

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

- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX  PMX  SWD  IPI  EOR  PPR

- [D] Other: Specify RE: Division Order No. 9893

-DHC 2354-A  
 -Chevron Midcontinent,  
 L.P.  
 241333

Well  
 Rincon Unit 176  
 30-039-82373

Pool  
 - Blanco mesavende

[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

72319  
 - Basin Mancos  
 97323  
 - Basin Dakota  
 71599

[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.**

April Pohl

See cover letter

Regulatory Specialist

02/27/2014

Print or Type Name

Signature

Title

Date

April.Pohl@chevron.com  
 e-mail Address



Certified Mail:

Chevron Midcontinent, L.P.  
332 Road 3100  
Aztec, NM 87410

February 27, 2014

State of New Mexico Oil Conservation Division  
Attention: Leonard Lowe  
1220 S. St. Francis Dr.  
Santa Fe, NM 87505

**Re: Rincon Federal Unit: 176            API 30-039-82373**

Dear Mr. Lowe:

Chevron would like to downhole commingle production from the Mancos Basin Gas Pool with existing Blanco Mesaverde and Basin Dakota in the Rincon 176 well. Please find enclosed a completed C-107A Downhole Commingling application, a completed C-102 form for the new zone, and current production data. Also included are the C-102s for the currently producing zones as well as notification documents. Copies of Case 14862 and DHC 2354 are included. This particular well has been approved for a DHC by the BLM, a copy of the 3160-5 is included. Lastly, a proposed procedure and wellbore diagrams show what is planned for the actual DHC.

Commingling of the zones should not reduce the total remaining production value of this well. Chevron plans to use the incremental allocation method to account for the additional production from the Mancos Basin. Any additional production to the current production will be attributed to the Mancos Basin.

Upon NMOCD approval of the DHC, Chevron Midcontinent will file a 3160-5 Notice of Intent to begin the actual work.

Sincerely,

April E. Pohl  
Regulatory Specialist  
505-333-1941 office  
505-386-8074 cell  
[April.Pohl@chevron.com](mailto:April.Pohl@chevron.com)

District I  
1625 N. French Drive, Hobbs, NM 88240

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107A  
Revised August 1, 2011

District II  
811 S. First St., Artesia, NM 88210

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

APPLICATION TYPE  
 Single Well  
 Establish Pre-Approved Pools  
EXISTING WELLBORE  
 Yes  No

District III  
1000 Rio Hondo Road, Aztec, NM 87410

APPLICATION FOR DOWNHOLE COMMINGLING

District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

Chevron Midcontinent, L.P. 1400 Smith Street Houston Texas 77002  
Operator Address  
USA SF 079364 Rincon 176 A-NE/4 Section 31-27N-6W Rio Arriba  
Lease Well No. Unit Letter-Section-Township-Range County  
ORGRID No. 241333 Property Code 302737 API No. 30-039-82373 Lease Type:  Federal  State  Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Blanco Mesaverde	Basin Mancos	Basin Dakota
Pool Code	72319	97323	71599
Top and Bottom of Pay Section	5396'-5522'	6886'-6892'	7374'-7548'
Method of Production <small>(Flowing or Artificial Lift)</small>	Artificial Lift	Future Artificial Lift	Artificial Lift
Bottomhole Pressure <small>(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)</small>	NA	NA	NA
Oil Gravity or Gas BTU <small>(Degree API or Gas BTU)</small>	1174	1174	1174
Producing, Shut-In or New Zone	Producing	New Zone	Producing
Date and Oil/Gas/Water Rates of Last Production <small>(Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)</small>	Date: 12/1/13 Rate: 25mcfpd .01 bopd	Date: Rate:	Date: 12/1/13 Rate: 60mcfpd .0045bopd
Fixed Allocation Percentage <small>(Note: If allocation is based upon something other than current or past production, supporting data or explanation will be)</small>	Oil: 76% Gas: 29%	Oil Gas	Oil: 24% Gas: 71%

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes  No   
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? See R-12984B 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: 14862 DHC 2354

Attachments:

C-102 for each zone to be commingled showing its spacing unit and acreage dedication.: PLEASE SEE ATTACHED

Production curve for each zone for at least one year. (If not available, attach explanation.)  
PLEASE SEE ATTACHED

For zones with no production history, estimated production rates and supporting data.

Data to support allocation method or formula-INCREMENTAL METHOD-any production in addition to the production shown in the curves and reported will be attributed to the Basin Mancos. See attached production curves

Notification list of working, royalty and overriding royalty interests for uncommon interest cases.  
See attached

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 [Signature] TITLE Perdian Eng DATE 2/25/14  
TYPE OR PRINT NAME Gene Ellington TELEPHONE NO. (703) 372-9896  
E-MAIL ADDRESS elli@chevron.com

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number <b>30-039-82373-00</b>		<sup>2</sup> Pool Code <b>97232</b>		<sup>3</sup> Pool Name <b>Basin Mancos</b>	
<sup>4</sup> Property Code <b>302737</b>		<sup>5</sup> Property Name <b>Rincon Unit</b>			<sup>6</sup> Well Number <b>176</b>
<sup>7</sup> OGRID No. <b>241333</b>		<sup>8</sup> Operator Name <b>Chevron Midcontinent, L.P.</b>			<sup>9</sup> Elevation <b>6645'</b>

<sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>A</b>	<b>31</b>	<b>27N</b>	<b>6W</b>		<b>990'</b>	<b>North</b>	<b>1180'</b>	<b>East</b>	<b>Rio Arriba</b>

<sup>11</sup> 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

<sup>12</sup> Dedicated Acres <b>349.93 ac N/2</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code <b>U</b>	<sup>15</sup> Order No. <b>UNITIZATION-R-87</b>
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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.

	<p><b>" OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature: <i>J. Elkington</i> Date: <i>2/12/14</i></p> <p><b>JAMIE ELKINGTON, Production Engineer</b> Printed Name</p> <p><b>ELKI@chevron.com</b> E-mail Address</p>
	<p><b>"SURVEYOR CERTIFICATION</b> 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.</p> <p>Date of Survey: <b>JUNE 25, 1962 / on file @ NMOCD</b></p> <p>Signature and Seal of Professional Surveyor:</p> <p><b>ON FILE @NMOCD</b></p> <p>Certificate Number</p>

Well Location and Acreage Dedication Plat

Section A.

Date JULY 12, 1962

Operator EL PASO NATURAL GAS COMPANY Lease RINCON UNIT SF079364  
 Well No. 176 Unit Letter A Section 31 Township 27-N Range 6-W NMPM  
 Located 990 Feet From NORTH Line, 1180 Feet From EAST Line  
 County RIO ARriba G. L. Elevation 6649 Dedicated Acreage 349.93 Acres  
 Name of Producing Formation DAKOTA Pool BASIN DAKOTA

1. Is the Operator the only owner in the dedicated acreage outlined on the plat below?  
 Yes  No
2. If the answer to question one is "no", have the interests of all the owners been consolidated by communitization agreement or otherwise? Yes  No . If answer is "yes", Type of Consolidation.
3. If the answer to question two is "no", list all the owners and their respective interests below:

Owner

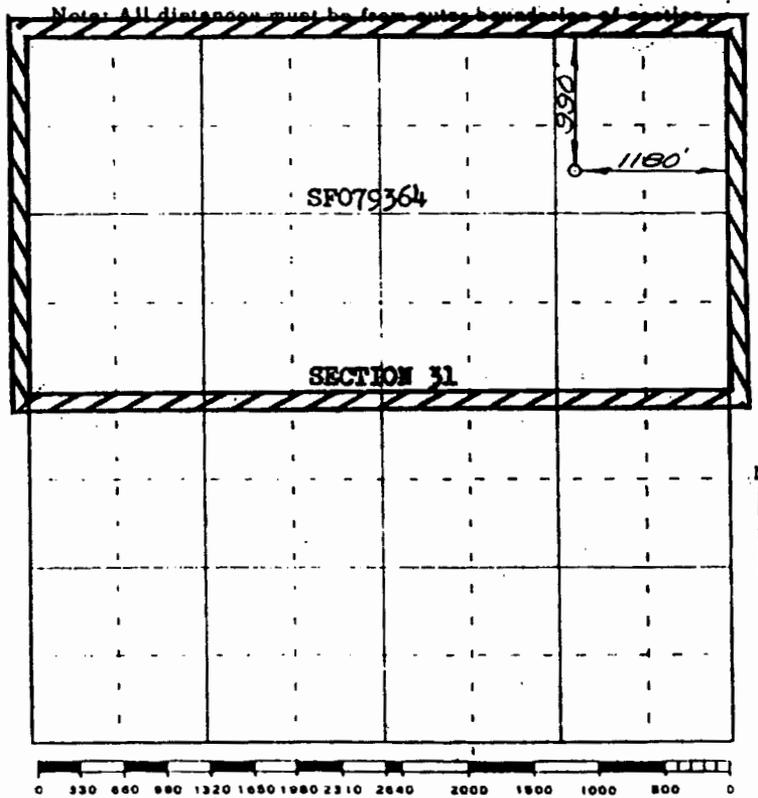
Land Description

**RECEIVED**  
 MAY 27 1999  
 OIL CON. DIV.  
 DIST. 3

Section B.

This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

El Paso Natural Gas Company  
 (Operator)  
 Original Signed D. W. Meehan  
 (Representative)  
Box 990  
 (Address)  
Farmington, New Mexico



Scale 4 inches equal 1 mile

This is to certify that the above plat was prepared from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

(Seal)

Date Surveyed JUNE 25, 1962

Farmington, New Mexico

Russell H. McNease  
 Registered Professional Engineer and/or Land Surveyor

District I  
 PO Box 1980, Hobbs, NM 88241-1980  
 District II  
 811 South First, Artesia, NM 88210  
 District III  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 District IV  
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
 Energy, Minerals & Natural Resources Department

**OIL CONSERVATION DIVISION**  
 2040 South Pacheco  
 Santa Fe, NM 87505

Form C-102  
 Revised October 18, 1954  
 Instructions on back  
 Submit to Appropriate District Office  
 State Lease - 4 Copies  
 Fee Lease - 3 Copies

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number 30-039-82373		<sup>2</sup> Pool Code 72319		<sup>3</sup> Pool Name BLANCO MESAVERDE	
<sup>4</sup> Property Code 011510		<sup>5</sup> Property Name RINCON UNIT			<sup>6</sup> Well Number 176
<sup>7</sup> OGRID No. 023708		<sup>8</sup> Operator Name UNION OIL COMPANY OF CALIFORNIA (UNOCAL)			<sup>9</sup> Elevation 6649'

**<sup>10</sup> Surface Location**

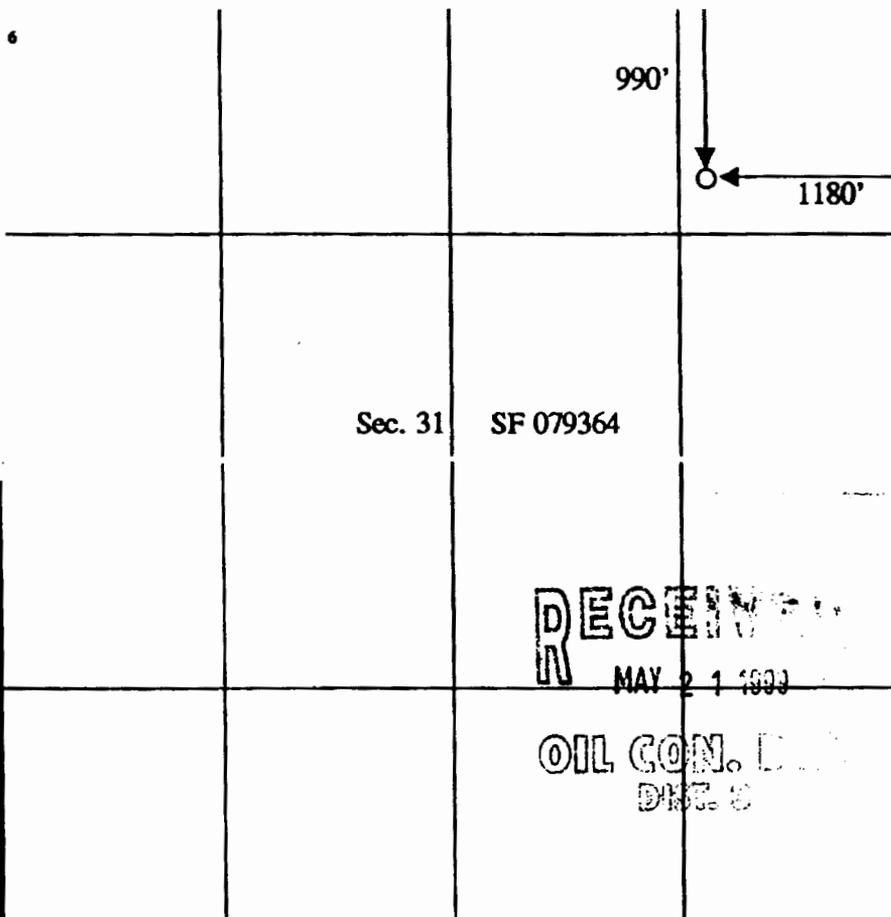
UL or lot no.	Section	Township	Range	Lot Idn	Foot from the	North/South line	Foot from the	East/West line	County
A	31	27N	6W		990	N	1180	E	Rio Arriba

**<sup>11</sup> Bottom Hole Location If Different From Surface**

UL or lot no.	Section	Township	Range	Lot Idn	Foot from the	North/South line	Foot from the	East/West line	County

<sup>12</sup> Dedicated Acres 349.93	<sup>13</sup> Joint or Infill Y	<sup>14</sup> Consolidation Code U	<sup>15</sup> Order No. Unitization
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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



**<sup>17</sup> OPERATOR CERTIFICATION**

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

*Heather Dahlgren* Signature

Printed Name: **HEATHER DAHLGREN** Title

**ENGINEERING TECHNICIAN** Date

5-17-99

**<sup>18</sup> 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

Date of

Survey

Signature and Seal of Professional Surveyor:

Certificate

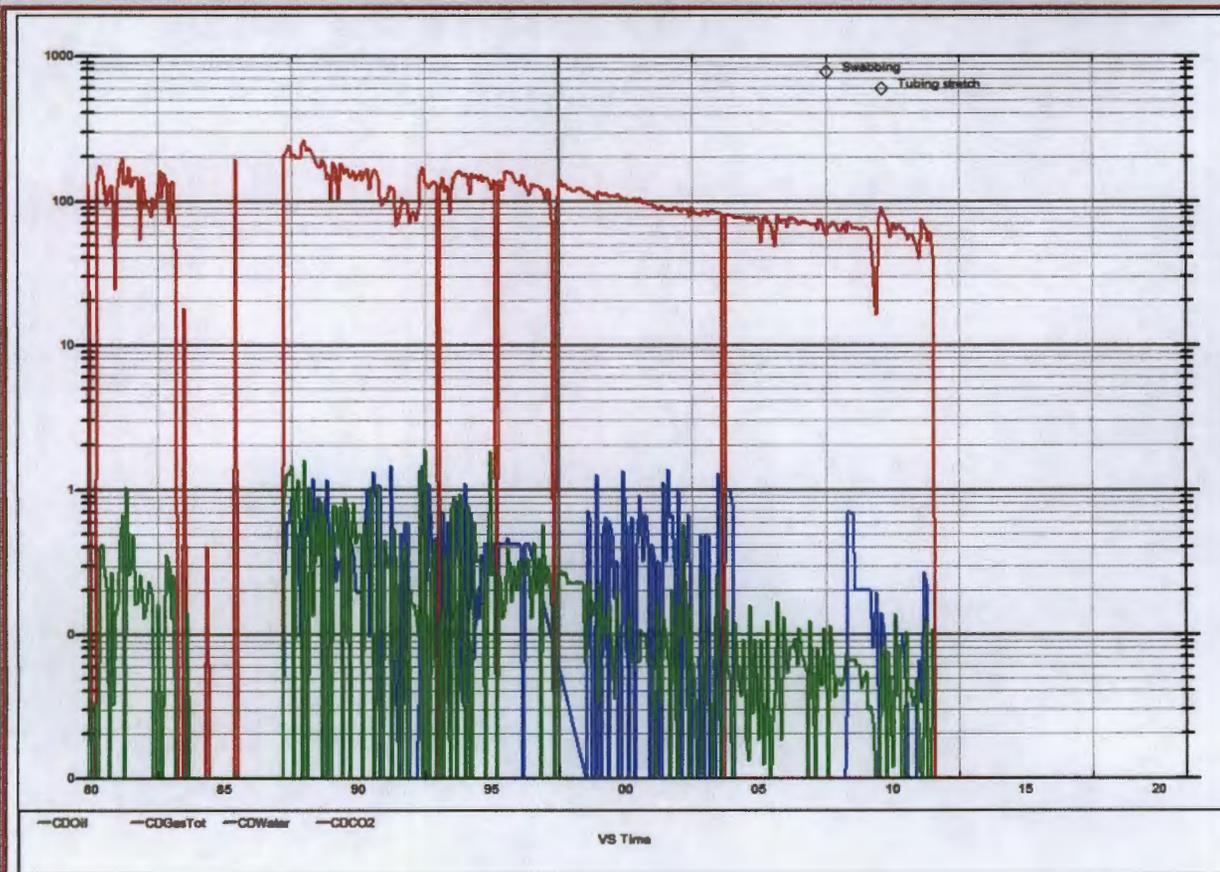
Number

**RECEIVED**  
 MAY 21 1999

**OIL CON. DIV.**  
 DIST. 2

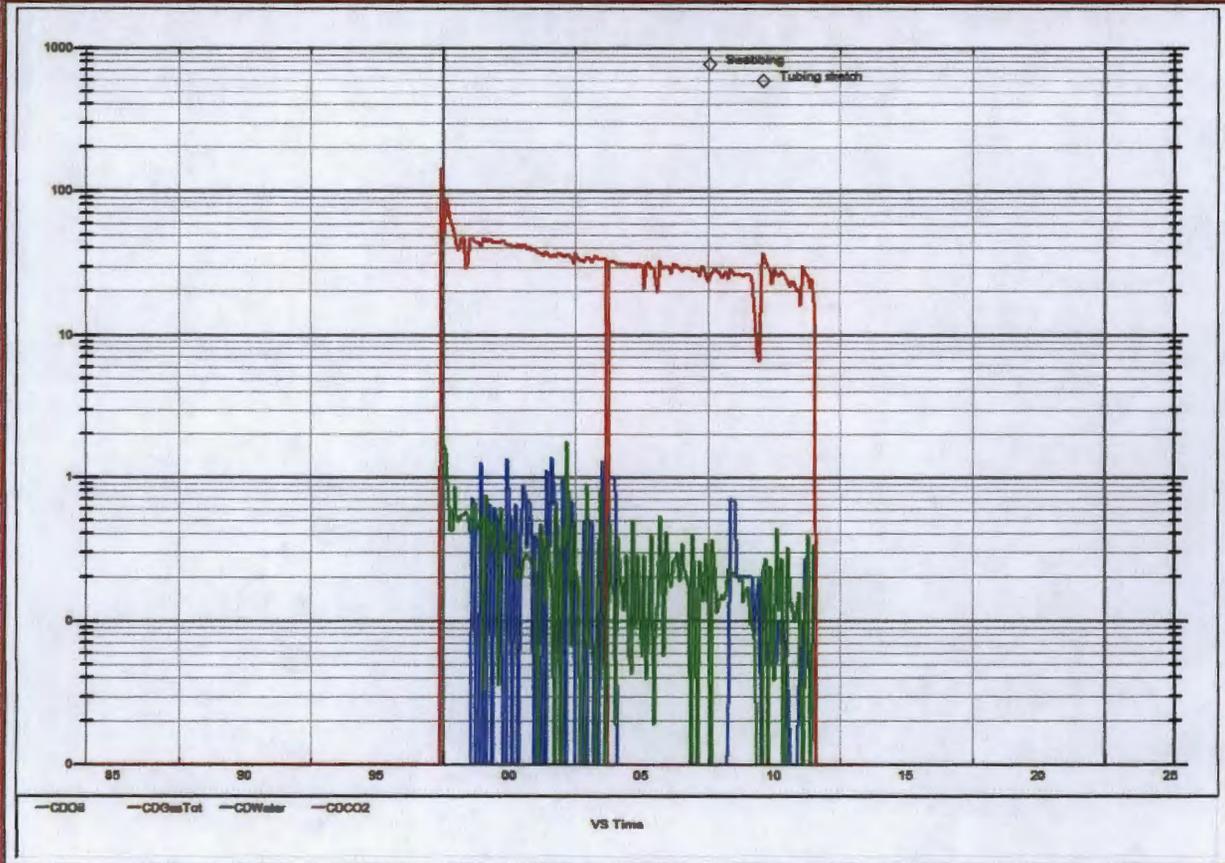
Name: RINU 176 DK ID: 30039823730001 Type: Completion Format: [p] Comp - CDProd vs Time

WELL_LABEL:RINU 176 DK	FIELD_CODE:UL5	PROD_METH:FL	LASTOCUM:4.23739000
CHEVNO:ER0037	FIELD:FLD-RINCON	CLASS_CODE:GA	LASTGCUM:2702.82800000
SIDETRACK:0	LEASE:RINCON UNIT	SAP_CODE:BCUL50000	CC_NM:RINCON UNIT DAKOTA PA
COMP_NUM:01	SEC-T-R:31 - N027 - W000	RES_CODE:0000005733	RES:DAKOTA



Name: RINU 175 MV ID: 30039823730002 Type: Completion Format: [p] Comp - CDProd vs Time

WELL_LABEL:RINU 175 MV	FIELD_CODE:UL6	PROD_METH:FL	LASTOCLUM:1.43520000
CHEVNO:ER0037	FIELD:FLD-RINCON	CLASS_CODE:GA	LASTGUM:175.06300000
SIDETRACK:0	LEASE:RINCON UNIT	SAP_CODE:BCUL5M000	CC_NM:RINCON UNIT - MESA VERDE PA
COMP_NUM:02	SEC-T-R-31 - N027 - W006	RES_CODE:0000007699	RES:MESAVERDE



**Notification for Rincon 176:** (300398237300): NE NE Section 31: 27N 6W—Basin Mancos completion

XTO/Cross Timbers:

Cross Timbers Energy LLC C/O Morningstar Partners, LP 400 West 7 <sup>th</sup> Street Fort Worth, TX 76102	XTO Energy Inc. 810 Houston Street Fort Worth, TX 76102
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McElvain Energy, Inc:

McElvain Energy, Inc. 150 17 <sup>th</sup> St. #2500 Denver, CO 80265
---

**Notification for Rincon 183E:** (300392543300): NW SE Section 31: 27N 6W—Basin Mancos completion

XTO/Cross Timbers:

Cross Timbers Energy LLC C/O Morningstar Partners, LP 400 West 7 <sup>th</sup> Street Fort Worth, TX 76102	XTO Energy Inc. 810 Houston Street Fort Worth, TX 76102
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McElvain Energy, Inc:

McElvain Energy, Inc. 150 17 <sup>th</sup> St. #2500 Denver, CO 80265
---

7006 0100 0005 5771 2298

U.S. Postal Service™  
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For delivery information visit our website at [www.usps.com](http://www.usps.com)

OFFICIAL RECORD 183/276

Postage	\$ .86
Certified Fee	3.10
Return Receipt Fee (Endorsement Required)	2.55
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.51

Postmark  
JAN 27 2014

Cross Timbers Energy LLC  
c/o Morningstar Partners, LP  
400 West 7th Street  
Fort Worth, TX 76102

PS Form 3811, February 2004 See Reverse for Instructions

SENDER: **CERTIFIED MAIL** SECTION ON DELIVERY

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

X *(Signature)*  Agent  Addressee  
 B. Received by (Printed Name) C. Date of Delivery  
 1/27

1. Article Addressed to:  
  
 Cross Timbers Energy LLC  
 c/o Morningstar Partners, LP  
 400 West 7th Street  
 Fort Worth, TX 76102

D. Is delivery address different from item 1?  Yes  No  
 If YES, enter delivery address below:

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number (Transfer from service label) 7006 0100 0005 5771 2298  
 PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

7006 0100 0005 5771 2281

U.S. Postal Service™  
**CERTIFIED MAIL™ RECEIPT**  
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at [www.usps.com](http://www.usps.com)

OFFICIAL RECORD 183/276

Postage	\$ .86
Certified Fee	3.10
Return Receipt Fee (Endorsement Required)	2.55
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.51

Postmark  
JAN 27 2014

XTO Energy Inc.  
810 Houston Street  
Fort Worth, TX 76102

PS Form 3811, February 2004 See Reverse for Instructions

SENDER: **CERTIFIED MAIL** SECTION ON DELIVERY

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

X *(Signature)*  Agent  Addressee  
 B. Received by (Printed Name) C. Date of Delivery  
 JAN 27 2014

1. Article Addressed to:  
  
 XTO Energy Inc.  
 810 Houston Street  
 Fort Worth, TX 76102

D. Is delivery address different from item 1?  Yes  No  
 If YES, enter delivery address below:

3. Service Type  
 Certified Mail  Express Mail  
 Registered  Return Receipt for Merchandise  
 Insured Mail  C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

2. Article Number (Transfer from service label) 7006 0100 0005 5771 2281  
 PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540



UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0137  
Expires: October 31, 2014

**SUNDRY NOTICES AND REPORTS ON WELLS**  
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.*

5. Lease Serial No.  
USA SF 078364

6. If Indian, Allottee or Tribe Name  
N/A

**SUBMIT IN TRIPLICATE - Other instructions on page 2.**

1. Type of Well  
 Oil Well  Gas Well  Other

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

8. Well Name and No.  
Rincon 176

2. Name of Operator  
CHEVRON MIDCONTINENT, L.P.

9. API Well No.  
3003982373

3a. Address  
1400 Smith Street, Houston, Texas, 77002

3b. Phone No. (include area code)  
(505) 334-7117

10. Field and Pool or Exploratory Area  
Basin Mancos Gas Pool

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
NE 1/4 Section 31 27N 6W HMPM

11. County or Parish, State  
Rio Arriba County, New Mexico

12. CHECK THE 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 Commingle
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Basin Mancos prod. w/ existing prod.
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: 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 must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

See attachments for proposed operation details and wellbore diagrams.

Note:

Division Order R-12984-B pre-approves DHC of the Blanco-Mesaverde Gas Pool, the Basin Mancos Gas Pool, and the Basin-Dakota Gas Pool

Completion of the Basin Mancos interval will not reduce the total remaining production value. Basin Mancos is C3

The incremental allocation method for the addition of the Basin Mancos will be used. Supporting data attached (decline curve). The well currently makes 500 MCFPD and 16 BOPD. Any additional production will be allocated to the Basin Mancos.

BIA Bond Number: RLB0002077; BLM Bond Number: RLB 0002888

Spud Date: July 15, 2014 Rig Release Date: August 15, 2014

14. I hereby certify that the foregoing is true and correct Name (Printed/Typed)

April E Pohl

Title Regulatory Specialist

Signature

April E Pohl

Date

1/14/2014

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by

Joe Hewitt

Title

Geo

Date

1-29-14

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

FFO

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, 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 page 2)

**OPERATOR**



NEW MEXICO ENERGY, MINERALS  
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505  
(505) 827-7131

ADMINISTRATIVE ORDER DHC-2354

Spirit Energy 76  
1004 North Big Spring  
Midland, Texas. 79702

Attention: Ms. Heather Dahlgren

*Rincon Unit No. 176  
API No. 30-039-82373  
Unit A, Section 31, Township 27 North, Range 6 West, NMPM,  
Rio Arriba County, New Mexico.  
Blanco-Mesaverde (Prorated Gas - 72319) and  
Basin-Dakota (Prorated Gas - 71599) Pools*

RECEIVED  
JUN 14 1999  
OIL CON. DIV.  
DIST. 3

Dear Ms. Dahlgren:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule.

Production from the well shall be allocated as follows:

Oil and gas production from the Basin-Dakota Gas Pool shall be determined by utilizing the production forecast submitted as an attachment to the downhole commingling application. Oil and gas production from the Blanco-Mesaverde Gas Pool shall be determined by subtracting Basin-Dakota Gas Pool production from the well's total monthly oil and gas production.

The allocation method established herein may be altered at some time subsequent to initiating downhole commingling operations upon request by the operator and for good cause shown.

Administrative Order DHC-2354

Spirit Energy 76

June 10, 1999

Page 2

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REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 10th day of June, 1999.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION



LORI WROTENBERY  
Director

S E A L

LW/MWA/kv

cc: Oil Conservation Division - Aztec /  
Bureau of Land Management-Farmington  
State Land Office-Oil & Gas Division

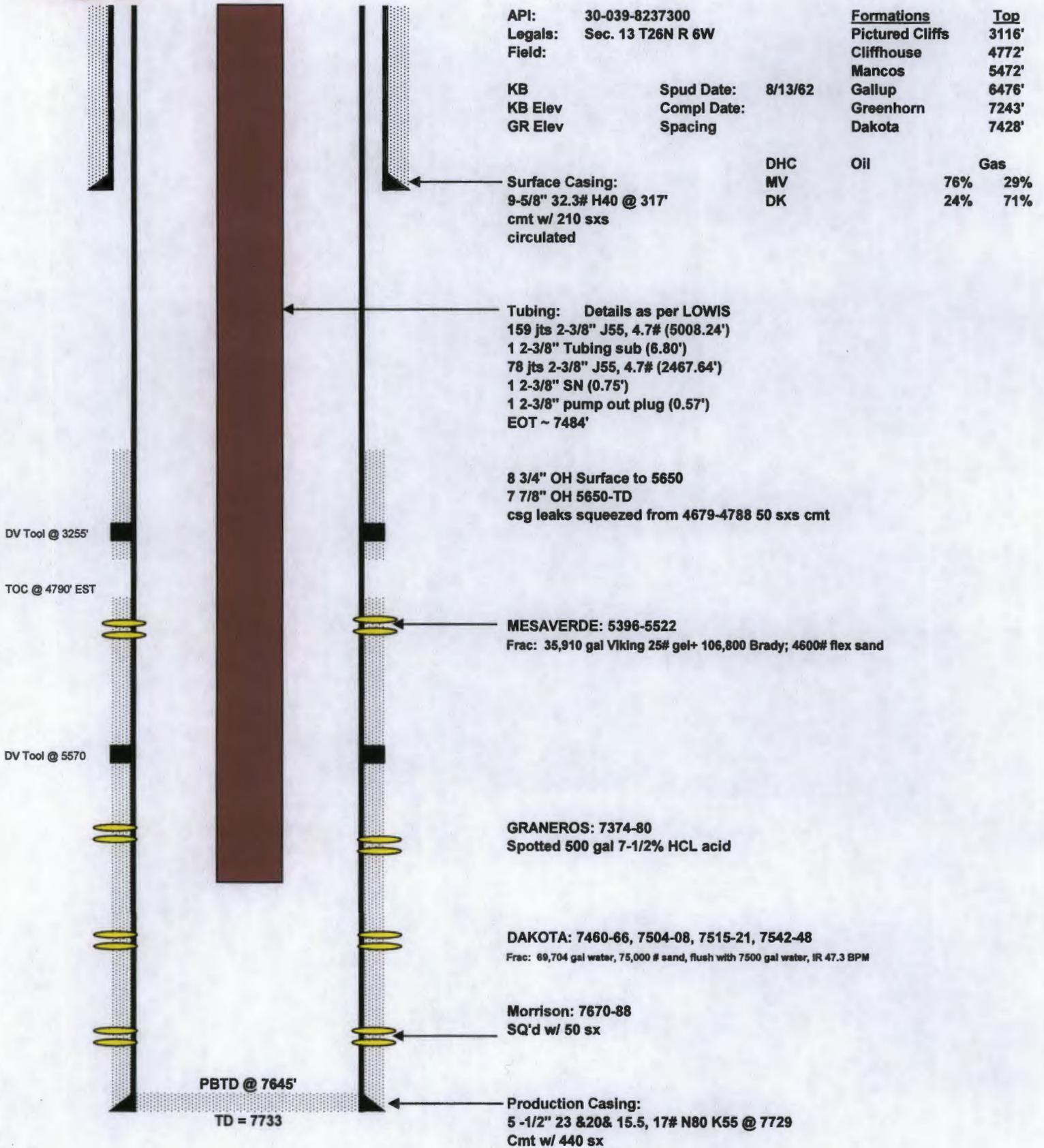
## **FINAL PROCEDURE: RINCON 176 BASIN MANCOS COMPLETION AND ARTIFICIAL LIFT INSTALLATION**

- MIRU workover rig and equipment
- Spot and fill frac tanks
- ND wellhead. NU BOP's and test BOP's
- RU slick line and pull plunger and BHBS
- RIH with slick line and tag for fill
- RDMO slick line
- RIH with tubing handling equipment
- POOH with 237 jts 2-3/8" tubing and BHA
- Lay down tubing
- Change out BOP rams to handle 2-7/8" workstring
- PU new 2-7/8" workstring
- RIH with bit and scraper on workstring. Clean out to PBSD @ 7645'
- POOH with bit and scraper
- MIRU wireline unit. RIH with 5-1/2" CBP and set at 6992'. Run CCL.
- POOH with wireline and setting tool.
- PU and RIH with GR/CCL log. Log 6992' to 6500'.
- RIH with perf guns. Proposed perms 6886'-6892'
- RDMO wireline
- PU 5-1/2" packer with two stage equalizing plug on 2-7/8" workstring. TIH and set at 6800'. Pressure test workstring.
- MIRU slick line unit. RIH and pull equalizing prong and POOH. RIH and pull packer plug.
- RDMO slick line
- RD floors and ND annular, set packer and NU frac mandrel. Install frac head or Y
- MIRU flow back equipment
- MIRU frac company. Frac Tocito down workstring
- RDMO frac equipment
- Flow well back for 24 hrs
- MIRU slick line unit
- PU and RIH with pressure bombs on slick line for 24 hour test. SI will for 24 hrs
- POOH with pressure bombs.
- Release packer and TOH. Lay down packer
- MIRU air/foam unit for cleanout.
- Cleanout down to CBP at 6992' and drill out CBP. Clean wellbore out to PBSD of 7645'
- POOH with workstring
- RIH with 2-3/8" tubing and BHA
- ND BOP's and NU wellhead
- RIH with 3/4" rods and pump
- Seat pump, load tubing and test
- RDMO workover rig and equipment
- Install pumping unit



# Rincon Unit 176

## Rio Arriba County, New Mexico



Prepared by: Jamie Elkington  
 Date: 12/31/2013

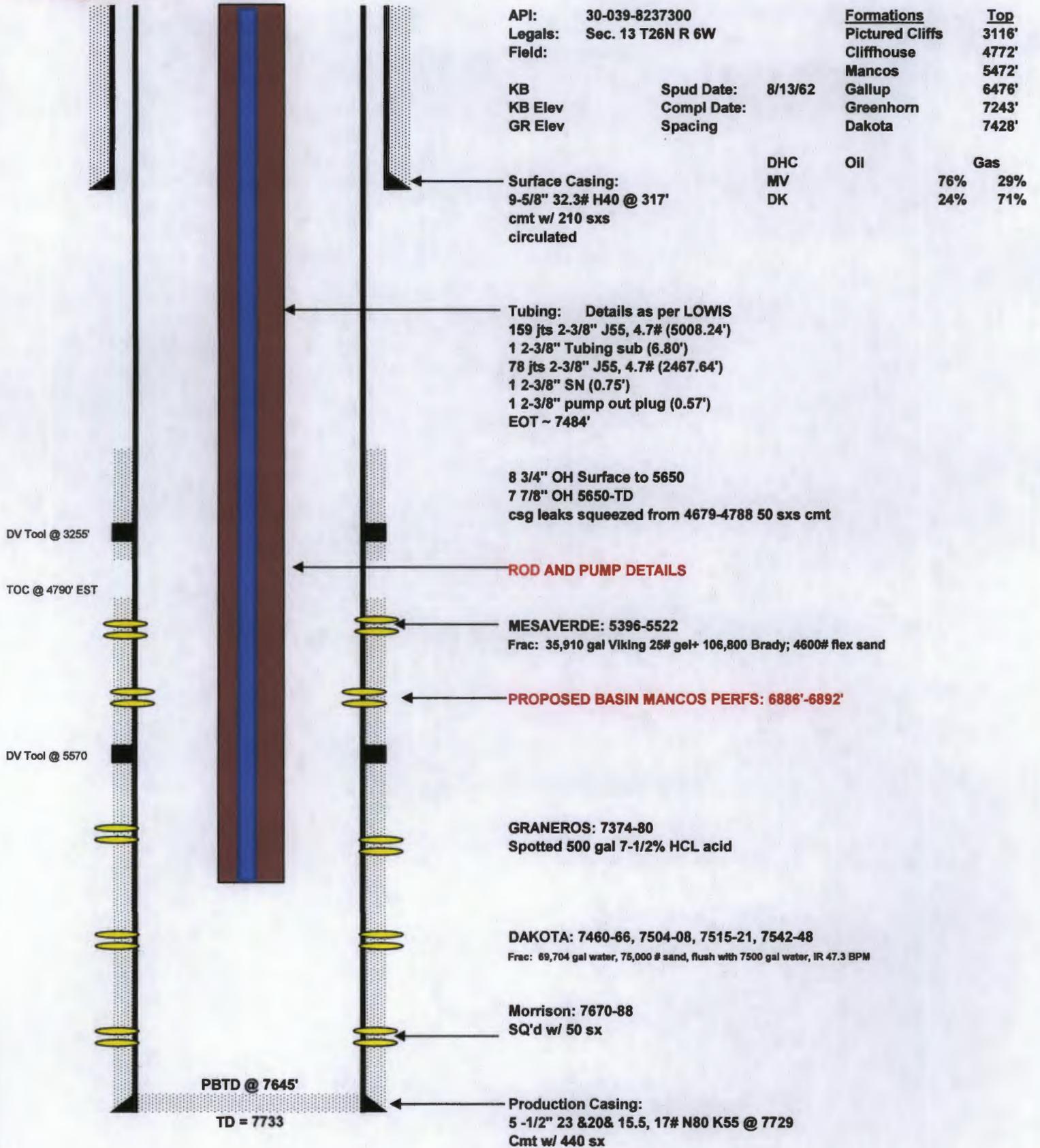
Revised by:  
 Date:



# Rincon Unit 176

## Rio Arriba County, New Mexico

### PROPOSED WBD



API: 30-039-8237300  
 Legals: Sec. 13 T26N R 6W  
 Field:

KB Spud Date: 8/13/62  
 KB Elev Compl Date:  
 GR Elev Spacing

Formations	Top
Pictured Cliffs	3116'
Cliffhouse	4772'
Mancos	5472'
Gallup	6476'
Greenhorn	7243'
Dakota	7428'

	Oil	Gas
DHC		
MV	76%	29%
DK	24%	71%

Surface Casing:  
 9-5/8" 32.3# H40 @ 317'  
 cmt w/ 210 sxs  
 circulated

Tubing: Details as per LOWIS  
 159 jts 2-3/8" J55, 4.7# (5008.24')  
 1 2-3/8" Tubing sub (6.80')  
 78 jts 2-3/8" J55, 4.7# (2467.64')  
 1 2-3/8" SN (0.75')  
 1 2-3/8" pump out plug (0.57')  
 EOT ~ 7484'

8 3/4" OH Surface to 5650  
 7 7/8" OH 5650-TD  
 csg leaks squeezed from 4679-4788 50 sxs cmt

**ROD AND PUMP DETAILS**

MESAVERDE: 5396-5522  
 Frac: 35,910 gal Viking 25# gel+ 106,800 Brady; 4600# flex sand

**PROPOSED BASIN MANCOS PERFS: 6886'-6892'**

GRANEROS: 7374-80  
 Spotted 500 gal 7-1/2% HCL acid

DAKOTA: 7460-66, 7504-08, 7515-21, 7542-48  
 Frac: 69,704 gal water, 75,000 # sand, flush with 7500 gal water, IR 47.3 BPM

Morrison: 7670-88  
 SQ'd w/ 50 sx

Production Casing:  
 5 -1/2" 23 & 20 & 15.5, 17# N80 K55 @ 7729  
 Cmt w/ 440 sx

**STATE OF NEW MEXICO  
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
DIVISION FOR THE PURPOSE OF  
CONSIDERING:**

**CASE NO. 10663  
Order No. R-9893**

**APPLICATION OF UNION OIL COMPANY  
OF CALIFORNIA d/b/a UNOCAL FOR AN  
ADMINISTRATIVE DOWNHOLE COMMINGLING  
PROCEDURE WITHIN THE RINCON UNIT  
AREA, RIO ARRIBA COUNTY, NEW MEXICO.**

**ORDER OF THE DIVISION**

**BY THE DIVISION:**

This cause came on for hearing at 8:15 a.m. on February 4, 1993, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 18th day of May, 1993, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

**FINDS THAT:**

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Union Oil Company of California, d/b/a Unocal, seeks the adoption of an administrative procedure for authorizing the downhole commingling of Blanco-Mesaverde, Largo-Gallup, or Undesignated Gallup Pool production with production from the Basin-Dakota Gas Pool within certain existing and subsequently drilled wells in its Rincon Unit Area, Rio Arriba County, New Mexico, without additional notice to each affected interest owner within the Unit Area.

(3) The Rincon Unit is a Federal exploratory unit initially comprising some 20,643 acres in portions of Townships 26 and 27 North and Ranges 6 and 7 West, NMPM, Rio Arriba County, New Mexico. The unit was formed in 1952 and is currently operated by Union Oil Company of California.

(4) The evidence and testimony presented indicates that the Basin-Dakota Gas Pool has been fully developed on 320-acre spacing within the Rincon Unit and that approximately half of the Unit Area has been infill drilled in the Basin-Dakota Gas Pool on 160-acre spacing. The Dakota Participating Area (PA) currently comprises virtually the entire unit area.

(5) The applicant has identified approximately thirty-three (33) infill Basin-Dakota well locations within the Unit Area which may be subsequently drilled.

(6) Based upon historical production, the applicant expects Basin-Dakota initial production from infill drilling to be marginal in nature ranging from approximately 150-600 MCF gas per day per well.

(7) Testimony and evidence presented by the applicant indicates that gas reserves in the Dakota formation on an individual well basis are not sufficient to economically justify the drilling of new wells to produce such reserves.

(8) The current well economics and expected Dakota producing rates virtually assure that these wells will be candidates for downhole commingling with either the Mesaverde or Gallup zones.

(9) The applicant has also identified approximately forty-two (42) current Dakota producing wells, some recently drilled, which also by virtue of well economics and producing rates make them candidates for downhole commingling.

(10) The applicant expects initial producing rates from the Mesaverde and Gallup formation to be marginal in nature.

(11) The Gallup, Dakota and Mesaverde Participating Areas within the Rincon Unit are not common.

(12) According to applicant's evidence, the working interest ownership within the Rincon Unit is fixed and common among the various wells and zones and is not affected by participating areas.

(13) According to further testimony, the royalty and overriding royalty interest ownership within the Rincon Unit varies between participating areas established for different locations and pools.

(14) Applicant's Exhibit No. 6 in this case is a list of one hundred and twenty (120) royalty and overriding royalty interest owners in the Dakota, Gallup and Mesaverde Participating Areas within the Rincon Unit. All such royalty and overriding royalty interest owners, as well as working interest owners, were notified of the application in this case.

(15) Rule No. 303(C) of the Division Rules and Regulations provides that administrative approval for downhole commingling may be granted provided that the interest ownership, including working, royalty and overriding royalty interest, is common among the commingled zones.

(16) Applicant's proposed administrative procedure would provide for Division approval to downhole commingle wells in the Rincon Unit Area without hearing, and without the requirement that each interest owner in the Dakota, Mesaverde and/or Gallup Participating Areas be notified of such commingling.

(17) The downhole commingling of wells within the Rincon Unit Area will benefit working, royalty and overriding royalty interest owners. In addition, the downhole commingling of wells within the Rincon Unit Area should not violate the correlative rights of any interest owner.

(18) The evidence in this case indicates that notice to each interest owner within the Dakota, Mesaverde and/or Gallup Participating Areas of subsequent downhole comminglings within the Rincon Unit is unnecessary and is an excessive burden on the applicant.

(19) No interest owner and/or offset operator appeared at the hearing in opposition to the application.

(20) An administrative procedure should be established within the Rincon Unit for obtaining approval for subsequently downhole commingled wells without notice and hearing, provided however that, all provisions contained within Rule No. 303(C) of the Division Rules and Regulations, with the exception of Part 1 (b)(v), are fully complied with.

(21) The proposed administrative procedure for obtaining approval for downhole commingling will allow the applicant the opportunity to recover additional gas reserves from the Rincon Unit Area which may otherwise not be recovered, thereby preventing waste, and will not violate correlative rights.

**IT IS THEREFORE ORDERED THAT:**

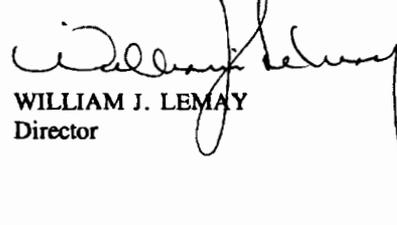
(1) An administrative procedure for obtaining approval to downhole commingle wells within the Rincon Unit, located in portions of Townships 26 and 27 North, Ranges 6 and 7 West, NMPM, Rio Arriba County, New Mexico, is hereby established.

(2) In order to obtain Division authorization to downhole commingle wells within the Rincon Unit, the applicant shall file an application with the Santa Fe and Aztec Offices of the Division. Such application shall contain all of the information required under Rule No. 303(C) of the Division Rules and Regulations, provided however that the applicant shall not be required to provide notice to all interest owners within the Dakota, Mesaverde and/or Gallup Participating Areas in the Rincon Unit of such proposed commingling. In addition, the application shall contain evidence that all offset operators and the United States Bureau of Land Management (BLM) have been notified of the proposed commingling.

(3) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

  
WILLIAM J. LEMAY  
Director

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