

CRB 9-14-95  
W 415

---

<b>WALSH</b>	ENGINEERING & PRODUCTION CORP.	Petroleum Engineering Consulting	7415 East Main
		Lease Management	Farmington, New Mexico 87402
		Contract Pumping	(505) 327-4892

---

August 23, 1995

Mr. William J. LeMay  
New Mexico Oil Conservation Division  
P.O. Box 2088  
Santa Fe, NM 87504-2088

Re: Application for Surface Commingling  
Breck Operating Corporation  
Kutz Government #2, #3, #4J  
San Juan County, New Mexico  
Fulcher Kutz Pictured Cliffs

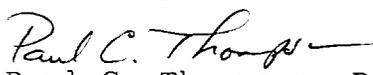
Dear Mr. LeMay,

On May 23, 1995, I filed an application for administrative approval for the surface commingling of the gas production from the three above described wells in the Fulcher Kutz Pictured Cliffs pool. There was a mistake on the acreage dedication plat (Exhibit 2) that showed that all three wells were on the same lease. Actually, the Kutz Government #3 is on lease SF 077383 while the Kutz Government #2 and #4J are on lease SF 046563.

Since Exhibit #2 had indicated that all three wells were on the same lease, administrative approval to commingle was not necessary and the application was not acted on.

Enclosed is an application for administrative approval to surface commingle the production from the three subject wells with a corrected acreage dedication plat. I apologize for the confusion.

Thank you for your consideration and approval of this application. If you have any questions please do not hesitate to call upon me.

Sincerely,  
  
Paul C. Thompson, P.E.  
President



cc: Kevin Duncan, Breck Operating  
Frank Chavez, NMOCD Aztec  
Mike Pool, BLM Farmington



**WALSH**

ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping

7415 East Main  
Farmington, New Mexico 87402  
(505) 327-4892

May 23, 1995

Mr. William J. LeMay  
New Mexico Oil Conservation Division  
P.O. Box 2088  
Santa Fe, NM 87504-2088

Re: Application for Surface Commingling  
Breck Operating Corporation  
Kutz Government #2, #3, #4J  
San Juan County, New Mexico  
Fulcher Kutz Pictured Cliffs

Dear Mr. LeMay,

This is a request on behalf of Breck Operating Corporation for administrative approval of the above referred to surface commingling of the production from the three wells in the Fulcher Kutz Pictured Cliffs pool.

I have attached for your review the following Exhibits.

- Exhibit 1: Topographic Map
- Exhibit 2: Acreage Dedication Plat
- Exhibit 3: Surface Facility Schematic
- Exhibit 4: Production Records

These three wells are only capable of marginal production against current line pressures. They were tested with a wellsite compressor in late 1994 and for several months in 1995 and they were capable of producing 100 - 150 MCFD. Please refer to Exhibit #4. These rates are a considerable improvement but still do not economically support a compressor on each wellsite. None of the wells produce any liquid hydrocarbons.

Breck Operating proposes to install meters on wells #2 and #4J and lay a 2" SDR 7 plastic line to the #3 location. A separator and compressor will be installed on the #3 location. Please refer to Exhibit #3. The existing Gas Company of New Mexico meter on the #3 location will become the central delivery point. The production allocated to well #3 will be the difference between the volume registered at the CDP and the sum of the production from the #2 and #4J.



Working and revenue interests in all three wells are common. The lease number for all three wells is SF-046563 and the surface is all under the jurisdiction of the Bureau of Land Management.

Pursuant to NMOCD regulations, a copy of this application is being forwarded to the Bureau of Land Management.

Thank you for your consideration and approval of this application. If you have any questions please do not hesitate to call upon me.

Sincerely,

A handwritten signature in cursive script that reads "Paul C. Thompson".

Paul C. Thompson, P.E.  
President

cc: Kevin Duncan, Breck Operating  
Tim Reynolds, Gas Company of New Mexico  
Frank Chavez, NMOCD Aztec  
Mike Pool, BLM Farmington

EXHIBIT #1

BRECK OPERATING CORPORATION  
SURFACE COMMINGLING APPLICATION  
TOPOGRAPHIC MAP

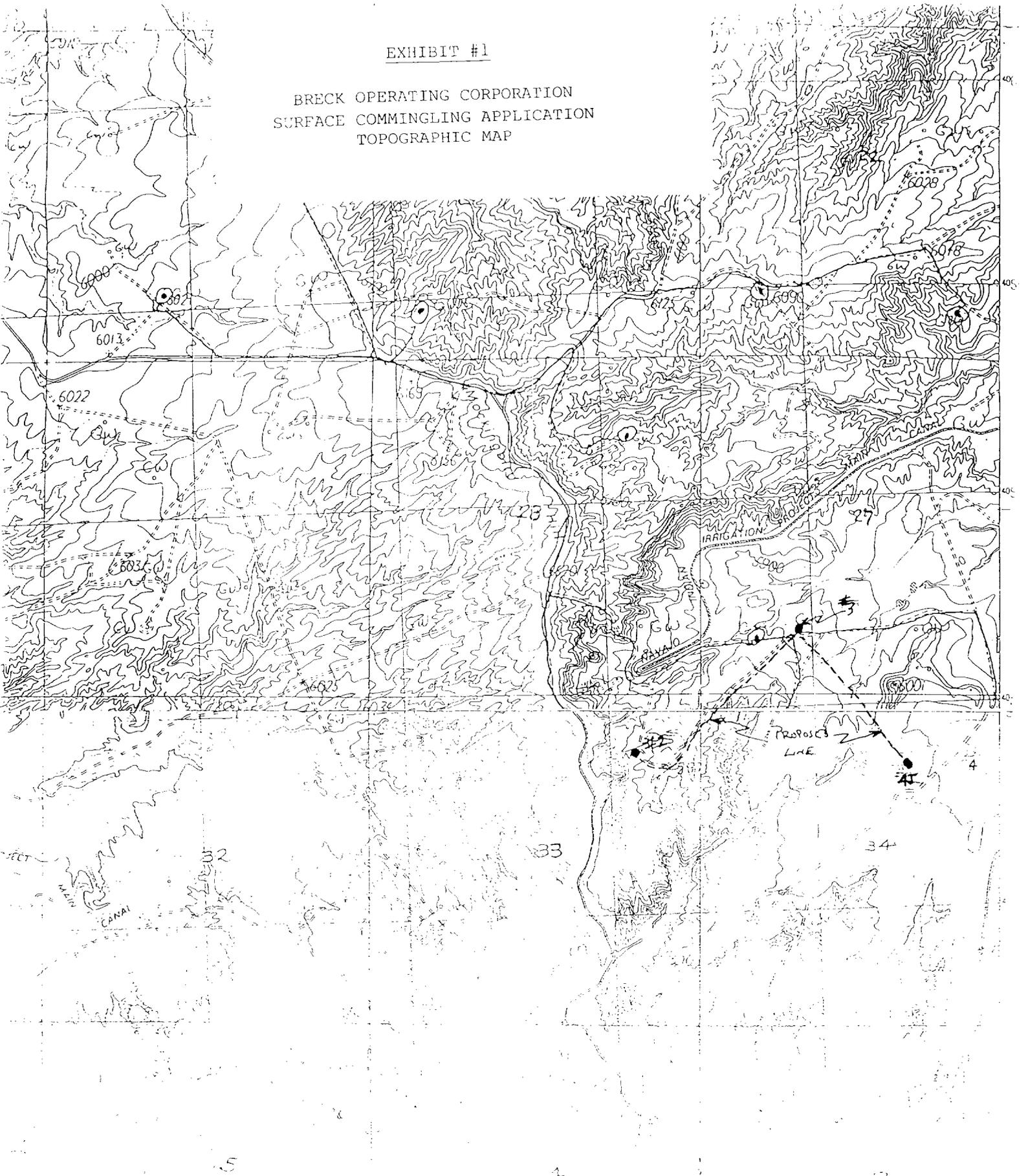


EXHIBIT #2

BRECK OPERATING CORPORATION  
SURFACE COMMINGLING APPLICATION  
ACREAGE DEDICATION PLAT

R10W

T28N

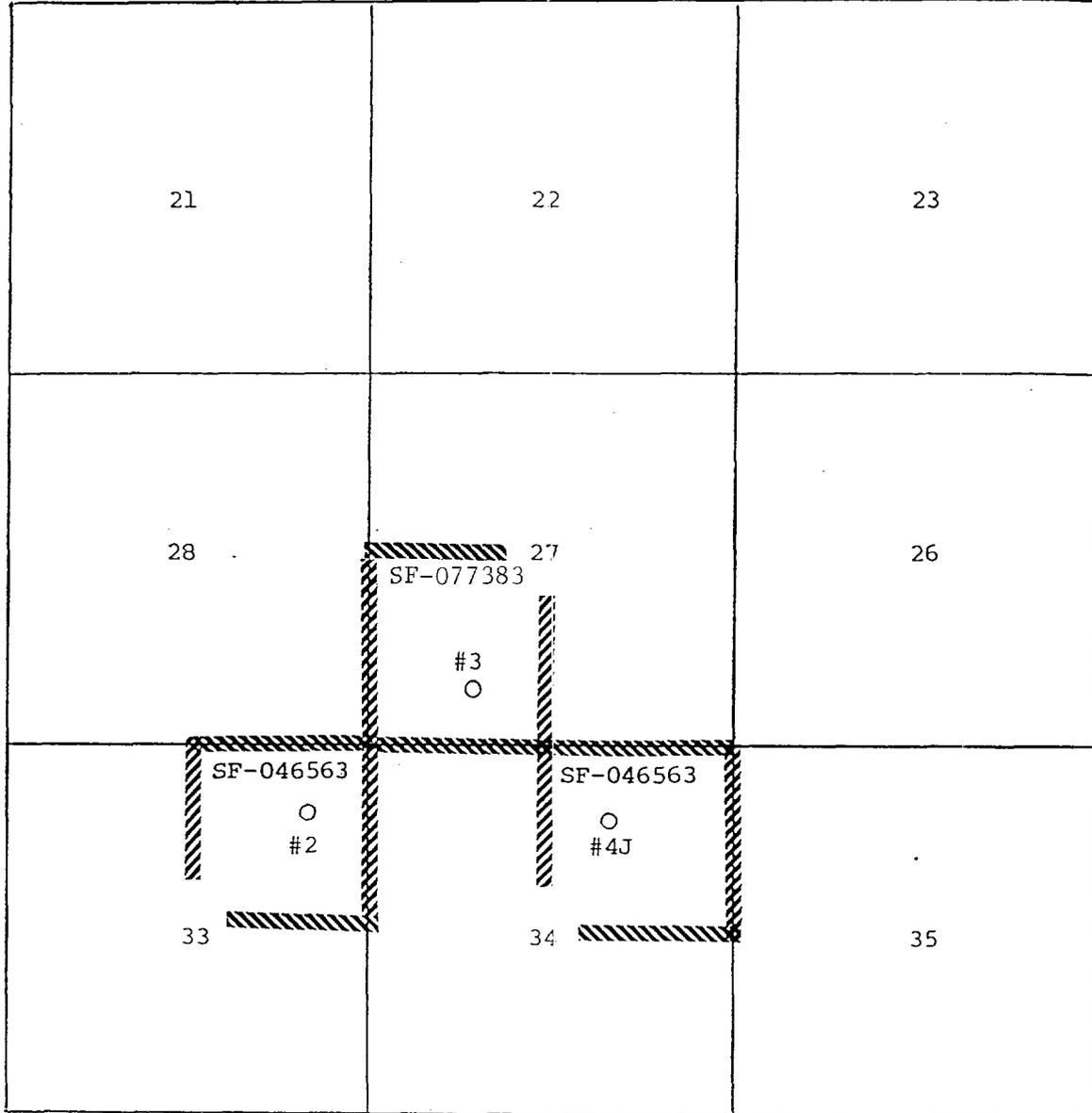


EXHIBIT #3

BRECK OPERATING CORPORATION  
SURFACE COMMINGLING APPLICATION  
SURFACE FACILITY SCHEMATIC

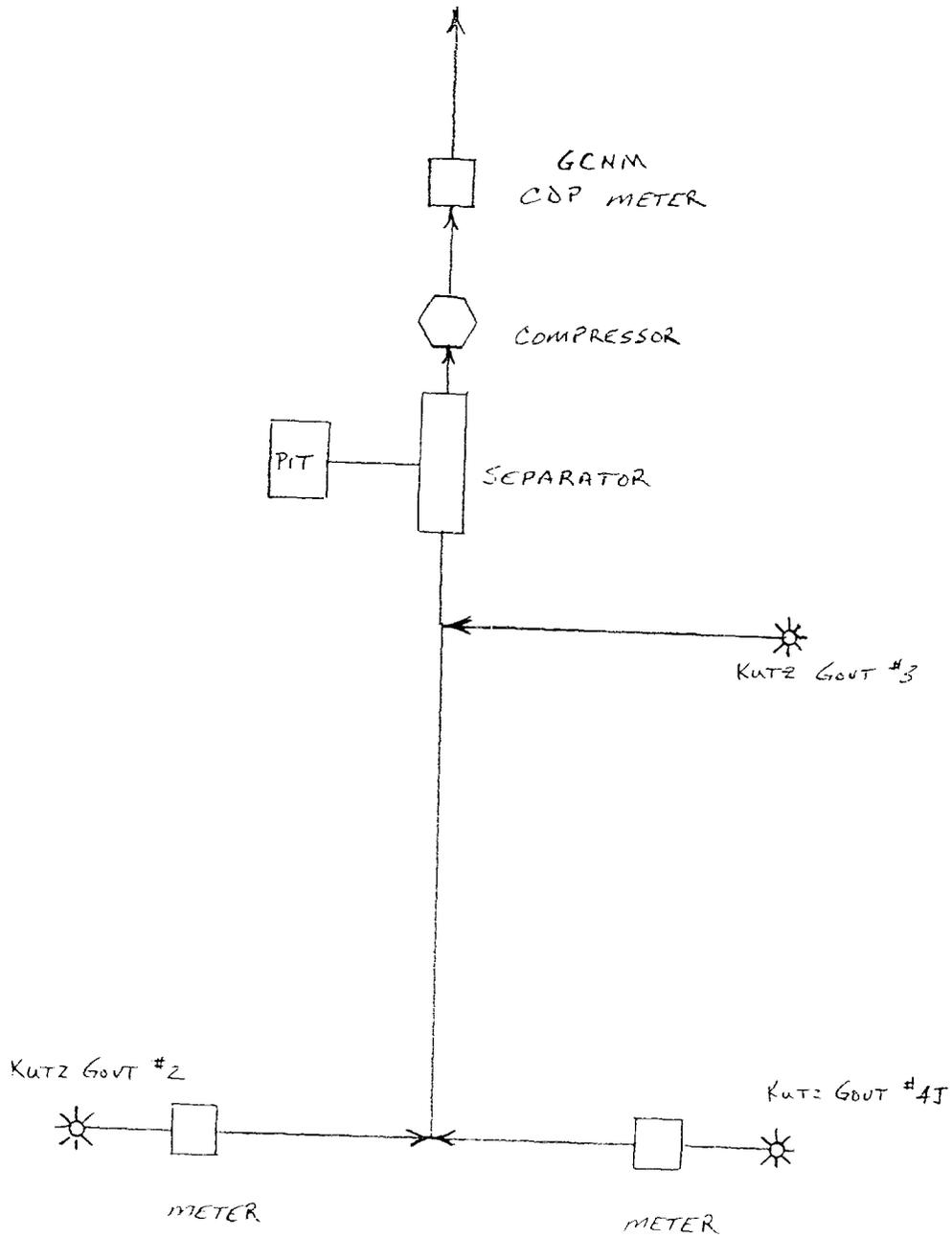


EXHIBIT #4  
BRECK OPERATING CORPORATION  
SURFACE COMMINGLING APPLICATION

MONTHLY PRODUCTION DATA

		KUTZ GOVT #2 MCF/MO.	KUTZ GOVT #3 MCF/MO.	KUTZ GOVT #4J MCF/MO.
SEP	1993	0	202	0
OCT	1993	0	469	0
NOV	1993	0	567	0
DEC	1993	0	726	0
JAN	1994	0	690	0
FEB	1994	128	492	0
MAR	1994	0	24	0
APR	1994	0	0	0
MAY	1994	36	0	25
JUN	1994	0	0	0
JLY	1994	0	0	0
AUG	1994	134	25	12
SEP	1994	0	0	0
OCT	1994	0	0	0
NOV	1994	0	1192*	1458*
DEC	1994	2444*	1514*	0
JAN	1995	2001*	928*	0
FEB	1995	3096*	3301*	0
MAR	1995	3784*	4503*	0

\* DENOTES PRODUCTION WITH WELLSITE COMPRESSOR.