

DATE IN 6/21/99	SUSPENSE 7/12/99	ENGINEER DC	LOGGED BY KW	TYPE DHC
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

2395

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
[DD-Directional Drilling] [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 - Directional Drilling
☐ NSL ☐ NSP ☐ DD ☐ SD

Check One Only for [B] and [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

[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] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

Kay Maddox
Print or Type Name

Signature

Regulatory Agent
Title

Date

6/18/99

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

Operator Conoco Inc. Address 10 Desta Dr. Ste 100W, Midland, Tx. 79705-4500

Lease Nassau Well No #3E Unit Ltr Sec Twp Rge Section 23, T-26-N, R-11-W, J County San Juan, NM

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 (ASSOC - 26980)		Basin Dakota (PROD NO 6471599)
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.	a.
Oil Zones - Artificial Lift: Estimated Current	500		584
Gas & Oil - Flowing: Measured Current	b (Original)	b.	b.
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 - % for 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

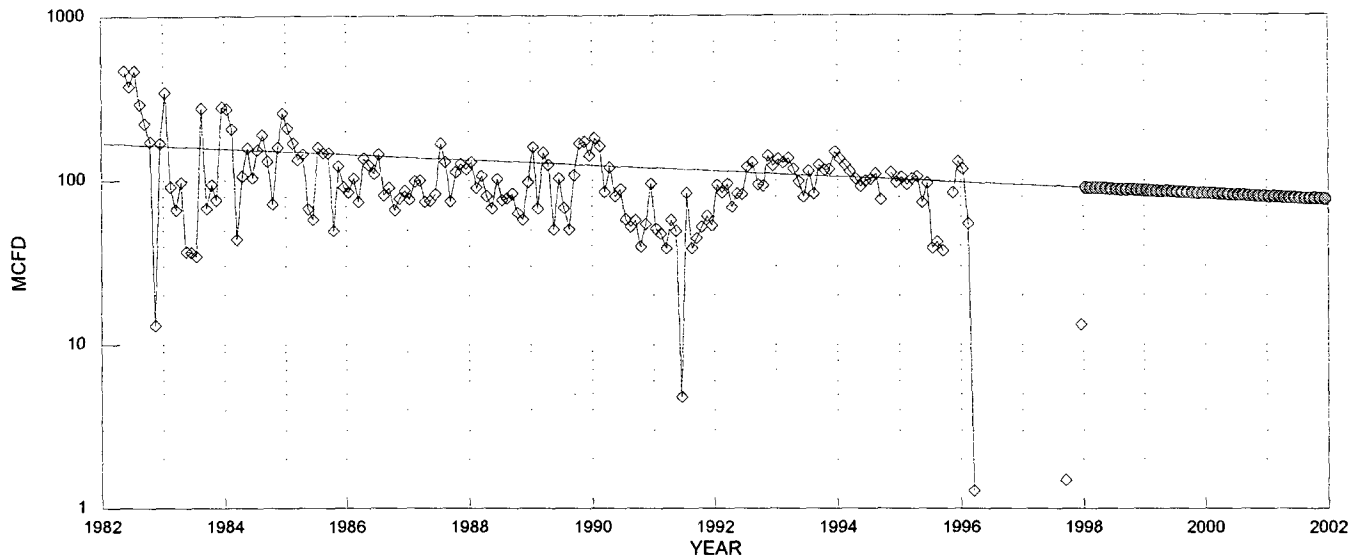
- * C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- * Production curve for each zone for at least one year. (If not available, attach explanation.)
- * For zones with no production history, estimated production rates and supporting data.
- * Data to support allocation 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

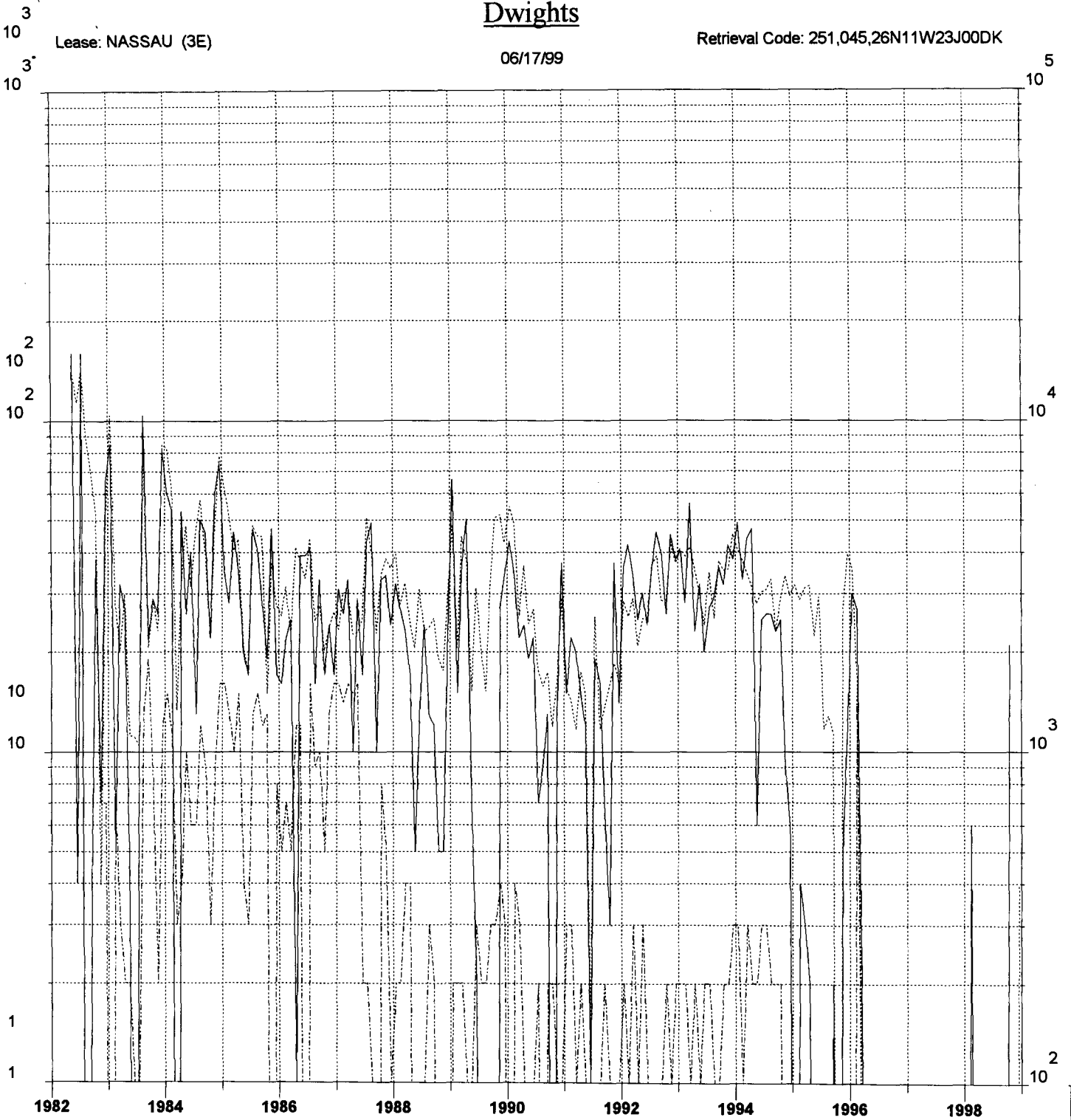
YEAR	MID-YEAR AVG MCFD	MID-YEAR AVG BOPD
1999	88	0.53
2000	84	0.51
2001	81	0.49
2002	78	0.47
2003	75	0.45
2004	72	0.43
2005	69	0.42
2006	66	0.40
2007	63	0.38
2008	61	0.37
2009	58	0.35
2010	56	0.34
2011	54	0.33
2012	52	0.31
2013	50	0.30
2014	48	0.29
2015	46	0.28
2016	44	0.27
2017	42	0.26
2018	40	0.25
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)

Retrieval Code: 251,045,26N11W23J00DK

06/17/99



Oil (bbl/mo)

County: SAN JUAN, NM

F.P. Date: 05/82

Gas (mcf/mo)

Water (bbl/mo)

Field: BASIN (DAKOTA) DK

Oil Cum: 4488 bbl

Reservoir: DAKOTA

Gas Cum: 559.1 mmcf

Operator: CONOCO INC

Location: 23J 26N 11W

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Revised February 21, 1994
instructions on back

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

OIL CONSERVATION DIVISION

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

District III
1000 Rio Brazos Rd. Aztec, NM 8741

PO Box 2088
Santa Fe, NM 87504-2088

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-045-24961		2 Pool Code 26980		3 Pool Name Gallegos Gallup	
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.
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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

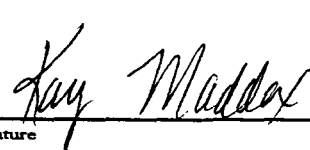
16					17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief  Signature Kay Maddox Printed Name Regulatory Agent Title 6/18/99 Date
					18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this 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

Diagram showing well location with dimensions: 1580' (vertical) and 1700' (horizontal).

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. J	Section 23	Township 26N	Range 11W	Lot Idn	Feet from the 1580'	North/South line South	Feet from the 1700'	East/West line East	County San Juan
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11 Bottom Hole Location If Different From Surface

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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 	
					Printed Name Kay Maddox 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	Jane 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. NDO C14-20-3022
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	

1995

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	Najia 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	
Return Receipt Showing to Whom, Date, & Addressee's Address	

April 1995