		NORTH	180	5'	EAS	ST	SAN JUAN
		¹¹ Bott	om Hole	Locat	ion I	f Different Fro	om Su	rface			12
UL or lot no. Section	Township	Range	Lot Idn	Feet from	m the	North/South line	Feet fr	om the	Bast/We	est line	County
¹³ Dedicated Acres		¹³ Joint or	Infill	¹⁴ Consoli	dation	Code	¹⁵ Order No.				1
160											
NO ALLOWABLE V						ON UNTIL ALL EEN APPROVED				BEEN CO	INSOLIDATED
16											
LOT 1		FD 3 1/4 B.L.M. BC 1998		810'		09–48 W FD 3 .71' (M) FD 3 B.L.M. 1	1/4- BC 998	I hereby	certify that	the information	ERTIFICATION tion contained herein of my knowledge and
			793'		L	• 506'	M (M)	-10	A : A	1 110	
ĻOT 2		LAT: 30 LONG:	5°42.1′N. 107°55.4′	507' Ŵ.			S 00-40-1 2634.04	$\frac{\mathcal{E}_{L}}{\mathcal{D}_{U}}$ Signatur $\frac{\mathcal{U}_{L}}{\mathcal{U}_{L}}$ Printed	ill Ire IAM	5. WW	Maylew 17 hew
47			 30					Title	ρ	01	
LOT 3						FD 1 1/2	* AC =	I hereby c was plotte	ertify that d from field	the well loca I notes of ac	RTIFICATION tion shown on this pla tual surveys made by
	•							and correc	t to the bes - 29 Surgreyes	ROY A	that the same is true RUSE
LOT 4									re and Staal	I of Pracasic	And Supervised



El Pamco, Inc. River Rat #1 Fee Lease Unit "A" 1,125' FNL & 1,130' FEL Section 30, T29N, R10W San Juan County, NM API No 30-045-33080



El Pamco, Inc. McDaniel #1 Fee Lease Unit "B" 810' FNL & 1,805' FEL Sec. 30, T29N, R10W San Juan County, NM API No. 30-045-30752



El Pamco, Inc. Calculated BTU of Commingled Production River Rat #1-Basin Fruitland Coal Well & McDaniel #1-Aztec Pictured Cliffs Well

Well Name	Legal Location	Lease Name/ Number	API Number	Pool Name	Pool Code	BTU Gas	Gas Volume MCF/day	MMBTU per Day	% MMBTU per Well	BTU commingled Production
River Rat #1	Unit A, Section 30 T29N, R10W San Juan County, NM	Fee	30-045-33080	Basin Fruitland Coal	71629	1167	93	109	66.51%	
McDaniel #1	Unit B, Section 30 T29N, R10W San Juan County, NM	Fee	30-045-30752	Aztec Pictured Cliffs	71280	1031	53	55	33.49%	
			**************************************			•				1,121.46

Brooks, David K., EMNRD

From:	Brooks, David K., EMNRD
Sent:	Thursday, August 29, 2013 3:08 PM
То:	'frank@mckayoilandgas.com'
Subject:	El Pamco, Inc. Mc Daniel #1 and River Rat #1 - Surface Commingle Application

Good Afternoon, Mr. Welker

In reference to this application, we not that while you checked the box on (Item 3) on Form C-107-B indicated that notice has been sent to all interest owners, you neither furnished evidence in the form of copies of your letters and mailing receipts, not furnished a statement as described in Rule 19.15.12.10.C(4) NMAC that notices were duly mailed and contained the admonition that any objection must be presented within 20 days.

In order to process this application, we will need either copies of the notification letters and mailing receipts or a statement as described.

Sincerely

David K. Brooks Legal Examiner

Brooks, David K., EMNRD

From:	Frank Welker <frank@mckayoilandgas.com></frank@mckayoilandgas.com>
Sent:	Thursday, August 29, 2013 4:04 PM
То:	Brooks, David K., EMNRD
Cc:	Bill; Frank Welker
Subject:	Re: El Pamco, Inc. Mc Daniel #1 and River Rat #1 - Surface Commingle Application
Attachments:	El Pamco, Inc. Surface Commingling Application Letter to Interest Owners & USPS
	Receipts 8-29-2013.pdf

Hello David,

Attached for the record and your review is a copy of the <u>letter</u> "Notice of Intent to Apply for Surface Commingling Diverse Ownership" that was mailed "certified return receipt" to the interest owners in the Subject Gas Wells. Also attached are the USPS Certified Mail Receipts for all the interest owners in the Subject Gas Wells where the requisite <u>letter</u> was mailed.

El Pamco, Inc. has not received any response from any of the interest owners in the allotted time period for responding. We are certain there are no objections by the interest owners to El Pamco, Inc's. surface commingling application.

David, please contact me if you require additional information regarding this important matter. We look forward to receiving approval of our commingling application so that we can proceed with our plans.

Best regards, Frank A. Welker El Pamco, Inc. Telephone: 505.296.5508 E-mail: <u>frank@mckayoilandgas.com</u>

From: "Brooks, David K., EMNRD" <<u>david.brooks@state.nm.us</u>> To: "<u>frank@mckayoilandgas.com</u>" <<u>frank@mckayoilandgas.com</u>> Sent: Thursday, August 29, 2013 3:07 PM Subject: El Pamco, Inc. Mc Daniel #1 and River Rat #1 - Surface Commingle Application

Good Afternoon, Mr. Welker

In reference to this application, we not that while you checked the box on (Item 3) on Form C-107-B indicated that notice has been sent to all interest owners, you neither furnished evidence in the form of copies of your letters and mailing receipts, not furnished a statement as described in Rule 19.15.12.10.C(4) NMAC that notices were duly mailed and contained the admonition that any objection must be presented within 20 days.

In order to process this application, we will need either copies of the notification letters and mailing receipts or a statement as described.

Sincerely

David K. Brooks Legal Examiner

Pame Inc

P.O. BOX 14738 ALBUQUERQUE, NEW MEXICO 87191-4738 PHONE 296-5508, FAX 505-296-5500

August 5, 2013

Interest Owners

Subject: Notice of Intent to Apply for Surface Commingling "Diverse Ownership"

El Pamco, Inc. McDaniel #1 Unit B, Section 30, T29N, R10W San Juan County, NM

El Pamco, Inc. River Rat #1 Unit A, Section 30, T29N, R10W, San Juan County, NM

Dear Interest Owner,

El Pamco, Inc. is submitting an application to the New Mexico Oil Conservation Division (NMOCD) to surface commingle gas production from the subject gas wells. Surface commingling of gas from the subject gas wells will significantly reduce operating costs, increase ultimate gas recoveries, and improve economics of the Wells.

We are proposing to surface commingle gas from the subject wells utilizing one of the existing gas compressors to compress gas for both wells. This proposed action will eliminate one gas compressor significantly reducing lease operating expenses for both wells.

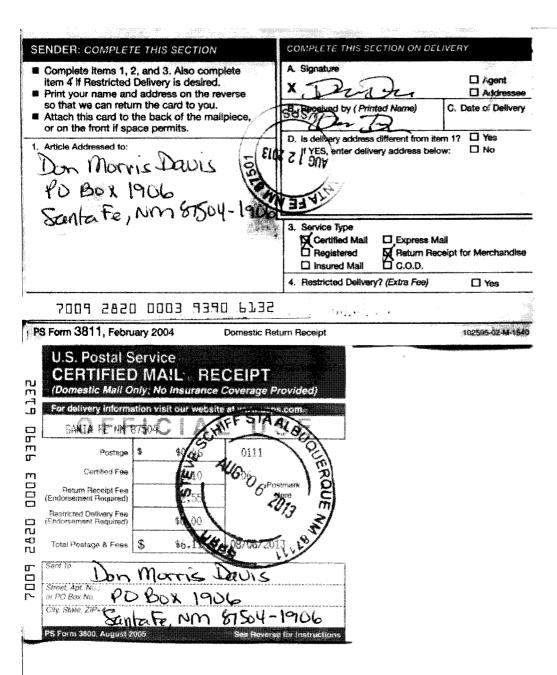
NMOCD requires that all interest owners be notified of our intent to surface commingle if ownership is different between the two gas wells. If you need additional information or have a question, please contact me at (505) 296-5508. If you have any objections to our application, please contact me within twenty (20) days of the date of this letter.

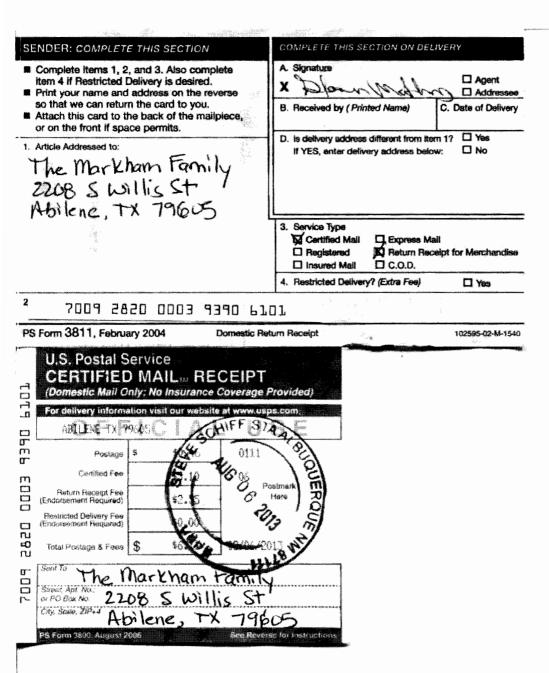
Sincerely

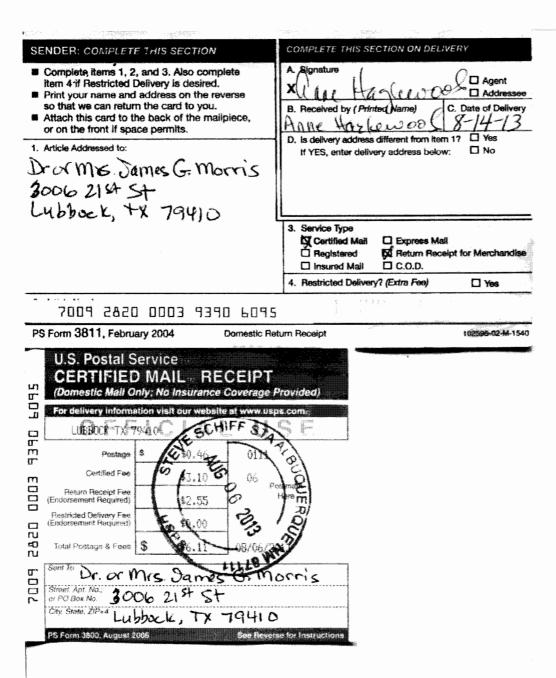
El Pamco, Inc.

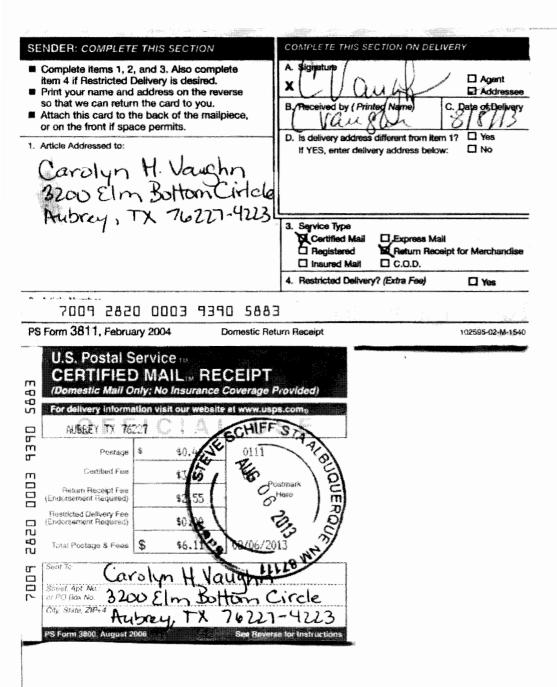
Frank A. Welker

Petroleum Engineer











COMPLETE THIS SECTION ON DELIVERY SENDER: COMPLETE THIS SECTION Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. A C Agent X Addressee Print your name and address on the reverse so that we can return the card to you. C. Date of Delivery R ived by (Printed Name) Attach this card to the back of the mailplece. GBERTE ECHNER or on the front if space permits. n D. Is delivery address different from item 17 Yes 1. Article Addressed to: If YES, enter delivery address below: D No Robert E. Lechner Living Trust Po Box 34 Bloom Field, NM 87413 3. Service Type D Certified Mail C Express Mail C Registered A Return Receipt for Merchandise C.O.D. CI insured Mail Restricted Delivery? (Extra Fee) 4. □ Yes 2. A 2009 2820 0003 9390 Lll8 1 PS Form 3811, February 2004 **Domestic Return Receipt** 102595-02-M-1540 U.S. Postal Service **CERTIFIED MAIL** RECEIPT Ð (Domestic Mail Only; No Insurance Coverage Provided) 611 For delivery information visit our website at FF STA RECOMPLETE AN 87413 06EP \$ \$0 0111 Postage Certified Fee (n E000 0 Postmari Return Roceipt Fee (Endorsement Required) 6 Here Restricted Delivery Fee (Endorsement Required) 2820 \$6.1 Total Postage & Fees \$ 2009 Robert E. Lechner Living or PO Bax No. PO Box 34 Cay State 2012- Bloomfield NM 87413 PS Form 3900, August 2006 See Reverse for Instructions