

ABOVE THIS LINE FOR DIVISION USE ONLY

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 _____

- DHL
 - CHA parallel oil and GAS CO
 4076

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- [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

Well
 - Francis #1
 30-045-206r
 pool
 - Basin Fruitland
 Coal (7629)
 - Fulcher Katz
 PICTURED
 CLIP
 7724

[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.

Print or Type Name PAUL THOMPSON	Signature <i>Paul C. Thompson</i>	Title AGENT / ENGINEER	Date 8/18/15
		e-mail Address PAUL@WALSHENG.NET	



August 19, 2015

Mr. Davis Catanach
NM Oil and Gas Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Re: Downhole Commingling
Chaparral Oil and Gas
Francis #1
Unit L Section 18, T28N, R10W

Dear Mr. Catanach,

Chaparral Oil and Gas requests administrative approval to downhole commingle the production from the Fulcher Kutz Pictured Cliffs (77200) with the Basin Fruitland Coal (71629) in the above referenced well. All working and net revenue interests are the same for each of the pools. Downhole commingling will offer an economic method of producing these two marginal zones. Neither zone will produce any liquid hydrocarbons but any wellbore liquids will be compatible.

The proposed allocation percentage (43% Fruitland Coal and 57% Pictured Cliffs) is based on the ratio of the EUR's of all of the offset wells in the surrounding nine sections. Please refer to the attached information.

If you have any questions or need additional information, please don't hesitate to call me at (505) 327-4892.

Sincerely,

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

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 Brazos Road, Aztec, NM 87410

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

APPLICATION FOR DOWNHOLE COMMINGLING

Chaparral Oil and Gas Company, c/o Walsh Engineering, 7415 E. Main St., Farmington, NM 87402
Operator Address

Francis #1 Lease Well No. L Section 18, T28N, R10W Unit Letter-Section-Township-Range San Juan County

OGRID No. 004076 Property Code API No. 30-045-20612 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Basin Fruitland Coal		Fulcher Kutz Pictured Cliffs
Pool Code	71629		77200
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	1664-1894		1902-1952
Method of Production (Flowing or Artificial Lift)	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)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1084		NA
Producing, Shut-In or New Zone	Producing		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.)	Date: Current Rates: 21 MCFD	Date: Rates:	Date: 4/1987 Rates: 50 MCFD
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required)	Oil 0 % Gas 45% 43%	Oil % Gas %	Oil 0 % Gas 53% 37%

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: Rule 19.15.12.11.B.2

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 Paul C. Thompson TITLE Agent/Engineer DATE 8/18/15

TYPE OR PRINT NAME Paul C. Thompson, P.E. TELEPHONE NO. (505) 327-4892

E-MAIL ADDRESS paul@walsheng.net

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form O-125
Supersedes O-128
Effective 1-1-65

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

Operator Chaparral Oil & Gas Co.		Lease XXXXXXXX Frances		Well No. X 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. 5895	Producing Formation Pictured Cliffs	Foot Fulcher-Kutz PC	Dedicated Acreage 1.0412 1.0412 acres	
<p>1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.</p> <p>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).</p> <p>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?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No If answer is "yes," type of consolidation _____</p> <p>If answer is "no," list the owners and tract descriptions which have actually been consolidated (Indicate side of this form if necessary.) _____</p> <p>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.</p>				
			<p>CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p>	
			<p>Date Surveyed January 30, 1970</p> <p>Registered Professional Engineer No. 12813 Fred B. Kutz, Jr.</p> <p>Certification No. 3950</p>	

RECEIVED
FEB 16 1970
OIL CON. COM.
DIST. 3

Wayne Sandell
President

Company
Chaparral Oil & Gas

Date
February 13, 1970

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.

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

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

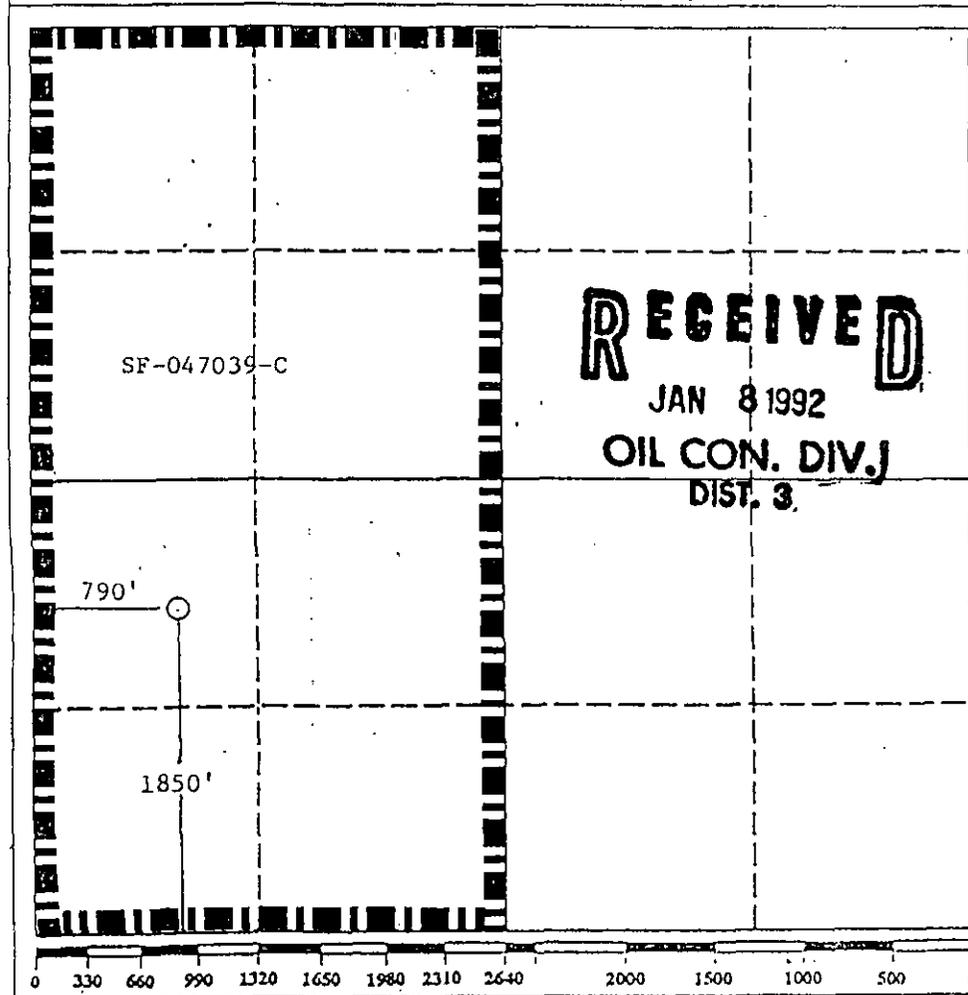
Operator CHAPARRAL OIL & GAS COMPANY			Lease Francis		Well No. 1
Unit Letter L	Section 18	Township 28N	Range 10W	County San Juan	
Actual Footage Location of Well: 1850 feet from the South line and 790 feet from the West line					
Ground level Elev. 5835'	Producing Formation Fruitland Coal.		Pool Basin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

Rate/Time Graph

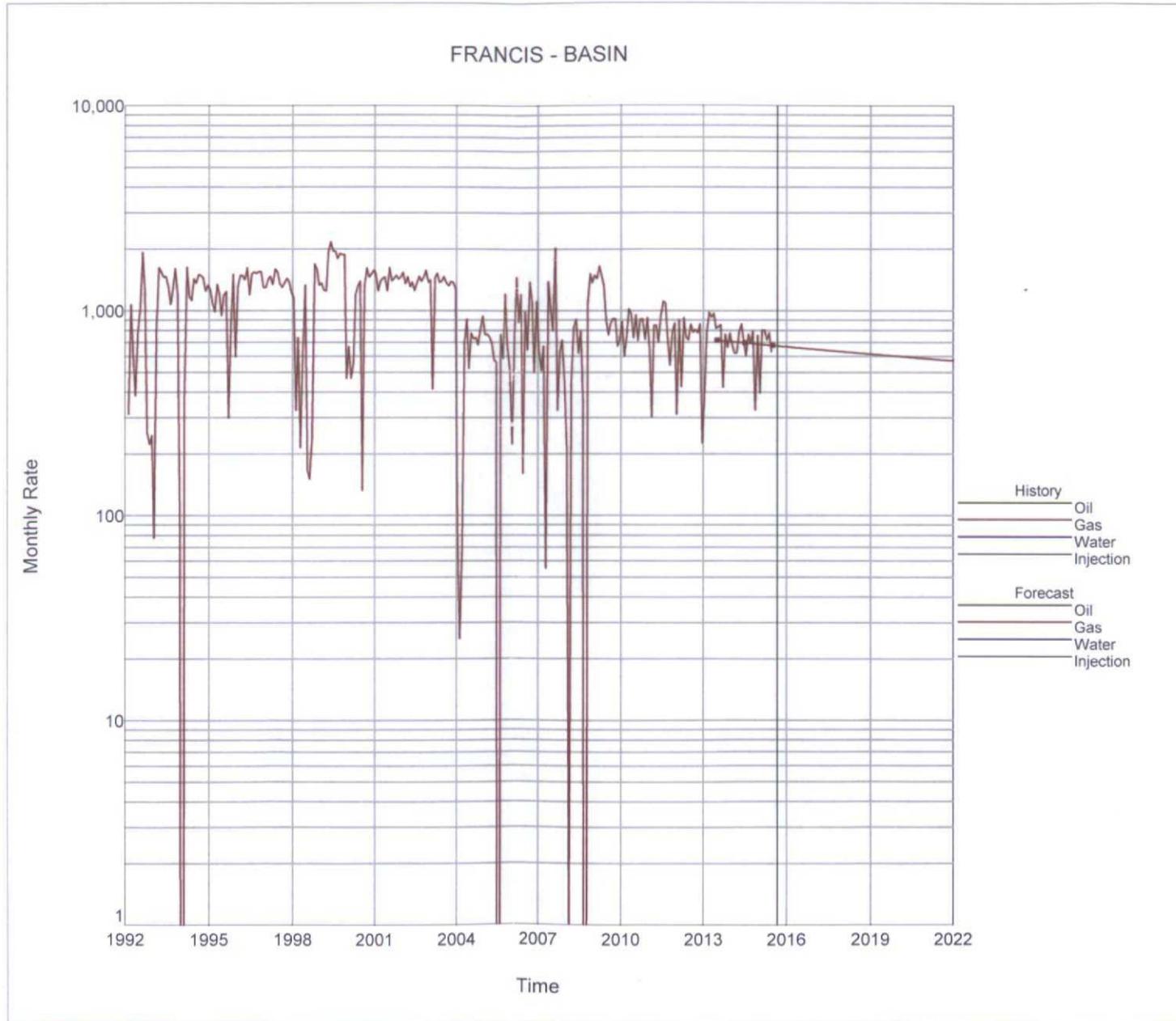
Project: C:\Users\Paul\Documents\IHS\PowerTools\Projects v9.3\Francis #1.mdb

Date: 8/18/2015

Time: 4:25 PM

Lease Name: FRANCIS (1)
County, ST: SAN JUAN, NM
Location: N28 W10 18 SE NW SW

Operator: CHAPARRAL OIL & GAS COMPANY
Field Name: BASIN **FRUITLAND COAL**



Gas Curve:

Segment 1: 7/1/2013 - 7/1/2015

Start Rate: 715 mcf

End Rate: 674 mcf

Decline: 2.9851

Hyp Exponent: 0.999997

Goodness of Fit: 0.933794

Fit Grade: 2

Rate/Time Graph

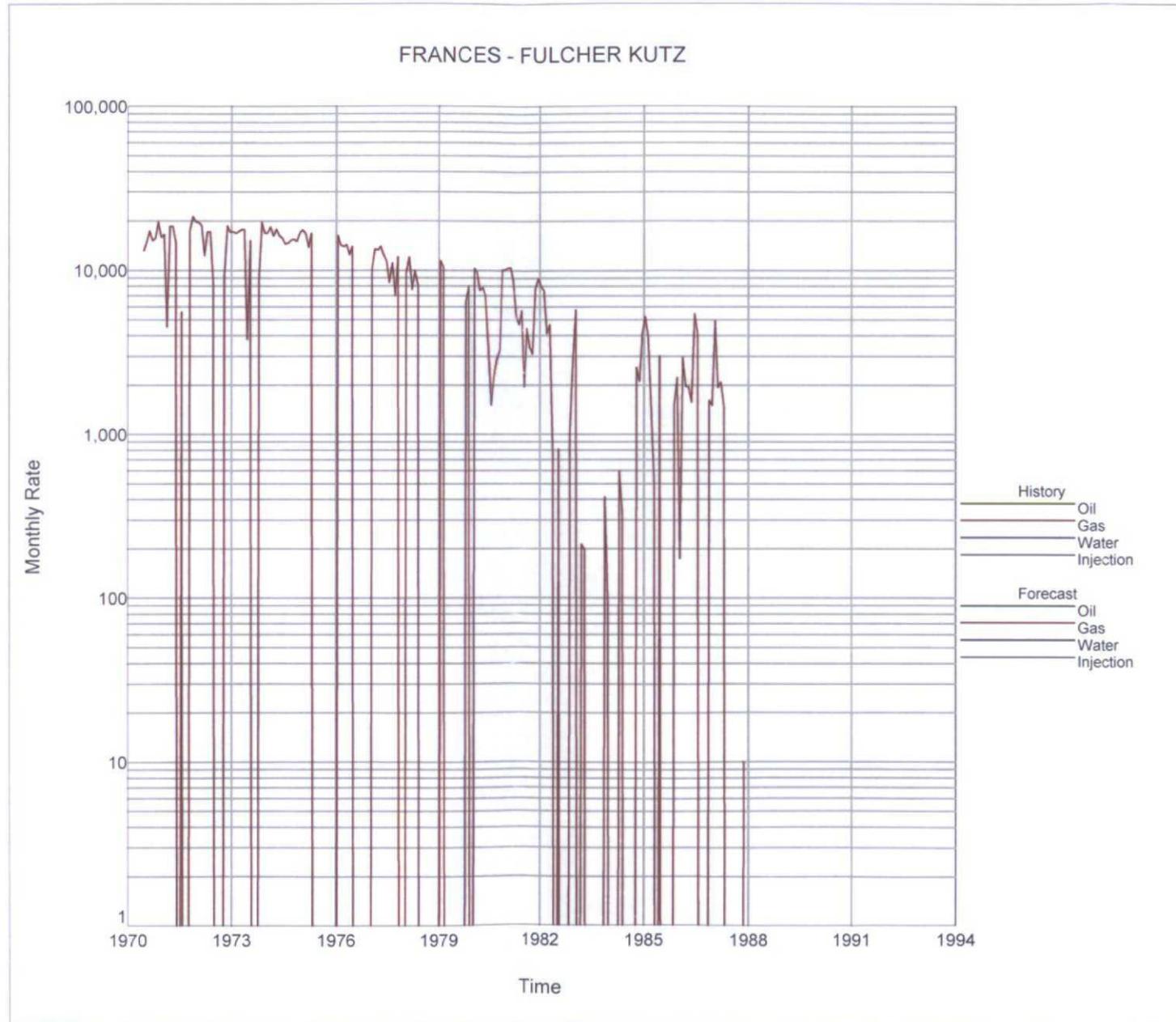
Project: C:\Users\Paul\Documents\IHS\PowerTools\Projects v9.3\Francis #1.mdb

Date: 8/18/2015

Time: 4:25 PM

Lease Name: FRANCES (1)
County, ST: SAN JUAN, NM
Location: N28 W10 18 SE NW SW

Operator: CHAPARRAL OIL & GAS COMPANY
Field Name: FULCHER KUTZ **PC**

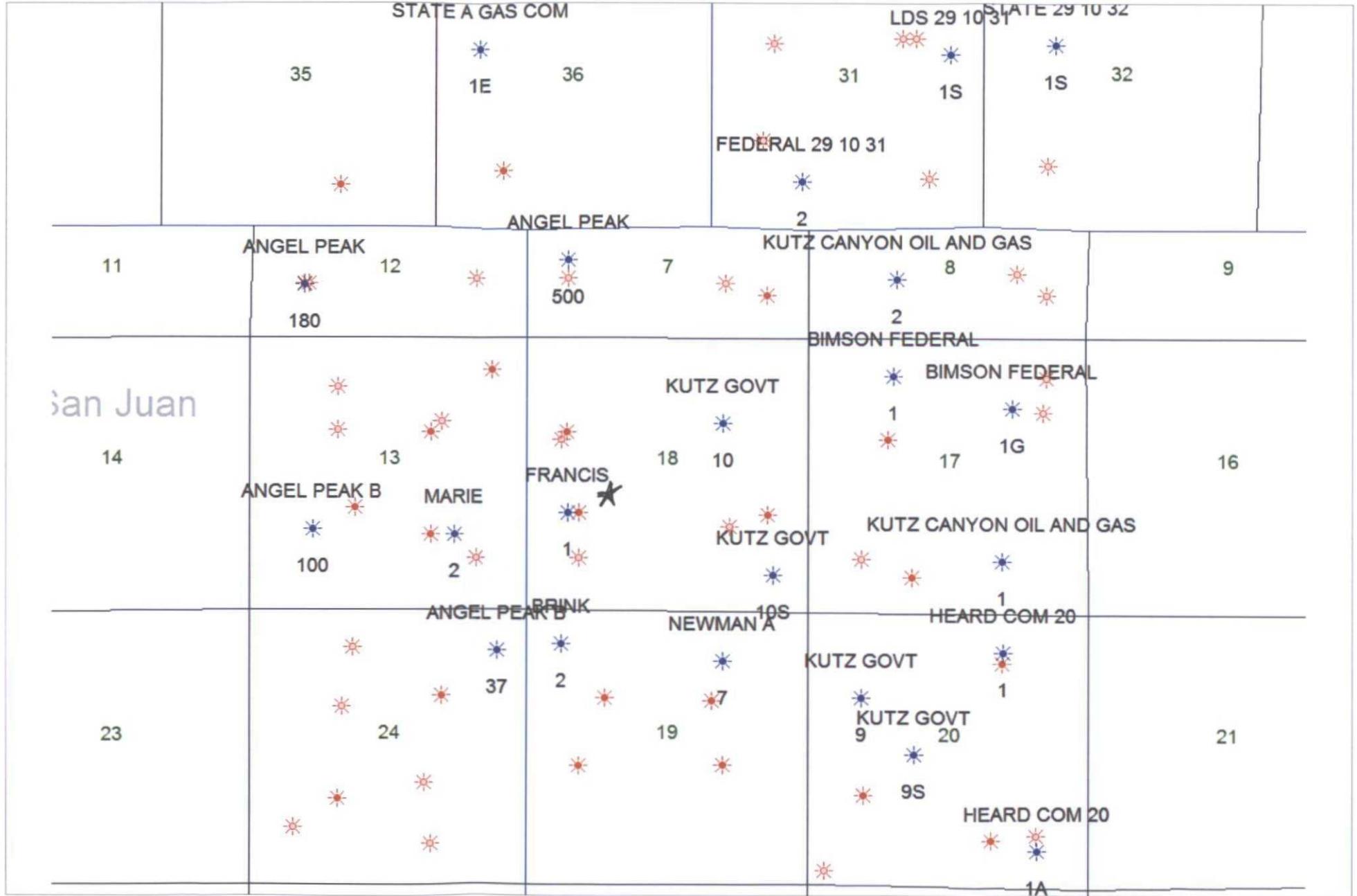


Chaparral Oil and Gas
Francis #1 Down Hole Commingling Application

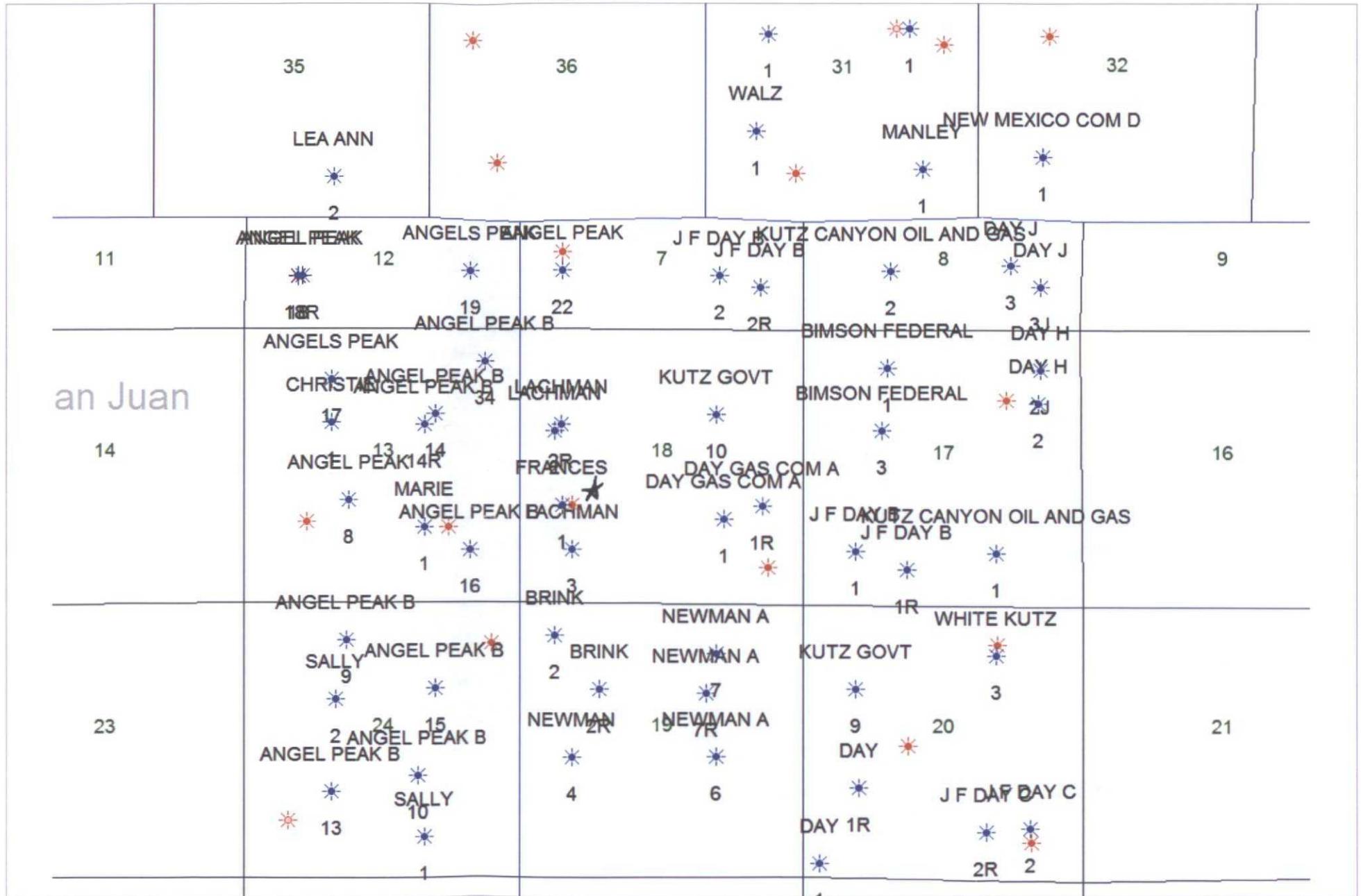
Basin Fruitland Coal Wells	Ultimate Recovery MCF
Bimson Federal #1	776,744
Bimson Federal #1G	503,489
Kutz Govt #10	626,667
Kutz Govt #10S	261,686
Kutz Govt #9	985,471
Kutz Govt #9S	91,733
Angel Peak #180	788,245
Angel Peak #500	1,000,892
Angel Peak B #100	442,158
Angel Peak B #37	410,717
Brink #2	6,918
Kutz Canyon Oil and Gas #1	1,813,548
Kutz Canyon Oil and Gas #2	1,019,810
Newman A #7	733,978
Francis #1	345,361
Marie #2	110,260
State A Gas Com #1E	918,769
Heard Com 20 #1	990,735
Heard Com 20 #1A	1,818,117
Federal 29 10 31 #2	306,886
LDS 29 10 31 #1S	990,553
State 29 10 32 #1S	582,037
Average	705,672
Percent of Total	43%

Pictured Cliffs Wells	Ultimate Recovery MCF
New Mexico Com D #1	539,255
Angel Peak B #10	4,183,675
Bimson Federal #1	461,767
Bimson Federal #3	132,419
Day Gas Com A #1	280,930
JF Bay B #1	1,123,801
JF Day B #2	87,166
Kutz Govt #10	1,060,135
Kutz Govt #9	1,001,849
Angel Peak #18	1,021,857
Angel Peak #18R	43,704
Angel Peak #8	2,927,583
Angel Peak B #13	2,002,070
Angel Peak B #14	856,512
Angel Peak B #14R	355,257
Angel Peak B #15	2,574,589
Angel Peak B #34	234,084
Brink #2	1,712,000
Day #1R	2,240,738
Day H #2	373,822
Day H #2J	190,671
Day J #3	334,782
Kutz Canyon Oil and Gas #2	337,555
Lachman #2	750,454
Lachman #2R	514,571
Newman #4	3,574,962
Newman A #6	2,356,894
Newman A #7	831,804
White Kutz #3	1,380,065
Wilson #1	762,368
Christie #1	1,551,222
Francis #1	1,319,541
Lea Ann #2	790,486
Marie #1	2,286,217
Sally #1	533,524
Sally #2	878,293
Lachman #3	77
Kutz Canyon Oil and Gas #1	386,548
Manley #1	852,608
Day J #3J	238,742
Day #1	833,628
Collins #1	825,256
Walz #1	1,023,223
Angel Peak B #16	466,190
Angel Peak B #9	329,352
Angels Peak #17	37,366
Angles Peak #19	325
Brink #2R	1,005,854
Newman A #7R	734,814
Angel Peak #22	75,645
Day Gas Com A #1R	448,796
JF Day B #1R	768,735
JF Day B #2R	772,910
JF Day C #2	1,168,045
JF Day C #2R	442,772
Average	945,773
Percent of Total	57%

FRUITLAND COAL OFFSETS



PICTURED CLIFFS OFFSETS



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.

5. Lease Serial No.
NMSF - 047039C

6. If Indian, Allottee or Tribe Name

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

8. Well Name and No.
Francis #1

9. API Well No.
30-045-20612

10. Field and Pool, or Exploratory Area
Basin Fruitland Coal & Fulcher Kutz PC

11. County or Parish, State
San Juan County, NM

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 St., 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 & 790' FWL Section 18, T28N, R10W

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 checked="" 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	
	<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 recomplate 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 recomplate 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 to drill the bridge plug at 1896' and down hole commingle the gas production from the Fulcher Kutz Pictured Cliffs pool with the Basin Fruitland Coal pool. Neither formation will produce any liquid hydrocarbons and the working and net revenue interests are the same in both formations.

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

Name (Printed/Typed) Paul C. Thompson, P.E.	Title President
Signature <i>Paul C. Thompson</i>	Date August 19, 2015

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.

McMillan, Michael, EMNRD

From: Paul Thompson <paul@walsheng.net>
Sent: Monday, August 24, 2015 11:00 AM
To: McMillan, Michael, EMNRD
Subject: RE: Chaparral Francis Well No. 1 DHC San Juan Co.

Mike, At your suggestion, Chaparral would have no problem allocating 45% of the production from the Francis #1 to the FTC and the remaining 55% to the PC. Thanks, Paul

From: McMillan, Michael, EMNRD [mailto:Michael.McMillan@state.nm.us]
Sent: Friday, August 21, 2015 4:17 PM
To: paul@walsheng.net
Subject: Chaparral Francis Well No. 1 DHC San Juan Co.

Paul:
can you check your percentages on the C-107A. I got 70% Pictured Cliffs and 30% Fruitland

Thank You

Michael A. McMillan

Engineering and Geological Services Bureau, Oil Conservation Division
1220 South St. Francis Dr., Santa Fe NM 87505
O: 505.476.3448 F. 505.476.3462
Michael.mcmillan@state.nm.us