

Submit 3 Copies To Appropriate District Office
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

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
May 27, 2004

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

WELL API NO. 30 - 039 - 82326
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. E - 1207 - 1
7. Lease Name or Unit Agreement Name NCRA State
8. Well Number #4
9. OGRID Number 225774
10. Pool name or Wildcat Devil's Fork: Gallup & Mesaverde

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
RESOURCE DEVELOPMENT TECHNOLOGY, LLC (RDT)

3. Address of Operator
PO BOX 1020, MORRISON, CO 80465

4. Well Location
Unit Letter: 'J': 1685' feet from the South line and 1710' feet from the East line
Section: 16 Township 24 North Range 6 West NMPM Rio Arriba County
11. Elevation (Show whether DR, RKB, RT, GR, etc.)

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:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐

OTHER: Allocate Commingled Production ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☒ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: Report Load Oil Used in Clean-Up Operations ☒

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.

NCRA State #4 Well History of Production Allocation:

The well was originally completed in the Lower Gallup Fm. ('D-3' Sand: 5762' - 5777') in 1962. The well produced from the Lower Gallup Perfs. only until 1972. In 1972 the casing developed a leak & a CIBP was installed @ 5720'.

Casing repairs were made during 1974 & the CIBP was left In-Place. During 1974 the well was re-completed as a commingled Upper Gallup Fm. ('B-2' Sand: 5647'-5657') & Mesaverde Fm. (Pt. Lookout Sands: 4477'-4482' + 4501'-4504' + 4531'-4541' + 4793'-4813') producer. The allocation of production for the well was determined to be:

Upper Gallup Fm.: 98 MCFD w/ No Oil or Water: 0% of Oil + 78.4% of Gas + 0% of Water: GOR = Gas Only.

Mesaverde Fm.: 27 BOPD + 12 BWD + 27 MCFD: 100% of Oil + 21.6% of Gas + 100% of Water: GOR = 1000.

The well produced under this allocation until another casing leak in 1999.

Summary of Commingling Operations:

During 2004 Resource Development Technology, LLC (RDT) became the Operator of this well. During the Spring of 2006 RDT did repair the Casing to the satisfaction of the NMOCD. The final & successful casing test above 3820' on 5/12/2006 was witnessed by Mr. Villanueva. Clean-Out & Fishing Operations continued until 6/8/2006. The CIBP @ 5720' isolating the Lower Gallup Perfs (5762'-5777') was removed on 6/2/2006. All of the previously perforated zones were cleaned-up & evaluated after this. (continued):

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 R. A. Schwering TITLE Operations Manager DATE 10/6/2006
Type or print name R. A. Schwering, PE E-mail address: ras.rdt@mindspring.com Telephone No.: (303) 716-3200
For State Use Only

APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 4 DATE OCT 27 2006
Conditions of Approval (if any):

RECORD OF ZONE CLEAN-UPS & PRODUCTION TESTING:

Lower Gallup Fm. Perfs.: 5762' – 5777': Packer Set @ 5710'.
Cleaned Up w/ 450 Gallons Methanol & 1,213 Gallons of Xylene on 6/9/2006.
Max. Treating Press @ 1500#.
Swab & Flow & Est. Final Rate on 6/14/2006 @ 5 BOPD + 15 MCFD:
GOR = 3,000 SCF/ STBO.
Load Oil = 1,213 Gallons of Xylene.

Upper Gallup Fm. Perfs.: 5647' – 5657': RBP Set @ 5700'. Packer Set @ 5505'.
Cleaned Up w/ 1,500 Gallons Methanol on 6/15/2006: Max. TP @ 1500#.
Cleaned Up w/ 1,200 Gallons of Xylene on 6/17/2006: Max. TP @ 1500#.
Swab & Flow & Est. Flow Rate on 6/16/2006 @ 0.5 BOPD + 50 MCFD:
GOR = 100,000 SCF/ STBO.
Load Oil = 1,200 Gallons of Xylene.

Summation of Est. Gallup Fm. Potential: 5.5 BOPD + 65 MCFD: GOR @ 11,818 SCF/ STBO.

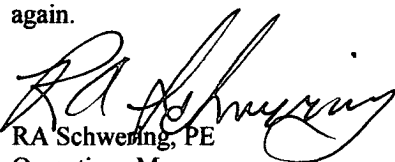
Mesaverde Fm. Perfs: 4477' – 4813' OA: RBP Set @ 4850'. Packer Set @ 4404'.
Cleaned Up w/ 1,500 Gallons of Xylene on 6/19/2006: Max. TP @ 1500#.
Remove Packer & Plug on 6/20/2006 & RIH w/ Pumping Assembly.
COMBINE ALL ZONES & SWAB TO CLEAN UP:
Swab & Flow TO Clean-Up on 6/21/2006-6/23/2006:
THEREFORE:
Est. Mesaverde Fm. Contribution by Subtraction @ 3 BOPD + 15 MCFD:
GOR = 5,000 SCF/ STBO.
Load Oil = 1,500 Gallons of Xylene.

PROPOSED FINAL PRODUCTION ALLOCATION BASED ON PRODUCTION TESTING:

Mesaverde Fm.: 35% of Oil Production & 19% of Gas Production: IP @ 3 BOPD + 15 MCFD: GOR @ 5,000:1.
Gallup Fm.: 65% of Oil Production & 81% of Gas Production: IP @ 5.5 BOPD + 65 MCFD: GOR @ 11,818:1.

LOAD OIL TO RECOVER FROM WELL: 3,913 Gallons = 93 STBO.

Xylene is a Single Component of Oil & will return to the wellbore dissolved-in & inseparable from Crude Oil until the oil is refined again.



RA Schwerling, PE
Operations Manager

RESOURCE DEVELOPMENT TECHNOLOGY, LLC

PHONE: (303) 716-3200
FAX: (303) 716-5780
Colo. Cell: (303) 919-6826
NM Cell: (505) 947-3072

FACSIMILE TRANSMISSION

TO: Mr. Charlie Perrin	FROM: Bob Schwering
COMPANY: NMOCD	DATE: 10/06/2006
FAX NUMBER: (505) 334-6170	TOTAL NO. OF PAGES INCLUDING COVER: Cover + 2 Page Sundry
PHONE NUMBER: (505) 334-6178	SENDER'S REFERENCE NUMBER:
RE: Form C-103: Report of Commingling Operations + Report of Production Allocation Based on Test Results + Report of Load Oil Used	YOUR REFERENCE NUMBER:

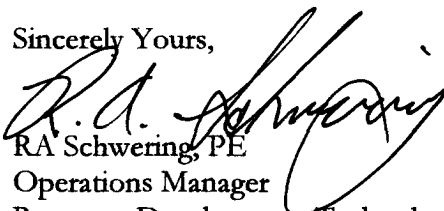
Mr. Perrin:

As Henry & you know Resource Development Technology did successfully Repair & Return-to-Service the NCRA State #4 Well. I am now preparing the Subsequent Report of Operations encompassing 90 Days (Daze??) of Rig Activity.

I needed to get this Sundry Notice to you first because it is SIMPLEST & so that I can get the Production Allocated so that the Production Reporting can be caught up. Call me and let me know if there is a problem with the way I put this together. The well is still producing OK but just not as much as I would like.

Thanks to You & Henry for all Your Help during the Well Repair Project. Paperwork is on its way. The Hard Copy will be in the mail today.

Sincerely Yours,


RA Schwering, PE
Operations Manager
Resource Development Technology, LLC
(303) 716-3200: Office
(303) 919-6826: CO Cell

FACSIMILE TRANSMISSION

TO: Mr. Will Jones	FROM: Bob Schwering
COMPANY: NMOCD	DATE: 10/16/2006
FAX NUMBER: (505) 476-3462	TOTAL NO. OF PAGES INCLUDING COVER: 2 Page Cover + 7 Pages (9 Pages Total)
PHONE NUMBER: (505) 476-3448	SENDER'S REFERENCE NUMBER:
RE: NCRA State #4 Well	YOUR REFERENCE NUMBER:

Mr. Jones:

In the Spring/Summer of this year Resource Development Technology, LLC, (RDT) did repair the Casing Leaks at the:

NCRA State #4 Well in SE/4 Sec.16-T24N-R6W, Rio Arriba Co., NM.

The well had produced commingled Gallup (/Mesaverde Production under Order R-4882 from 1974 thru the cessation of production in 1999 from the Upper Gallup Fm. Perfs. (5647'-5657') & Mesaverde Fm. Perfs. (4477'-4813' OA). During all of this time the Lower Gallup Fm. Perfs. (5762'-5777') had remained isolated under a CIBP set @ 5720' in 1972. RDT removed this CIBP in June 2006 & commingled all of the Gallup & Mesaverde Fm. Perfs. after cleaning up each zone the best we could prior to resuming production.

Attached you will find:

1. My Cover Letter to Charlie Perrin requesting a New Allocation Formula for the well since RDT finished the Casing Repair Operations.
2. A Sundry Notice to the NMOCD requesting a New Production Allocation Formula based on well testing after & during clean-up operations PRIOR to 1st Delivery Sales of Gas from the well.
3. A Copy of R-4882 sent by the Farmington Office (I had no Copy in the Well Files).
4. A note from Karen Sharp requesting that I get your approval of thye proposed allocation formula.

The Volumes reported for Gas were estimated by gauging flows thru a choke between swab runs (average pressures used to calculate average gas rates). The flow stream was an oily/gassy mist. The Oil Volumes came from recoveries measured in a 24 Hour Span of Time.

Fax Cover Letter
Mr. Will Jones @ NMOCD
10/16/2006
Page 2

The Order calls for Isolating the Mesaverde Fm. Perfs. & Evaluating their Rate & GOR. Then the Combined Gallup/Mesaverde commingled flow is to be measured and the Gallup Rate & GOR is to be arrived at by subtraction of the Mesaverde Fm. Flow from the Total Commingled Flow.

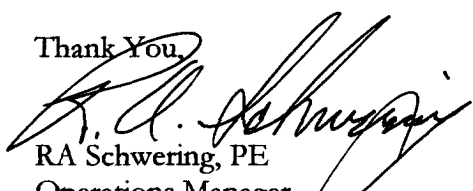
This was easily done as Merrion had a Plug in the well at the time of the Order R-4882 which did isolate the Mesaverde Fm. from the Upper Gallup Fm.

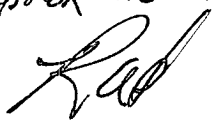
The procedure undertaken by RDT in re-establishing production at this well did, in fact, reverse this procedure. RDT isolated & treated & tested both the Lower Gallup Fm. Perfs. (5762'-5777') & the Upper Gallup Fm. Perfs. (5647'-5657'). These separate production/flow rates were then summed to arrive at a Combined Gallup Fm. Production Rate & GOR. After treating the Mesaverde Fm. Perfs. (4477'-4813') all of the intervals were commingled. Then the Total Rate of Flow from the commingled Gallup/Mesaverde Fm. Perfs. was assessed. The Mesaverde Fm. Rate & GOR was then arrived at by subtracting the Gallup Fm. Flow Rate from the Total Commingled Gallup/Mesaverde Fm. Flow Rate.

This was all done PRIOR to completion of the pipeline connection for the well using wet gas average flow rates.

I am in need of your approval of this methodology. The method is no less correct than the one outlined in the Order. It is in fact the same method. It is only the order of subtraction that is changed.

Thank You,


RA Schwering, PE
Operations Manager
Resource Development Technology, LLC
Office: (303) 716-3200
Cell: (303) 919-6826

Verbally Approved by
Will Jones on
10/17/2006
@ approx 1100 hrs.


October 24, 2006

State of New Mexico
Oil Conservation Division
District III Office
Attn.: Ms. Karen Sharp
1000 Rio Brazos Rd.
Aztec, New Mexico 87410

Re: Production Allocation Request: NCRA State #4

Ms. Sharpe:

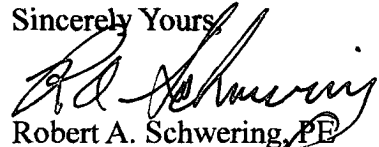
Resource Development Technology, LLC (RDT) is hereby requesting a Revised Production Allocation for the following well:

NCRA State #4: API #: 30-039-82326:
Pool Names & Numbers:
Devil's Fork Mesaverde Fm.: Pool #17620
Devil's Fork Gallup Fm.: Pool #17610
Unit 'J', Sec. 16, T24N, R6W, Rio Arriba County.

I had previously faxed this Sundry Notice in to Mr. Perrin. I was directed by you to get the concurrence of Mr. Will Jones as to the method used and allocation proposed. I have attached copies of My Fax Letters to Mr. Perrin & Mr. Jones. Mr. Jones approved the allocation schedule to me verbally on 10/17/2006. This is noted on the Fax Letter.

I want to thank you for finding the Commingle Order # R-4882 for me. Call me if you have any other questions at (303) 716-3200 at my office or on my cell phone @ (303) 919-6826.

Sincerely Yours,



Robert A. Schwering, PE
Operations Manager
Resource Development Technology, LLC

Attachments