

DISTRICT I
P.O. Box 1-30, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-A
New 3-12-96

DISTRICT II
811 South First St., Artesia, NM 88210-2835

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

APPROVAL PROCESS:

☒ Administrative ☐ Hearing

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410-1893

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE

☐ YES ☒ NO

Conoco Inc.

10 Desta Dr., Ste 100W, Midland, TX 79705-4500

Operator

Address

Reams COM

2M

I-19-T26N-R6W

Rio Arriba

Lease

Well No

Unit Ltr Sec Twp Rge

County

OGRID NO. 005073 Property Code 16606 API NO. N/A Spacing Unit Lease Types: (check 1 or more)

Federal ☒ State ☐ (and/or) Fee ☐

| The following facts are submitted in support of downhole commingling: | Upper Zone | Intermediate Zone | Lower Zone |
|---|--|--|--|
| 1. Pool Name and Pool Code | Blanco Mesa Verde 72319 | | Basin Dakota 71599 |
| 2. TOP and Bottom of Pay Section (Perforations) | 4880-5225' OA | | 6920-7290' OA |
| 3. Type of production (Oil or Gas) | Gas | | Gas |
| 4. Method of Production (Flowing or Artificial Lift) | To Flow | | To Flow |
| 5. Bottom hole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original | a. (Current) 606 psia b. (Original) 1033 psia | a. RECEIVED AUG 27 1997 OIL CON. DIV. DIST. 3 | a. 806 psia b. 2925 psia |
| 6. Oil Gravity (*API) or Gas BTU Content | 1326 BTU | | 1197 BTU |
| 7. Producing or Shut-In? | To be drilled | | To be drilled |
| Production Marginal? (yes or no) | YES | | YES |
| • If Shut-In give 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. • If Producing, give date and oil/gas/water rates of recent test (within 60 days) | Date Rates To be determined from tests on completion | Date Rates To be determined from tests on completion | Date Rates To be determined from tests on completion |
| 8. Fixed Percentage Allocation Formula -% for each zone | oil: % Gas % | oil: % Gas % | oil: % Gas % |

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.

10. Are all working, overriding, and royalty interests identical in all commingled zones? ☒ Yes ☐ No
If not, have all working, overriding, and royalty interests been notified by certified mail? ☒ Yes ☐ No
Have all offset operators been given written notice of the proposed downhole commingling? ☒ Yes ☐ No

11. Will cross-flow occur? ☒ Yes ☐ No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. ☒ Yes ☐ No (If No, attach explanation)

12. Are all produced fluids from all commingled zones compatible with each others ☒ Yes ☐ No

13. Will the value of production be decreased by commingling? ☐ Yes ☒ No (If Yes, attach explanation)

14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. ☒ Yes ☐ No

15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S).

16. 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 all offset operators.
- * Notification list of working, overriding and royalty interests for uncommon interest cases.
- * Any additional statements, data, or documents required to support commingling.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Ann E. Ritchie TITLE Regulatory Agent DATE 7-14-97

TYPE OR PRINT NAME Ann E. Ritchie TELEPHONE NO. (915) 686-6548/684-6381

District I
PO Box 1788, Hobbs, NM 88241-1788
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | |
|---------------|---------------|-------------|-------------------------------|
| API Number | | Pool Code | Pool Name |
| | | 72319/71599 | Blanco Mesaverde/Basin Dakota |
| Property Code | Property Name | | Well Number |
| 016606 | Reams Com | | 2M |
| OGRID No. | Operator Name | | Elevation |
| 05073 | CONOCO, INC. | | 6420' |

10 Surface Location

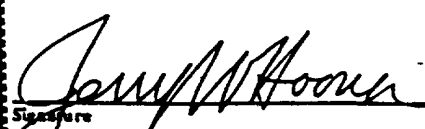
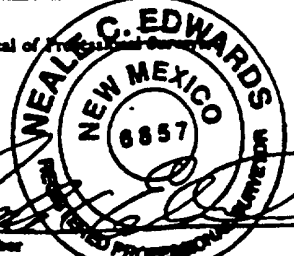
| | | | | | | | | | |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
| I | 19 | 26-N | 6-W | | 1360 | South | 790 | East | R.A. |

11 Bottom Hole Location If Different From Surface

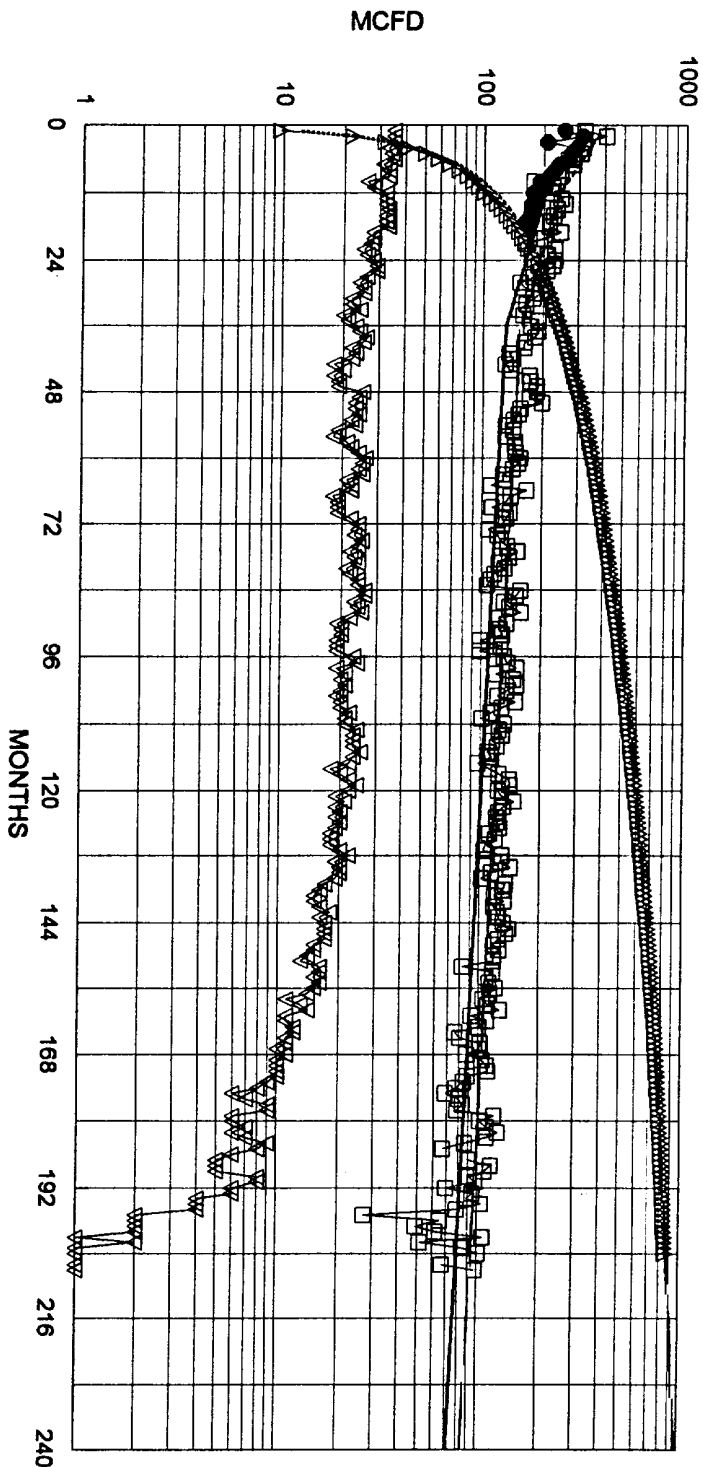
| | | | | | | | | | |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
| | | | | | | | | | |

| | | | |
|-------------------|--------------------|-----------------------|--------------|
| 12 Dedicated Acre | 13 Joint or Infill | 14 Consolidation Code | 15 Order No. |
| E / 329 | | | |

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 1347.06' | 1333.20' | 2667.06' | 17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature Jerry W. Hoover Printed Name Sr. Conservation Coordinator Title 3/20/97 Date |
| 2653.20' | | | |
| 2 | | | |
| 2652.48' | | | |
| 3 | | | 18 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 belief. 1/09/97 Date of Survey Signature and Seal of Professional Surveyor  6857 Certificate Number |
| 1361.58' | 1330.56' | 2661.12' | |
| 1360' | | | |
| 19 | | | |

NORMALIZED DAKOTA PRODUCTION OFFSET TO REAMES COM LEASE; 19-26-6
25 SECTION AREA; 35 WELLS SINCE 1980; 5 WELLS SINCE 1994



NORMALIZED AVG:

1624 MMCF EUR
 973 MMCF IN 20 YRS
 20 MCFD E.L.
 0.0088 bbl/mcf oil yield

400 MCFD IP
 40% DECLINE, 1ST 12 MONTHS
 20% DECLINE, NEXT 24 MONTHS
 3.5% FINAL DECLINE

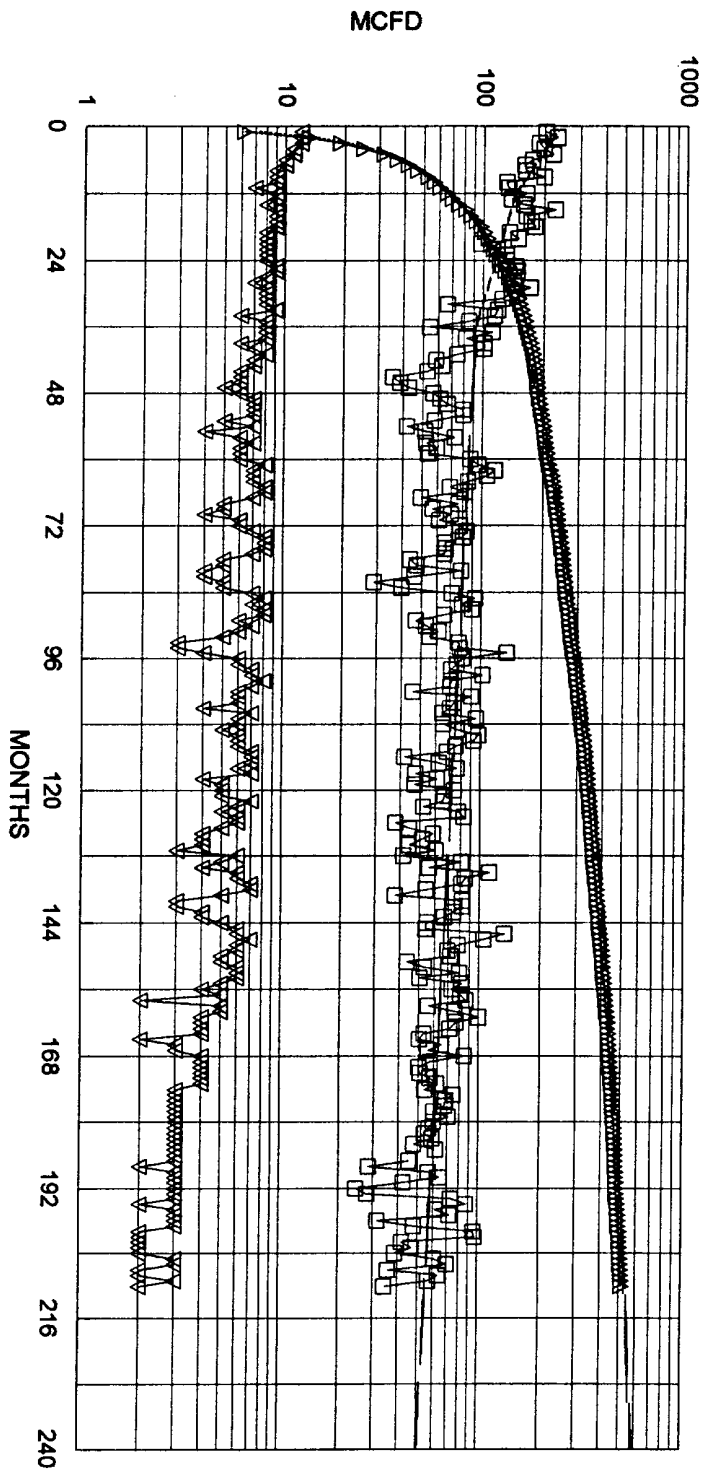
RISKED AVG:

15% RISK (DEPLETION)

1380 MMCF EUR
 827 MMCF IN 20 YR
 20 MCFD E.L.
 0.0088 bbl/mcf oil yield

340 MCFD IP
 40.0% DECLINE, 1ST 12 MONTHS
 20.0% DECLINE, NEXT 24 MONTHS
 3.5% FINAL DECLINE

NORMALIZED MESAUVERDE PRODUCTION
13 WELLS SINCE 1980: OFFSET TO SECTION 19-26-06; (REAMES COM LEASE OFFSETS)



NORMALIZED AVG:

893 MMCF EUR
584 MMCF IN 20 YRS
20 MCFD E.L.
0.0159 bbl/mcf oil yield

240 MCFD IP

40% DECLINE, 1ST 12 MONTHS
20% DECLINE, NEXT 24 MONTHS
3.5% FINAL DECLINE

RISKED AVG:

0% RISK

893 MMCF EUR
584 MMCF IN 20 YR
20 MCFD E.L.
0.0159 bbl/mcf oil yield

240 MCFD IP

40.0% DECLINE, 1ST 12 MONTHS
20.0% DECLINE, NEXT 24 MONTHS
3.5% FINAL DECLINE

Conoco, Inc.
C-107-A
Offset Operator List

RE: Reames COM, Well #2M, Rio Arriba County, New Mexico

1. Burlington Resources Oil & Gas Co.
P. O. Box 4289
Farmington, NM 87499
2. Caulkins Oil Co.
1600 Broadway Ste. 2100
Denver, CO 80202
3. Conoco, Inc.
10 Desta Dr., Suite 100W
Midland, Texas 79705-4500

| | | | | |
|---------|----------|----------|-----------|------|
| DATE IN | SUSPENSE | ENGINEER | LOGGED BY | TYPE |
|---------|----------|----------|-----------|------|

ABOVE THIS LINE FOR DIVISION USE ONLY

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] and [C]

- [B] Commingling - Storage - Measurement
☒ DHC ☐ CTB ☐ PLC ☐ 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] ☐ 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 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.

Ann E. Ritchie
Print or Type Name

Signature

Regulatory Agent
Title

7-14-97
Date