

District I
1625 N. French Drive, Hobbs, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

District II
1301 W. Grand Avenue, Artesia, NM 88210

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE
 Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

APPLICATION FOR DOWNHOLE COMMINGLING

DHC-3483

Burlington Resources Oil & Gas Company LP P.O. Box 4289 Farmington, NM 87499
Operator Address

HANLEY 3 Unit N, Sec. 18, T29N, R10W San Juan
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No: 14538 Property Code 007083 API No. 30-045-25038 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	BASIN FRUITLAND <i>Col</i>		AZTEC FRUITLAND SAND
Pool Code	71629 ✓		71200 ✓
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	1568-1630' and 1686-1855' (Estimated)		1654-1674'
Method of Production (Flowing or Artificial Lift)	NEW ZONE		FLOWING
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	N/A - 150% Rule		N/A - 150% Rule
Oil Gravity or Gas BTU (Degree API or Gas BTU)	BTU 1057 From Hubbell #8 offset		BTU 100
Producing, Shut-In or New Zone	NEW ZONE		PRODUCING
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: N/A Rates: see attachment	Date: Rates:	Date: 03/31/05 Rates: 46 Mcf/d
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil <i>NA</i> Gas <i>74%</i> Prelim allocation attached	Oil Gas %	Oil <i>NA</i> Gas <i>26%</i> Prelim allocation attached

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes No
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No

Are all produced fluids from all commingled zones compatible with each other? Yes No

Will commingling decrease the value of production? Yes No

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes No

NMOCD Reference Case No. applicable to this well: _____

- 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, royalty and overriding royalty interests for uncommon interest cases.
 - Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE *Ken Collins* 5/31/05 TITLE Engineer DATE 5/31/05

TYPE OR PRINT NAME Ken Collins TELEPHONE NO. (505) 326-9700

E-MAIL ADDRESS mailto:KCollins@br-inc.com

 You replied on 6/14/2005 7:45 AM.

Jones, William V.

From: Collins Kenneth [KCollins@br-inc.com]
To: Jones, William V.
Cc: Clugston Patsy L
Subject: RE: DHC Hanley #3
Attachments:

Sent: Mon 6/13/2005 5:28 PM

Mr. Jones,
 After your last email, we verified that this well had identical ownership in all zones. If you'd like a copy of that, I can easily fax it to you. I made the assumption that since it was common, you did not want to see it. But if I'm mistaken, again, I can quickly fax you the data that you need, just let me know,
 Thanks,

Ken Collins
 x - 9718

-----Original Message-----

From: Jones, William V. [mailto:william.jones1@state.nm.us]
Sent: Monday, June 13, 2005 5:03 PM
To: Collins Kenneth
Subject: DHC Hanley #3

Hello Ken:
 Please send me a list of the interest owners you notified for this application and a copy of the cover letter you sent.

Thanks,

Will Jones

This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error please notify the system manager. This message contains confidential information and is intended only for the individual named. If you are not the named addressee you should not disseminate, distribute or copy this e-mail.
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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
Permit 11080

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-045-25038	Pool Name BASIN FRUITLAND COAL (GAS)	Pool Code 71629
Property Code 7083	Property Name HANLEY	Well No. 003
OGRID No. 14538	Operator Name BURLINGTON RESOURCES OIL & GAS COMPANY LP	Elevation 5552

Surface And Bottom Hole Location

UL or Lot N	Section 18	Township 29N	Range 10W	Lot Idn -	Feet From 870	N/S Line S	Feet From 1550	E/W Line W	County San Juan
Dedicated Acres 317.85		Joint or Infill		Consolidation Code		Order No.			

	■		

OPERATOR CERTIFICATION

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

Electronically Signed By: *Melvin Thompson*
Title: *Regulatory Associate*
Date: *5/18/05*

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.

Surveyed By: Fred Kerr Jr.
Date of Survey: 05/05/1981
Certificate Number: 3950

All distances must be from the outer boundaries of the Section.

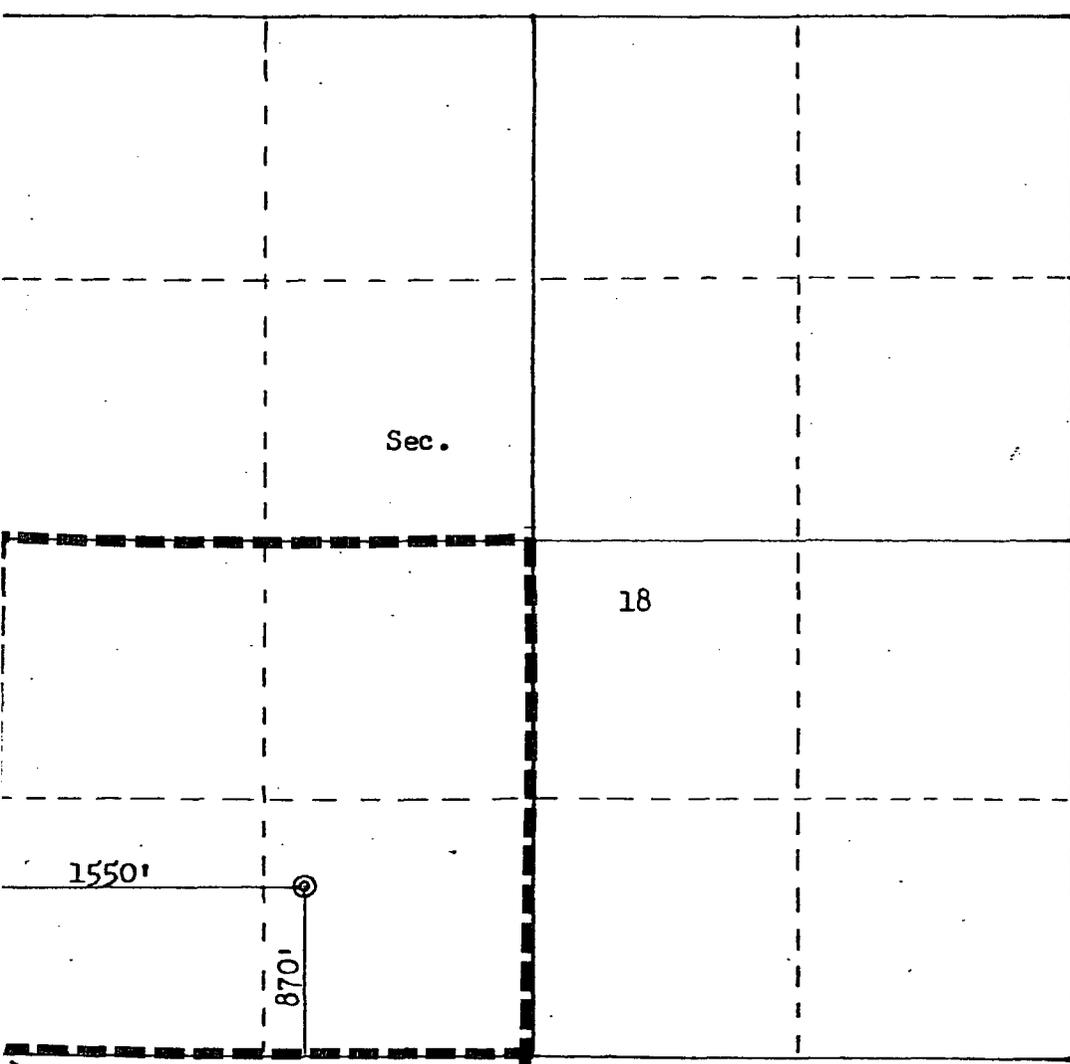
Operator PETROLEUM CORPORATION OF TEXAS		Lease HANLEY		Well No. 3
Unit Letter N	Section 18	Township 29N	Range 10W	County San Juan
Actual Footage Location of Well: 870 feet from the South line and 1550 feet from the West line				
Ground Level Elev. 5552	Producing Formation Fruitland	Pool Aztec Fruitland	Dedicated Acreage: 160 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



Scale: 1"=1000'

CERTIFICATION

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

FOR: PETROLEUM CORP. OF TEXAS

ORIGINAL SIGNED BY
EWELL N. WALSH

Name
Ewell N. Walsh, P.E.

Position
President

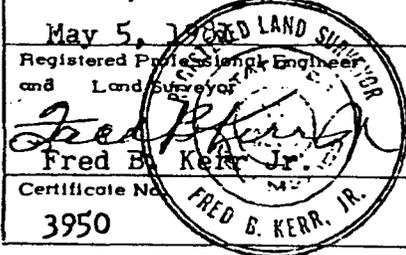
Company
Walsh Engr. & Prod. Corp.

Date
5/14/81

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 knowledge and belief.

Date Surveyed

May 5, 1981
Registered Professional Engineer
and Land Surveyor



Certificate No.
3950

Fry-Hland Coal

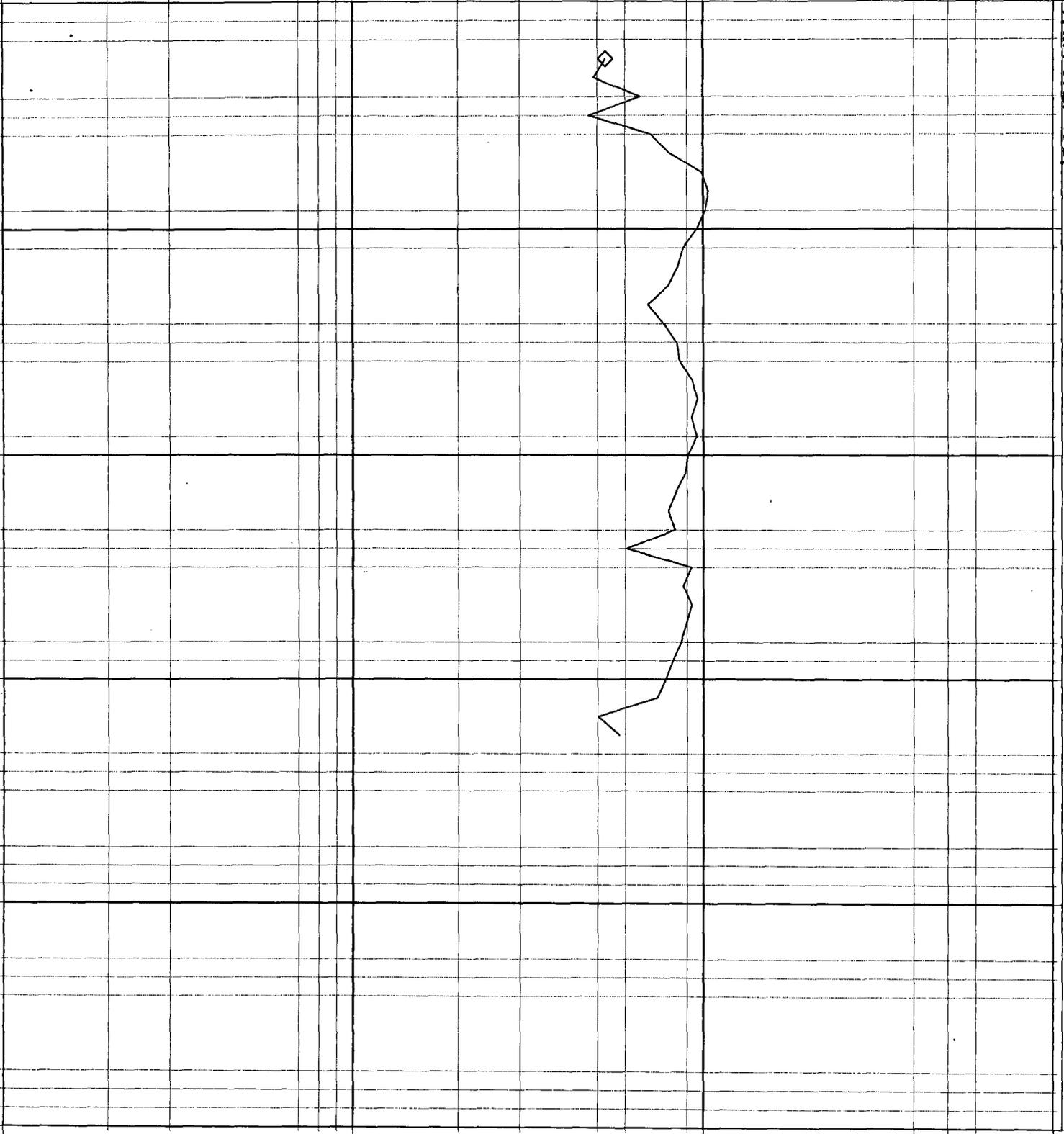
HUBBELL 8 4420302 (69981111496.4703) Data: Apr.2002-Apr.2005

Cal Day Gas1 - mcf/d

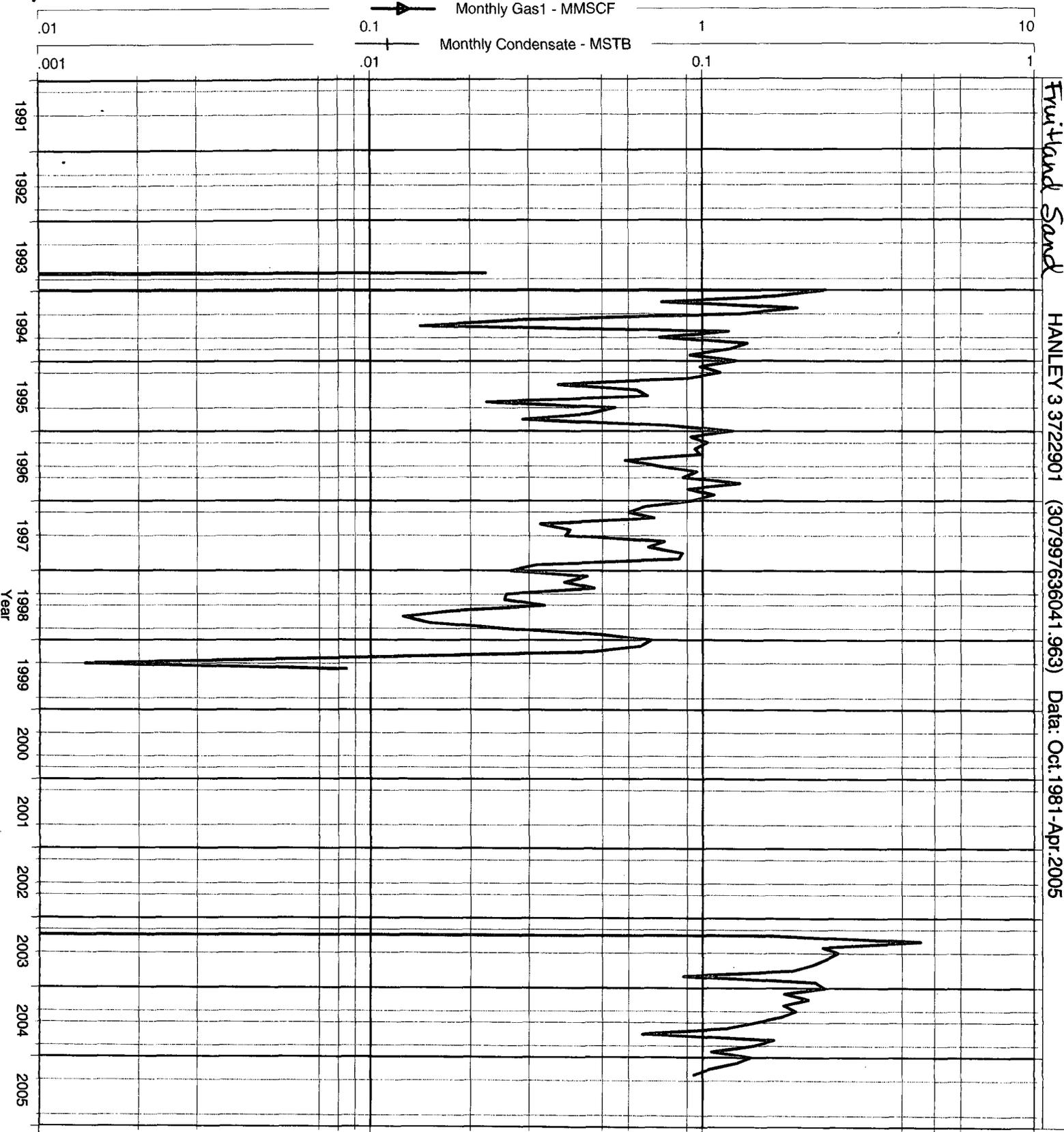
Cal Day Condensate - Bbl/d

100 1000
10 100 1000

2002
2003
2004
2005
2006



Cal Day Gas1 - mcf/d
Cum: 90.82 MMSCF
Cal Day Condensate - Bbl/d
Cum: 0.00 MSTB



Fruitland Sand

HANLEY 3 3722901 (307997636041.963) Data: Oct. 1981-Apr. 2005

Monthly Gas1 - MMSCF
 Cum: 243.50 MMSCF
 Monthly Condensate - MSTB
 Cum: 0.00 MSTB

BURLINGTON RESOURCES

PRODUCTION ALLOCATION FORM

Distribution:
Regulatory
Accounting
Well File

Original: August 1, 2003

Status
PRELIMINARY
FINAL

Type of Completion
NEW DRILL RECOMPLETION PAYADD COMMINGLE

Date: 6/2/2005

API No.
30-045-25038

Well Name
HANLEY

Well No.
#3

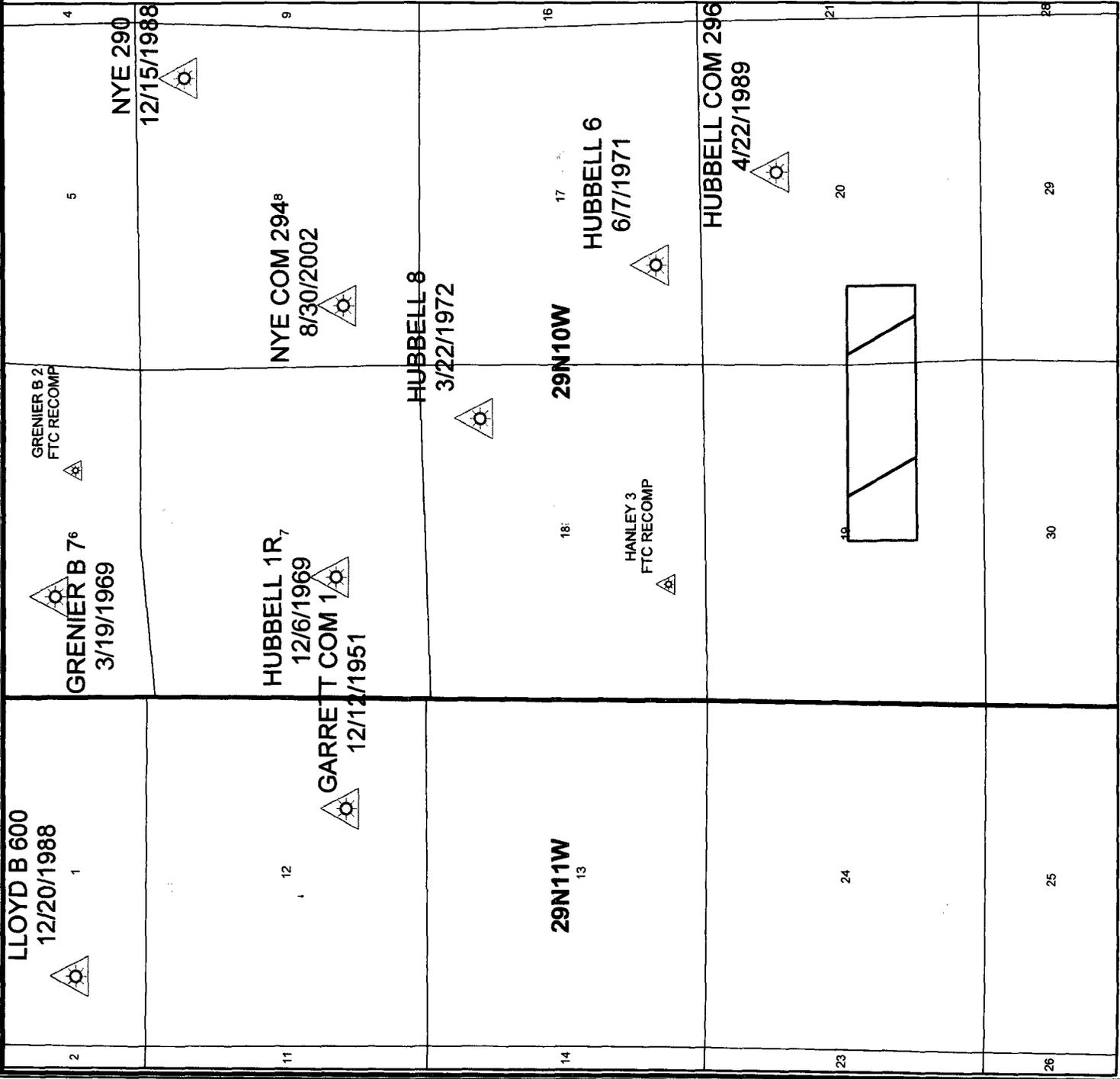
Unit Letter N	Section 18	Township T29N	Range R10W	Footage 870' FSL & 1550' FWL	County, State San Juan County, New Mexico
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Completion Date	Test Method HISTORICAL <input type="checkbox"/> FIELD TEST <input type="checkbox"/> PROJECTED <input checked="" type="checkbox"/> OTHER <input type="checkbox"/>
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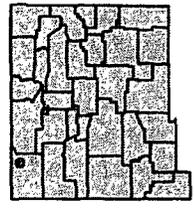
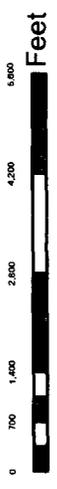
FORMATION	GAS	PERCENT	CONDENSATE	PERCENT
FRUITLAND SAND	214 MMCF	26%		0%
FRUITLAND COAL	620 MMCF	74%		0%
	834			

JUSTIFICATION OF ALLOCATION: Preliminary allocation for the Fruitland coal Recompletion: Gas percentages are based on remaining reserves for the existing Fruitland Sand formation and estimated reserves for the Fruitland Coal formation. This well does not produce oil, therefore has no oil allocation.

APPROVED BY	TITLE	DATE
X Ken Collins	Engineer	6/2/05
X Cherylene Charley	Engineering Tech.	6/2/05



- FRUITLAND COAL
- OWNING_BaldEagle
- OWNING_Forest_Water
- OWNING_BigGame_Winter
- FRUITLAND COAL
- PICTURED CLIFFS
- CHACRA
- MESAVERDE
- DAKOTA
- Surface Occupancy 42,122 acres
- Game, Wintering Areas 11.1 to 3.5: 425,377 Acres (34% of Operating Area)
- NSP/CLY
- Boundary
- Receptor
- Canon, Forest Outline
- All BLM Special Management Areas 803,157 (65% of Operating Area)



BURLINGTON RESOURCES
San Juan

HANLEY #3 FTCCR

Prepared By: Cherylene Charley Date: 5/31/2005
 File Number: 5/31/2005
 Filer: Hanley\Projects\2005 NND Restriction Map\2005 NND Restriction Map.dwg

GAS ANALYSIS (for BHP_Specific Gravity Calc's)

AIN	METER	WELLNAME	NO	FRM	POOL	Spud dt	1st Del
3722901	94196	HANLEY	3	FRS	AZTEC FRUITLAND (GAS)	6/19/1981	5/1/1993

SAMPLE_DATE 7/14/1998 ORIGINAL CURRENT

BTU	1.182	<i>Lease Operator:</i> GERALD GONZALES	
C1	0.8649		
C2	0.0729		
C3	0.03		
iC4	0.0059		
nC4	0.0085		
iC5	0.0032		
nC5	0.0023		
C6	0.0056		
H2	0		
He	0		
N2	0.0023		
H2S	0		
CO2	0.0044		

SPECIFIC_GRAVITY 0.672

AIN	METER	WELLNAME	NO	FRM	POOL	Spud dt	1st Del
3722901	94196	HANLEY	3	FRS	AZTEC FRUITLAND (GAS)	6/19/1981	5/1/1993

SAMPLE_DATE 9/27/2004 ORIGINAL CURRENT

BTU	1.147	<i>Lease Operator:</i> GERALD GONZALES	
C1	0.8859		
C2	0.0665		
C3	0.022		
iC4	0.0046		
nC4	0.0057		
iC5	0.0022		
nC5	0.0015		
C6	0.0045		
H2	0		
He	0		
N2	0.0015		
H2S	0		
CO2	0.005		

SPECIFIC_GRAVITY 0.649

GAS ANALYSIS (for BHP_Specific Gravity Calc's)

AIN	METER	WELLNAME	NO	FRM	POOL	Spud dt	1st Del
4420302	87398	HUBBELL	8	FRC	BASIN (FRUITLAND COAL)	3/22/1972	4/6/2002

SAMPLE_DATE	10/9/1995	ORIGINAL	CURRENT
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BTU	1.121	<i>Lease Operator:</i> GERALD GONZALES	
C1	0.91		
C2	0.042		
C3	0.0173		
iC4	0.0034		
nC4	0.0049		
iC5	0.0021		
nC5	0.0016		
C6	0		
H2	0		
He	0		
N2	0.0021		
H2S	0		
CO2	0.0089		

SPECIFIC_GRAVITY 0.64

AIN	METER	WELLNAME	NO	FRM	POOL	Spud dt	1st Del
4420302	87398	HUBBELL	8	FRC	BASIN (FRUITLAND COAL)	3/22/1972	4/6/2002

SAMPLE_DATE	11/11/2004	ORIGINAL	CURRENT
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BTU	1.057	<i>Lease Operator:</i> GERALD GONZALES	
C1	0.9411		
C2	0.0278		
C3	0.0089		
iC4	0.0017		
nC4	0.002		
iC5	0.0008		
nC5	0.0006		
C6	0.0022		
H2	0		
He	0		
N2	0.0013		
H2S	0		
CO2	0.0132		

SPECIFIC_GRAVITY 0.605

3483

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

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



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION - Check Those Which Apply for [A]-**

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
 WFX PMX SWD IPI EOR PPR

[D] Other: Specify _____

[2] **NOTIFICATION REQUIRED TO: - Check Those Which Apply, or Does Not Apply**

- [A] Working, Royalty or Overriding Royalty Interest Owners
- [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 Attached, and/or,
- [F] Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[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.

Print or Type Name _____ Signature _____ Title _____ Date _____

e-mail Address _____