

EXHIBIT "B" - CASE NO. 11353, ORDER NO. R-10470-A

DISTRICT I

P.O. Box 1980, Hobbs, NM 88240

DISTRICT II

811 South First St., Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd. Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION APR 28 1997

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

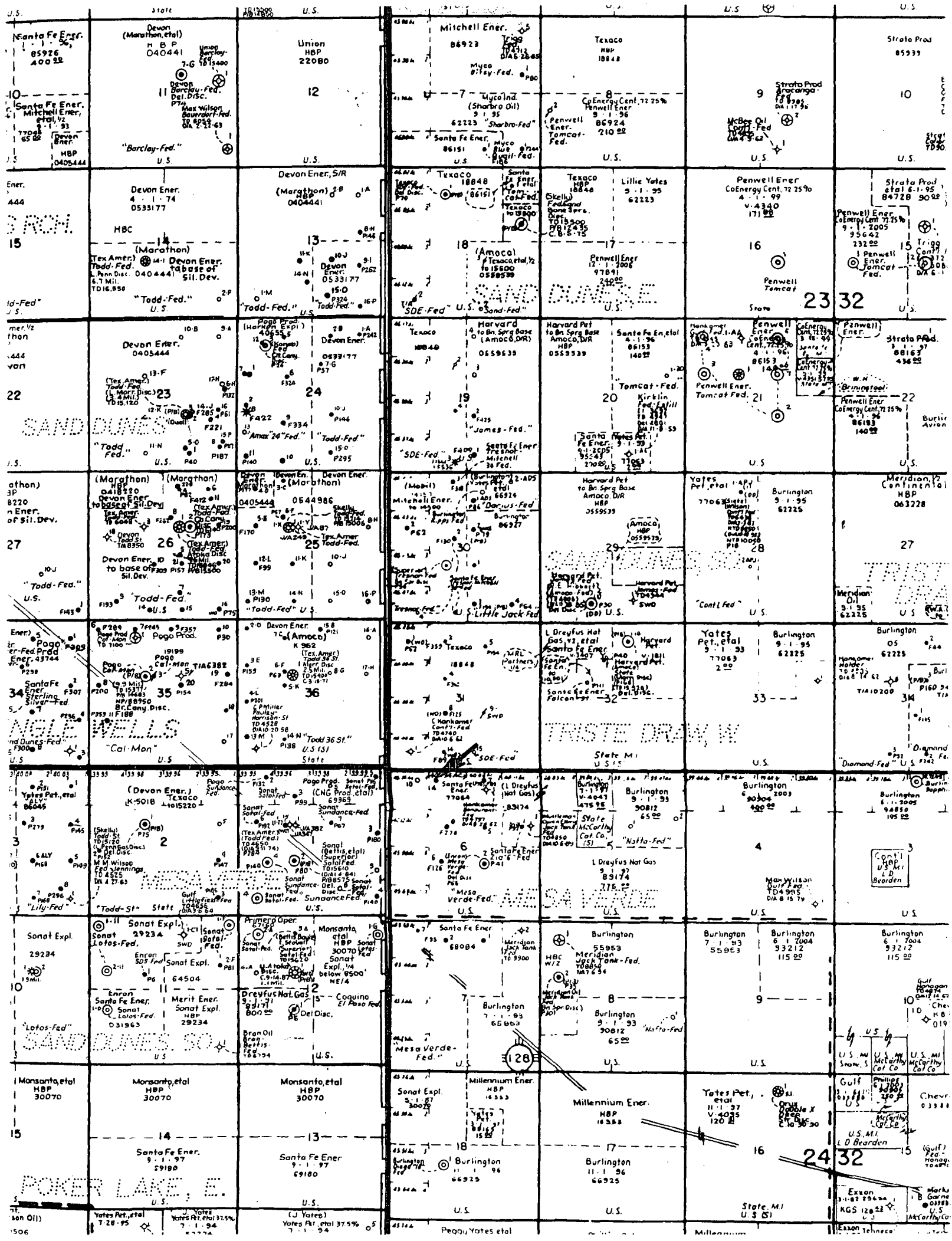
Operator: Santa Fe Energy Resources, Inc. Address: 550 W. Texas, Suite 1330, Midland, TX 79701
Lease: Mesa Verde "6" Federal #14 (C), Sec. 6, T-24S, R-32E Lea Co.
Well No. Unit Ltr. - Sec - Twp - Rge County
OGRID NO. 020305 Property Code 017129 API NO. 30-025-32753 Spacing Unit Lease Types: (check 1 or more)
Federal ☒ State ☐ (and/or) Fee ☐

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zones	Lower Zone
1. Pool Name and Pool Code	Mesa Verde (Delaware) 96191		Mesa Verde (Bone Spring) 96229
2. Top and Bottom of Pay Section (Perforations)	8364'-8402'		8570'-8585'
3. Type of production (Oil or Gas)	Oil		Oil
4. Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a. (Current) 2000 psi b. (Original)	a. b.	a. 1840 psi b.
6. Oil Gravity (° API) or Gas BTU Content	39.4°		39°
7. Producing or Shut-In?	Producing		SI below RBP
Production Marginal? (yes or no)	No		No
* If Shut-In, give 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: Rates:	Date: Rates:	Date: 11/96 Rates: 11 BO, 125 MCFG, 5 BW
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: 4/16/97 Rates: 26 BO, 99 MCFG, 53 BW	Date: Rates:	Date: Rates:
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 70 % Gas: 44 %	Oil: % Gas: %	Oil: 30 % Gas: 56 %

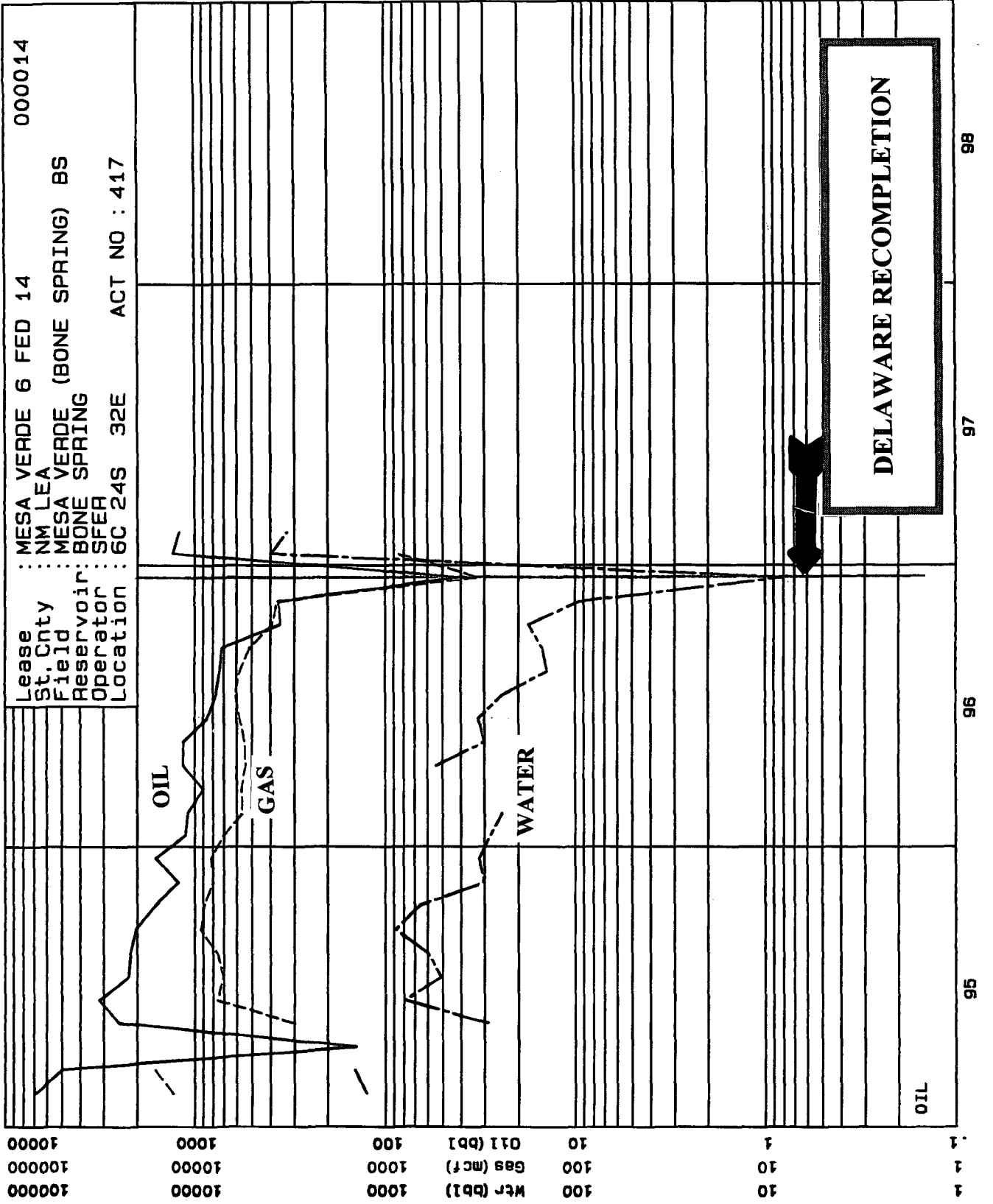
9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.
10. Are all working, overriding, and royalty interests identical 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 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(C) 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 Gary L. Travis TITLE Sr. Reservoir/Evaluations Engineer DATE April 18, 1997
TYPE OR PRINT NAME Gary L. Travis TELEPHONE NO. (915) 686-6613



100000	Lease	: MESA VERDE 6 FEB 14	000014
100000	St. Cnty	: NM LEA	
100000	Field	: MESA VERDE (BONE SPRING) BS	
	Reservoir	: BONE SPRING	
	Operator	: SFER	
	Location	: 6C 24S 32E	
		ACT NO : 417	



District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

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

¹ API Number 30-025-32753	² Pool Code 96191	³ Pool Name Mesa Verde (Delaware)
⁴ Property Code 017129	⁵ Property Name MESA VERDE "6" FEDERAL	⁶ Well Number 14
⁷ GRID No. 020305	⁸ Operator Name Santa Fe Energy Resources, Inc.	⁹ Elevation 3550

¹⁰Surface Location

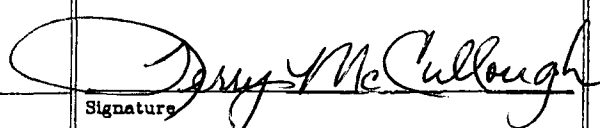
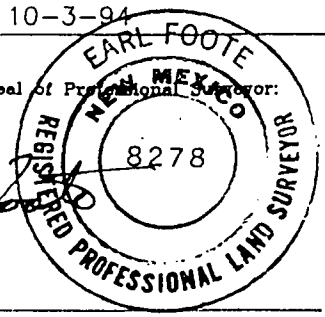
UL or lot no. 3	Section 6	Township 24-S	Range 32-E	Lot Idn	Feet from the 330	North/South line NORTH	Feet from the 1650	East/West line WEST	County LEA
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¹¹Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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¹² Dedicated Acres 40	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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 1650' 330'					¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>  Signature Terry McCullough Printed Name Sr. Production Clerk Title April 18, 1997 Date
					¹⁸ SURVEYOR CERTIFICATION <i>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 best of my belief.</i> 10-3-94 Date of Survey Signature and Seal of Professional Surveyor:  Certificate Number 8278

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WELL LOCATION AND ACREAGE DEDICATION PLAT

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⁴ Property Code 017129	⁵ Property Name MESA VERDE "6" FEDERAL	⁶ Well Number 14
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¹⁰Surface Location

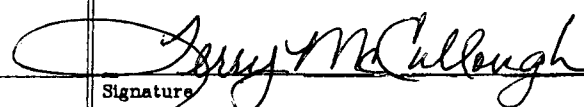
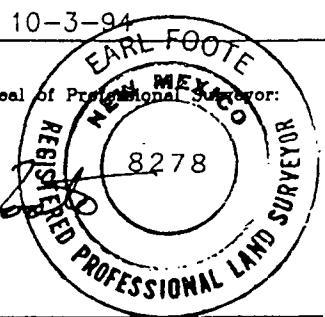
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
3	6	24-S	32- E		330	NORTH	1650	WEST	LEA

¹¹Bottom 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

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NOTIFICATION LIST OF OFFSET OPERATORS

**Santa Fe Energy Resources
Application for Administrative Approval
Downhole Commingling
Mesa Verde "6" Federal #14
Sec. 6, T-24-S, R-32-E
Lea County, New Mexico**

1. Texaco Inc.
P.O. Box 3109
Midland, TX 79702
2. Burlington Resources
P.O. Box 51810
Midland, TX 79710-1810
3. Sonat Exploration Co.
110 W. Louisiana
Midland, TX 79701
4. Devon Energy Corporation
20 N. Broadway, Ste. 1500
Oklahoma City, OK 73102-8260

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT - " for such proposals

SUBMIT IN TRIPLICATE

1. Type of Well

☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator

Santa Fe Energy Resources, Inc.

3. Address and Telephone No.

550 W. Texas, Suite 1330, Midland, TX 79701 915/687-3551

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

330' FNL & 1650' FWL, Sec. 6, T-24S, R32E

5. Lease Designation and Serial No.

NM-77064

6. If Indian, Allottee or Tribe Name

7. If Unit or CA, Agreement Designation

8. Well Name and No.

Mesa Verde 6

Federal #14

9. API Well No.

30-025-32753

10. Field and Pool, or exploratory Area

Mesa Verde (Delaware)

Mesa Verde (Bone Spring)

11. County or Parish, State

Lea NM

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☒ Notice of Intent
☐ Subsequent Report
☐ Final Abandonment Notice

SUBJECT TO
LIKE APPROVAL
BY STATE

TYPE OF ACTION

- ☐ Abandonment
☐ Recompletion
☐ Plugging Back
☐ Casing Repair
☐ Altering Casing
☒ Other Downhole commingle
☐ Change of Plans
☐ New Construction
☐ Non-Routine Fracturing
☐ Water Shut-Off
☐ Conversion to Injection
☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Attached please find our application to downhole commingle the Bone Spring and Delaware formations in the subject well. Currently the Delaware formation is producing and the Bone Spring perforations are plugged with a RBP set at 8500'. It is planned to pull the RBP and downhole commingle the two zones upon approval by the BLM and NMOCD.

RECEIVED

APR 21 97

BLM
ROSWELL, NM

14. I hereby certify that the foregoing is true and correct

Signed

Alexis C. Swoboda

Sr. Production Clerk

Date

4/18/97

(This space for Federal or State office use)

Approved by

(ORIG. SGD.) ALEXIS C. SWOBODA

Title

PETROLEUM ENGINEER

Date

APR 23 1997

Conditions of approval, if any: