

ABOVE THIS LINE FOR DIVISION USE ONLY

156

NEW MEXICO OIL CONSERVATION DIVISION - Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

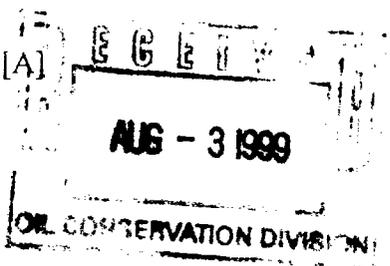
- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location] [DD-Directional Drilling] [SD-Simultaneous Dedication] [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] [WFX-Waterflood Expansion] [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 - Directional Drilling [ ] NSL [ ] NSP [ ] DD [ ] SD

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement [ ] DHC [ ] CTB [ ] PLC [x] PC [ ] OLS [ ] OLM [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery [ ] WFX [ ] PMX [ ] SWD [ ] IPI [ ] EOR [ ] PPR



[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or [ ] Does Not Apply

- [A] [x] 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

[3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity



July 28, 1999

Ms. Lori Wrotenbery  
New Mexico Oil Conservation Division  
2040 South Pacheco  
Santa Fe, NM 87505

Re: Application for Surface Commingling  
Pendragon Energy Partners  
Cowsaround #21-1 and Chaco Plant #5  
Section 21, T26N, R12W  
San Juan County, New Mexico

Dear Ms. Wrotenbery,

This is a request on behalf of Pendragon Energy Partners for approval to surface commingle the gas production from the above mentioned wells.

**1. Proposed System** The wells are commingled upstream of a CDP meter so that they can reduce measurement and compression costs. The Cowsaround 21-1 well will have an allocation meter on location. The production on the Cowsaround 21-1 will be the integrated volume from the allocation meter plus pump jack and separator fuel gas and one-half of the compressor fuel. The Chaco Plant #5 production is the difference between the CDP meter and the allocation meter plus separator fuel gas and one-half of the compressor fuel. The gas flows into El Paso Field Services' gathering system and they maintain the CDP meter. Neither well produces liquid hydrocarbons.

**2. Location Map** Exhibit 1 is a topo map showing the location of the two wells.

**3. Wells, Locations, and Lease Numbers** Exhibit 2 is an acreage dedication plat. Both wells are located on Federal lease NM 12028. The north half of Section 21, T26N, R12W has been dedicated to the Cowsaround 21-1 Basin Fruitland Coal well, and the northwest quarter of Section 21 has been dedicated to the Chaco Plant #5. Exhibit 3 is a list of the royalty, overriding royalty, and working interests in both wells.

**4. Schematic Diagram** Exhibit 4 is a schematic diagram of the facilities.



5. **Fuel Gas** Each well has a separator that uses approximately 0.5 MCFD of fuel gas. The Cowsaround 21-1 also has a pump jack which uses 5 MCFD. Both wells share a compressor that requires approximately 20 MCFD of fuel gas.

6. **Mechanical Integrity** The flow line from the Cowsaround 21-1 and the Chaco Plant #5 to the CDP is 2" SDR-7 poly pipe with a pressure rating of 267 psig. This line and all of the connections were tested to wellhead pressure which was approximately 100 psig. The MAOP of El Paso's gathering system is 100 psig.

7. **Production - Gravity/BTU** Actual production from the Chaco Plant #5 and Cowsaround 21-1 is attached as Exhibit 5.

8. **Allocation Formula** The Cowsaround 21-1 well has an allocation meter. The production assigned to this well will be the integrated volume from the allocation meter plus separator and pump jack fuel gas. The volume of gas allocated to the Chaco Plant #5 will be the total integrated volume from the CDP meter, minus the allocation meter volume, plus separator fuel gas.

9. **Line Purging** We do not anticipate purging the system very often, but if it is purged, the lost gas will be allocated equally to each of the two wells.

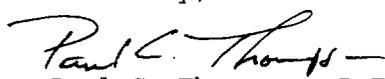
10. **Purged Fluids** Any fluids purged will be natural gas, and condensed water vapor.

11. **Meter Calibration Schedule** The allocation and CDP meters will be calibrated once each quarter. El Paso Field Services will maintain the CDP meter and Walsh Engineering will maintain the allocation meter.

12. **Gas Analysis Schedule** El Paso Field Service will analyze the gas from the commingled stream twice a year.

13. **Effective Date** The system will be placed in service as soon as this application is approved.

Sincerely,

  
Paul C. Thompson, P.E.

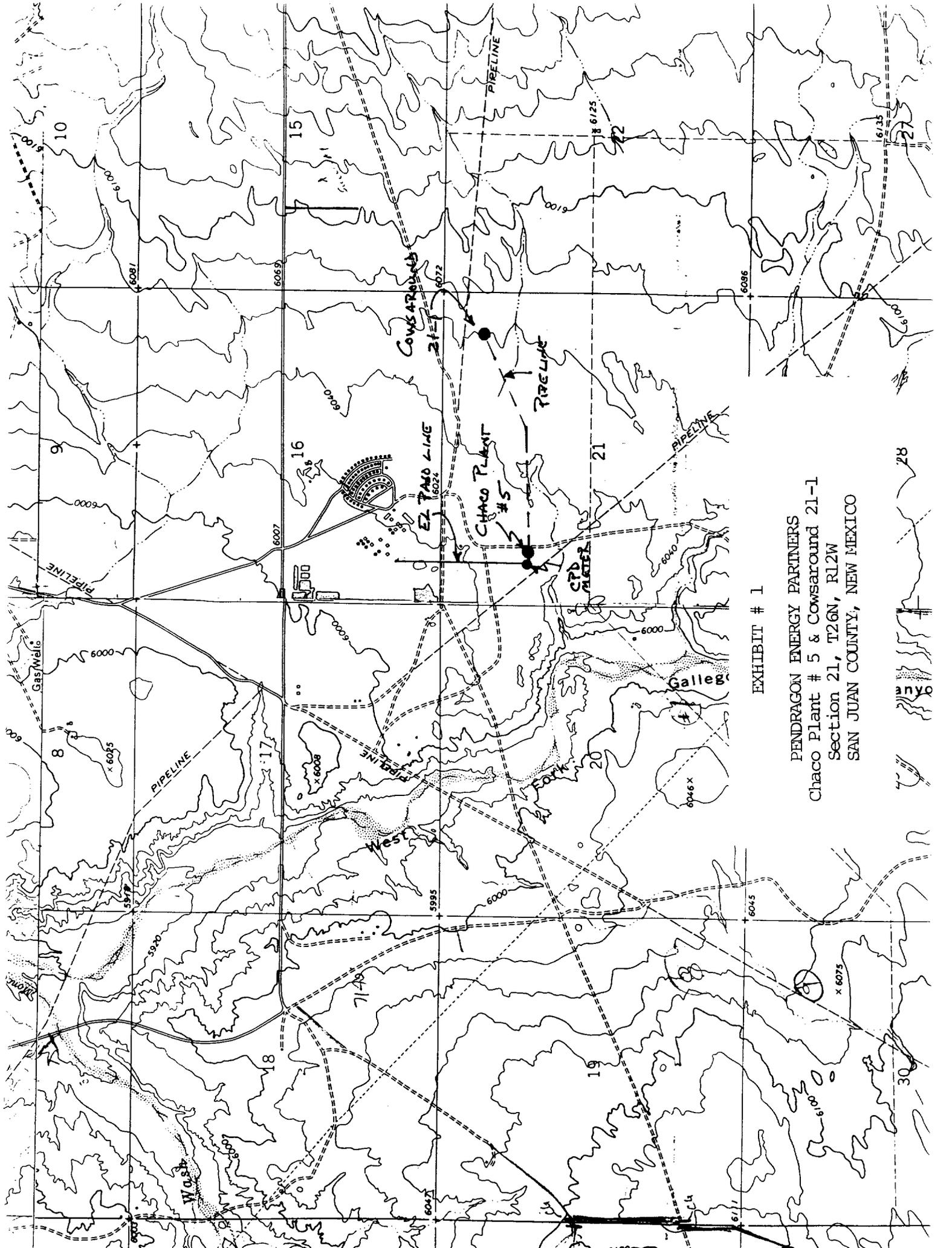


EXHIBIT # 1

PENDRAGON ENERGY PARTNERS  
 Chaco Plant # 5 & Cow's Round 21-1  
 Section 21, T26N, R12W  
 SAN JUAN COUNTY, NEW MEXICO

25 26 27 28

**OIL CONSERVATION DIVISION**  
 P.O. Box 2088  
 Santa Fe, New Mexico 87504-2088

1980, Hobbs, NM 88240

ACT II  
 Drawer DD, Artesia, NM 88210

ACT 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

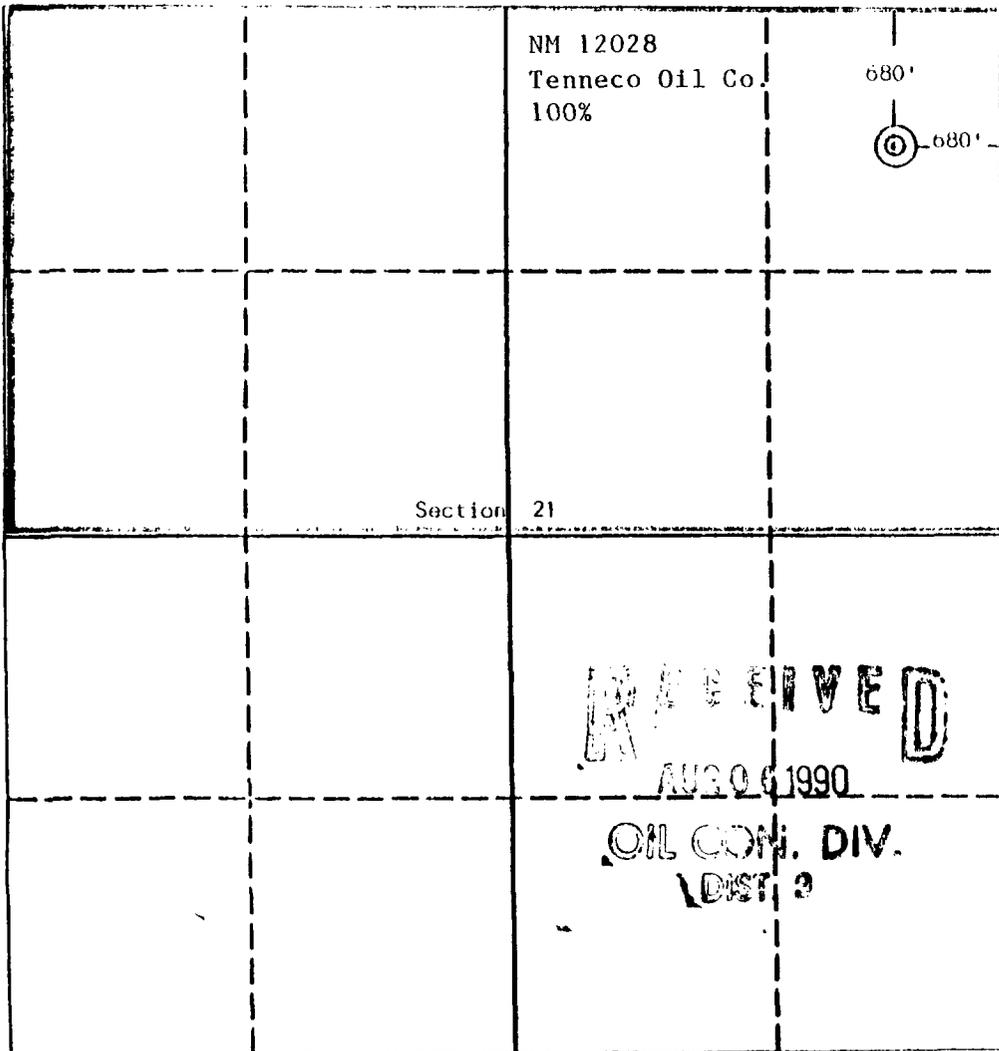
|  |                                       |                              |                                   |                    |
|--|---------------------------------------|------------------------------|-----------------------------------|--------------------|
| Operator<br>Nassau Resources, Inc.   |                                       | Lease<br>Cowsaround 21       |                                   | Well No.<br>1      |
| Unit Letter<br>A   | Section<br>21                         | Township<br>26 North         | Range<br>12 West                  | County<br>San Juan |
| Actual Footage Location of Well:<br>680 feet from the North line and 680 feet from the East line |                                       |                              |                                   |                    |
| Ground level Elev.<br>6060   | Producing Formation<br>Fruitland Coal | Pool<br>Basin Fruitland Coal | Dedicated Acreage:<br>320.0 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, force pooling, or otherwise) or until a two 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: Fran Perrin  
 Printed Name: Fran Perrin  
 Position: Admin. Asst.  
 Company: Nassau Resources, Inc.  
 Date: 5-17-90

**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.

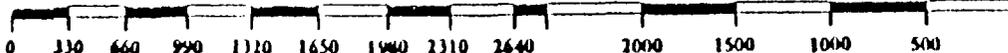
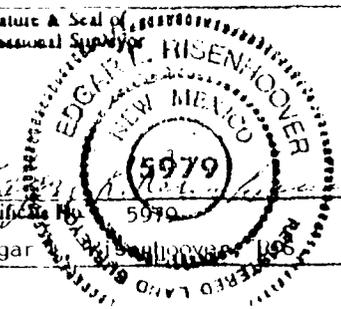
Date Surveyed: March 7, 1990

Signature & Seal of Professional Surveyor: Edgar Hoover

Certificate No. 5979

Edgar Hoover

**RECEIVED**  
 AUG 6 1990  
 OIL CON. DIV.  
 DIST. 2



NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102  
Supersedes C-128  
Effective 1-1-61

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

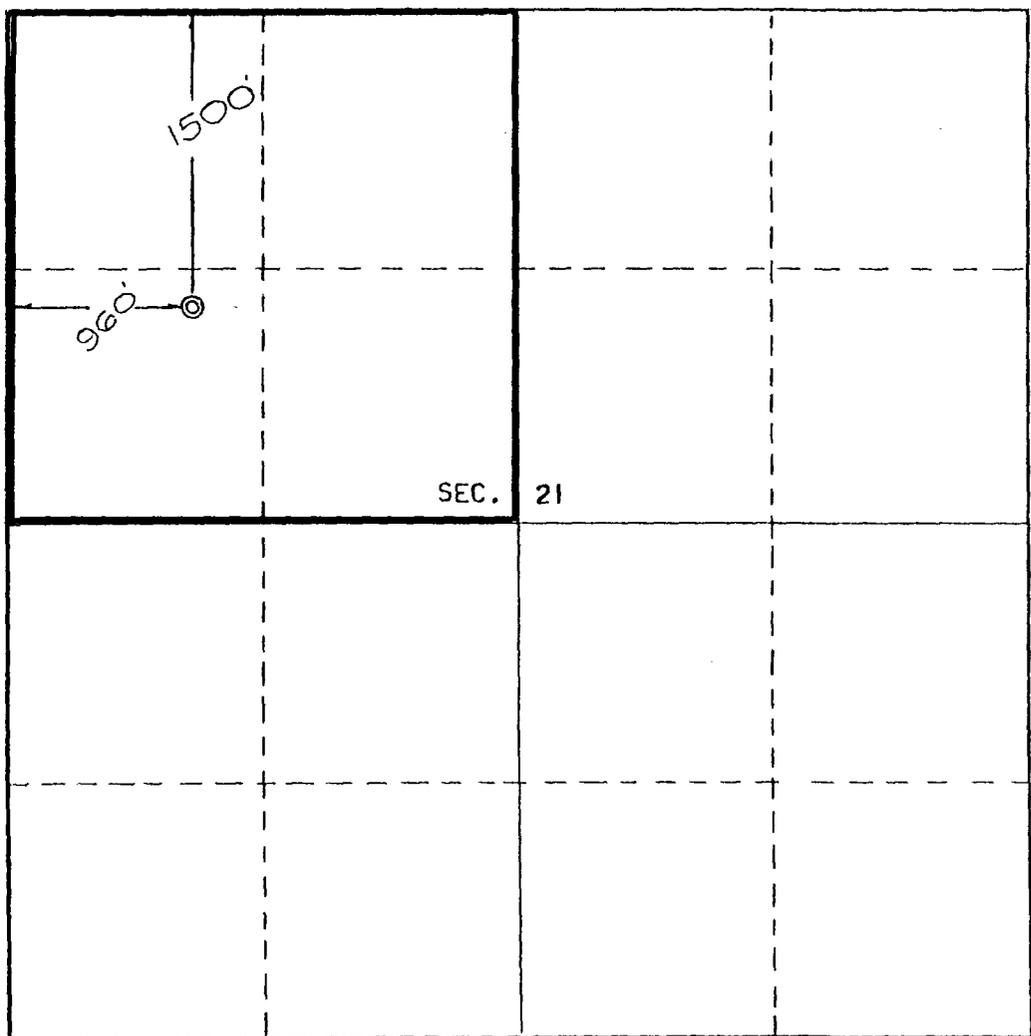
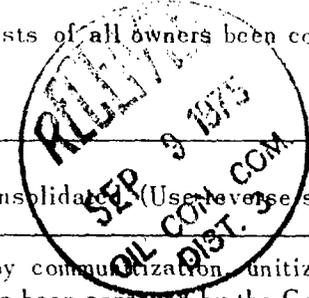
|                        |                     |          |                      |                   |                         |
|------------------------|---------------------|----------|----------------------|-------------------|-------------------------|
| Jerome P. McHugh       |                     |          | Lease<br>Chaco Plant |                   | Well No.<br>5           |
| Quarter                | Section             | Township | Range                | County            |                         |
|                        | 21                  | 26 North | 12 West              | San Juan          |                         |
| Well Location of Well: |                     |          |                      |                   |                         |
| 1500                   | feet from the       | North    | line and             | 960               | feet from the West line |
| Ground Level Elev.     | Producing Formation |          | Pool                 | Dedicated Acreage |                         |
| 6030                   | Pictured Cliffs     |          | Undesignated         | 160 Acres         |                         |

1. Outline the acreage dedicated to the subject well by colored pencil or hachure 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.

*J. A. Dugan*  
Name

Thomas A. Dugan

Position

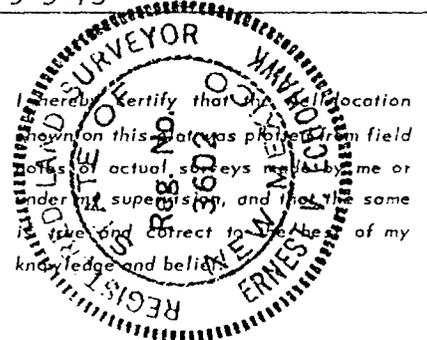
Engineer

Company

Jerome P. McHugh

Date

9-5-75



Date Surveyed

August 29, 1975

Registered Professional Engineer and/or Land Surveyor

*E. V. Ernhawk*

Certificate No. 3602

E. V. Ernhawk I S



## Exhibit # 3

### Surface Commingling of Gas Production

| <u>Owner</u>              | <u>Interest Owned</u> | <u>Gas Revenue</u> |
|---------------------------|-----------------------|--------------------|
| <b>Chaco Plant # 5</b>    |                       |                    |
| Ann L. Feldman            | Royalty               | .00937500          |
| KTM Holdings, Inc.        | Royalty               | .02812500          |
| Minerals Mgmt.            | Royalty               | .12500000          |
| Pendragon Resources L.P   | Working               | .83750000          |
| Total                     |                       | 1.0000000          |
| <b>Cowsaround 21-1</b>    |                       |                    |
| Amoco Production Company  | Royalty               | .03750000          |
| KTM Holdings, Inc.        | Royalty               | .00750000          |
| Minerals Mgmt             | Royalty               | .12500000          |
| Pendragon Resources, Inc. | Working               | .80500000          |
| Toc-Rocky Mountains Inc.  | Royalty               | .02500000          |
| Total                     |                       | 1.0000000          |



July 30, 1999

Pendragon Energy Partners  
621 17<sup>th</sup> Street, Suite 750  
Denver, CO 80293

Re: Application for Surface Commingling  
Pendragon Energy Partners  
Chaco Plant #5  
Cowsaround 21-1  
Section 21, T26N, R12W  
San Juan County, New Mexico

Dear Whom it may concern,

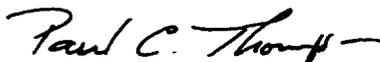
Pendragon Energy Partners has requested approval from the NMOCD to surface commingle the gas production from the above mentioned wells. As an interest owner in these wells you are being notified of this application pursuant to NMOCD rules.

Pendragon has installed an allocation meter on the Cowsaround 21-1 well. The Chaco Plant #5 production is the difference between the CPD meter and the allocation meter, with adjustments for separator and compressor fuel.

If you have no objection to this application, no action is required on your part. If you do object to the surface commingling application, please direct your comments to Ms. Lori Wrottenbery, New Mexico Oil Conservation Division, 2040 South Pacheco, Santa Fe, NM 87505, within 20 days of receipt of this notice. A copy of any correspondence you have with the NMOCD would be appreciated.

Please call me at (505) 327-4892, if you need any additional information.

Sincerely,

  
Paul C. Thompson, P.E.

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete Items 1 and/or 2 for additional services.
- Complete Items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

- 1.  Addressee's Address
- 2.  Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Pendragon Energy Partners  
621 17th Street, Suite 750  
Denver, CO 80293

4a. Article Number

Z 378 681 675

4b. Service Type

- Registered  Certified
- Express Mail  Insured
- Return Receipt for Merchandise  COD

7. Date of Delivery

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

X

8. Addressee's Address (Only if requested and fee is paid)

Thank you for using Return Receipt Service.

**WALSH**

ENGINEERING &amp; PRODUCTION CORP.

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping7415 East Main  
Farmington, New Mexico 87402  
(505) 327-4892 • Fax: (505) 327-9834

July 30, 1999

KTM Holdings, Inc.  
7691 Garrison Court  
Arvada, CO 80005Re: Application for Surface Commingling  
Pendragon Energy Partners  
Chaco Plant #5  
Cowsaround 21-1  
Section 21, T26N, R12W  
San Juan County, New Mexico

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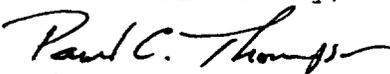
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3. Article Addressed to:

**KIM Holdings, Inc.**  
**7691 Garrison Court**  
**Arvada, CO 80005**

4a. Article Number  
**Z 378 681 674**

4b. Service Type

Registered  Certified  
 Express Mail  Insured  
 Return Receipt for Merchandise  COD

7. Date of Delivery

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**X**

Thank you for using Return Receipt Service.



**WALSH** ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping

7415 East Main  
Farmington, New Mexico 87402  
(505) 327-4892 • Fax: (505) 327-9834

July 30, 1999

Toc-Rocky Mountain, Inc.  
% of Amoco Production  
P.O. Box 841521  
Dallas, TX 75284-1521

Re: Application for Surface Commingling  
Pendragon Energy Partners  
Chaco Plant #5  
Cowsaround 21-1  
Section 21, T26N, R12W  
San Juan County, New Mexico

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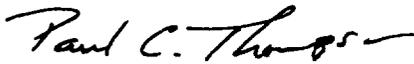
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3. Article Addressed to:

Tec-Rocky Mountain, Inc.  
% of Amoco Production  
P.O. Box 841521  
Dallas, TX 75284-1521

4a. Article Number

Z 443 083 646

4b. Service Type

- Registered  Certified
- Express Mail  Insured
- Return Receipt for Merchandise  COD

7. Date of Delivery

5. Received By: (Print Name)

6. Signature: (Addressee or Agent)

X

8. Addressee's Address (Only if requested and fee is paid)

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Petroleum Engineering Consulting  
Lease Management  
Contract Pumping

7415 East Main  
Farmington, New Mexico 87402  
(505) 327-4892 • Fax: (505) 327-9834

July 30, 1999

Amoco  
P.O. Box 841521  
Dallas, TX 75284-1521

Re: Application for Surface Commingling  
Pendragon Energy Partners  
Chaco Plant #5  
Cowsaround 21-1  
Section 21, T26N, R12W  
San Juan County, New Mexico

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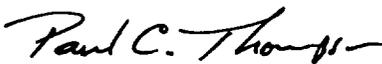
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Amoco  
P.O. box 841521  
Dallas, TX 75284-1521

4a. Article Number

Z 443 083 647

4b. Service Type

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Petroleum Engineering Consulting  
Lease Management  
Contract Pumping

7415 East Main  
Farmington, New Mexico 87402  
(505) 327-4892 • Fax: (505) 327-9834

July 30, 1999

Ann Feldman  
1973 South Grant Street  
Denver, CO 80210

Re: Application for Surface Commingling  
Pendragon Energy Partners  
Chaco Plant #5  
Cowsaround 21-1  
Section 21, T26N, R12W  
San Juan County, New Mexico

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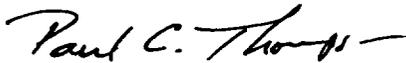
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3. Article Addressed to:

**Ann Feldman**  
**1973 South Grant St.**  
**Denver, CO 80210**

4a. Article Number  
**2 443 083 648**

4b. Service Type

Registered  Certified

Express Mail  Insured

Return Receipt for Merchandise  COD

7. Date of Delivery

5. Received By: *(Print Name)*

8. Addressee's Address *(Only if requested and fee is paid)*

6. Signature: *(Addressee or Agent)*

**X**

Thank you for using Return Receipt Service.



**WALSH** ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping

7415 East Main  
Farmington, New Mexico 87402  
(505) 327-4892 • Fax: (505) 327-9834

July 30, 1999

Minerals Management Service  
P.O. Box 5810  
Denver, CO 80217

Re: Application for Surface Commingling  
Pendragon Energy Partners  
Chaco Plant #5  
Cowsaround 21-1  
Section 21, T26N, R12W  
San Juan County, New Mexico

Dear Whom it may concern,

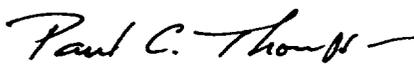
Pendragon Energy Partners has requested approval from the NMOCD to surface commingle the gas production from the above mentioned wells. As an interest owner in these wells you are being notified of this application pursuant to NMOCD rules.

Pendragon has installed an allocation meter on the Cowsaround 21-1 well. The Chaco Plant #5 production is the difference between the CPD meter and the allocation meter, with adjustments for separator and compressor fuel.

If you have no objection to this application, no action is required on your part. If you do object to the surface commingling application, please direct your comments to Ms. Lori Wrottenbery, New Mexico Oil Conservation Division, 2040 South Pacheco, Santa Fe, NM 87505, within 20 days of receipt of this notice. A copy of any correspondence you have with the NMOCD would be appreciated.

Please call me at (505) 327-4892, if you need any additional information.

Sincerely,

  
Paul C. Thompson, P.E.

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1.  Addressee's Address

2.  Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

**Minerals Management**  
**P.O. Box 5810**  
**Denver, CO 80217**

4a. Article Number  
**Z 443 083 649**

4b. Service Type

Registered  Certified

Express Mail  Insured

Return Receipt for Merchandise  COD

7. Date of Delivery

5. Received By: (Print Name)

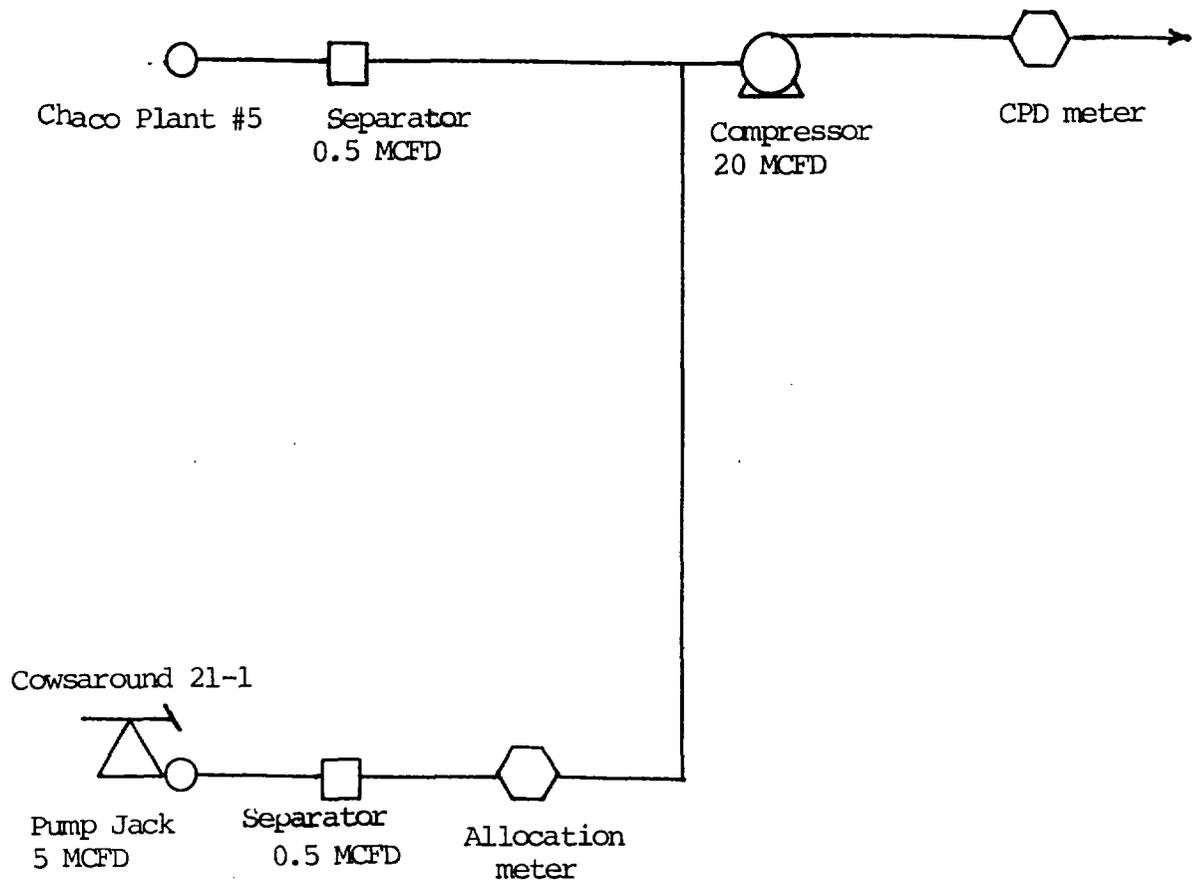
8. Addressee's Address (Only if requested and fee is paid)

6. Signature: (Addressee or Agent)

**X**

Thank you for using Return Receipt Service.

EXHIBIT # 4  
PENDRAGON ENERGY PARTNERS  
SURFACE COMMINGLING APPLICATION



# Rate/Time Graph

Project: C:\Program Files\HSE Energy\PTools35\PROJECTS\Pend-Scom.MDB

Date: 7/28/1999  
Time: 9:39 AM

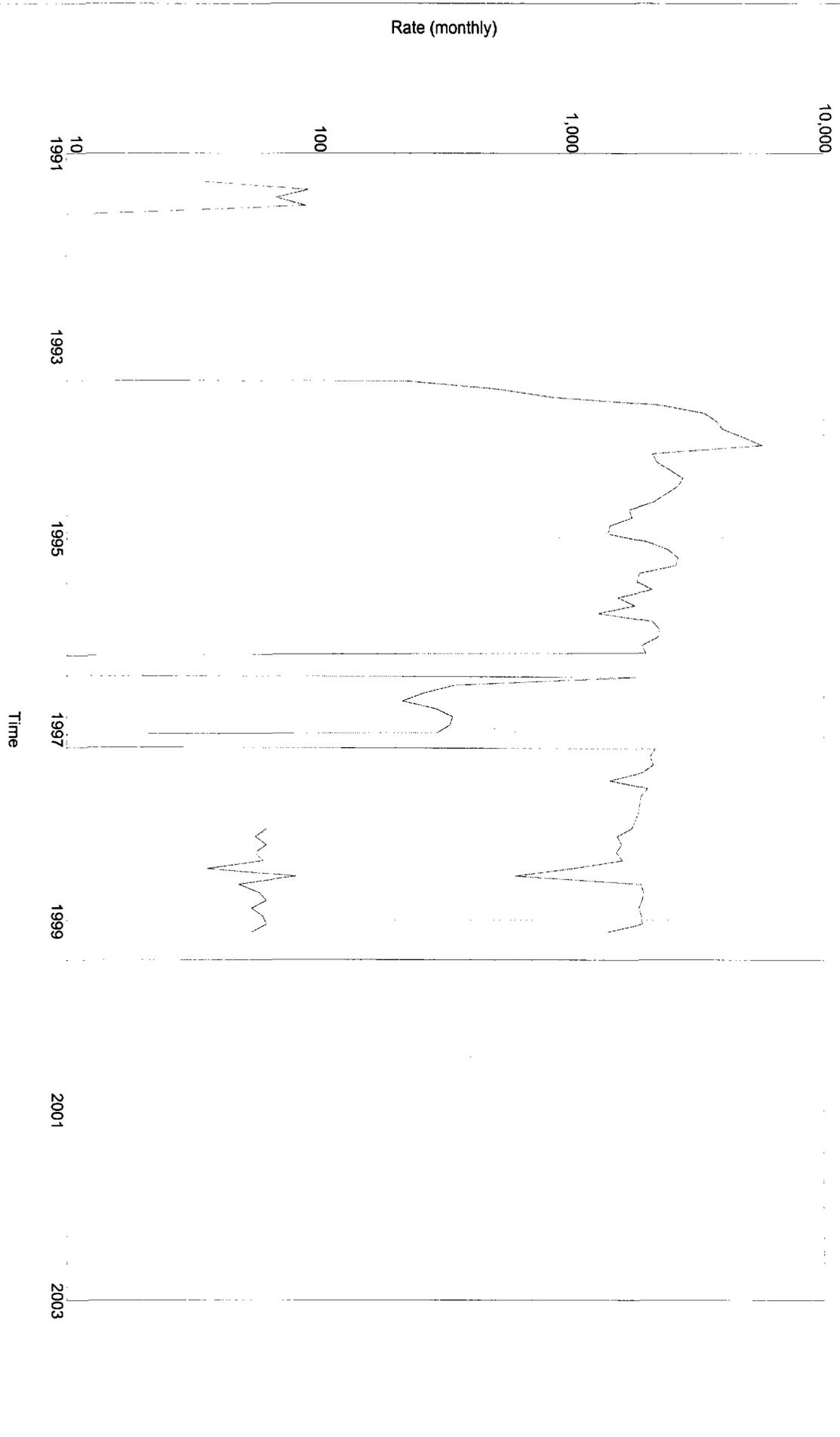
Lease Name:  
County, ST:  
Location:

COWSAROUND 21 (1)  
SAN JUAN, NM  
26N-12W-21

Field Name:  
Operator:

BASIN (FRUITLAND COAL) FT  
PENDRAGON ENERGY PTRS

COWSAROUND 21 - BASIN (FRUITLAND COAL) FT



# Rate/Time Graph

Project: C:\Program Files\HS Energy\PTools35\PROJECTS\Pend-Scorm.MDB

Date: 7/28/1999  
Time: 9:40 AM

Lease Name: CHACO PLANT (5)  
County, ST: SAN JUAN, NM  
Location: 26N-12W-21

Field Name: WAW (FRUITLAND PICTURED CLIFFS) FP  
Operator: PENDRAGON ENERGY PTRS

CHACO PLANT - WAW (FRUITLAND PICTURED CLIFFS) FP

