

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]

*Received
3-03-2015*

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

*- DHC-4705A
 - Breitmann Operating, LP
 370080*

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

*Wey
 - Enclosure State 48*

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

30-025-40721

- [D] Other: Specify _____

*Pool
 - want 2, also*

[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

*62700
 - Drink and
 19190
 - Tubbs Oil and
 Gas (oil)
 60240
 - Birney
 Oil and Gas
 (oil)
 6660*

[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.

Michelle Doescher

Agent

03/02/2015

Print or Type Name

Michelle Doescher
 Signature

Title

Date

shelly_doescher@yahoo.com

e-mail Address



March 04, 2015

**Mr. Michael McMillan
New Mexico Oil Conservation Division
Engineering Bureau
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505**

**Re: Form C-107A: Application for Downhole Commingling (REVISED)
Breitburn Operating LP
Encore M State No. 008
API No. (30-025-40721)
2,340 FSL & 1,650 FEL
Section 19, T-22 South, R-37 East, NMPM
Lea County, New Mexico**

Dear Mr. McMillan:

Attached is a C-107A application for amending DHC-4705 downhole commingling the captioned well to include the Tubb Oil & Gas (Oil) 60240 Pool. This request supersedes all prior DHC requests made pursuant this well. This is the first DHC of the Tubb Pool in this lease however, prior approved DHC in the area are included in the basis of the proposed allocation. The well in question is currently shut-in pending approval of this application therefore expedited consideration is respectfully requested.

On September 29, 2014, Quantum Resources Management, LLC, subsequently acquired by Breitburn Operating, LP, obtained approval to downhole commingle the Blinebry, Drinkard and Wantz-Abo Pools within the well. Pursuant to the DHC-4705, 33.3% of the oil and gas was to be allocated to each of the pools as is typical in this area. Prior production was allocated 50% each to the Drinkard and Wantz-Abo Pools. In the process of completing the Blinebry, Quantum perforated into the Tubb Oil & Gas Pool. Breitburn learned of this when filing a C-105 for completion of the Blinebry Pool. Consequently, Breitburn seeks approval to downhole commingle all four pools within the well.

In 2014 the well produced 10 to 15 BOPD from the Drinkard and Wantz-Abo and the allocation factor was 50% in each pool. In November, 2014, the well was recompleted in the Blinebry and Tubb intervals and initially produced at 40 BOPD. Daily well volume declined rapidly over the next several days as is typically the case. It was determined to commingle the well when the rates dropped below 20 BOPD and it is believed that the rate from the Blinebry/Tubb will continue to decline after commingling until such time as all

Bretiburn, LP
Application for Downhole Commingling
Encore M State No. 008
Page 2

zones equalize. Therefore, a reasonable approximation of the allocation is an even split of 25% per zone as indicated on the revised C-107A.

Commingling the Encore M State No. 008 is necessary to improve the efficiency of this well and recover more of the hydrocarbon reserves encountered in the wellbore. While multiple intervals are believed to have hydrocarbon potential, the productivity of individual zones varies across the field and it is not economically feasible to produce zones individually. In the absence of such data, it is believed this is a reasonable approach in this well based on sound engineering principles and experience.

Please note that the working, royalty and overriding royalty interest ownership in this well is common throughout. Consequently, notice of this application is not required to any interest owner.

Approval of this application will afford Breitburn the opportunity to recover additional oil and gas reserves from the Blinebry Oil & Gas, Tubb Oil & Gas (Oil), Drinkard and Wantz;Abo Pools within the Encore M State No. 008 that may otherwise not be recovered, thereby preventing waste, and will not violate correlative rights.

Thank you for your assistance in preparation and consideration of this request. If there should be any questions, please call me at 713-452-2882 or Jeannie McMillan, Regulatory Manager at 713-634-4696.

Sincerely,



Dalian Payne
Reservoir Engineer Advisor
Breitburn Operating, LP
600 Travis Street, Suite 4800
Houston, Texas 77002

District I
1623 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

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

Form C-107A
Revised August 1, 2011

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

APPLICATION FOR DOWNHOLE COMMINGLING

Breithurn Operating LP 600 Travis Street, Suite 4800 Houston, Texas 77002

Operator Address
Encore M State 008 Unit J, Section 19, T-22 South, R-37 East LEA

Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 370080 Property Code 314022 API No. 30-025-40721 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE 1	INTERMEDIATE ZONE 2	LOWER ZONE
Pool Name	Bilney Oil & Gas (Oil)	Tubb Oil & Gas (Oil)	Drinkard	Wanta-Abo
Pool Code	06660	60240	19190	62700
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	5674'-6079'	6079'-6192'	6462' - 6684'	6746' - 6832'
Method of Production (Flowing or Artificial Lift)	Artificial Lift	Artificial Lift	Artificial Lift	Artificial Lift
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)	Not Required	Not Required	Not Required	Not Required
Oil Gravity or Gas BTU (Degree API or Gas BTU)	38 Deg. API 1342 BTU			
Producing, Shut-In or New Zone	Shut-In	Shut-In	Shut-In	Shut-In
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.)	Estimated: 5 BOPD 16 MCFGD 10 BWPD			
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas Water 25% 25% 25%			

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

NMOCDC 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 Michelle Doescher
TYPE OR PRINT NAME: Michelle Doescher
E-MAIL ADDRESS: shelly_doescher@yahoo.com

TITLE: Agent DATE: March 04, 2015
TELEPHONE NO: (505) 320-5682



February 26, 2015

New Mexico Oil Conservation Division
Attn: Mr. Michael McMillan
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Re: DHC: Encore M State No. 8 well
Ownership

Dear Mr. McMillan:

This letter is to clarify ownership in the referenced well and should be included in the down hole commingle application for the above well.

The ownership is identical for all of the pools (zones) to be commingled: (Blinebry Oil & Gas (oil) (#6660); Drinkard (#19190); Wantz; Abo (#62700) and Tubb Oil and Gas Pool (#60240).

Thank you for your assistance in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Paul Aguirre', is written over a white background.

Paul Aguirre
Landman
Breitburn Operating LP
600 Travis St., Suite 4800
Houston, TX 77002

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

¹ API Number 30-025-40721		² Pool Code 6660		³ Pool Name Blinebry Oil & Gas (Oil)	
⁴ Property Code 314022		⁵ Property Name Encore M State			⁶ Well Number 8
⁷ GRID No. 370080		⁸ Operator Name Breitburn Operating LP			⁹ Elevation 3408

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	19	22 S	37 E		2340'	South	1650'	East	Lea

¹¹Bottom 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

¹² Dedicated Acres 40	¹³ Joint or Infill N	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

ENCORE M STATE
No. 8
Elev. 3408'
NAD 83 NM East
N= 502563'
E= 891545'
Lat. = 32°22'35.44"
Long. = -103°11'56.26"

¹⁷OPERATOR CERTIFICATION
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.

Michelle Doerscher → 1/25/2012
Signature Date

Michelle Doerscher
Printed Name

shelly_doescher@yahoo.com
E-mail Address

¹⁸SURVEYOR 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 belief.

7-28-2012
Date of Survey

Michael L. Stanford
Signature and Seal of Professional Surveyor

10324
Certificate Number

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-40721		² Pool Code 60240		³ Pool Name Tubb Oil & Gas (Oil)	
⁴ Property Code 314022		⁵ Property Name Encore M State			⁶ Well Number 8
⁷ GRID No. 370080		⁸ Operator Name Breitburn Operating LP			⁹ Elevation 3408'

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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Michelle Doescher 07/28/2012
Signature Date

Michelle Doescher
Printed Name

shelly_doescher@jntco.com
E-mail Address

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-40721		² Pool Code 19190		³ Pool Name Drinkard	
⁴ Property Code 314022		⁵ Property Name Encore M State			⁶ Well Number 8
⁷ OGRD No. 370080		⁸ Operator Name Breitburn Operating LP			⁹ Elevation 3408'

¹⁰Surface Location.

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	19	22 S	37 E		2340'	South	1650'	East	Lea

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E= 891545'
Lat. = 32°22'35.44"
Long. = -103°11'56.26"

To North Near Lease Line
5577'

To Near Survey & Lease Line
1650'

2340'

¹⁷OPERATOR CERTIFICATION

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 hereinafter entered by the division.

Michelle Doescher 02-28-15
Signature Date

Michelle Doescher
Printed Name

sls14_doescher@jraho.com
E-mail Address

¹⁸SURVEYOR CERTIFICATION

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7-28-2012
Date of Survey

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Signature and Seal of Professional Surveyor

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AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-40721		² Pool Code 62700		³ Pool Name Wantz;Abo	
⁴ Property Code 314022		Encore M State		⁵ Property Name	
⁷ GRID No. 370080		Breitburn Operating LP		⁶ Well Number 8	
				⁸ Elevation 3408'	

¹⁰Surface Location

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Michelle Doescher
Signature Date 7-28-2012

Michelle Doescher
Printed Name

shelly_doescher@yahoo.com
E-mail Address

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7-28-2012
Date of Survey

Signature and Seal of Professional Surveyor

Michael L. Stanford
10324
Certificate Number

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



Administrative Order DHC-4705

Order Date: September 30, 2014

Application Reference Number: pMAM1427238751

Quantum Resources Management, LLC
5 Houston Center
1401 McKinney Street, suite 2400
Houston, Tx. 77010

Attention: David Catanach

Encore M State Well No. 8
API No. 30-025-40721
Unit J, Section 19, Township 22 South, Range 37 East NMPM
Lea County, New Mexico

Pool	BLINEBRY OIL AND GAS (OIL)	Oil (6660)
Names:	DRINKARD	Oil (19190)
	WANTZ;ABO	Oil (62700)

Reference is made to your recent application for an exception to Division Rule 19.15.12.9A. NMAC of the Division Rules and Regulations to permit the above-described well to commingle production from the subject pools in the wellbore.

It appears that the subject well qualifies for approval for such exception pursuant to the provisions of Division Rule 19.15.12.11A. NMAC, and since 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 or otherwise required separation of the zones is hereby placed in abeyance.

In accordance with Division Rule 19.15.12.11A.(6) NMAC, the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

As per the application, the assignment of allowable and allocation of production from the subject well shall be based on the analysis of the historical production from surrounding wells in the same pools.

Assignment of allowable and allocation of production from the well shall be as follows:

BLINEBRY OIL AND GAS (OIL) POOL	Pct. Gas: 33.3	Pct. Oil: 33.3
DRINKARD POOL	Pct. Gas: 33.3	Pct. Oil: 33.3
WANTZ,ABO POOL	Pct. Gas: 33.3	Pct. Oil: 33.3

It is also understood that you have given due notice of this application, as defined in Division Rule 19.15.4.12A.(6) NMAC, to all owners of interest when ownership is not common for the commingled zones within the spacing unit.

REMARKS: This Order supersedes Administrative Order DHC-519HB, issued on July 19, 2013.

This Order is subject to like approval from the New Mexico State Land Office.

Pursuant to Division Rule 19.15.12.11B. NMAC, the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.



JAMI BAILEY
Director

JB/mam

cc: New Mexico Oil Conservation Division – Hobbs
New Mexico State Land Office – Oil, Gas, and Minerals