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DHC 9/25/00

TEXAKOMA OIL & GAS CORPORATION

ONE LINCOLN CENTRE
5400 LBJ Freeway, Suite 500
Dallas, Texas 75240
(972) 701-9106

EXPLORATION AND PRODUCTION

September 1, 2000

SEP 5 2000

Ms. Lori Wrotenbery
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Mr. Duane Spencer
Bureau of Land Management
1235 La Plata Highway
Farmington, New Mexico 87401

RE: Application for Administrative Approval to Downhole Commingle
Texakoma Oil & Gas Corporation
Texakoma Federal 8 #1, B-8-30N-12W, API No. 30-045-28927
Basin Fruitland Coal & Flora Vista Fruitland Sand Pools

Dear Ms. Wrotenbery and Mr. Spencer:

Texakoma Oil & Gas Corporation requests approval to downhole commingle the production from the Flora Vista Fruitland Sand formation, not yet completed, with that of the Basin Fruitland Coal formation, currently producing, in its Texakoma Federal 8 #1 well located 1080' FNL, 1490' FEL, B-8-30N-12W, San Juan County, New Mexico. These same two pools were commingled downhole in Texakoma's Federal 8 #2 well, which was recompleted August 2, 1999. (Please refer to Order DHC-2311 dated April 22, 1999.)

The ownership is common throughout the lease, NM-0498, dedicated to the well.

Enclosed is NMOCD Form C-107-A with attachments. We request that the allocation of production be assigned after the well is completed in accordance with the District Supervisor in Aztec. As was done in Texakoma's Federal 8 #2 well, we request using a third-party reserve determination as a basis for calculating the allocation formula. Attached is a reserve determination by Cawley, Gillespie Associates, Inc. which shows Fruitland Coal reserves of 2.43 BCF and Fruitland Sand reserves of 0.09 BCF. Based on these reserves, the allocation percentages would be 96.4% for the Coal and 3.6% for the Sand.

The only offset drill tracts for either of the subject zones is Texakoma's Federal 8 #2, Federal 7 #1 and Federal 6 #1 wells.

If you should have any questions concerning the enclosed, please call me at 972/701-9106.

Sincerely,

Rodney A. Kiel

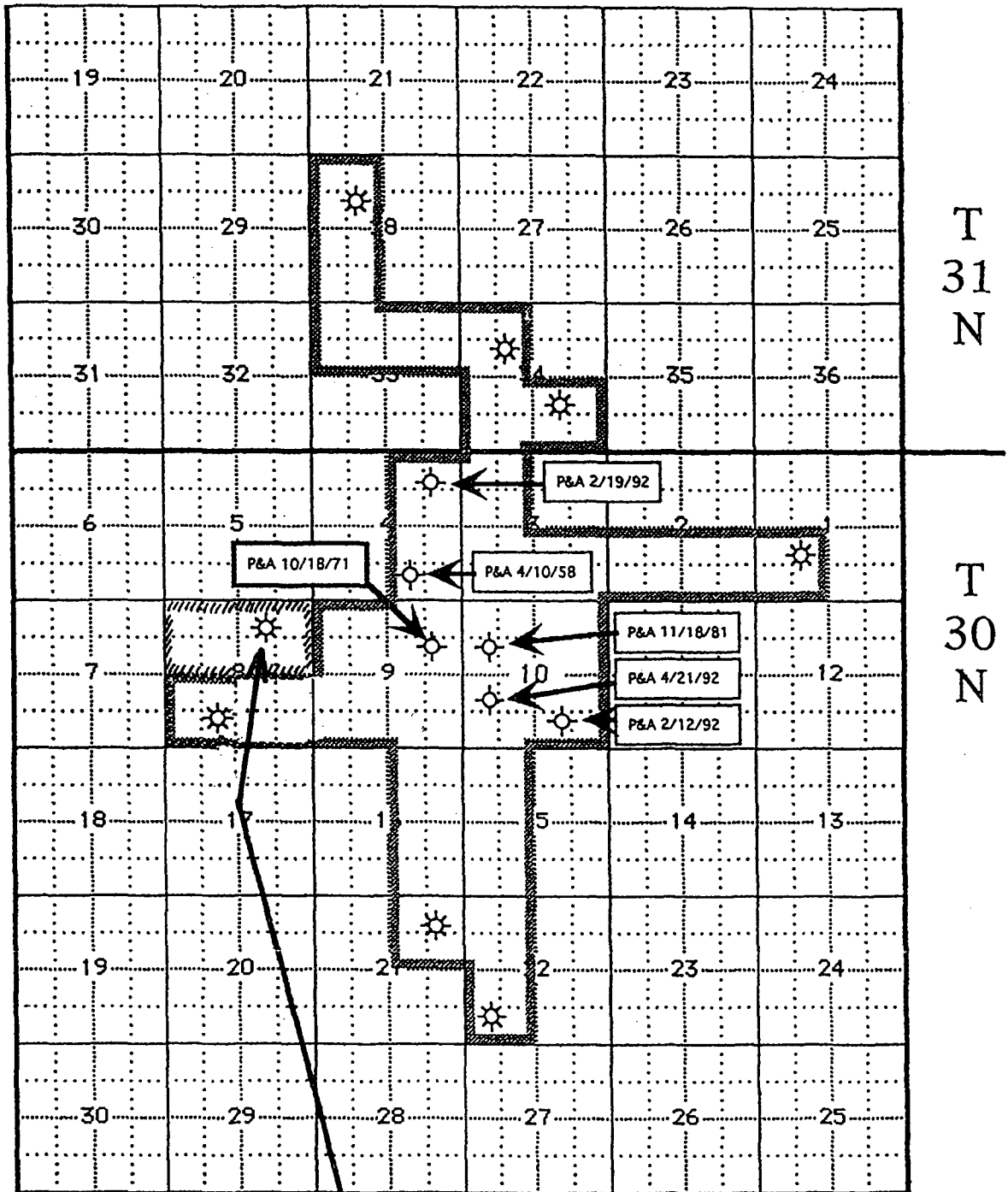
Rodney A. Kiel
Operations Engineer

Enclosures

cc: NMOCD, Aztec, NM

Flora Vista Fruitland Sand (Gas) Pool

R 12 W



Texakoma Oil & Gas Corporation
Federal 8 FC # 1
Flora Vista Fruitland Sand (extension)
Basin Fruitland Coal seam
1080' FNL 1490' FEL, B-8-T30N-R12W

State of New Mexico
Energy, Minerals & Mining Resources Department
OIL CONSERVATION DIVISION
P. O. Box 6429
Santa Fe, New Mexico 87504-6429

Form C-102

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-045-28927	Pool Code 76600	Pool Name Flora Vista Fruitland Sand (extention)
Property Code 15116	Property (Well) Name Federal 8 FC	
OGRID No. 22521	Operator Name Texakoma Oil & Gas Corporation	
		Well Number 1
		Elevation 5832' RDB

Surface Location

UL or Lot B	Sec. 8	Twp. 30N	Rge. 12W	Lot Idn.	Feet from > 1080	North/South North	Feet from > 1490	East/West East	County San Juan
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Bottom Hole Location If Different From Surface

UL or Lot	Sec.	Twp.	Rge.	Lot Idn.	Feet from >	North/South	Feet from >	East/West	County
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Dedication 159.18	Joint? N	Consolidation	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

		2 39.81 1080' 1 39.81	1 39.81 1490' 8 39.78	OPERATOR CERTIFICATION I hereby certify that the Information contained herein is true and complete to the best of my knowledge and belief. Signature <i>A. R. Kendrick</i> Printed Name A. R. Kendrick Title Agent Date 9/10/98 SURVEYOR CERTIFICATION I hereby certify that the well location 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
		7 39.78	8 39.78	
		NM-0498.		

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

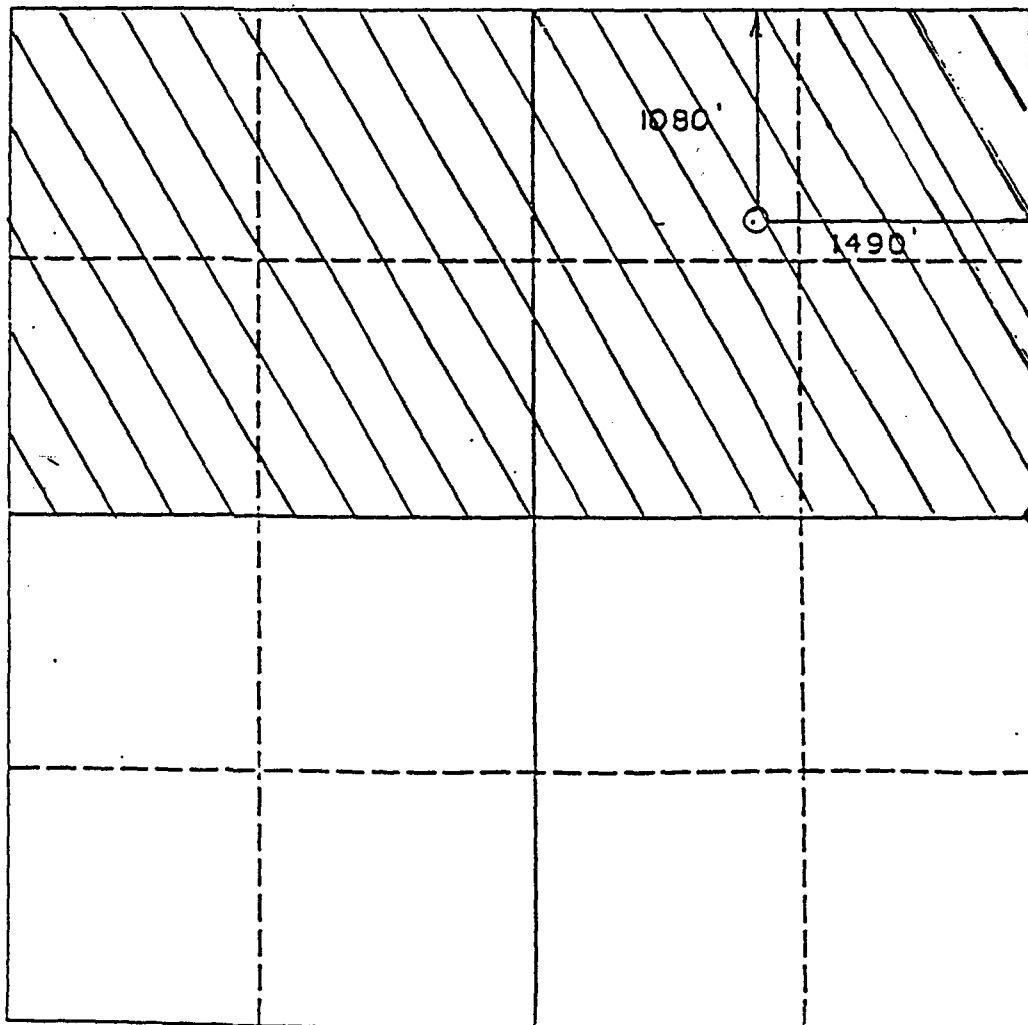
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator J.K. Edwards Associates			Lease Federal 8 FC		Well No. #1
Unit Letter B	Section 8	Township 30 N.	Range 12 W.	County San Juan	
Actual Footage Location of Well: 1080 feet from the North line and 1490 feet from the East line					
Ground level Elev. 5816'	Producing Formation Fruitland Coal		Pool	Dedicated Acreage: 320 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure 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). **100% Federal**
3. If more than one lease of different ownership is dedicated to the well, have the interest 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 interest, has been approved by the Division.



OPERATOR CERTIFICATION

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

Signature

Lisa L. Smith

Printed Name

Lisa L. Smith

Position

Authorized Agent for:

Company

J.K. Edwards Associates

Date

11/19/92

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 knowledge and belief.

Date Surveyed

11/19/92

Signature

G. Huddleston

Professional Surveyor

6844

REGISTERED LAND SURVEYOR

Certificate No.

11/19/92

MONTHLY PRODUCTION - FEDERAL 8-1

Month	Monthly Production		GWR	Days Produced	Average Daily Production		Inside FERC * Gas Price
	MCF **	BW			MCF	BW	
Jan-97	942	348	3	29	32	12	\$4.05
Feb-97	1,087	363	3	28	39	13	\$2.48
Mar-97	633	241	3	27	23	9	\$1.46
Apr-97	757	539	1	30	25	18	\$1.59
May-97	930	484	2	31	30	16	\$1.87
Jun-97	266	233	1	18	15	13	\$2.02
Jul-97	450	126	4	27	17	5	\$1.97
Aug-97	48	15	3	2	24	8	\$2.00
Sep-97	660	219	3	25	26	9	\$2.28
Oct-97	800	355	2	31	26	11	\$2.83
Nov-97	865	875	1	27	32	32	\$3.11
Dec-97	885	360	2	28	32	13	\$2.16
Jan-98	851	155	5	26	33	6	\$2.06
Feb-98	979	140	7	28	35	5	\$1.76
Mar-98	245	400	1	23	11	17	\$2.01
Apr-98	725	310	2	21	35	15	\$2.06
May-98	279	80	3	10	28	8	\$2.00
Jun-98	0	0	0	0	0	0	\$1.75
Jul-98	0	0	0	0	0	0	\$1.86
Aug-98	0	0	0	0	0	0	\$1.81
Sep-98	0	0	0	0	0	0	\$1.55
Oct-98	0	0	0	0	0	0	\$1.67
Nov-98	0	0	0	0	0	0	\$1.88
Dec-98	412	0	0	31	13	0	\$1.96
Jan-99	0	0	0	0	0	0	\$1.72
Feb-99	343	0	0	28	12	0	\$1.63
Mar-99	13	0	0	31	0	0	\$1.51
Apr-99	756	252	3	12	63	21	\$1.59
May-99	504	315	2	23	22	14	\$2.03
Jun-99	490	0	N/A	9	54	0	\$1.96
Jul-99	1,161	60	19	12	97	5	\$2.05
Aug-99	732	0	NA	31	24	0	\$2.26
Sep-99	1,695	927	2	30	57	31	\$2.63
Oct-99	1,136	735	2	27	42	27	\$2.37
Nov-99	1,151	461	2	24	48	19	\$2.84
Dec-99	1,127	498	2	30	38	17	\$2.08
Jan-00	1,104	440	3	31	36	14	\$2.18
Feb-00	1,057	283	4	29	36	10	\$2.36
Mar-00	1,159	328	4	31	37	11	\$2.37
Apr-00	990	143	7	28	35	5	\$2.75
May-00	1,128	175	6	28	40	6	\$2.77
Jun-00	753	90	8	13	58	7	\$3.86
Jul-00	1,147	343	3	30	38	11	\$4.11

Cumulative 82,145 26,947

* San Juan Basin - El Paso Natural Gas (\$/MMBTU)
 ** EPNG metered volumes allocated by Texakoma meters

District I
1623 N. French Drive, Hobbs, NM 88240

District II
811 South First Street, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised May 15, 2000

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87505

APPLICATION TYPE

☒ Single Well

☐ Establish Pre-Approved Pools

EXISTING WELLBORE

☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

TEXAKOMA OIL & GAS CORPORATION, 5400 LBJ FREEWAY, SUITE 500, DALLAS, TX 75240

Operator

Address

FEDERAL 8 FC

1

B-8-30N-12W

SAN JUAN

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 22521 Property Code 015116 API No. 30-045-28927 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	FLORA VISTA FRUITLAND SAND		BASIN FRUITLAND COAL
Pool Code	76600		71629
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	1749' - 1846'		2038' - 2057'
Method of Production (Flowing or Artificial Lift)	FLOWING		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)	690 ESTIMATED		705 ESTIMATED
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1100		1004
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: NOT YET COMPLETED Rates:	Date: Rates:	Date: 8/31/00 Rates: 38 MCFD, 11 BWPD
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas % 3.6%	Oil Gas % %	Oil Gas % 96.4 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes ☒ No ☐
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.

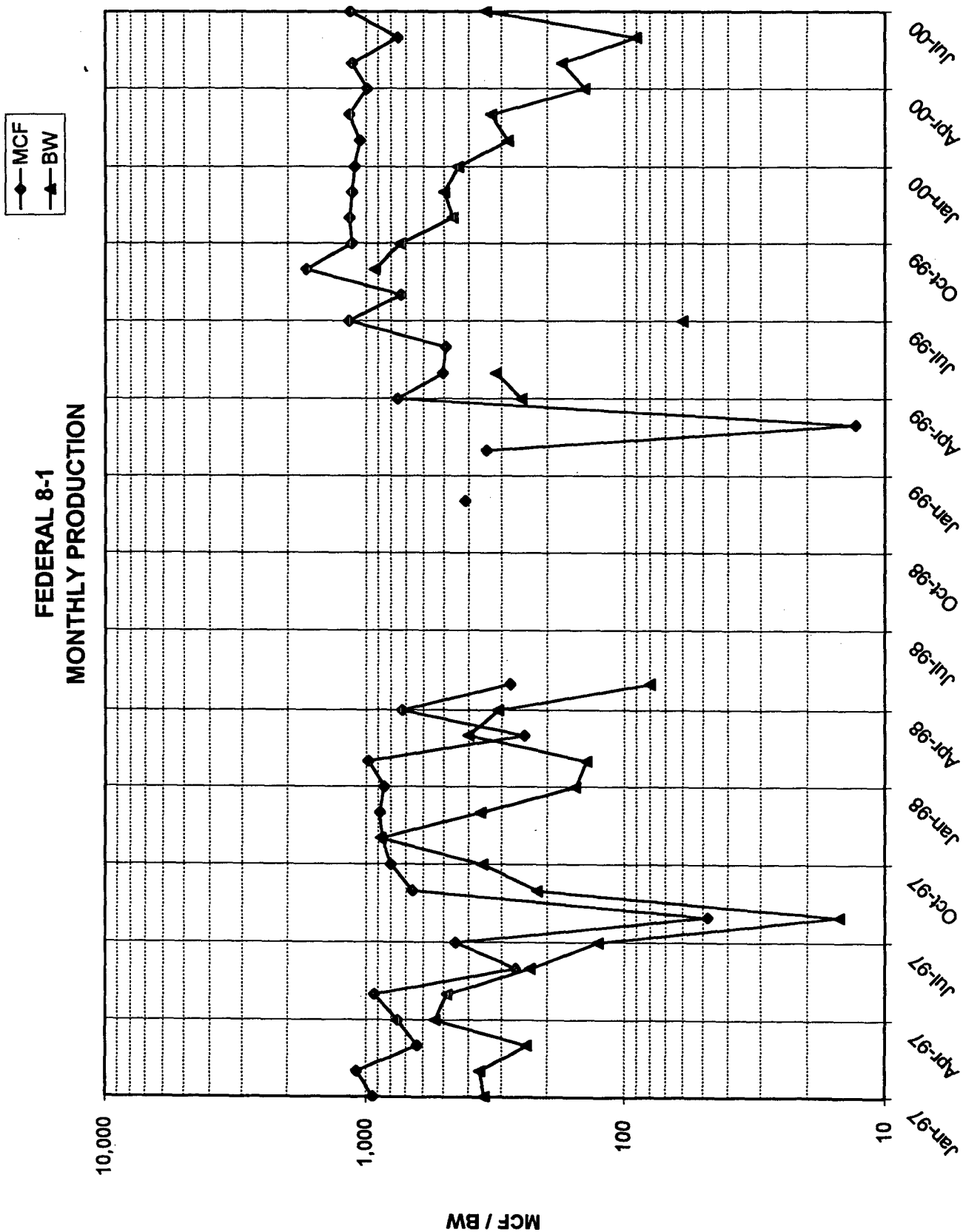
Bottomhole pressure data.

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

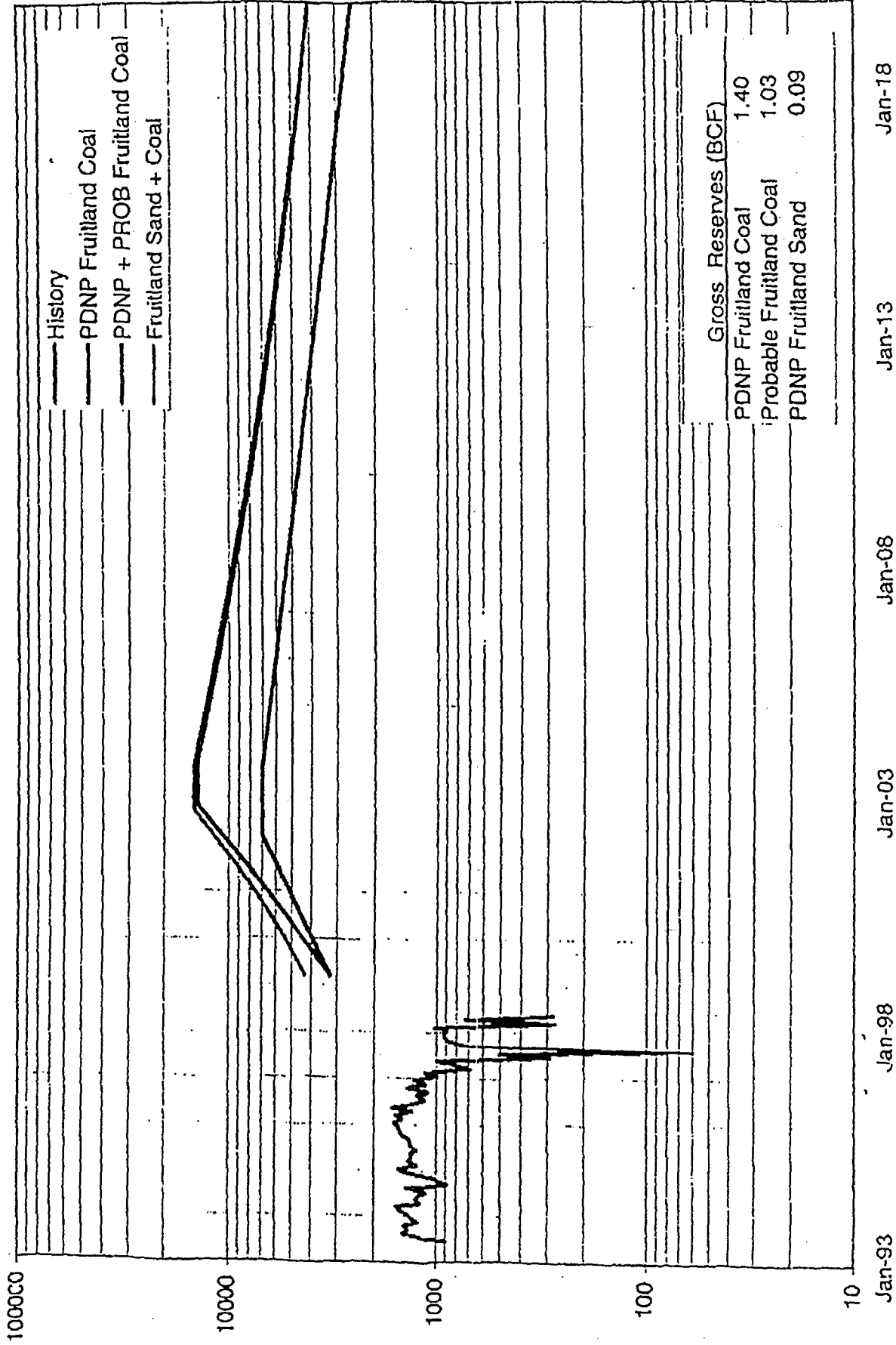
SIGNATURE Rodney A. Kiel TITLE Operations Engineer DATE 9-01-00

TYPE OR PRINT NAME Rodney A. Kiel

TELEPHONE NO. (972) 701-9106



TEXAKOMA OIL & GAS FEDERAL 8-1



Cawley, Gillespie Associates, Inc.