

EXHIBIT "B" - CASE NO. 11353, ORDER NO. R-10470-A

DHC 11/4/96

1399

DISTRICT I

P.O. Box 1980, Hobbs, NM 88240

DISTRICT II

811 South First St., Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd. Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

Form C-107-A
New 3-12-96

APPROVAL PROCESS:

☒ Administrative ☐ Hearing

EXISTING WELLBORE

☒ YES ☐ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Santa Fe Energy Resources, Inc. Address 550 W. Texas, Suite 1330, Midland, TX 79701
Tresnor Mitchell "30" Federal #1 Well No. N - 30 - T23S - R32E Lea County
 OGRID NO. 020305 Property Code 017130 API NO. 30-025-32688 Spacing Unit Lease Types: (check 1 or more)
 Federal ☒ State ☐ (and/or) Fee ☐

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zones	Lower Zone
1. Pool Name and Pool Code	W. Triste Draw (Delaware) 59945		S. Sand Dunes (Bone Spring) 53805
2. Top and Bottom of Pay Section (Perforations)	7232'-7268'		8606'-8622'
3. Type of production (Oil or Gas)	Oil		Oil
4. Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
5. Bottomhole Pressure	a. (Current) 1100	a.	a. 1000
Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	b. (Original)	b.	b.
6. Oil Gravity (° API) or Gas BTU Content	42°		41°
7. Producing or Shut-In?	Producing		Below a RBP
Production Marginal? (yes or no)	Yes		Yes
* If Shut-In, give 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: Rates:	Date: 7/4/96 Rates: 27 BO, 247 MCF, 1 BW
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: 9/26/96 Rates: 30 BO, 26 MCF, 157 BW	Date: Rates:	Date: Rates:
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 50% Gas: 10%	Oil: % Gas: %	Oil: 50% Gas: 90%

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.

10. Are all working, overriding, and royalty interests identical in all commingled zones? ☒ Yes ☐ No
 If not, have all working, overriding, and royalty interests been notified by certified mail? ☒ Yes ☐ No
 Have all offset operators been given written notice of the proposed downhole commingling? ☒ Yes ☐ No

11. Will cross-flow occur? ☐ Yes ☒ No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. ☐ Yes ☐ No (If No, attach explanation)

12. Are all produced fluids from all commingled zones compatible with each other? ☒ Yes ☐ No

13. Will the value of production be decreased by commingling? ☐ Yes ☒ No (If Yes, attach explanation)

14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. ☒ Yes ☐ No

15. NMOCD Reference Cases for Rule 303(C) Exceptions: ORDER NO(S). _____

16. 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 all offset operators.
- * Notification list of working, overriding, and royalty interests for uncommon interest cases.
- * Any additional statements, data, or documents required to support commingling.

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

SIGNATURE James Blount TITLE Engineer DATE 10/10/96

TYPE OR PRINT NAME James Blount TELEPHONE NO. (915) 686-6665

NOTIFICATION LIST OF OFFSET OPERATORS

Santa Fe Energy Resources
Application for Administrative Approval
Downhole Commingling
Tresnor Mitchell "30" Federal #1
Sec 30, T23S, R32E
Lea County, New Mexico

Texaco Inc.
P.O. Box 3109
Midland, Texas 79702

Burlington Resources
P.O. Box 51810
Midland, TX 79710-1810

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2086, Santa Fe, NM 87504-2086

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-32688	Pool Code	Pool Name West Triste Draw (Delaware)
Property Code 017130	Property Name TRESNOR MITCHELL "30" FEDERAL NO. 1	Well Number 1
OGRID No. 020305	Operator Name SANTA FE ENERGY RESOURCES, INC.	Elevation 3585'

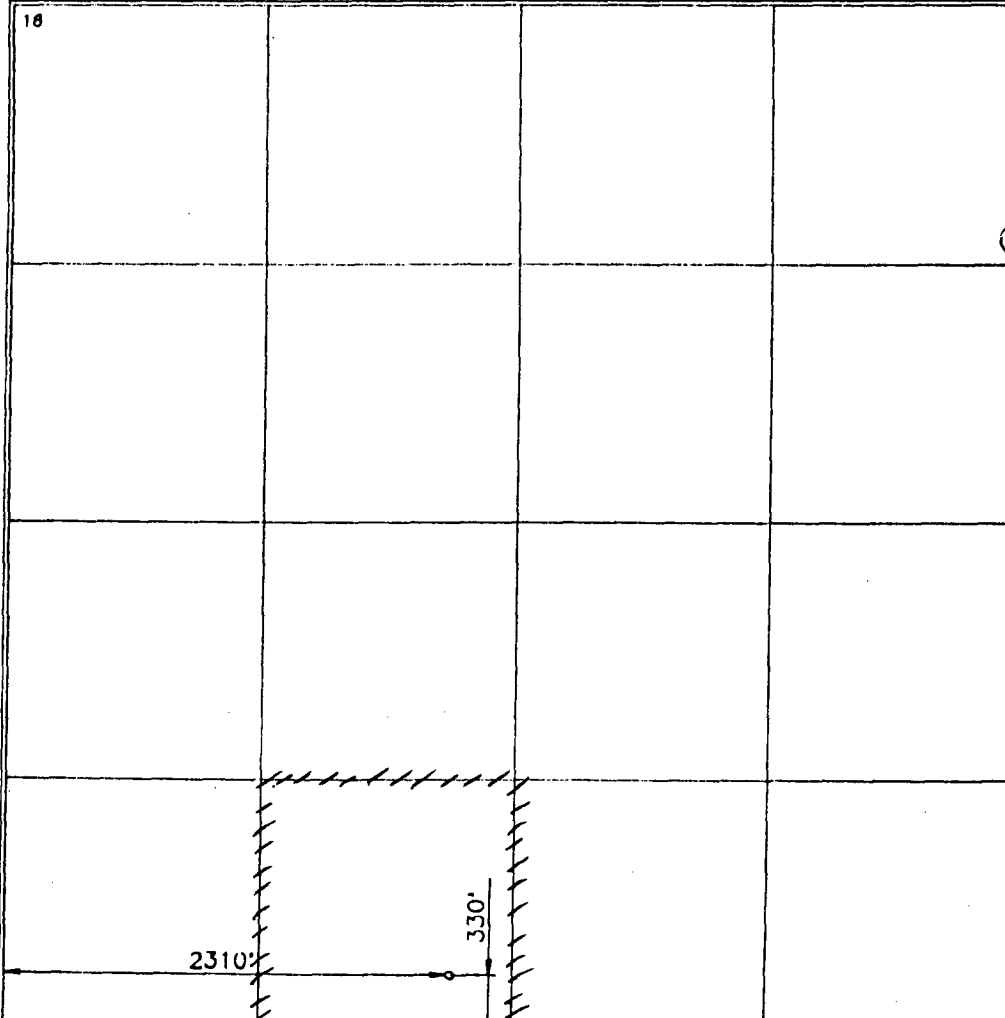
¹⁰ Surface Location

UL or lot no. N	Section 30	Township 23-S	Range 32-E	Lot Idn	Feet from the 330	North/South line SOUTH	Feet from the 2310	East/West line WEST	County LEA
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¹¹ 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
Dedicated Acres 40	Joint or Infill	Consolidation Code	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

16 	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <i>Terry McCullough</i> Signature Terry McCullough Printed Name Sr. Prod. Clerk Title Sept. 13, 1996 Date	
	18 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 best of my belief. AUG. 3, 1994 Date of Survey Signature and Seal of Professional Surveyor: <i>Earl Foote</i> Certificate Number 8278	

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'OGRID No. 020305	'Operator Name SANTA FE ENERGY RESOURCES, INC.	'Elevation 3585'

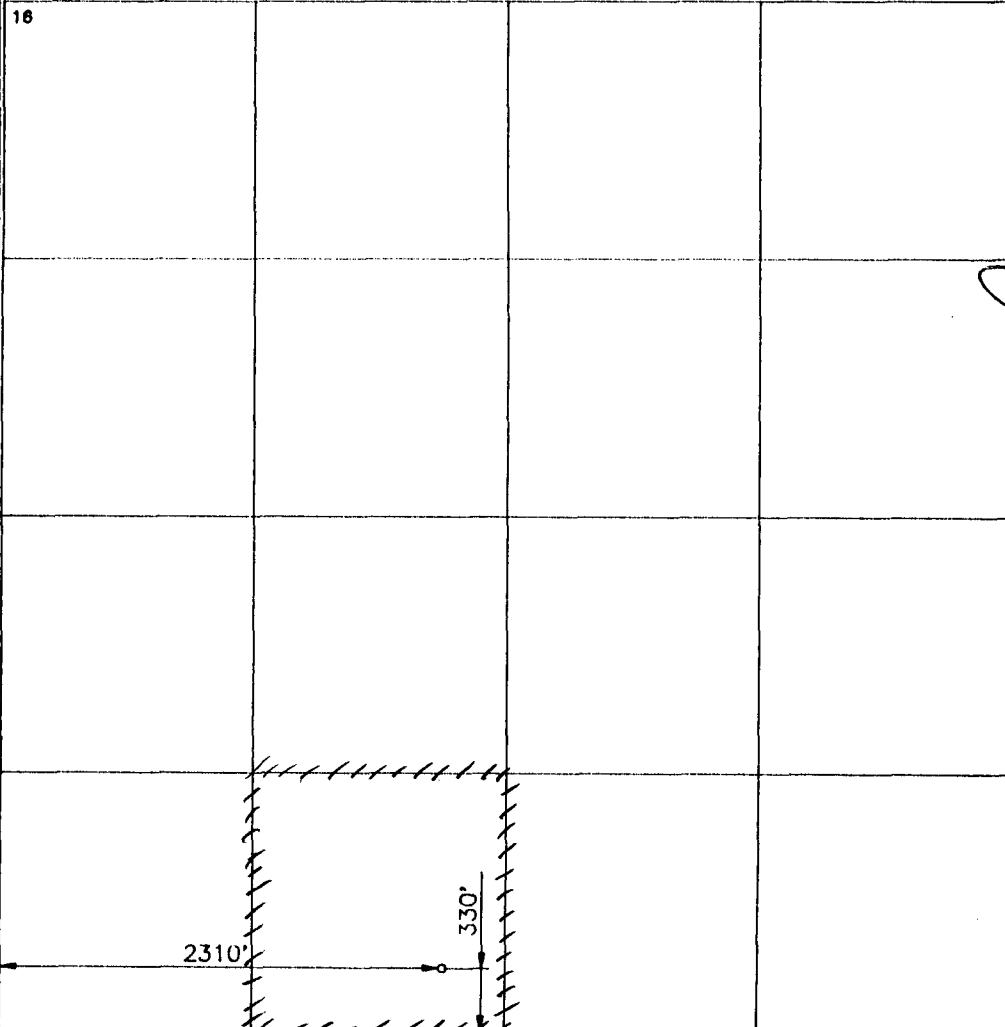
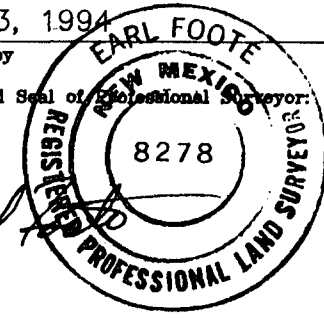
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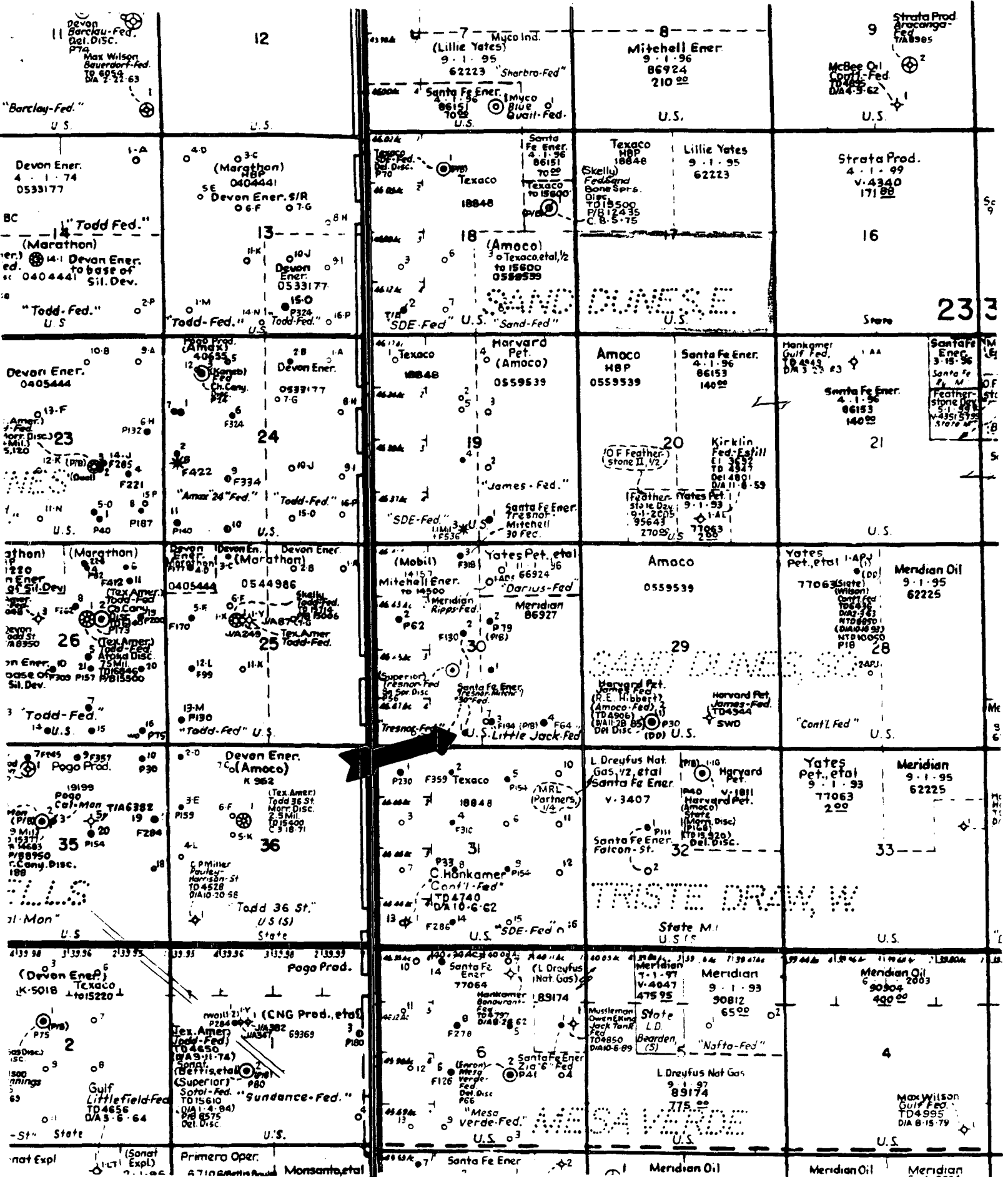
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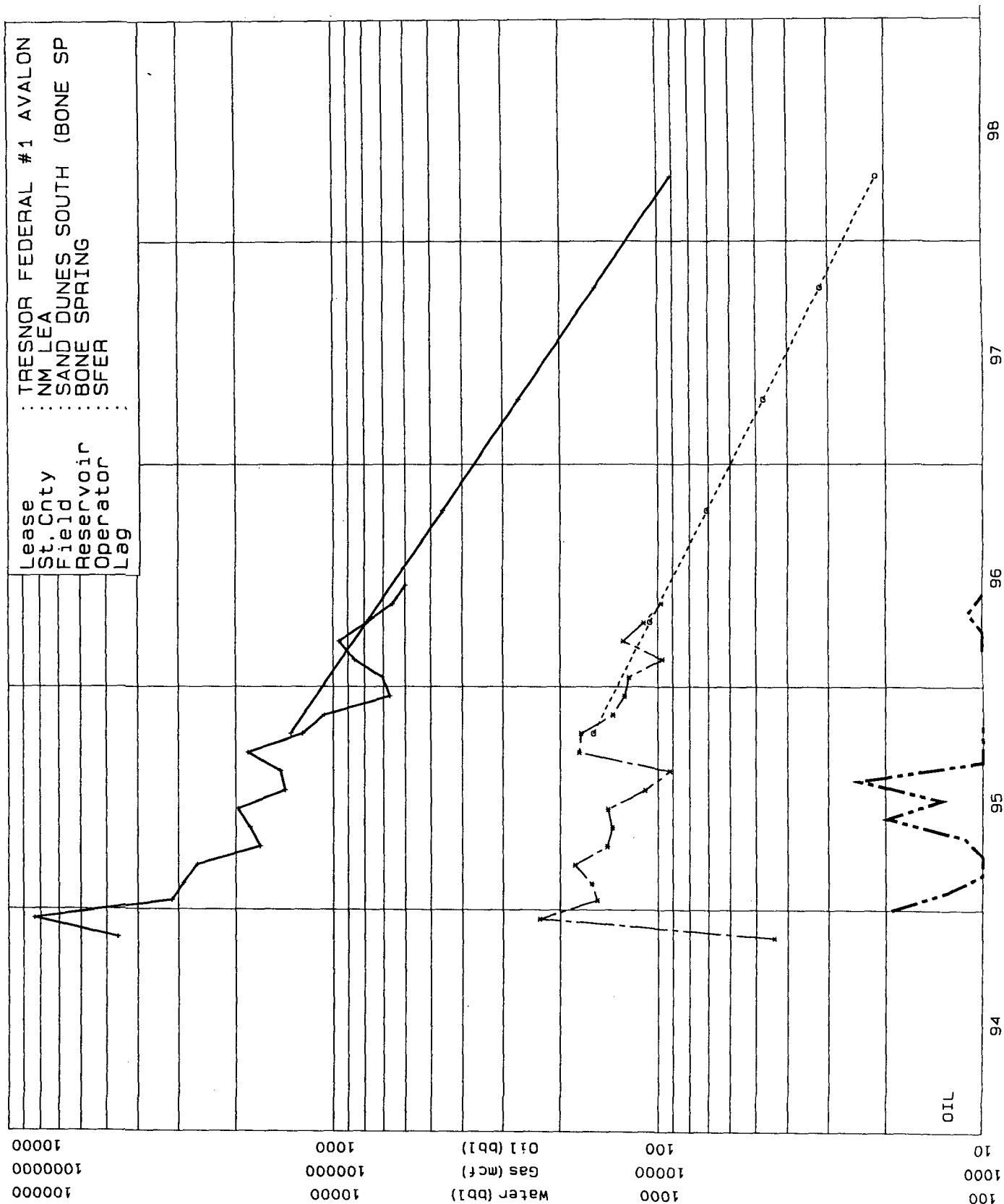
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TRESNOR FED #1 REC DEL
 NM LEA
 SAND DUNES
 DELAWARE
 SFER

Lease
 St. Cnty
 Field
 Reservoir
 Operator
 Lag

1000000
 100000
 1000

100000
 10000
 100

Water (bbl)
 Gas (mcf)
 Oil (bbl)

10000
 1000
 10

OIL

1000
 100
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96 97 98 99 00

