

10/27/08

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

SURFACE COMMINGLING
FRANCIS #1 & #2

[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.

Paul C. Thompson

Print or Type Name

Paul C. Thompson

Signature

Agent

Title

10/27/08

Date

PAUL@WALSHENG.NET

e-mail Address

RECEIVED
2008 OCT 27 PM 2 51

37 pages

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
June 19, 2008

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Submit 3 Copies to Appropriate District Office:
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

WELL API NO. 30-045-25036
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. Federal SF 047039C
7. Lease Name or Unit Agreement Name Francis
8. Well Number 2
9. OGRID Number 004076
10. Pool name or Wildcat Kutz Fruitland Sand

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)	
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other	
2. Name of Operator Chaparral Oil and Gas Company	
3. Address of Operator c/o Walsh Engineering 7415 E. Main St., Farmington, NM 87402	
4. Well Location Unit Letter <u>L</u> : <u>1850</u> feet from the <u>South</u> line and <u>1000</u> feet from the <u>West</u> line Section <u>18</u> Township <u>28N</u> Range <u>10W</u> NMPM County <u>San Juan</u>	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5836' GL	

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
DOWNHOLE COMMINGLE ☐

OTHER: Surface Commingle ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Chaparral Oil and Gas proposes to surface commingle the gas production from Francis #1 (Basin Dakota 71629) with the Francis #2 (Kutz Fruitland Sand 79600) in order to take advantage of a common compressor and central metering facility. Both wells are on the same Federal lease and ownership in both wells is the same. A system description, schematic diagram, allocation formula, C-102 diagrams, and a letter certifying the commonality of the ownership is attached. The BLM has also been notified of this application.

Basin Fruitland coal
Gas
7/16/08

RECEIVED
OCT 23 PM 3 57

Spud Date: 2/17/1970

Rig Release Date: 3/16/1970

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

SIGNATURE Paul C. Thompson TITLE Agent/Engineer DATE 10/17/08

Type or print name Paul C. Thompson, P.E. E-mail 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 Pumping7415 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.

Gas Pool (71629)

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.

Gas Pool (79600)

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

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.

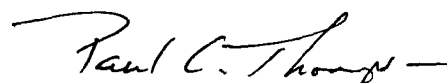
8. Purged Fluids: We do not anticipate having to purge the system, however any fluids purged will be natural gas, condensate, and produced water. Any line purging will be done to a tank.

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.

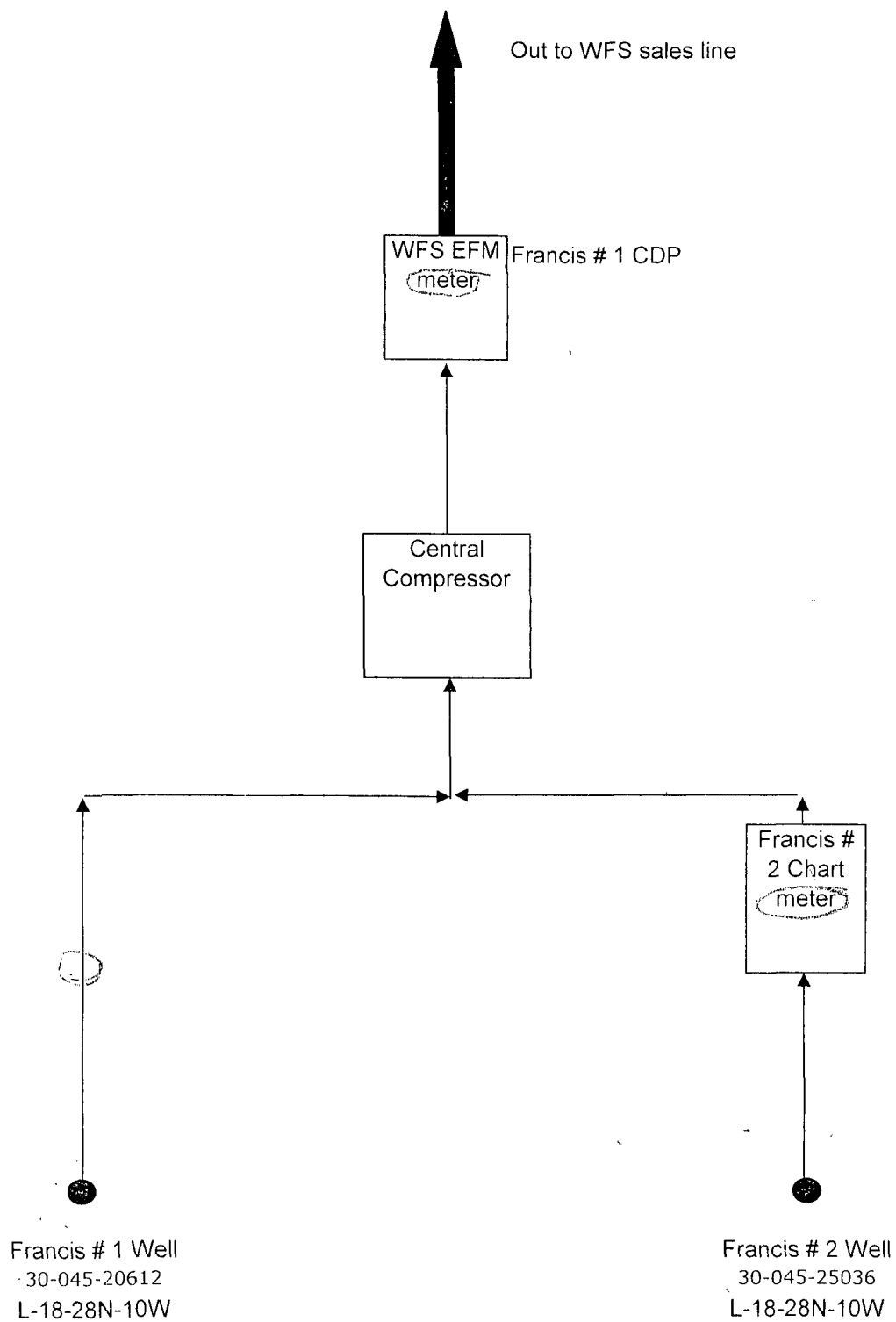
10. Gas Analysis Schedule: Enterprise Field Service will analyze the gas from the CDP meter twice a year. Chaparral will analyze the gas from both wells twice per year.

11. Effective date: The pipeline system will be put into service as soon as approval is received.

Sincerely,

A handwritten signature in cursive script, reading "Paul C. Thompson", followed by a horizontal line.

Paul C. Thompson, P.E.
Agent
Chaparral Oil and Gas Co.



#2

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

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

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

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

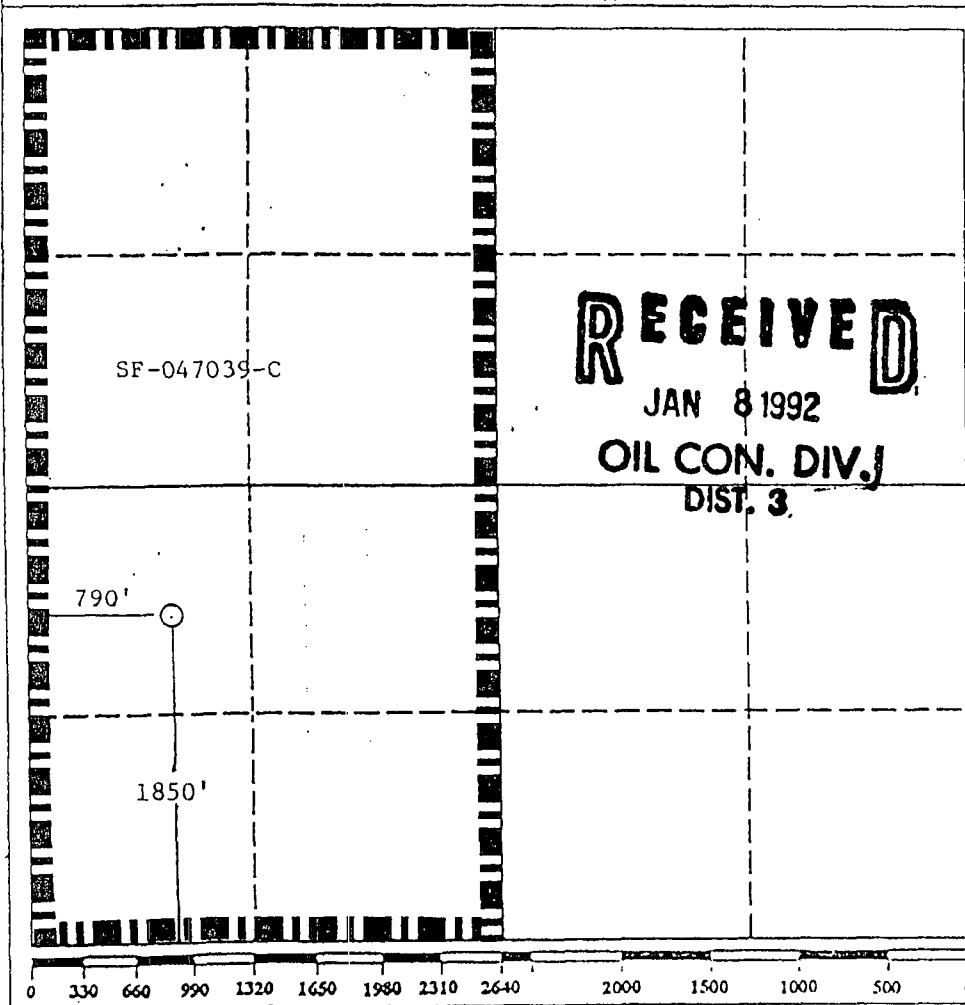
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator CHAPARRAL OIL & GAS COMPANY			Lease Francis		Well No. 1
Unit Letter L	Section 18	Township 28N	Range 10W	County NMNM San Juan	
Actual Footage Location of Well: 1850 feet from the South line and 790 feet from the West line					
Ground level Elev. 5835'		Producing Formation Fruitland Coal	Pool Basin Fruitland Coal	Dedicated Acreage: 328.08 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).
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
ORIGINAL SIGNED BY
EWELL N. WALSH
Printed Name
Ewell N. Walsh, P.E.
Position
President
Company
Walsh Engr. & Prod. Corp.
Date
January 3, 1992

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
Signature & Seal of Professional Surveyor
NOTE: From Original Survey
Certificate No.

#3

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

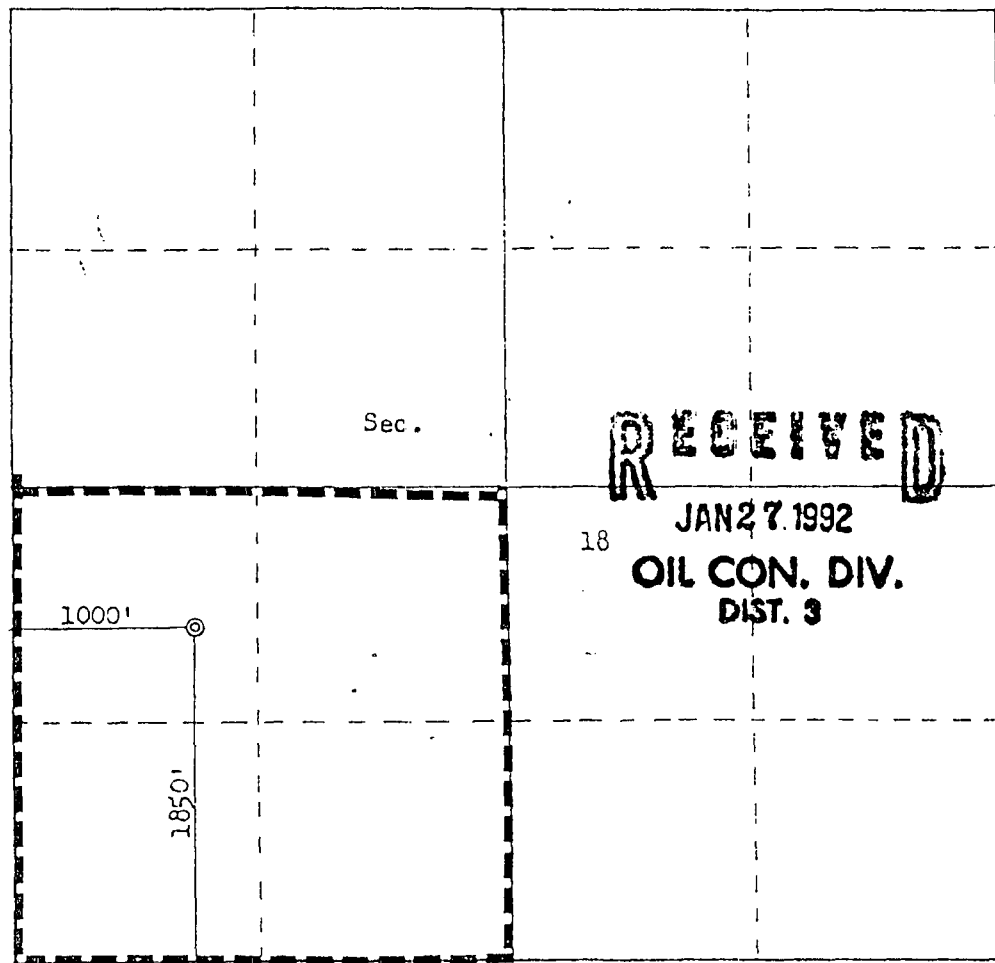
Operator: CHAPARRAL OIL & GAS COMPANY			Lease: FRANCIS		Well No.: 2
Unit Letter: L	Section: 18	Township: 28N	Range: 10W	County: San Juan	
Actual Footage Location of Well: 1850 feet from the South line and 1000 feet from the West line					
Ground Level Elev.: 5836	Producing Formation: Fruitland		Pool: Kutz Fruitland Sand		Dedicated Acreage: 200 1/64 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).
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: CHAPARRAL OIL & GAS CO

Ewell N. Walsh
Name Ewell N. Walsh by
Ruth E. Rogge

Position:

Agent

Company:

Walsh Engr. & Prod. Corp.

Date:

1/24/92

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:

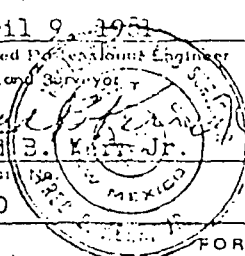
April 9, 1992

Registered Professional Engineer
and Land Surveyor

Fred E. Kiser Jr.
Fred E. Kiser Jr.

Certificate No.:

3950



FORM 24-



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

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, CPL
2204 N. Santiago Ave.
Farmington, New Mexico 87401
Cell: 505-402-3248



ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting
Lease Management
Contract Pumping

7415 East Main
Farmington, New Mexico 87402
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Sincerely,

James R.J. Strickler, CPL
2204 N. Santiago Ave.
Farmington, New Mexico 87401
Cell: 505-402-3248

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Chaparral Oil and Gas Company c/o Walsh Engineering

3a. Address

7415 E. Main, Farmington, NM, 87402

3b. Phone No. (include area code)

505-327-4892

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

1850' FSL and 1000' FWL, Sec. 18, T28N, R10W

5. Lease Serial No.

SF 047039C

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

Francis #2

9. API Well No.

30-045-25036

10. Field and Pool, or Exploratory Area

Kutz Fruitland Sand

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			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Surface Commingle
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> 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 recompleat 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 recompleat in a new interval, a Form 3160-4 shall be filed once Testing has been completed. 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.

Title

Agent

Signature

Paul C. Thompson

Date

October 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.

Office

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.

(Instructions on reverse)

Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM
87505

STATE OF NEW MEXICO
Energy, Minerals and Natural Resources

Form C-103
June 19, 2008

OIL CONSERVATION DIVISION

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

RECEIVED
2008 OCT 22 PM 3:41

WELL API NO. 30-045-25036
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. Federal SF 047039C
7. Lease Name or Unit Agreement Name Francis
8. Well Number 2
9. OGRID Number 004076
10. Pool name or Wildcat Kutz Fruitland Sand
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5836' GL

SUNDRY NOTICE AND REPORT ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH
PROPOSALS.)

1. Type of Well: Oil Well ☐ Gas Well ☒ Other

2. Name of Operator
Chaparral Oil and Gas Company

3. Address of Operator c/o Walsh Engineering
7415 E. Main St., Farmington, NM 87402

4. Well Location

Unit Letter L : 1850 feet from the South line and 1000 feet from the West line
Section 18 Township 28N Range 10W NMPM County San Juan

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
DOWNHOLE COMMINGLE ☐

OTHER: Surface Commingle ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Chaparral Oil and Gas proposes to surface commingle the gas production from Francis #1 (Basin Dakota 71629) with the Francis #2 (Kutz Fruitland Sand 79600) in order to take advantage of a common compressor and central metering facility. Both wells are on the same Federal lease and ownership in both wells is the same. A system description, schematic diagram, allocation formula, C-102 diagrams, and a letter certifying the commonality of the ownership is attached. The BLM has also been notified of this application.

Spud Date: 2/17/1970

Rig Release Date: 3/16/1970

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

SIGNATURE Paul C. Thompson TITLE Agent/Engineer DATE 10/17/08

Type or print name Paul C. Thompson, P.E. E-mail 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 Pumping7415 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

*#1 & #2
are on the
same
pad?*

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.

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.

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The working and royalty interests in the two wells are the same. Please refer to Exhibit #4 which is 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.

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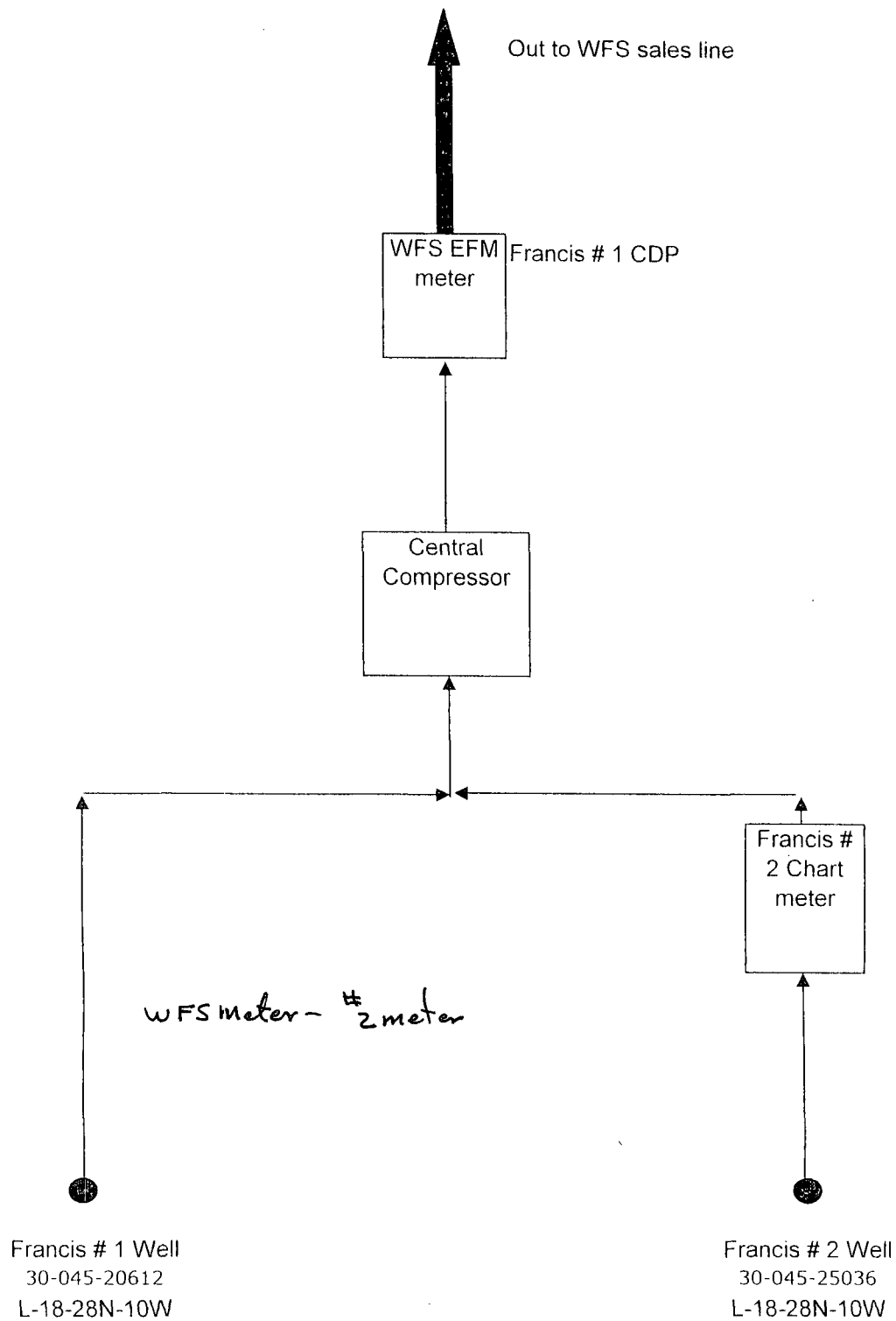
11. Effective date: The pipeline system will be put into service as soon as approval is received.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul C. Thompson", followed by a horizontal line.

Paul C. Thompson, P.E.
Agent
Chaparral Oil and Gas Co.

- Enterprise -



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

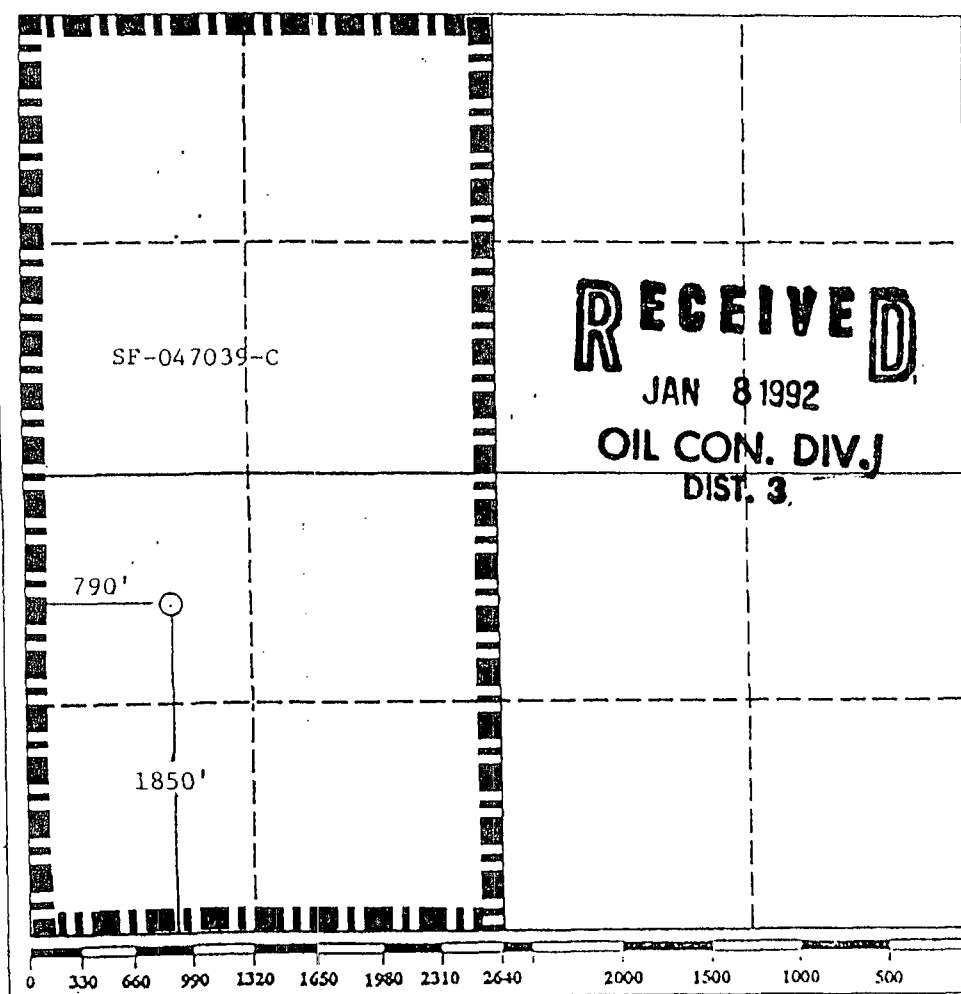
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator CHAPARRAL OIL & GAS COMPANY			Lease Francis		Well No. 1
Unit Letter L	Section 18	Township 28N	Range 10W	County San Juan	
Actual Footage Location of Well: 1850 feet from the South line and 790 feet from the West line					
Ground level Elev. 5835'	Producing Formation Fruitland Coal		Pool Basin Fruitland Coal	Dedicated Acreage: 328.08 Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- 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
**ORIGINAL SIGNED BY
EWELL N. WALSH**
Printed Name
Ewell N. Walsh, P.E.
Position
President
Company
Walsh Engr. & Prod. Corp.
Date
January 3, 1992

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
Signature & Seal of Professional Surveyor
NOTE: From Original Survey
Certificate No.

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

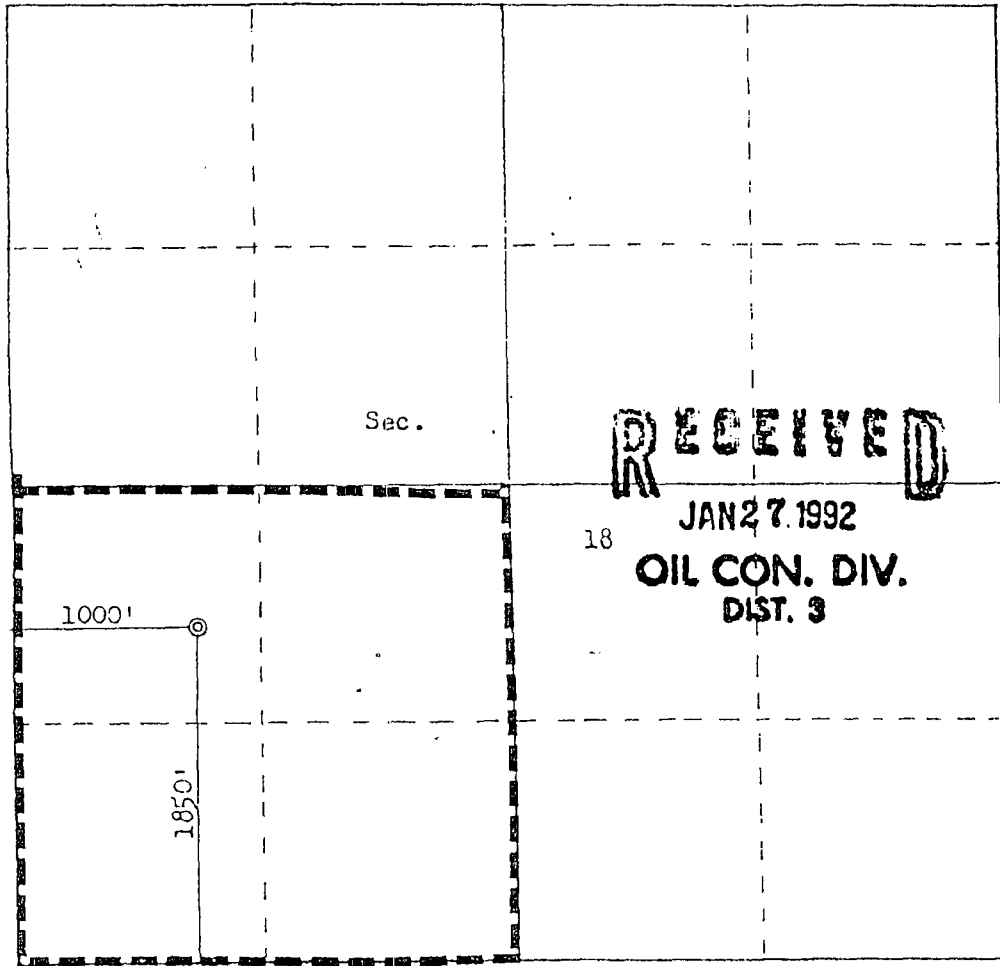
Operator: CHAPARRAL OIL & GAS COMPANY			Lease FRANCIS		Well No. 2
Unit Letter L	Section 18	Township 28N	Range 10W	County San Juan	
Actual Footage Location of Well: 1850 feet from the South line and 1000 feet from the West line					
Ground Level Elev. 5836	Producing Formation Fruitland		Pool Kutz Fruitland Sand		Dedicated Acreage: 260 64.12 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 communization, 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 communization, 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: CHAPARRAL OIL & GAS CO

Name Ewell N. Walsh
Ruth E. Rogge

Position
Agent

Company
Walsh Engr. & Prod. Corp.

Date
1/24/92

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

April 9, 1992

Registered Professional Engineer and Land Surveyor

Fred B. Kirtz Jr.

Certification No. 3950

FORM 24-

**WALSH**

ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting
Lease Management
Contract Pumping7415 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, CPL
2204 N. Santiago Ave.
Farmington, New Mexico 87401
Cell: 505-402-3248

**WALSH**

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Petroleum Engineering Consulting
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UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Chaparral Oil and Gas Company c/o Walsh Engineering

3a. Address

7415 E. Main, Farmington, NM, 87402

3b. Phone No. (include area code)

505-327-4892

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

1850' FSL and 1000' FWL, Sec. 18, T28N, R10W

5. Lease Serial No.

SF 047039C

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

Francis #2

9. API Well No.

30-045-25036

10. Field and Pool, or Exploratory Area

Kutz Fruitland Sand

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			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Surface Commingle
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> 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 recompleat 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 recompleat in a new interval, a Form 3160-4 shall be filed once Testing has been completed. 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.

Title

Agent

Signature



Date

October 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.

Office

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.

(Instructions on reverse)