

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		8. Well Name and No. RINCON UNIT 127M
2. Name of Operator CHEVRON MIDCONTINENT, LP Contact: APRIL E POHL E-Mail: APRIL.POHL@CHEVRON.COM		9. API Well No. 30-039-25214-00-A1
3a. Address 332 ROAD 3100 AZTEC, NM 87410	3b. Phone No. (include area code) Ph: 505-333-1941 Fx: 505-334-7134	10. Field and Pool, or Exploratory Multiple--See Attached
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 28 T27N R6W NWNW 0850FNL 0800FWL 36.550110 N Lat, 107.478500 W Lon		11. County or Parish, and State RIO ARRIBA COUNTY, NM

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 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 Subsurface Commingling
	<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 Operation (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 recompletion 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.)

CHEVRON MIDCONTINENT RESPECTFULLY REQUESTS TO DOWNHOLE COMMINGLE THE OPEN ZONES IN THE RINCON 127M. MESAVERDE AND DAKOTA ARE DOWNHOLE COMMINGLED PER DHC 916. PICTURE CLIFFS IS DUALY COMPLETED WITH THE MV/DAK. THAT ZONE IS INCLUDED IN PLC 105.

ALL OF THE ZONES ARE ON THE PRE-APPROVED LIST. AS THE WELL AGES IT WOULD BE MORE ECONOMICAL TO PRODUCE THE WELL AS ONE STRING.

THE NMOCD APPLICATION HAS BEEN SENT TO SANTA FE FOR APPROVAL. PLEASE SEE ATTACHED PACKAGE.

OIL CONS. DIV DIST. 3

SEP 23 2015

14. I hereby certify that the foregoing is true and correct. Electronic Submission #316701 verified by the BLM Well Information System For CHEVRON MIDCONTINENT, LP, sent to the Farmington Committed to AFMSS for processing by WILLIAM TAMBEKOU on 09/17/2015 (15WMT0623SE)	
Name (Printed/Typed) SIMON MARTIN	Title PETROLEUM ENGINEER
Signature (Electronic Submission)	Date 09/16/2015

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <u>WILLIAM TAMBEKOU</u>	Title <u>PETROLEUM ENGINEER</u>	Date <u>09/17/2015</u>
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 Farmington

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, 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.

**** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ** BLM REVISED ****

NMOCD *AV*

Additional data for EC transaction #316701 that would not fit on the form

10. Field and Pool, continued

SOUTH BLANCO PICTURED CLIFFS



Taylor A. Leftwich
Land Representative

MidContinent Business Unit
Chevron North American
Exploration and Production
1400 Smith St. Rm. 47129
Houston, Texas 77002
Tel 713-372-9891
Taylor.Leftwich@chevron.com

August 24, 2015

Certified Mail: 70132630000123273024

United States Department of the Interior
Bureau of Land Management
6251 College Blvd. Suite A
Farmington, NM 87402

RECEIVED

AUG 31 2015

Farmington Field Office
Bureau of Land Management

**RE: Application to Downhole Commingle
Rincon Unit #127M
Section 28, T-27-N, R-6-W, Rio Arriba County
API: 30-039-25214**

Dear Sir or Madam:

Chevron Midcontinent, L.P. has requested permission from the New Mexico Oil Conservation Division to downhole commingle production from the Blanco Pictured Cliffs South, Blanco-Mesaverde, and Basin Dakota formations in the following well:

Rincon Unit No. 127M
850' FNL, 800' FWL
Section 28, T-27-N, R-6-W
Rio Arriba County, New Mexico

A copy of the Form C-107-A application is attached for your review. Should you have any objections to this proposal, please notify the NMOCD within twenty (20) days. Should you have any technical questions please contact Simon Martin at (713) 372-3821. For any other questions regarding the application please contact the undersigned at (713) 372-9891.

Kind regards,

Taylor Leftwich
Land Representative

Enclosures:

District I
1625 N. PUNCH Drive, Hobbs, NM 88240

District II
811 S. First St., Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised August 1, 2011

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

APPLICATION FOR DOWNHOLE COMMINGLING

Chevron Midcontinent L.P. 332 Road 3100 Aztec, NM 87410

Operator Rincon Address D-28-27N-6W Rio Arriba
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 241333 Property Code 302737 API No. 30-039-25214 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Blanco Pictured Cliffs South (Prorated Gas)	Blanco-Mesaverde (Prorated Gas)	Basin Dakota (Prorated Gas)
Pool Code	72439	72319	71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3200' - 3262'	4884' - 5276'	7424' - 7642'
Method of Production (Flowing or Artificial Lift)	Flowing	Plunger Lift	Plunger Lift
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)	NA	NA	NA
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1100	1190	1190
Producing, Shut-In or New Zone	Shut-in	Shut-in	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: 2/10/15 Rates: 67MCFPD, 0 BOPD, 0 BWPD	Date: 4/8/15 Rates: 19 MCFPD, <0.5 BOPD, 0.5BWPD	Date: 4/8/15 Rates: 95 MCFPD, <0.5 BOPD, 0.5BWPD
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 0% 28%	Oil Gas 50% 12%	Oil Gas 50% 60%

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?
See attached letter and certified mailing list 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: **DHC 916 PLC 105**

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 _____ TITLE _____ DATE _____

TYPE OR PRINT NAME _____ TELEPHONE NO. (_____) _____

E-MAIL ADDRESS _____

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-25214	² Pool Code 71599	³ Pool Name Basin Dakota
⁴ Property Code 302737	⁵ Property Name Rincon Unit	
		⁶ Well Number 127 M
⁷ OGRID No. 241333	⁸ Operator Name Chevron Midcontinent L.P.	
		⁹ Elevation 6656'

¹⁰ Surface Location

UL or lot no. D	Section 28	Township 27 N	Range 6 W	Lot Idn	Feet from the 850	North/South line N	Feet from the 800	East/West line W	County Rio Arriba
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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
¹² Dedicated Acres N 320		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ 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.

<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> ¹⁶ </div>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>Signature _____ Date _____</p> <p>Printed Name _____</p> <p>E-mail Address _____</p>
<div style="border: 1px solid black; height: 150px; margin-bottom: 10px;"></div>	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p><i>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 belief.</i></p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor: _____</p>
<div style="border: 1px solid black; height: 150px;"></div>	<p>Certificate Number _____</p>

District I
1625 N. French Dr., Hobbs, NM 88240
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-25214		² Pool Code 72319		³ Pool Name Blanco-Mesaverde	
⁴ Property Code 302737		⁵ Property Name Rincon Unit			⁶ Well Number 127 M
⁷ OGRID No. 241333		⁸ Operator Name Chevron Midcontinent L.P.			⁹ Elevation 6656'

¹⁰ Surface Location

UL or lot no. D	Section 28	Township 27 N	Range 6 W	Lot Idn	Feet from the 850	North/South line N	Feet from the 800	East/West line W	County Rio Arriba
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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
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¹² Dedicated Acres N 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i> Signature _____ Date _____ Printed Name _____ E-mail Address _____
				¹⁸ SURVEYOR CERTIFICATION <i>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 belief.</i> Date of Survey _____ Signature and Seal of Professional Surveyor: _____ Certificate Number _____

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-25214	² Pool Code 72439	³ Pool Name Blanco Pictured Cliffs South
⁴ Property Code 302737	⁵ Property Name Rincon Unit	⁶ Well Number 127 M
⁷ OGRID No. 241333	⁸ Operator Name Chevron Midcontinent L.P.	⁹ Elevation 6656'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	28	27 N	6 W		850	N	800	W	Rio Arriba

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

¹² Dedicated Acres NW 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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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>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i> Signature _____ Date _____ Printed Name _____ E-mail Address _____
				¹⁸ SURVEYOR CERTIFICATION <i>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 belief.</i> Date of Survey _____ Signature and Seal of Professional Surveyor: _____ Certificate Number _____

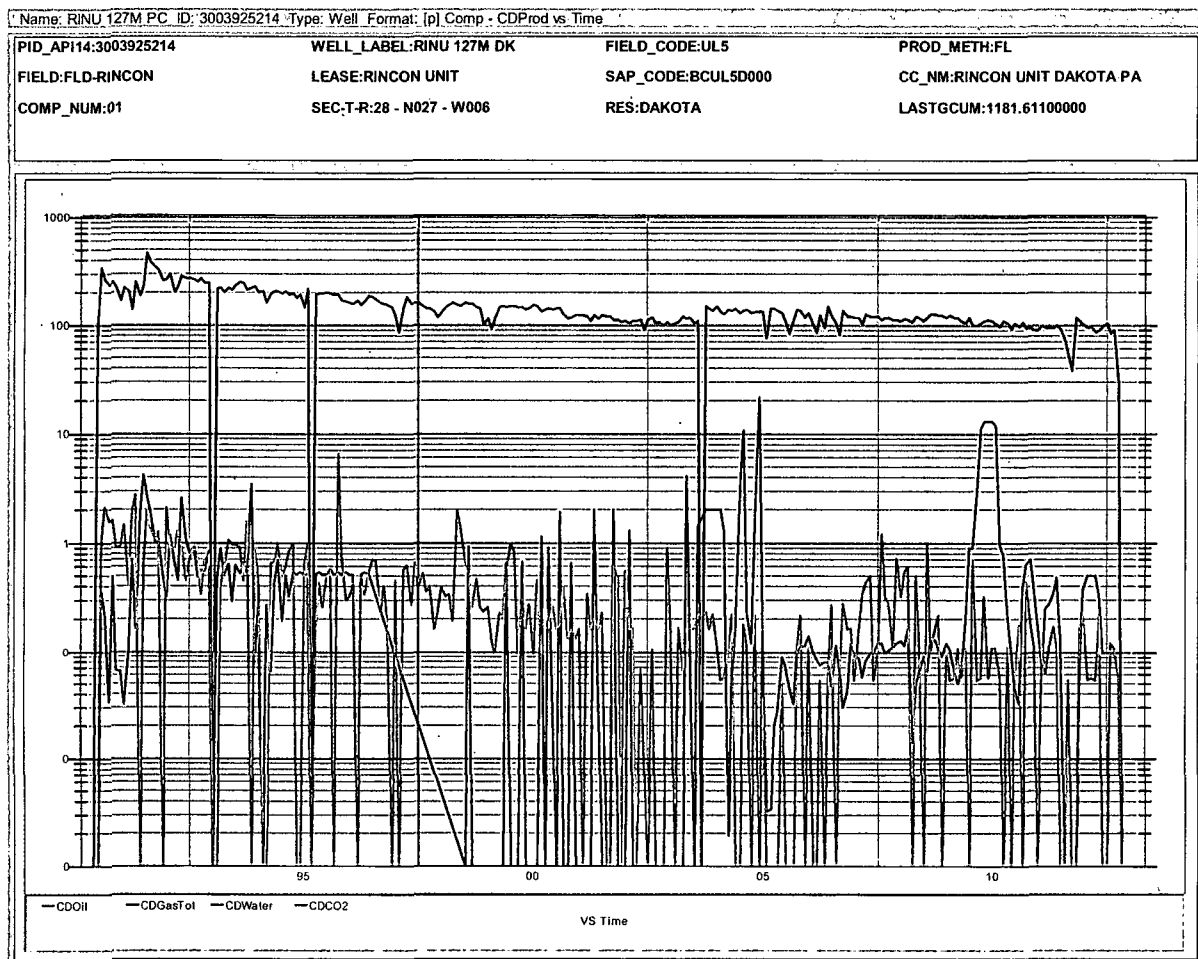
Rincon 127M Allocation Determination

API: 3003925214

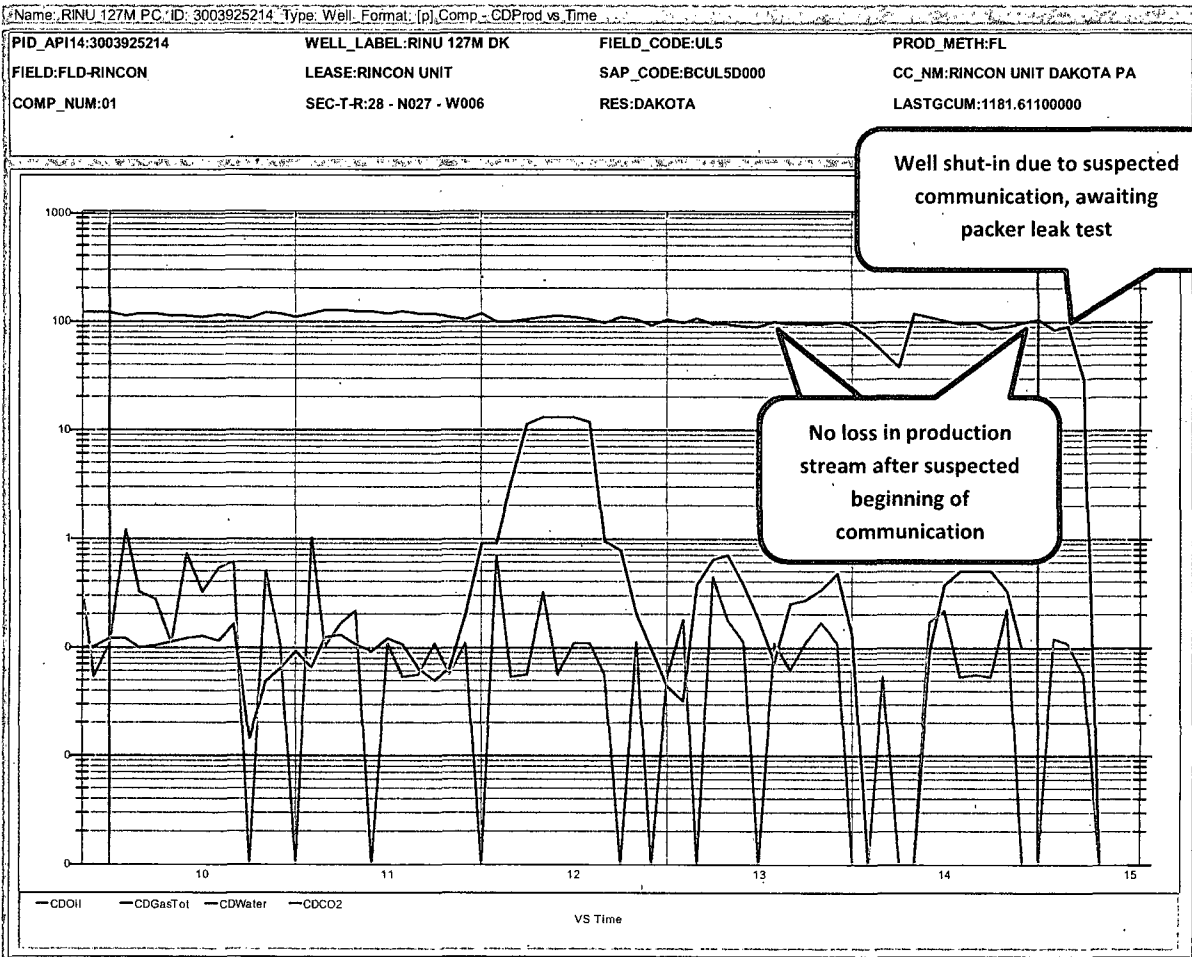
Well Status

A recent packer leakage test confirmed the packer/tubing isolating the Pictured Cliffs completion from the Mesa Verde and Dakota completions has failed and all zones are in communication. The communication was suspected by increasing production on the Pictured Cliffs string (shown below Exhibit D) However, the total well production has not experienced an impact from the breach in mechanical integrity based upon the recent production history (see charts A & B below). The downhole communication is apparently not detrimental to the well performance from any of the completed zones.

A. Total well production stream (from all zones)



B. Total Well Production Stream (5 years)



Proposed Allocation Factors

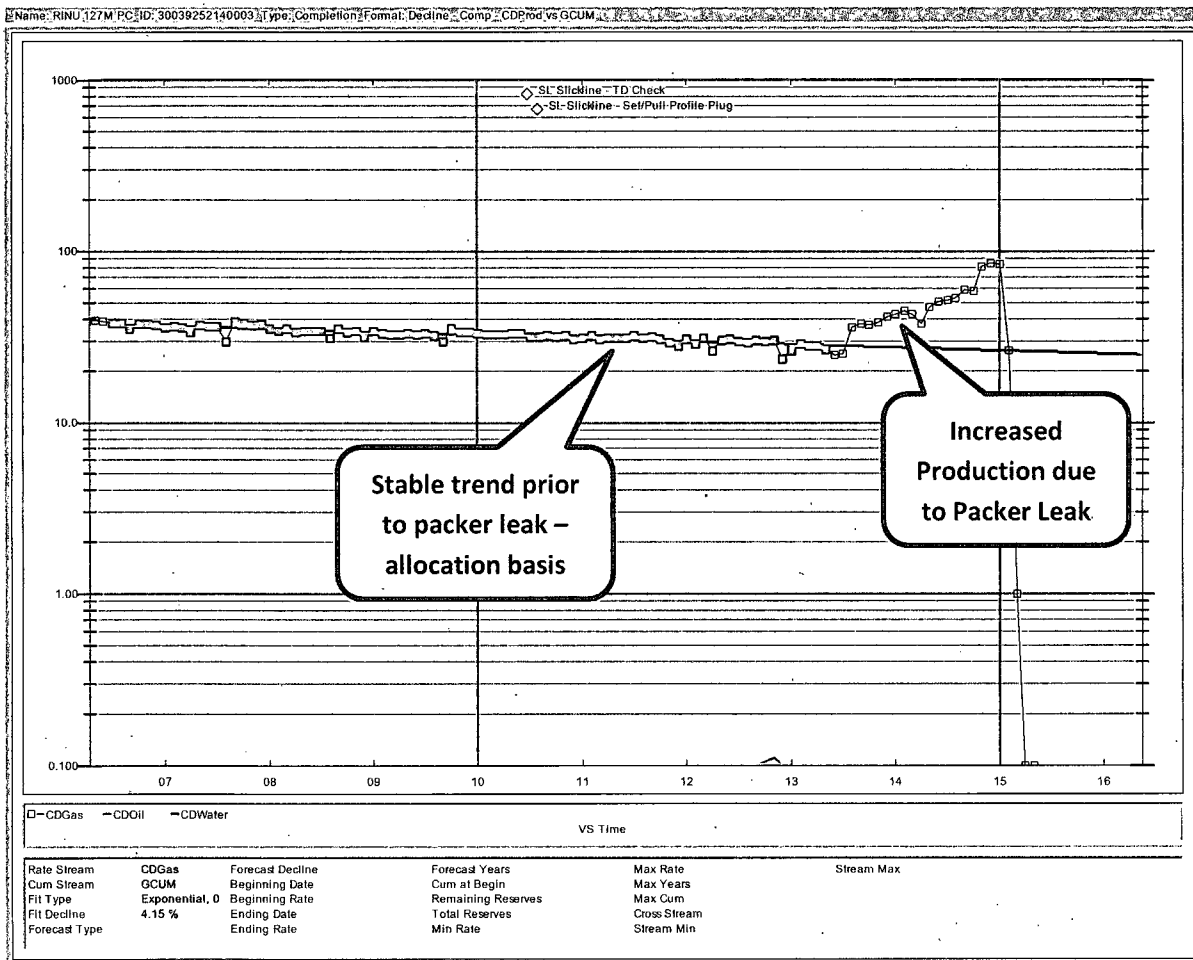
The allocation factors have been determined by the production history prior the suspected packer leak occurrence (see production charts D & E below). The Dakota and Mesa Verde production has been allocated based on using the commingled production stream along with previously approved allocation factors (see table C).

Formation	Gas Rate	Gas Allocation	Oil Rate	Oil Allocation
Pictured Cliffs	28 MCFPD	28%	0	0%
Mesa Verde	12 MCFPD	12%	<1 BOPD	50%
Dakota	61 MCFPD	60%	<1 BOPD	50%

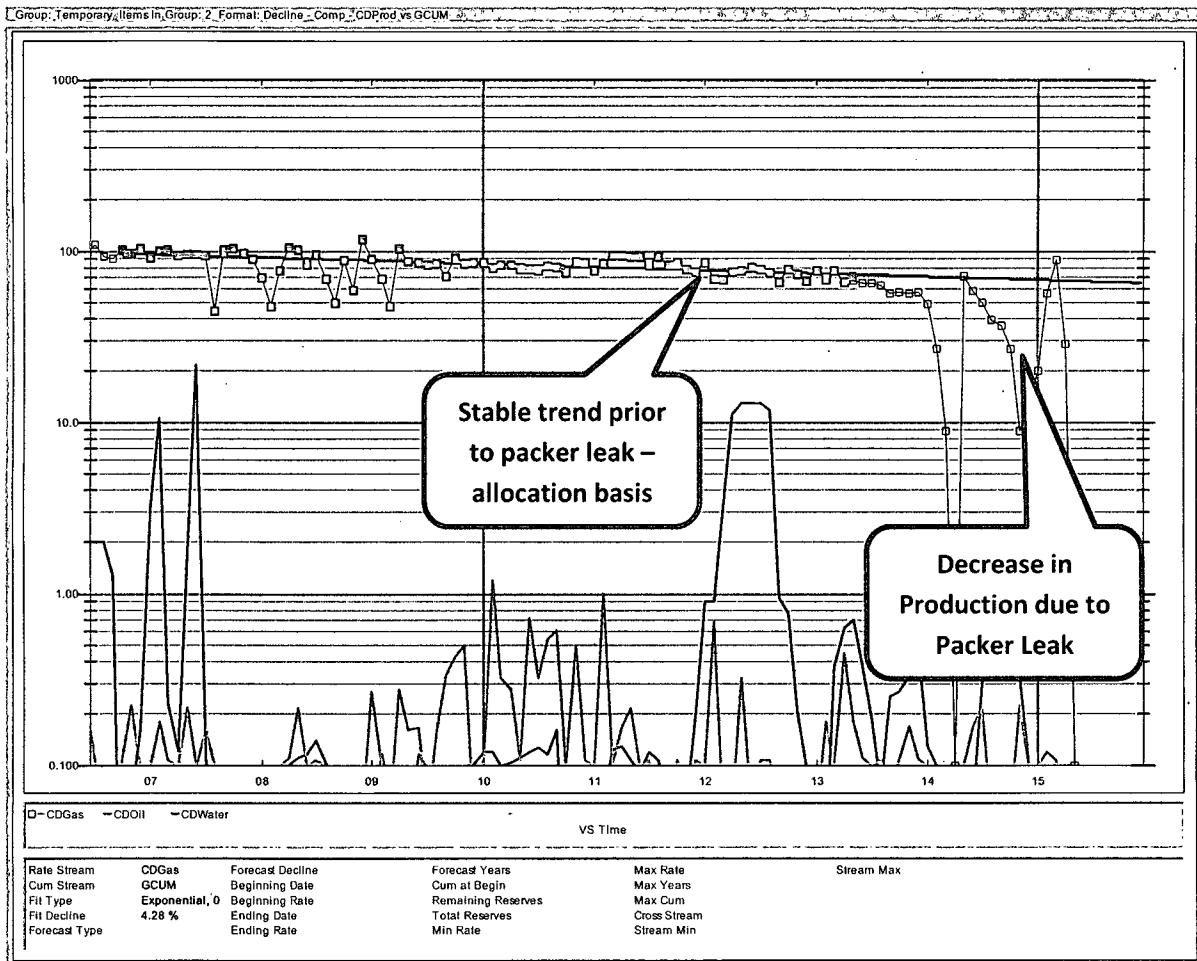
C. Previous Allocation Factors

Formation	Gas Allocation	Oil Allocation	Comments
Pictured Cliffs	N/A	N/A	No commingling
Mesa Verde	17%	50%	Previously approved based on production test
Dakota	83%	50%	Previously approved based on production test

D. Pictured Cliffs Production



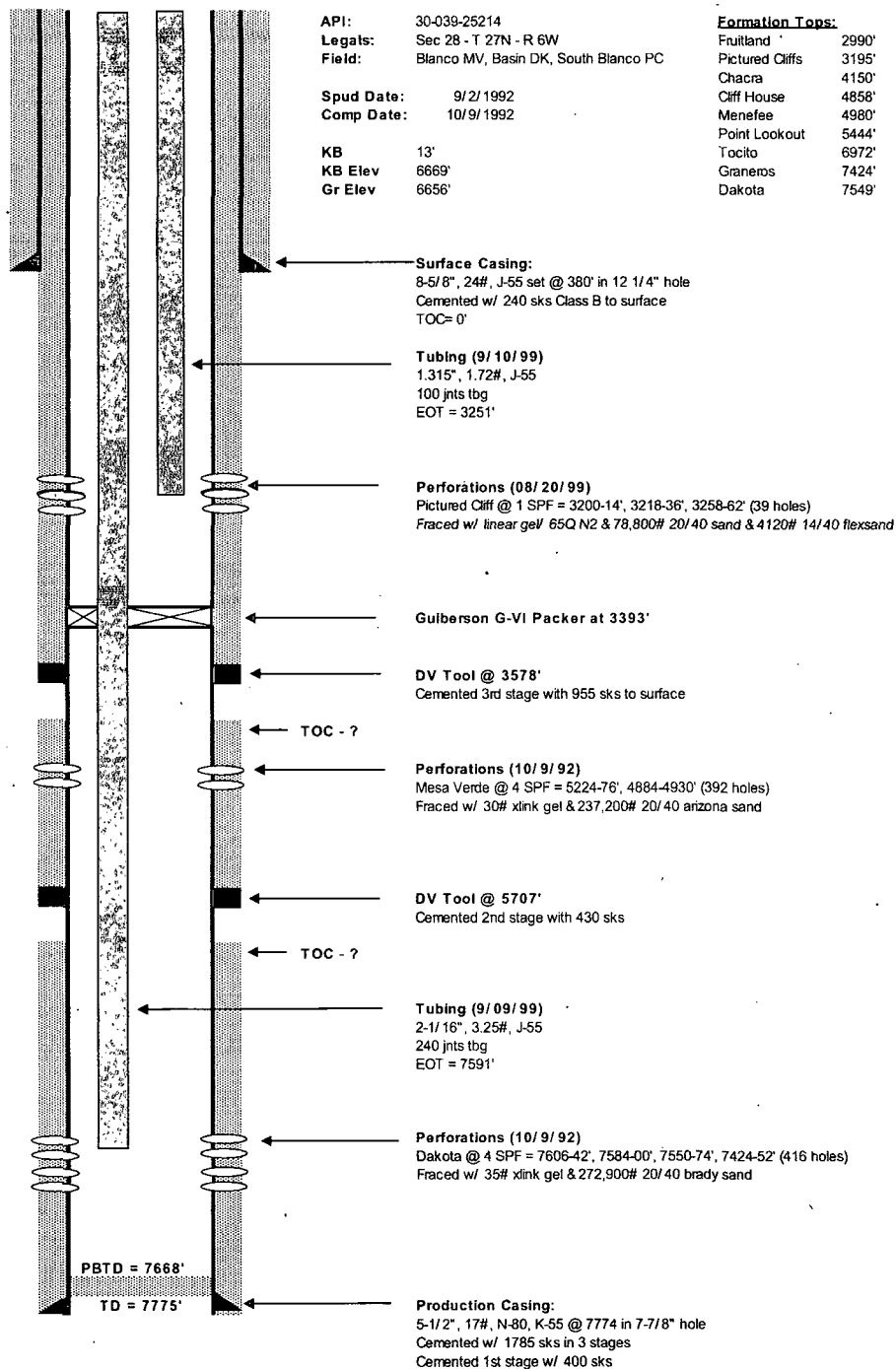
E. Mesa Verde / Dakota Commingled Production



Wellbore Diagram



Rincon Unit Well #127M Rio Arriba County, New Mexico Current Wellbore Schematic as of 8-12-14 Long String is Plunger Lifted



Prepared by: Simon Martin
 Date: 08/2/2014

Updated by:
 Date:

Conclusion

We respectfully submit for approval downhole commingling the Pictured Cliffs, Mesa Verde, and Dakota using the aforementioned allocation factors. The data clearly indicates there has been no adverse effect to production since the communication has occurred. Operating the well with the current downhole configuration is the most economic and prudent way to recover the remaining marginal volume of reserves.