

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30-045-22027
5. Indicate Type of Lease: FEDERAL STATE ☐ FEE ☐
6. State Oil & Gas Lease No. FEDERAL: SF-078481A
7. Lease Name or Unit Agreement Name GRAHAM
8. Well Number: #1A
9. OGRID Number 141852
10. Pool name or Wildcat Blanco Mesaverde & Otero Chacra
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 5973' GL

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well ☐ Gas Well ☒ Other ☐

2. Name of Operator
M & G DRILLING, c/o Mike Pippin LLC (Agent),

3. Address of Operator
c/o Mike Pippin LLC, 3104 N. Sullivan, Farmington, NM 87401

4. Well Location
Unit Letter **P** : **880** feet from the **South** line and **790** feet from the **East** line
Section **4** Township **27N** Range **08W** NMPM San Juan County

Pit or Below-grade Tank Application ☐ or Closure ☐

Pit type _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____

Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK ☐	PLUG AND ABANDON ☐	REMEDIAL WORK ☐	ALTERING CASING ☐
TEMPORARILY ABANDON ☐	CHANGE PLANS ☐	COMMENCE DRILLING OPNS. ☐	P AND A ☐
PULL OR ALTER CASING ☐	MULTIPLE COMPL ☐	CASING/CEMENT JOB ☐	
OTHER: Administrative Downhole Commingle ☒		OTHER: ☐	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

M & G DRILLING company requests administrative approval to downhole commingle the Otero Chacra (82329) and Blanco Mesaverde (72319), which are both included in the pre-approved pools established by Division Order R-11363. Following approval, this well will be surface commingled & the downhole commingle workover sundry submitted.

Both intervals have common ownership and produce essentially dry gas. We do not anticipate any significant cross flows between these two intervals, and all the fluids are compatible. Downhole commingling will improve recovery of liquids, eliminate redundant surface equipment, and maximize productivity. There are several other wells in the vicinity that are commingled in these zones.

Allocation of production is recommended to be:

MESAVERDE	CHACRA
GAS 87%	13%
OIL 99%	1%

The allocations were calculated using the ratio of the well's cumulatives for each producing interval. See the attached calculation sheet.

Notice has been filed concurrently on form 3160-5 with the BLM for notification.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☐ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Mike Pippin TITLE Petr. Engr. (Agent) DATE 8/19/04

Type or print name Mike Pippin E-mail address: mpippin@ddbroadband.net Telephone No. 505-327-4573

For State Use Only

APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 43 DATE AUG 19 2004

Conditions of Approval (if any):

M & G DRILLING COMPANY
GRAHAM #1A MV/CHACRA
P Section 4 T27N R8W
8/19/2004

Commingle Allocation Calculations

GAS

The gas allocations are based on each formation's cumulative production numbers, which have accumulated since the well was first delivered in 1976 as a dual Mesaverde / Chacra gas well.

Chacra Gas Cumulative:	187 MMCF
Mesaverde Gas Cumulative:	1287 MMCF
Total Gas Cumulative:	1474 MMCF

$$\% \text{ Chacra} = \frac{187}{1,474} = 13\%$$

$$\% \text{ Mesaverde} = \frac{1,287}{1,474} = 87\%$$

OIL

The oil allocations are based on each formation's cumulative production numbers, which have accumulated since the well was first delivered in 1976 as a dual Mesaverde / Chacra gas well.

Chacra Oil Cumulative:	81 MMCF
Mesaverde Oil Cumulative:	5657 MMCF
Total Oil Cumulative:	5738 MMCF

$$\% \text{ Chacra} = \frac{81}{5,738} = 1\%$$

$$\% \text{ Mesaverde} = \frac{5,657}{5,738} = 99\%$$