

RECEIVED: 05/01/2018	REVIEWER: MAN	TYPE: DHC	APP NO: PMA 18/2157456
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Geological & 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

Applicant: Hilcorp Energy Company **OGRID Number:** 372171
Well Name: Koch State Com 1A **API:** 30-045-21787
Pool: Basin Fruitland Coal **Pool Code:** 71629

**SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION
 INDICATED BELOW**

DHC-2265-A

MAY 01 2018 4:01:18

1) TYPE OF APPLICATION: Check those which apply for [A]

A. Location - Spacing Unit - Simultaneous Dedication

☐ NSL☐ NSP (PROJECT AREA)☐ NSP (PRORATION UNIT)☐ SD

B. Check one only for [I] or [II]

[I] Commingling - Storage - Measurement

☒ DHC☐ CTB☐ PLC☐ PC☐ OLS☐ OLM

[II] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX☐ PMX☐ SWD☐ IPI☐ EOR☐ PPR

2) NOTIFICATION REQUIRED TO: Check those which apply.

A. ☐ Offset operators or lease holders

B. ☒ Royalty, overriding royalty owners, revenue owners

C. ☐ Application requires published notice

D. ☐ Notification and/or concurrent approval by SLO

E. ☐ Notification and/or concurrent approval by BLM

F. ☐ Surface owner

G. ☒ For all of the above, proof of notification or publication is attached, and/or,

H. ☐ No notice required

FOR OCD ONLY

☐ Notice Complete

☐ Application
 Content
 Complete

3) 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.

Christine Brock

Print or Type Name

Christine Brock

Signature

4/30/2018

Date

505-324-5155

Phone Number

cbrock@hilcorp.com

e-mail Address

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised August 1, 2011

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

APPLICATION FOR DOWNHOLE COMMINGLING

Hilcorp Energy Company PO BOX 4700, Farmington NM 87499
Operator Address
Koch State Com 1A UL I (NESE) - Sec. 36, T29N, R09W San Juan
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 372171 Property Code 319185 API No. 30-045-21787 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	BASIN FRUITLAND COAL (GAS)	BLANCO PICTURED CLIFFS (GAS)	BLANCO MESAVERDED (PRORATED GAS)
Pool Code	71629	72359	72319
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	1860' - 2137' - Estimated	2142' - 2209'	3789' - 4585'
Method of Production (Flowing or Artificial Lift)	NEW ZONE	FLOWING	FLOWING
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	455 psi	381 psi	609 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	BTU 1000	BTU 1000	BTU 1000
Producing, Shut-In or New Zone	NEW ZONE	PRODUCING	PRODUCING
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: Rates:	Date: 2/1/2018 Rates: 1465 MCF - GAS 4 BBL - WATER	Date: 2/1/2018 Rates: 3417 MCF - GAS 4 BBL - WATER
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas Will be supplied upon completion	Oil Gas Will be supplied upon completion	Oil Gas Will be supplied upon completion

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? Yes ☒ No ☐
Are all produced fluids from all commingled zones compatible with each other? Yes ☒ No ☐
Will commingling decrease the value of production? Yes ☐ No ☒
If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes ☒ No ☐
NMOCD Reference Case No. applicable to this well: _____

Attachments:

C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
Production curve for each zone for at least one year. (If not available, attach explanation.)
For zones with no production history, estimated production rates and supporting data.
Data to support allocation method or formula.
Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

List of other orders approving downhole commingling within the proposed Pre-Approved Pools
List of all operators within the proposed Pre-Approved Pools
Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
Bottomhole pressure data.

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

SIGNATURE Christine Brock TITLE Operation/Regulatory Tech DATE 4/30/2018
TYPE OR PRINT NAME Christine Brock TELEPHONE NO. (505) 324-5155
E-MAIL ADDRESS cbrock@hilcorp.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 Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural
Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
August 1, 2011
Permit 250806

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-045-21787	2. Pool Code 71629	3. Pool Name BASIN FRUITLAND COAL (GAS)
4. Property Code 319185	5. Property Name KOCH STATE COM	6. Well No. 001A
7. OGRID No. 372171	8. Operator Name HILCORP ENERGY COMPANY	9. Elevation 5710

10. Surface Location

UL - Lot I	Section 36	Township 29N	Range 09W	Lot Idn	Feet From 2110	N/S Line S	Feet From 620	E/W Line E	County SAN JUAN
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11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 320.00 S/2	13. Joint or Infill	14. Consolidation Code	15. Order No.						

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

	OPERATOR CERTIFICATION <i>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(s) 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.</i> E-Signed By: <i>Christine Brock</i> Title: Operations/Regulatory Tech - Sr. Date: 4/6/2018
	SURVEYOR CERTIFICATION <i>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.</i> Surveyed By: Fred B. Kerr Date of Survey: 4/29/1975 Certificate Number: 3950

**MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102
Supersedes C-128
Effective 1-1-65

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

Operator Aztec Oil & Gas Company			Lease Koch State		Well No. 1-A
Unit Letter I	Section 36	Township 29N	Range 9W	County San Juan	
Actual Footage Location of Well:					
2110 feet from the South line and		620 feet from the East line			
Ground Level Elev. 5710	Producing Formation Mesa Verde-PC	Pool Blanco - Aztec		Dedicated Acreage: 320 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
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.

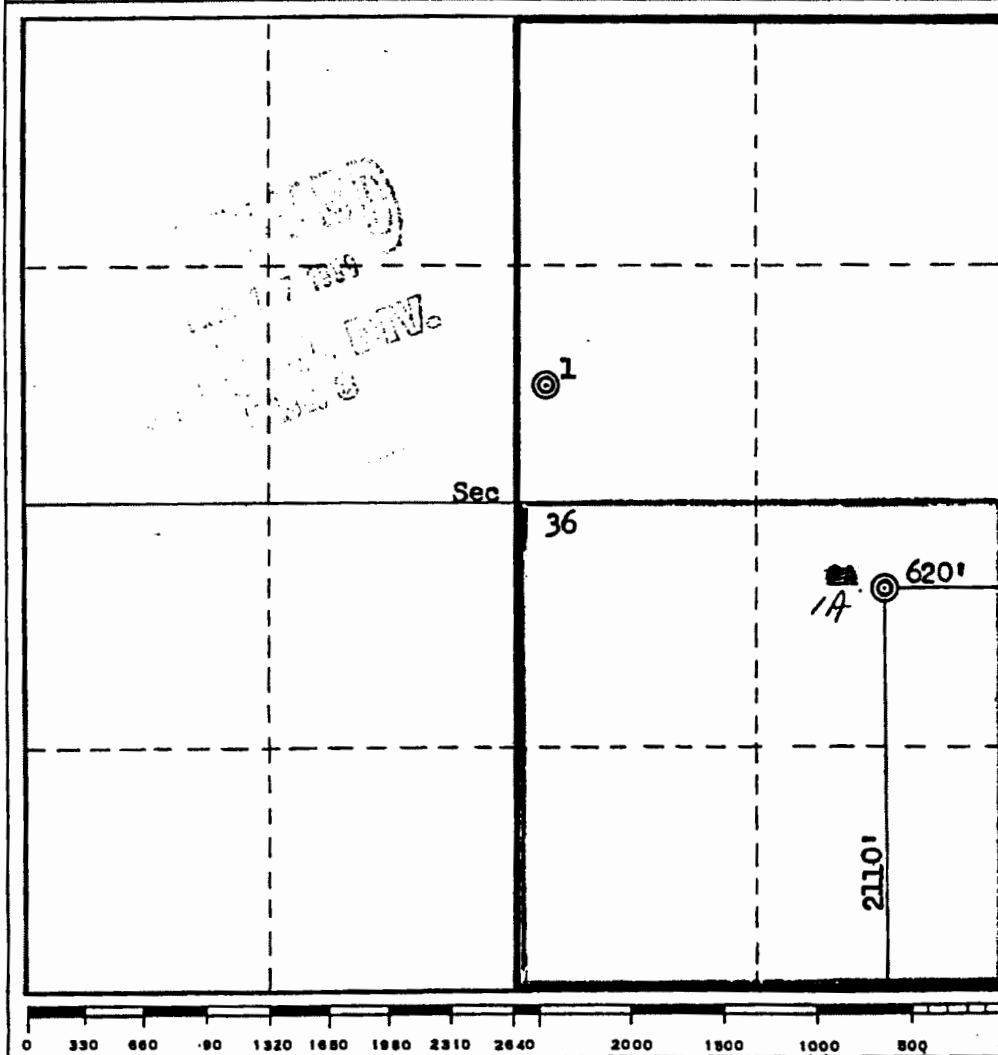
CERTIFICATION

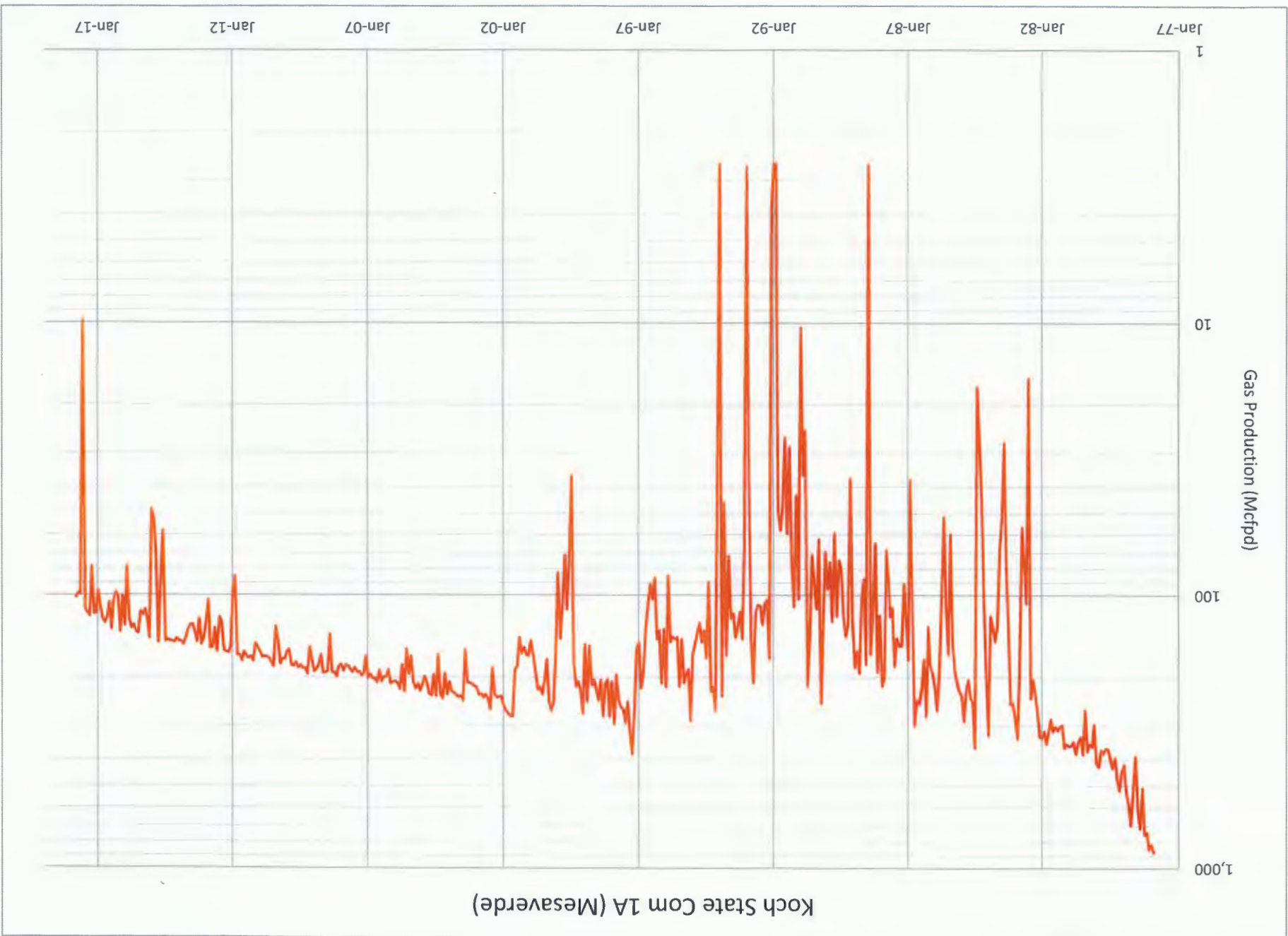
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

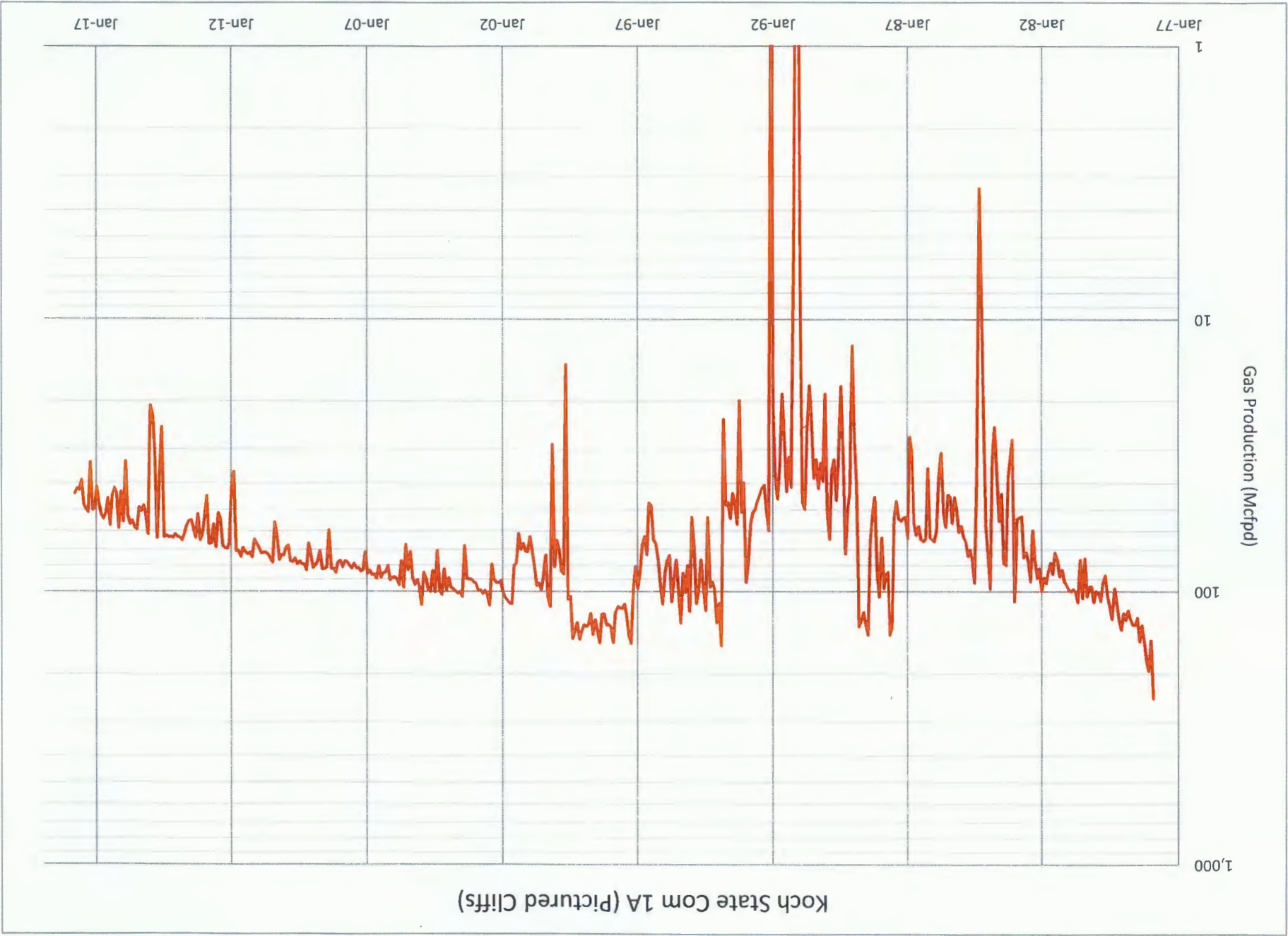
Name *Joe C. Harmon*
 Position District Superintendent
 Company Aztec Oil & Gas Company
 Date May 1, 1975

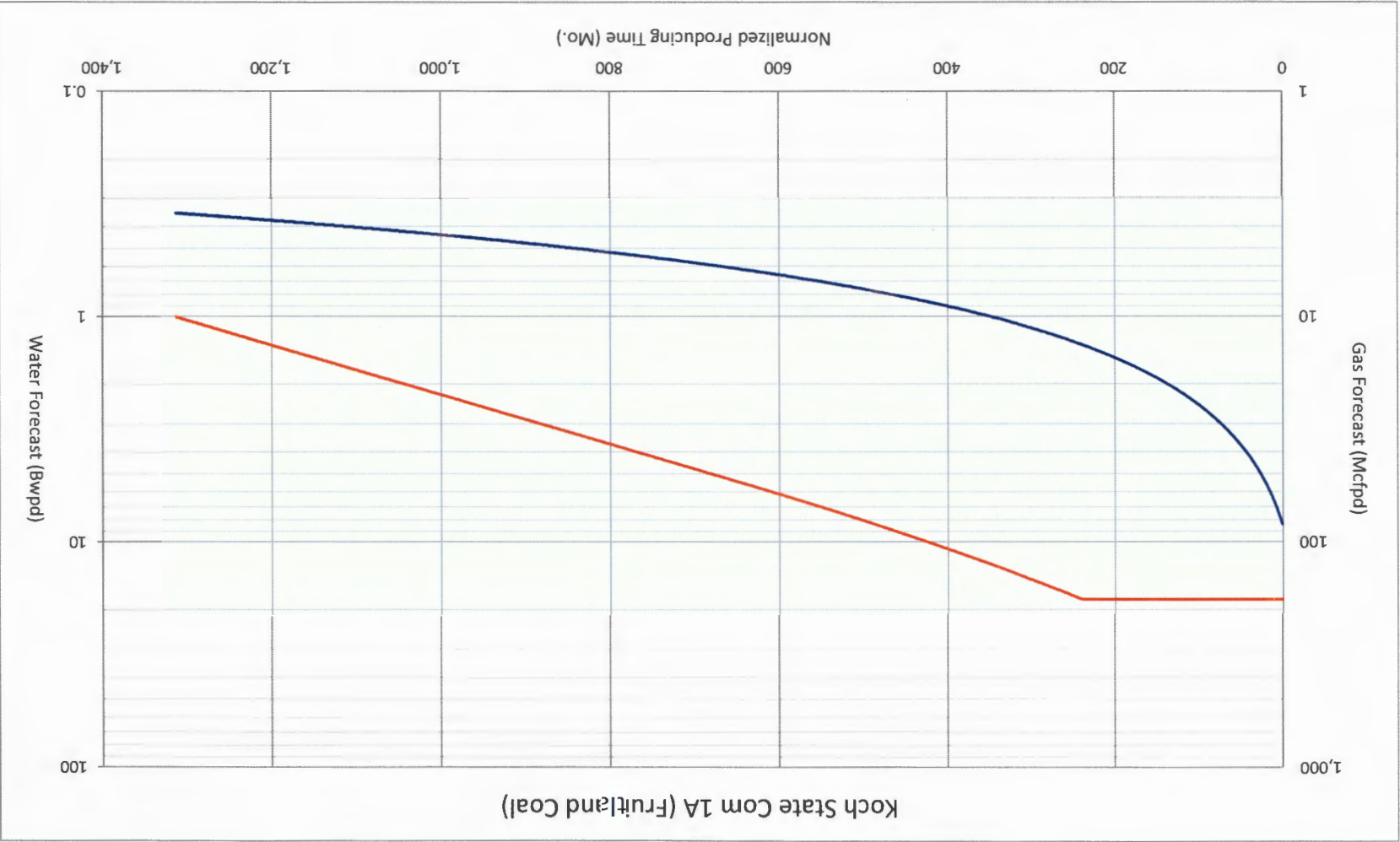
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed Apr 11 29, 1975
 Registered Professional Engineer and/or Land Surveyor
Fred R. Harris Jr.
 Certificate No. 3950









The forecast for Fruitland Coal production has been generated using a type curve of Fruitland gas and water production in the surrounding production trend.

Koch State Com 1A – Production Allocation Method

Production for the downhole commingle will be allocated using the subtraction method in agreement with local agencies. The base formations are the Pictured Cliffs and Mesaverde and the added formation to be commingled is the Fruitland Coal. The subtraction method applies an average monthly production forecast to the base formations using historic production. All production from this well exceeding the forecast will be allocated to the new formation. After 3 years production will stabilize. A production average will be gathered during the 4th year and will be utilized to create a fixed percentage based allocation. Oil production will be allocated based on average formation yields from offset wells. All documentation will be submitted to the Aztec NMOCD office.

9214 8969 0099 9790 1757 6597 15

\$0.470

\$3.45

\$1.50

\$0.00

\$5.420

ACTON ENERGY LP
508 W WALL ST #500
MIDLAND, TX 79701

4/9/2018 12:51:46 PM

Electronic Return Receipt Requested

Code: ORRI/RI Owner
Code2: 1139561



9214 8969 0099 9790 1757 6597 15

ACTON ENERGY LP
508 W WALL ST #500
MIDLAND, TX 79701

Batch #: 517,987
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Code: ORRI/RI Owner
Code2: 1139561

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\$1.50

\$0.00

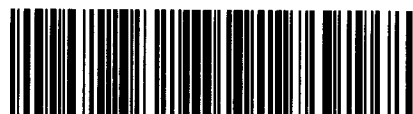
\$5.420

ADAM G WRIGHT
PO BOX 268
CORRALES, NM 87048

4/9/2018 12:51:46 PM

Electronic Return Receipt Requested

Code: ORRI/RI Owner
Code2: 1143060



9214 8969 0099 9790 1757 6597 22

ADAM G WRIGHT
PO BOX 268
CORRALES, NM 87048

Batch #: 517,987
Article #: 92148969009997901757659722
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Code2: 1143060

Internal File #:
Internal Code: Koch State Com 1A DHC

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\$0.470

\$3.45

\$1.50

\$0.00

\$5.420

ALADDIN PETROLEUM CORP
PO BOX 3916
WICHITA, KS 67201

Electronic Return Receipt Requested

Code: ORRI/RI Owner
Code2: 1143081



9214 8969 0099 9790 1757 6597 39

ALADDIN PETROLEUM CORP
PO BOX 3916
WICHITA, KS 67201

Batch #: 517,987
Article #: 92148969009997901757659739
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Code2: 1143081

Internal File #:
Internal Code: Koch State Com 1A DHC

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\$3.45

\$1.50

\$0.00

\$5.420

Electronic Return Receipt Requested

BP AMERICA PRODUCTION COMPANY
ATTN: CRAIG FERGUSON
737 N. ELDRIDGE PKWY, E3-12.173B
HOUSTON, TX 77079

4/9/2018 12:51:46 PM

Code: ORRI/RI Owner
Code2: 1066712



9214 8969 0099 9790 1757 6597 46

BP AMERICA PRODUCTION COMPANY
ATTN: CRAIG FERGUSON
737 N. ELDRIDGE PKWY, E3-12.173B
HOUSTON, TX 77079

Batch #: 517,987
Article #: 92148969009997901757659746
Date/Time: 4/9/2018 12:51:46 PM
Code: ORRI/RI Owner
Code2: 1066712

Internal File #:
Internal Code: Koch State Com 1A DHC

9214 8969 0099 9790 1757 6597 53

\$0.470

\$3.45

\$1.50

\$0.00

\$5.420

Electronic Return Receipt Requested

ELIZABETH TAYLOR WOODWARD
3817 MCDUGALL WAY
CAMPBELL RIVER, BC V9W 5Z8

4/9/2018 12:51:46 PM

Code: ORRI/RI Owner
Code2: 1139818



9214 8969 0099 9790 1757 6597 53

ELIZABETH TAYLOR WOODWARD
3817 MCDUGALL WAY
CAMPBELL RIVER, BC V9W 5Z8

Batch #: 517,987
Article #: 92148969009997901757659753
Date/Time: 4/9/2018 12:51:46 PM
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Code2: 1139818

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Internal Code: Koch State Com 1A DHC

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\$1.50

\$0.00

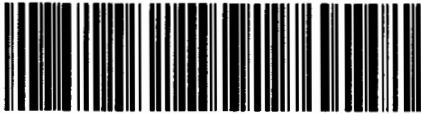
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ELIZABETH TURNER CALLOWAY
ROBERT WILBURN GUARDIAN
PO BOX 191767
DALLAS, TX 75219-8506

4/9/2018 12:51:46 PM

Code: ORRI/RI Owner
Code2: 1139601



9214 8969 0099 9790 1757 6597 60

ELIZABETH TURNER CALLOWAY
ROBERT WILBURN GUARDIAN
PO BOX 191767
DALLAS, TX 75219-8506

Batch #: 517,987
Article #: 92148969009997901757659760
Date/Time: 4/9/2018 12:51:46 PM
Code: ORRI/RI Owner
Code2: 1139601

Internal File #:
Internal Code: Koch State Com 1A DHC

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\$0.00
\$5.420
FREDERICK EUGENE TURNER
4925 GREENVILLE AVE #852
DALLAS, TX 75206
Electronic Return Receipt Requested

Code: ORRI/RI Owner
Code2: 1139307

4/9/2018 12:51:46 PM



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FREDERICK EUGENE TURNER
4925 GREENVILLE AVE #852
DALLAS, TX 75206

Batch #: 517,987
Article #: 92148969009997901757659777
Date/Time: 4/9/2018 12:51:46 PM
Code: ORRI/RI Owner
Code2: 1139307

Internal File #:
Internal Code: Koch State Com 1A DHC

9214 8969 0099 9790 1757 6597 84

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\$1.50
\$0.00
\$5.420
J GLENN TURNER JR
4809 COLE AVE SUITE 212
DALLAS, TX 75205
Electronic Return Receipt Requested

Code: ORRI/RI Owner
Code2: 1142924

4/9/2018 12:51:46 PM



9214 8969 0099 9790 1757 6597 84

J GLENN TURNER JR
4809 COLE AVE SUITE 212
DALLAS, TX 75205

Batch #: 517,987
Article #: 92148969009997901757659784
Date/Time: 4/9/2018 12:51:46 PM
Code: ORRI/RI Owner
Code2: 1142924

Internal File #:
Internal Code: Koch State Com 1A DHC

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\$5.420
JOHN LEE TURNER
525 GILMER ST #108
SULPHUR SPRINGS, TX 75482
Electronic Return Receipt Requested

Code: ORRI/RI Owner
Code2: 1147117

4/9/2018 12:51:46 PM



9214 8969 0099 9790 1757 6597 91

JOHN LEE TURNER
525 GILMER ST #108
SULPHUR SPRINGS, TX 75482

Batch #: 517,987
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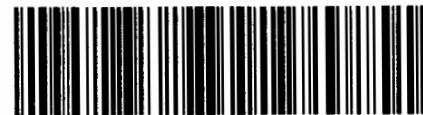
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KATHLEEN ELLIOT TAYLOR HAMILTON
100 HARRISON GARDEN BLVD
NORTH YORK, ON M2N 0C2

Electronic Return Receipt Requested

Code: ORRI/RI Owner
Code2: 1139820

4/9/2018 12:51:46 PM



9214 8969 0099 9790 1757 6598 07

KATHLEEN ELLIOT TAYLOR HAMILTON
100 HARRISON GARDEN BLVD
NORTH YORK, ON M2N 0C2

Batch #: 517,987
Article #: 92148969009997901757659807
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Code2: 1139820

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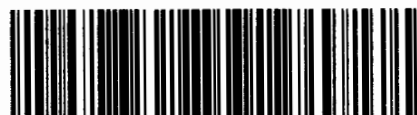
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\$3.45
\$1.50
\$0.00
\$5.420
MICHELLE CUSHMAN TAYLOR
3954 W 30TH AVE
VANCOUVER, BC V6S 1X3

Electronic Return Receipt Requested

Code: ORRI/RI Owner
Code2: 1139804

4/9/2018 12:51:46 PM



9214 8969 0099 9790 1757 6598 14

MICHELLE CUSHMAN TAYLOR
3954 W 30TH AVE
VANCOUVER, BC V6S 1X3

Batch #: 517,987
Article #: 92148969009997901757659814
Date/Time: 4/9/2018 12:51:46 PM
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\$5.420
PATRICIA ALDYEN AUSTIN TAYLOR
1202 181 WEST 1ST AVE
VANCOUVER, BC V5Y 0E3

Electronic Return Receipt Requested

Code: ORRI/RI Owner
Code2: 1139819

4/9/2018 12:51:46 PM



9214 8969 0099 9790 1757 6598 21

PATRICIA ALDYEN AUSTIN TAYLOR
1202 181 WEST 1ST AVE
VANCOUVER, BC V5Y 0E3

Batch #: 517,987
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Code: ORRI/RI Owner
Code2: 1139819

Internal File #:
Internal Code: Koch State Com 1A DHC

9214 8969 0099 9790 1757 6598 38

\$0.470
\$3.45
\$1.50
\$0.00
\$5.420
Electronic Return Receipt Requested
PATRICIA L LEFEVERS FENSKE
3828 COLLEGE VIEW DR APT 411
JOPLIN, MO 64801

Code: ORRI/RI Owner
Code2: 1141960

4/9/2018 12:51:46 PM



9214 8969 0099 9790 1757 6598 38

PATRICIA L LEFEVERS FENSKE
3828 COLLEGE VIEW DR APT 411
JOPLIN, MO 64801

Batch #: 517,987
Article #: 92148969009997901757659838
Date/Time: 4/9/2018 12:51:46 PM
Code: ORRI/RI Owner
Code2: 1141960

Internal File #:
Internal Code: Koch State Com 1A DHC

9214 8969 0099 9790 1757 6598 45

\$0.470
\$3.45
\$1.50
\$0.00
\$5.420
Electronic Return Receipt Requested
SDF LLC
6719 EMORY OAKS PL NE
ALBUQUERQUE, NM 87111

Code: ORRI/RI Owner
Code2: 1144140

4/9/2018 12:51:46 PM



9214 8969 0099 9790 1757 6598 45

SDF LLC
6719 EMORY OAKS PL NE
ALBUQUERQUE, NM 87111

Batch #: 517,987
Article #: 92148969009997901757659845
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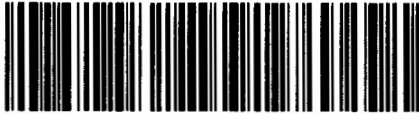
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\$1.50
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\$5.420
Electronic Return Receipt Requested
SHARKTOOTH RESOURCES LTD
505 N BIG SPRING SUITE 303
MIDLAND, TX 79701

Code: ORRI/RI Owner
Code2: 1146914

4/9/2018 12:51:46 PM



9214 8969 0099 9790 1757 6598 52

SHARKTOOTH RESOURCES LTD
505 N BIG SPRING SUITE 303
MIDLAND, TX 79701

Batch #: 517,987
Article #: 92148969009997901757659852
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Code: ORRI/RI Owner
Code2: 1146914

Internal File #:
Internal Code: Koch State Com 1A DHC

9214 8969 0099 9790 1757 6598 69

\$0.470

\$3.45

\$1.50

\$0.00

\$5.420

Electronic Return Receipt Requested

STATE OF NEW MEXICO
COMMISSIONER OF PUBLIC LANDS
PO BOX 1148
SANTA FE, NM 87501

4/9/2018 12:51:46 PM

Code: ORRI/RI Owner
Code2: 1047638



9214 8969 0099 9790 1757 6598 69

STATE OF NEW MEXICO
COMMISSIONER OF PUBLIC LANDS
PO BOX 1148
SANTA FE, NM 87501

Batch #: 517,987
Article #: 92148969009997901757659869
Date/Time: 4/9/2018 12:51:46 PM
Code: ORRI/RI Owner
Code2: 1047638

Internal File #:
Internal Code: Koch State Com 1A DHC

9214 8969 0099 9790 1757 6598 76

\$0.470

\$3.45

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\$5.420

Electronic Return Receipt Requested

4/9/2018 12:51:46 PM



9214 8969 0099 9790 1757 6598 76

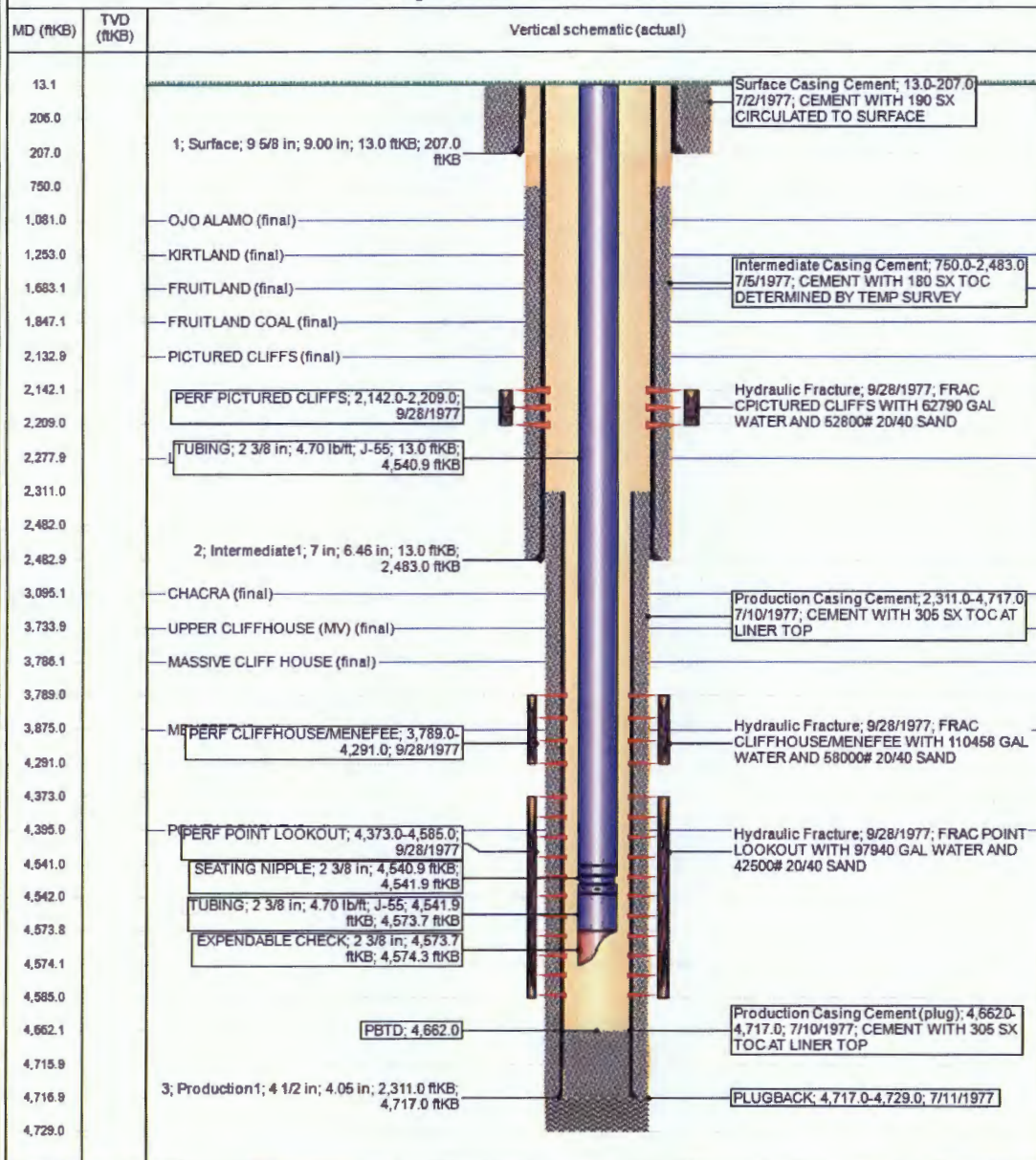
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Internal File #:
Internal Code:

Well Name: KOCH STATE COM #1A

API/UVI 3004521787	Surface Legal Location 036-029N-009W-1	Field Name BLANCONES/VERDE (PROVISED ON)	License No.	State/Province NEW MEXICO	Well Configuration Type
Ground Elevation (ft) 5,710.00	Original KBRT Elevation (ft) 5,723.00	KB Ground Distance (ft) 13.00	KB Casing Flange Distance (ft)	KB Tying Hanger Distance (ft)	

Original Hole, 4/6/2018 2:35:53 PM



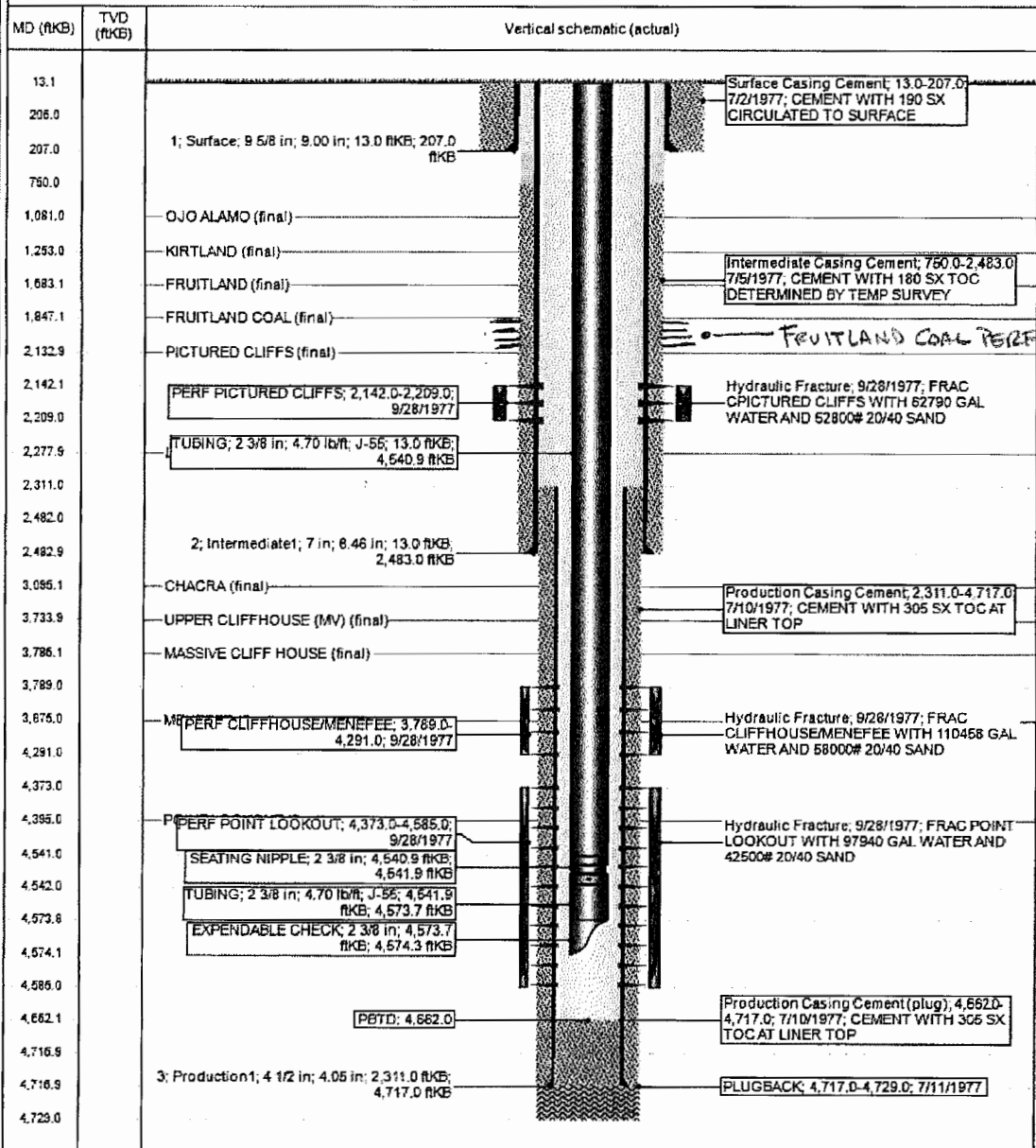


Current Schematic

Well Name: KOCH STATE COM #1A

API/UVI 3004521787	Surface Legal Location 036-029N-009W-1	Field Name BLANDON/BLANDON PRODUCTION	License No.	State/Province NEW MEXICO	Well Configuration Type
Ground Elevation (ft) 5,710.00	Original KBRT Elevation (ft) 5,723.00	KB-Original Distance (ft) 13.00	KB-Casing Rings Distance (ft)	KB-Taping Rings Distance (ft)	

Original Hole, 4/6/2018 2:35:53 PM



FRUITLAND COAL PERF: 1,860'-2,137'



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-2265

Burlington Resources Oil & Gas Company
P.O. Box 4289
Farmington, New Mexico 87499

Attention: Ms. Peggy Bradfield

*Koch State Com No. 1A
API No. 30-045-21787
Unit I, Section 36, Township 29 North, Range 9 West, NMPM,
San Juan County, New Mexico.
Blanco-Pictured Cliffs (Gas - 72359) and
Blanco-Mesaverde (Prorated Gas - 72319) Pools*

Dear Ms. Bradfield:

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.

The applicant shall consult with the supervisor of the Aztec District Office of the Division upon completion and testing of the well in order to establish a fixed allocation of production from each of the commingled zones. Upon approval by the Division's Aztec District Office, the applicant shall submit the allocation formula to the Santa Fe Office of the Division.

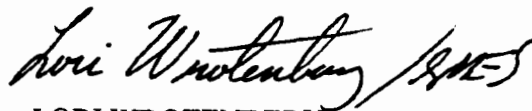
REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

Administrative Order DHC-2265
Burlington Resources Oil & Gas Company
April 9, 1999
Page 2

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 9th day of April, 1999.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



LORI WROTENBERY
Director

S E A L

LW/DRC

cc: Oil Conservation Division - Aztec
State Land Office-Oil & Gas Division