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10/27/08

NEW MEXICO OIL CONSERVATION DIVISION - Engineering Bureau -1220 South St. Francis Drive, Santa Fe, NM 87505



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- 37 pager -

FALL C LALSHENG, NET e-mail Address

Office.	State of New Mex	ico	Form C-10	
District I	Energy, Minerals and Natura	al Resources	June 19, 200	08
-1625 N. French Dr., Hobbs, NM 88240			WELL API NO.	
<u>District II</u> 1301 W. Grand Ave., Artesia, NM 88210	OIL CONSERVATION	DIVISION	30-045-25036	
District III	1220 South St. France	is Dr.	5. Indicate Type of Lease	
1000 Rio Brazos Rd., Aztec, NM 87410	Santa Fe, NM 875		STATE FEE	_
<u>District IV</u> 1220 S. St. Francis Dr., Santa Fe, NM	Banta I C, INVI 67.	703	6. State Oil & Gas Lease No.	
87505			Federal SF 047039C	
SUNDRY NOTIC	ES AND REPORTS ON WELLS		7. Lease Name or Unit Agreement Name	
(DO NOT USE THIS FORM FOR PROPOSA			Francis	ŀ
DIFFERENT RESERVOIR. USE "APPLICA PROPOSALS.)	TION FOR PERMIT" (FORM C-101) FOR	RSUCH		
	as Well 🗓 Other		8. Well Number 2	
2. Name of Operator	д от		9. OGRID Number	
Chaparral Oil and Gas Company			004076	
3. Address of Operator c/o Walsh E	ngineering		10. Pool name or Wildcat	
7415 E. Main St., Farmington, NM 8		•	Kutz Fruitland Sand	
4. Well Location				
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12. Check Ap	opropriate Box to Indicate Na	ture of Notice,	Report or Other Data	
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			ttach wellbore diagram of proposed complet	
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Chaparral Oil and Gas proposes to sur	face commingle the gas production	n from Francis #1	(Basin Dakota 71629) with the Francis #2	دا ۔
			al metering facility. Both wells are on the sa	
			gram, allocation formula, C-4702 diagrams, a	and
a letter certifying the commonality of	the ownership is attached. The BL	M has also been no	otified of this application.	•
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SIGNATURE Tay (C. 14	TITLE Age	nt/Engineer	DATE10/17/08	
		<u> </u>		-
Type or print name Paul C. Thomp	son, P.E. E-mail address:	paul@walsheng.i	net PHONE: 505.327.4892	
For State Use Only				
APPROVED BY:	TITLE		DATE	
Conditions of Approval (if any):				



WALSH

ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting Lease Management Contract Pumping 7415 East Main Farmington, New Mexico 87402 (505) 327-4892 • Fax: (505) 327-9834

October 17, 2008

Mr. Mark Fesmire, P.E. NM Oil and Gas Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505

Re:

Surface Commingling Chaparral Oil and Gas Francis #1 and Francis #2 Section 18, T28N, R10W

Dear Mr. Fesmire,

Chaparral Oil and Gas Company requests permission to surface commingle the gas production from the above mentioned wells so they can utilize a common compressor and metering station. The two wells are on the same federal lease but produce from different pools. The Francis #1 produces from the Basin Fruitland Coal (71629) and the Francis #2 produces from the Kutz Fruitland Sand (79600). Ownership in both wells is the same.

1. Proposed System: The wells are to be commingled upstream from a CPD meter so they can utilize a common compressor. The Williams CDP meter is located in Section 18, T28N, R10W and is on the same well pad as Francis #1. An allocation meter is installed on the Francis #2. The gas flows into Enterprises' gathering system and they will maintain the CPD meter and Chaparral will maintain the allocation meter. No liquid hydrocarbons will be commingled.

The actual commercial value of the commingled production will not be less than the sum of the values of the production from each well.

Gas Pool (7/628)

- **2. Schematic Diagram:** Exhibit #1 is a schematic diagram of the proposed facilities. Exhibit #2 and Exhibit #3 are the C-102 well plats for each well which indicate the dedicated acreage for each well.
- **3. Fuel Gas:** The compressor fuel gas will be allocated to each well in proportion to its contribution to the total production.
- **4. Mechanical Integrity:** The flow lines from each well to the CDP meter are buried 4" steel with a pressure rating of 3,330 psig. The pipeline will be tested to wellhead pressure.
- **5. Gravity/BTU:** Because the wells are producing from different reservoirs, the BTU contents are not similar. Gas samples will be taken annually from each well to calculate the Btu values. The gas will be allocated on an MMBtu basis. No liquid hydrocarbons will be commingled.
- **6. Allocation Formula:** The Francis #2 has an allocation meter. The production allocated to this well will be the volume of gas measured at the allocation meter.

The production allocated to the Francis #1 will be the volume measured at the WFS operated CDP, minus the integrated volume from the Francis #2 allocation meter plus the compressor fuel, then converted to MMBtus.

The working and royalty interests in the two wells are the same. Please refer to Exhibit #4 which a letter from Mr. James Strickler, CPL, verifying that the interests are common.

7. Line Purging: We do not anticipate purging the line very often, but when we do the lost gas will be allocated between the two wells.



- **8. Purged Fluids:** We do not anticipate having to purge the system, however any fluids purged will be natural gas, condensate, and produced water. Any line purging will be done to a tank.
- 9. Meter Calibration: The William's Field Services CDP meter will be calibrated by Williams once each year if the volumes are less than 100 MCFD or once per quarter if the volume exceeds 100 MCFD. Chaparral will calibrate the allocation meter on the Frances #2 well with the same schedule.
- 10. Gas Analysis Schedule: Enterprise Field Service will analyze the gas from the CDP meter twice a year. Chaparral will analyze the gas from both wells twice per year.
- 11. Effective date: The pipeline system will be put into service as soon as approval is received.

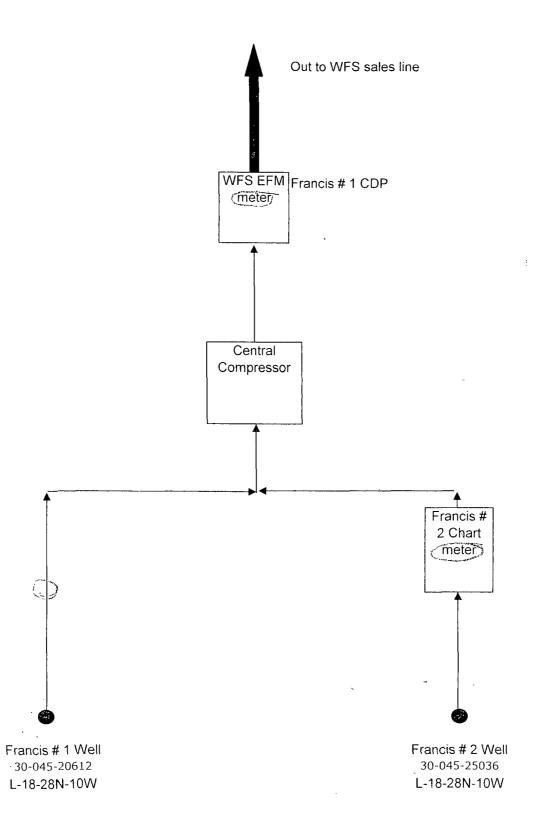
Sincerely,

Paul C. Thompson, P.E.

Agent

Chaparral Oil and Gas Co.

Paul C. Thomps -



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 | 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

WEIT NO. CHAPARRAL OIL & GAS COMPANY Francis 1 Section Township Unit Letter Range County 28N 18 1.0W San Juan MYMM Actual Footage Location of Well: 1850 South 790 feet from the line and feet from the West Ground tevel Elev. Producing Formation Pool Dedicated Acreage: 5835 Fruitland Coal Basin Fruitland Coal 328.08 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 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 neccessary. 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 sertify that the information ** contained herein in true and complete to the best of my knowledge and belief. 聖一般 Signaturiginal signed by EWELL N. WALSH Printed Name Ewell N. Walsh, P.E. Position President Company Walsh Engr. & Prod. Corp. SF-047039-C JAN \$ 1992 Date January 3, 1992 OIL CON. DIV. SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was placed from field notes of actual surveys made by me or under my supervison, and that the same is true and 790' correct to the best of my knowledge and belief. Date Surveyed Signature & Scal of Professional Surveyor 1850 NOTE: From Original Survey Certificate No. 1320 1650 1980 2310 2640 2000 1500 1000 330 660 990

STATE OF NEW MEXICO THEHEY HIS MINICIPALS UCCARTIMENT

P. O. HOX ZOBB SANTA FC. NEW MEXICO 87501

ok/

Form C-107 Revised 10

All distances must be from the cuter boundaries of the Section,

the latet			Lease			Well 146.	
CHAPARRAL	OIL & GAS CO		FRANCIS			2	
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WALSHI

ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting Lease Management Contract Pumping 7415 East Main Farmington, New Mexico 87402 (505) 327-4892 • Fax: (505) 327-9834

October 17, 2008

Dear Mr. Fesmire,

I have reviewed the records supplied by Chaparral Oil & Gas and confirm that the ownership interests in the Francis #1 and the #2 are the same.

Sincerely,

James R.J. Strickler, CPE 2204 N. Santiago Ave.

Farmington, New Mexico 87401



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Farmington, New Mexico 87401

1 Form 3 160-5 (August 1999)

UNITED STATES / DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

FORM APPROVED OMB No. 1004-0135 Expires Inovember 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

ŞF 047039C

5. Lease Serial No.

Do not use th abandoned wel	6. If I	6. If Indian, Allottee or Tribe Name				
	ICATE – Other instru	uctions on reverse sid		Jnit or CA/Agreement, Name and/or No.		
1. Type of Well	Othor		0 17	ell Name and No.		
Oil Well Sas Well 2. Name of Operator	Other		Franc			
Chaparral Oil and Gas Com	pany c/o Walsh Engine	eering		I Well No.		
3a. Address		3b. Phone No. (include area co		5-25036		
7415 E. Main, Farmington, N.	M, 87402	505-327-4892	10. Field and Pool, or Exploratory A			
4. Location of Well (Footage, Sec., T.	, R., M., or Survey Description)	<u> </u>	Kutz	Kutz Fruitland Sand		
1850' FSL and 1000' FWL, Se	ec. 18, T28N, R10W		11. Co	unty or Parish, State		
			San .	Juan County, NM		
12. CHECK A	PPROPRIATE BOX(ES) TO	INDICATE NATURE OF NOTI	CE, REPORT, OF	R OTHER DATA		
TYPE OF SUBMISSION		TYPE OF A	CTION			
Subsequent Report Final Abandonment Notice 13. Describe Proposed or Completed Op If the proposal is to deepen directio Attach the Bond under which the w Following completion of the involve Testing has been completed. Final determined that the site is ready for the Chaparral Oil and Gas Comproduction from the France utilize a common compression both wells is identical	mpany has applied to i is #1 (Basin Fruitland	Fracture Treat New Construction Plug and Abandon Plug Back details, including estimated starting give subsurface locations and measurthe Bond No. on file with BLM/B ults in a multiple completion or recolled only after all requirements, include the NMOCD for permiss (Coal) with the Francis ‡	ion to surface {2 (Kutz Fruit	Well Integrity Other Surface Commingle ed work and approximate duration thereof. depths of all pertinent markers and zones. depths of all pertinent markers and zones, and the operator has nave been completed, and the operator has a commingle the gas land Sand) in order to define the lease and the ownership		
14. Thereby certify that the foregoing Name (Printed/Typed) Paul C. The Signature	is true and correct nompson, P.E.	Title Date	Agen October 17			
	THIS SPAC	E FOR FEDERAL OR STATE L	SE	2. 15. 建设外型内 医图音次分类		
Approved by		Title		Date		

Title 18 U.S.C. Section 1001, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Office

Conditions of approval, if any, are attached. Approval of this notice does not warrant or

certify that the applicant holds legal or equitable title to those rights in the subject lease

which would entitle the applicant to conduct operations thereon.

Office	T 1 4 C AA 1ATOV		Form C-103	
District I Energy, Mineral	ls and Natur	al Resources	June 19, 2008	
1625 N. French Dr., Hobbs, NM 88240 District H			WELL API NO. 30-045-25036	
1301 W. Grand Ave., Artesia, NM 88210 OIL CONSER	5. Indicate Type of Lease			
District III 1220 Sou	th St. Fran	eis Dr.	STATE FEE	
1000 Rio Brazos Rd., Aztec, NM 87410 District IV Santa	FE-NM 87	505	6. State Oil & Gas Lease No.	
1220 S. St. Francis Dr., Santa Fe, NM	٠ تا سنا	e,	Federal SF 047039C	
SUNDRY NOTICES AND REPORTS	DARWHILE		7 1 N	
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DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FO	ORM C-101) FO	R SUCH	1/ 1	
PROPOSALS.) 1. Type of Well: Oil Well Gas Well X Other		,	8. Well Number 2	
2. Name of Operator			9. OGRID Number	
Chaparral Oil and Gas Company			004076	
3. Address of Operator c/o Walsh Engineering		•	10. Pool name or Wildcat	
7415 E. Main St., Farmington, NM 87402			Kutz Fruitland Sand	
4. Well Location				
		line and		
Section 18 Township 28N	Range 10			
11. Elevation (Show 5836' GL	whether DR,	RKB, RI, GR, etc.		
####################################			6 1. 500° 10 至其事業分類。由每天周報主流監察以及通常提出基礎	
12. Check Appropriate Box to	Indicate N	ature of Notice.	Report or Other Data	
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13. Describe proposed or completed operations. (Clear				
of starting any proposed work). SEE RULE 1103	3. For Multip	le Completions: A	attach wellbore diagram of proposed completion	
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Chaparral Oil and Gas proposes to surface commingle the				
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Federal lease and ownership in both wells is the same. A s				
a letter certifying the commonality of the ownership is atta	iched. The Bl	LM has also been n	notified of this application.	
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I hereby certify that the information above is true and com	nplete to the b	est of my knowled	lge and belief.	
SIGNATURE Pan/C. Thomps	TITLE Ag	ent/Engineer	DATE 10/17/08	
Type or print name Paul C. Thompson, P.E. E-m	nail address:	paul@walsheng	.net PHONE: 505.327.4892	
For State Use Only				
APPROVED BY:	TITLE .		DATE	
Conditions of Approval (if any):				



WALSH

ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting Lease Management Contract Pumping 7415 East Main Farmington, New Mexico 87402 (505) 327-4892 • Fax: (505) 327-9834

12 th The was 2.

October 17, 2008

Mr. Mark Fesmire, P.E. NM Oil and Gas Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505

Re:

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- **2. Schematic Diagram:** Exhibit #1 is a schematic diagram of the proposed facilities. Exhibit #2 and Exhibit #3 are the C-102 well plats for each well which indicate the dedicated acreage for each well.
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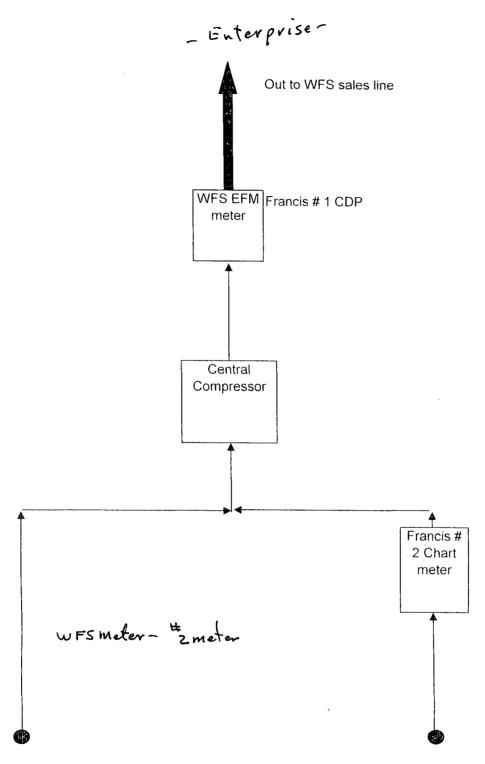
Sincerely,

Paul C. Thompson, P.E.

Paul C. Thous -

Agent

Chaparral Oil and Gas Co.



Francis # 1 Well 30-045-20612 L-18-28N-10W

Francis # 2 Well 30-045-25036 L-18-28N-10W

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

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

P.O. DIEWEL DD, ARCEIS, IAM BESTO

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

WELL LOCATION AND ACREAGE DEDICATION PLAT All Distances must be from the outer boundaries of the section

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THEREY AND MINERALS DEPARTMENT SANTA FE, NEW MEXICO 87501

Form C-107 kerised 10

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ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting Lease Management Contract Pumping 7415 East Main Farmington, New Mexico 87402 (505) 327-4892 • Fax: (505) 327-9834

October 17, 2008

Dear Mr. Fesmire,

I have reviewed the records supplied by Chaparral Oil & Gas and confirm that the ownership interests in the Francis #1 and the #2 are the same.

Sincerely,

´James R.J. Strickler, CPt 2204 N. Santiago Ave.

Farmington, New Mexico 87401





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Farmington, New Mexico 87401

Form 3160-5 FORM APPROVED **UNITED STATES** OMB No. 1004-0135 (August 1999) DEPARTMENT OF THE INTERIOR Expires Jnovember 30, 2000 BUREAU OF LAND MANAGEMENT Lease Serial No. SUNDRY NOTICES AND REPORTS ON WELLS SF 047039C 6. If Indian, Allottee or Tribe Name Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals. 7. If Unit or CA/Agreement, Name and/or No. SUBMIT IN TRIPLICATE - Other instructions on reverse side Type of Well Oil Well 8. Well Name and No. Gas Well Other Francis #2 Name of Operator Chaparral Oil and Gas Company c/o Walsh Engineering 9. API Well No 3a. Address 30-045-25036 Phone No. (include area code) 7415 E. Main, Farmington, NM, 87402 505-327-4892 10. Field and Pool, or Exploratory Area Location of Well (Footage, Sec., T., R., M., or Survey Description) Kutz Fruitland Sand 1850' FSL and 1000' FWL, Sec. 18, T28N, R10W 11. County or Parish, State San Juan County, NM 12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF SUBMISSION TYPE OF ACTION X Notice of Intent Acidize Deepen Production (Start/Resume) Water Shut-Off Well Integrity Alter Casing Fracture Treat Reclamation Subsequent Report Casing Repair **New Construction** Recomplete Other Surface Commingle Change Plans Plug and Abandon Temporarily Abandon Final Abandonment Notice Convert to Injection Plug Back Water Disposal 13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days Following completion of the involved operations. If the operation results in a multiple completion or recompleted. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.) Chaparral Oil and Gas Company has applied to the NMOCD for permission to surface commingle the gas production from the Francis #1 (Basin Fruitland Coal) with the Francis #2 (Kutz Fruitland Sand) in order to utilize a common compressor and metering facility. Both wells are on the same Federal lease and the ownership in both wells is identical

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

Name (Printed/Typed)

Paul C. Thompson, P.E.

Signature

Title

Date

Uctober 17, 2008

This space for federal or state use

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title 18 U.S.C. Section 1001, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.