District I - (505) 393-6161
P.O. Box 1980
Hobbs, NM 88241-1980
District II - (505) 748-1283
811 S. First
Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Road
Aztec, NM 87410
District IV

New Mexico
Energy Minerals and Natural Resources Department
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

Form C-140
Originated 11/1/95

Submit Original
Plus 2 Copies
to appropriate
District Office

APPLICATION FOR
QUALIFICATION OF WELL WORKOVER PROJECT
AND CERTIFICATION OF APPROVAL

THREE COPIES OF THIS APPLICATION AND ALL ATTACHMENTS MUST BE FILED WITH THE APPROPRIATE DISTRICT OFFICE OF THE OIL CONSERVATION DIVISION.

I. Operator: Koch Exploration Company OGRID #: 012807

Address: P.O. Box 2256, Wichita, Kansas 67220

Contact Party: Chris Bean Phone: 316-828-2851

II. Name of Well: Walker 1-R API #: 30-045-22340
Location of Well: Unit Letter A, 990' Feet from the North line and 950' feet from the East line,
Section 13, Township 31N, Range 10W, NMPM, San Juan County

III. Date Workover Procedures Commenced: 24-October-1996
Date Workover Procedures were Completed: ~~29~~ 25 October-1996

IV. Attach a description of the Workover Procedures undertaken to increase the projection from the Well.

V. Attach an estimate of the production rate of the Well (a production decline curve or other acceptable method, and table showing monthly oil and/or gas Project Production) based on at least twelve (12) months of established production which shows the future rate of production based on well performance prior to performing Workover.

VI. Pool(s) on which Production Projection is based: Blanco/PicturedCliffs/MesaVerde

VII. AFFIDAVIT:

RECEIVED
NOV - 5 1997
OIL CON. DIV.
DIST. 3

RECEIVED
OCT 22 1997
OIL CON. DIV.
DIST. 3

State of Kansas)
) ss.
County of Sedgwick)

Chris Bean, being first duly sworn, upon oath states:

1. I am the Operator or authorized representative of the Operator of the above referenced Well.

2. I have made, or caused to be made, a diligent search of the production records which are reasonably available and contain information relevant to the production history of this Well.

3. To the best of my knowledge, the data used to prepare the Production Projection for this Well is complete and accurate and this projection was prepared using sound petroleum engineering principles.

Chris Bean/ Chris Bean
(Name)

Geological/Engineering Technician
(Title)

SUBSCRIBED AND SWORN TO before me this 7th day of October, 1997.

CHARLOTTE D. DRISKILL
NOTARY PUBLIC
STATE OF KANSAS
My Appt. Exp. 8/4/2001

Charlotte D. Driskill
Notary Public

My Commission expires: August 4, 2001

FOR OIL CONSERVATION DIVISION USE ONLY:

VIII. CERTIFICATION OF APPROVAL:

This Application for Qualification of Well Workover Project is hereby approved and the above referenced Well is designated as a Well Workover Project pursuant to the "Natural Gas and Crude Oil Production Incentive Act" (Laws 1995, Chapter 15, Sections 1 through 8). The Oil Conservation Division hereby verifies the Production Projection for the Well Workover Project attached to this application. By copy of this Application and Certification of Approval, the Division notifies the Secretary of the Taxation and Revenue Department of this Approval and certifies that this Well Workover Project has been completed as of 10/25, 1996.

F.S.

District Supervisor, District 3
Oil Conservation Division

Date: 11/6/97

IX. DATE OF NOTIFICATION TO THE SECRETARY OF THE TAXATION AND REVENUE DEPARTMENT.

DATE: _____

Form 3160-5
(June 1990)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED
BLM
96 OCT 29 PM 1:26
070 F.

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reenter to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

5. Lease Designation and Serial No.: NM-014110
6. If Indian, Allottee or Tribe Name: NA
7. If Unit or CA, Agreement Designation: 14080011184
8. Well Name and No.: Walker 1-R
9. API Well No.:
10. Field and Pool, or Exploratory Area: Mesa Verde and Blanco Pictured Cliff
11. County or Parish, State: San Juan NM

1. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other
2. Name of Operator: Koch Exploration Company
3. Address and Telephone No.: P.O. Box 489 Aztec, NM 87410 (505)-334-9111
4. Location of Well (Footage, Sec., T., R., M., or Survey Description): Sec. 13 - T31N - R10W
990 'FNL & 950' FEL

12. CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION	
☐ Notice of Intent	☐ Abandonment	☐ Change of Plans
☒ Subsequent Report	☐ Recompletion	☐ New Construction
☐ Final Abandonment Notice	☐ Plugging Back	☐ Non-Routine Fracturing
	☐ Casing Repair	☐ Water Shut-Off
	☐ Altering Casing	☐ Conversion to Injection
	☒ Other Downhole Commingle	☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Perforated ~~and completed the~~ fracture of the Blanco Pictured Cliff formation for Commingle of the Walker 1-R on October 25, 1996 and the details are as follows:

Perforated 3388'-3406' and 3418'-3444' with .34 holes at 4 shots/ft and a total of 176 perforations.

Fracture of Blanco Pictured Cliff through 2 7/8" tubing in 26# 7" casing with a 7" packer set at 3296' and a 7" RBP set at 3463'. Fracture formation with 760 bbls of 70Q foam and place 153,780 lbs of 20/40 Arizona sand proppant in formation. Minimum rate of 23 bbl/min and a maximum rate of 27 bbl/min. After frac, ISIP pressure = 1570 psi, 5 min = 1208 psi, 10 min = 1144 psi, and 15 min = 1094 psi. Maximum rate of nitrogen of 17,380 scf/min and minimum rate of nitrogen of 14,000 scf/min. Maximum surface pressure of 3053 psi with final frac pressure of 3000 psi. Monitored casing pressure through out frac and packer held frac.

Plan to return well to production on October 29, 1996, plus or minus a few days.

14. I hereby certify that the foregoing is true and correct

Signed _____ Title Foreman Date 10-26-96

(This space for Federal or State office use)

ACCEPTED FOR RECORD

Approved by _____ Title _____ Date _____

Conditions of approval, if any:

NOV 05 1996

Title 18 U.S.C. Section 1001, makes 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.

OPERATOR

FARMINGTON DISTRICT OFFICE

BY _____

*See Instruction on Reverse Side

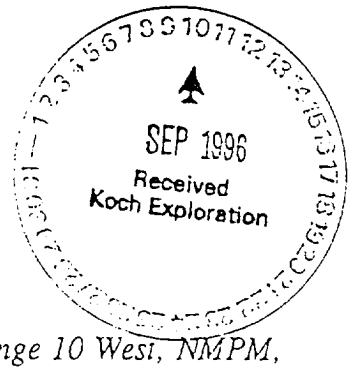
NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

MS
OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

ADMINISTRATIVE ORDER DHC-1340

Koch Exploration Company
P.O. Box 2256
Wichita, Kansas 67201-2256

Attention: Mr. Michael Scates



Walker Well No.1-R
Unit A, Section 13, Township 31 North, Range 10 West, NMPM,
San Juan County, New Mexico.
Blanco Pictured Cliffs (Gas - 72359) and
Blanco Mesaverde (Prorated Gas - 72319) Pools

Dear Mr. Scates:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the subject well to commingle production from multiple pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the subject zones is hereby placed in abeyance.

The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule.

Production from the subject well shall be allocated as follows:

Gas production from the Blanco Mesaverde Pool shall be determined utilizing the monthly production forecast submitted by the applicant as an attachment to the downhole commingling application. Gas production from the Blanco Pictured Cliffs Pool shall be determined by subtracting Blanco Mesaverde Pool production from the well's total monthly gas production.

Condensate production shall be allocated 100% to the Blanco Mesaverde Pool.

The allocation method established herein may be altered at some time subsequent to initiating downhole commingling operations upon request by the operator and for good cause shown.

REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303.H., the commingling authority granted by the order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 3rd day of September, 1996.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY
Director

S E A L

WJL/BES

cc: Oil Conservation Division - Aztec
Bureau of Land Management - Farmington

LEASE NAME: WALKER 1-R
WELL NAME: N/A
FIELD: BLANCO/MESA VERDE FIELD
CNTY/ST , NM
OPERATOR: KOCH
FORMATION:
PROD. START: 0 / 1974
PROJ. START: 7 / 1995

DATE: 10-15-1997
TIME: 11:22:42
FILE: WALK1R

PRODUCTION FORECAST REPORT (HISTORY ENDS 11/1996)

	********** B/BTH PRODUCTION **********				********** NET PRODUCTION **********				
MTH/YR	OIL	GAS	CUM OIL	CUM GAS	OIL	GAS	CUM OIL	CUM GAS	RATIO
	BBL	MCF	MB	MMF	BBL	MCF	MB	MMF	
PRIOR			38.298	2833.577			33.459	2516.529	13
7/95	258.0	13584.0	38.556	2847.161	258.0	13584.0	33.717	2530.113	19
8/95	44.0	12930.0	38.600	2860.091	44.0	12930.0	33.761	2543.043	3
9/95	62.0	12256.0	38.662	2872.347	62.0	12256.0	33.823	2555.299	5
10/95	49.0	11209.0	38.711	2883.556	49.0	11209.0	33.872	2566.508	4
11/95	46.0	12212.0	38.757	2895.768	46.0	12212.0	33.918	2578.720	4
12/95	47.0	12178.0	38.804	2907.946	47.0	12178.0	33.965	2590.898	4
S.TOT.	506.0	74369.0			506.0	74369.0			7
1/96	55.0	11758.0	38.859	2919.704	55.0	11758.0	34.020	2602.656	5
2/96	48.0	11021.0	38.907	2930.725	48.0	11021.0	34.068	2613.677	4
3/96	55.0	11827.0	38.962	2942.552	55.0	11827.0	34.123	2625.504	5
4/96	54.0	11190.0	39.016	2953.742	54.0	11190.0	34.177	2636.694	5
5/96	46.0	11808.0	39.062	2965.550	46.0	11808.0	34.223	2648.502	4
6/96	34.0	10900.0	39.096	2976.450	34.0	10900.0	34.257	2659.402	3
7/96	23.0	8840.0	39.119	2985.290	23.0	8840.0	34.280	2668.242	3
8/96	29.0	10466.0	39.148	2995.756	29.0	10466.0	34.309	2678.708	3
9/96	34.0	10800.0	39.182	3006.556	34.0	10800.0	34.343	2689.508	3
10/96	40.0	14156.0	39.222	3020.712	40.0	14156.0	34.383	2703.664	3
11/96	44.0	14935.0	39.266	3035.647	44.0	14935.0	34.427	2718.599	3
12/96	47.2	11102.2	39.313	3046.749	47.2	11102.2	34.474	2729.701	4
S.TOT.	509.2	138803.2			509.2	138803.2			4
1/97	46.3	11029.5	39.360	3057.779	46.3	11029.5	34.521	2740.731	4
2/97	45.5	10957.8	39.405	3068.737	45.5	10957.8	34.566	2751.689	4
3/97	44.7	10887.2	39.450	3079.624	44.7	10887.2	34.611	2762.576	4
4/97	43.9	10817.7	39.494	3090.441	43.9	10817.7	34.655	2773.394	4
5/97	43.2	10749.2	39.537	3101.191	43.2	10749.2	34.698	2784.143	4
6/97	42.4	10681.6	39.579	3111.872	42.4	10681.6	34.740	2794.824	4
7/97	41.7	10615.0	39.621	3122.487	41.7	10615.0	34.782	2805.439	4
8/97	41.0	10549.4	39.662	3133.037	41.0	10549.4	34.823	2815.989	4
9/97	40.3	10484.7	39.702	3143.521	40.3	10484.7	34.863	2826.473	4
10/97	39.7	10420.9	39.742	3153.942	39.7	10420.9	34.903	2836.894	4
11/97	39.0	10358.1	39.781	3164.300	39.0	10358.1	34.942	2847.252	4
12/97	38.4	10296.0	39.819	3174.596	38.4	10296.0	34.980	2857.548	4
S.TOT.	506.2	127847.2			506.2	127847.2			4

LEASE NAME: WALKER 1-R
WELL NAME: N/A
FIELD: BLANCO/MESA VERDE FIELD
CNTY/ST , NM
OPERATOR: KOCH
FORMATION:
PROD. START: 0 / 1974
PROJ. START: 7 / 1995

DATE: 10-15-1997
TIME: 11:22:42
FILE: WALK1R

PRODUCTION FORECAST REPORT (HISTORY ENDS 11/1996)

	********** 8/8TH PRODUCTION **********				********** NET PRODUCTION **********				
MTH/YR	OIL	GAS	CUM OIL	CUM GAS	OIL	GAS	CUM OIL	CUM GAS	RATIO
	BBL	MCF	MB	MMF	BBL	MCF	MB	MMF	
1/98	37.7	10234.8	39.857	3184.831	37.7	10234.8	35.018	2867.783	4
2/98	37.1	10174.5	39.894	3195.006	37.1	10174.5	35.055	2877.958	4
3/98	36.5	10115.0	39.931	3205.121	36.5	10115.0	35.092	2888.073	4
4/98	35.9	10056.2	39.967	3215.177	35.9	10056.2	35.128	2898.129	4
5/98	35.4	9998.3	40.002	3225.175	35.4	9998.3	35.163	2908.127	4
6/98	34.8	9941.1	40.037	3235.116	34.8	9941.1	35.198	2918.068	4
7/98	34.3	9884.7	40.071	3245.001	34.3	9884.7	35.232	2927.953	3
8/98	33.7	9828.9	40.105	3254.830	33.7	9828.9	35.266	2937.782	3
9/98	33.2	9774.0	40.138	3264.604	33.2	9774.0	35.299	2947.556	3
10/98	32.7	9719.7	40.171	3274.323	32.7	9719.7	35.332	2957.276	3
11/98	32.2	9666.1	40.203	3283.990	32.2	9666.1	35.364	2966.942	3
12/98	31.7	9613.2	40.235	3293.603	31.7	9613.2	35.396	2976.555	3
S.TOT.	415.2	119006.5			415.2	119006.5			3
1/99	31.2	9560.9	40.266	3303.164	31.2	9560.9	35.427	2986.116	3
2/99	30.7	9509.3	40.296	3312.673	30.7	9509.3	35.457	2995.625	3
3/99	30.3	9458.4	40.327	3322.132	30.3	9458.4	35.488	3005.084	3
4/99	29.8	9408.0	40.357	3331.540	29.8	9408.0	35.518	3014.492	3
5/99	29.4	9358.3	40.386	3340.898	29.4	9358.3	35.547	3023.850	3
6/99	29.0	9309.2	40.415	3350.207	29.0	9309.2	35.576	3033.159	3
7/99	28.5	9260.7	40.443	3359.468	28.5	9260.7	35.604	3042.420	3
8/99	28.1	9212.7	40.472	3368.680	28.1	9212.7	35.633	3051.633	3
9/99	27.7	9165.3	40.499	3377.846	27.7	9165.3	35.660	3060.798	3
10/99	27.3	9118.5	40.527	3386.964	27.3	9118.5	35.688	3069.916	3
11/99	26.9	9072.3	40.554	3396.036	26.9	9072.3	35.715	3078.989	3
12/99	26.6	9026.5	40.580	3405.063	26.6	9026.5	35.741	3088.015	3
S.TOT.	345.6	111460.1			345.6	111460.1			3
1/ 0	26.2	8981.3	40.606	3414.044	26.2	8981.3	35.767	3096.996	3
2/ 0	25.8	8936.6	40.632	3422.980	25.8	8936.6	35.793	3105.933	3
3/ 0	25.5	8892.4	40.658	3431.873	25.5	8892.4	35.819	3114.825	3
4/ 0	25.1	8848.7	40.683	3440.721	25.1	8848.7	35.844	3123.674	3
5/ 0	24.8	8805.6	40.707	3449.527	24.8	8805.6	35.868	3132.479	3
6/ 0	24.4	8762.8	40.732	3458.290	24.4	8762.8	35.893	3141.242	3
7/ 0	24.1	8720.6	40.756	3467.010	24.1	8720.6	35.917	3149.963	3
8/ 0	23.8	8678.8	40.780	3475.689	23.8	8678.8	35.941	3158.642	3
9/ 0	23.4	8637.5	40.803	3484.327	23.4	8637.5	35.964	3167.279	3
10/ 0	23.1	8596.7	40.826	3492.924	23.1	8596.7	35.987	3175.876	3
11/ 0	22.8	8556.3	40.849	3501.480	22.8	8556.3	36.010	3184.432	3
12/ 0	22.5	8516.3	40.872	3509.996	22.5	8516.3	36.033	3192.948	3
S.TOT.	291.5	104933.6			291.5	104933.6			3

LEASE NAME: WALKER 1-R
WELL NAME: N/A
FIELD: BLANCO/MESA VERDE FIELD
CNTY/ST , NM
OPERATOR: KOCH
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PRODUCTION FORECAST REPORT (HISTORY ENDS 11/1996)

	********** 8/8TH PRODUCTION **********				********** NET PRODUCTION **********				
MTH/YR	OIL	GAS	CUM OIL	CUM GAS	OIL	GAS	CUM OIL	CUM GAS	RATIO
	BBL	MCF	MB	MMF	BBL	MCF	MB	MMF	
1/ 1	22.2	8476.8	40.894	3518.473	22.2	8476.8	36.055	3201.425	3
2/ 1	21.9	8437.6	40.916	3526.911	21.9	8437.6	36.077	3209.863	3
3/ 1	21.6	8398.9	40.937	3535.310	21.6	8398.9	36.098	3218.262	3
4/ 1	21.4	8360.6	40.959	3543.670	21.4	8360.6	36.120	3226.622	3
5/ 1	21.1	8322.7	40.980	3551.993	21.1	8322.7	36.141	3234.945	3
6/ 1	20.8	8285.2	41.001	3560.278	20.8	8285.2	36.162	3243.230	3
7/ 1	20.6	8248.1	41.021	3568.526	20.6	8248.1	36.182	3251.478	2
8/ 1	20.3	8211.4	41.042	3576.738	20.3	8211.4	36.203	3259.690	2
9/ 1	20.0	8174.9	41.062	3584.913	20.0	8174.9	36.223	3267.865	2
10/ 1	19.8	8138.9	41.081	3593.052	19.8	8138.9	36.242	3276.004	2
11/ 1	19.5	8103.4	41.101	3601.155	19.5	8103.4	36.262	3284.107	2
12/ 1	19.3	8068.1	41.120	3609.223	19.3	8068.1	36.281	3292.175	2
S.TOT.	248.6	99226.5			248.6	99226.5			3
1/ 2	19.1	8033.1	41.139	3617.256	19.1	8033.1	36.300	3300.208	2
2/ 2	18.8	7998.6	41.158	3625.255	18.8	7998.6	36.319	3308.207	2
3/ 2	18.6	7964.3	41.177	3633.219	18.6	7964.3	36.338	3316.171	2
4/ 2	18.4	7930.4	41.195	3641.149	18.4	7930.4	36.356	3324.102	2
5/ 2	18.1	7896.9	41.213	3649.046	18.1	7896.9	36.374	3331.999	2
6/ 2	17.9	7863.6	41.231	3656.910	17.9	7863.6	36.392	3339.862	2
7/ 2	17.7	7830.7	41.249	3664.740	17.7	7830.7	36.410	3347.693	2
8/ 2	17.5	7798.1	41.266	3672.539	17.5	7798.1	36.427	3355.491	2
9/ 2	17.3	7765.8	41.284	3680.304	17.3	7765.8	36.445	3363.257	2
10/ 2	17.1	7733.8	41.301	3688.038	17.1	7733.8	36.462	3370.990	2
11/ 2	16.9	7702.1	41.318	3695.740	16.9	7702.1	36.479	3378.693	2
12/ 2	16.7	7670.8	41.334	3703.411	16.7	7670.8	36.495	3386.363	2
S.TOT.	214.1	94188.1			214.1	94188.1			2
1/ 3	16.5	7639.6	41.351	3711.051	16.5	7639.6	36.512	3394.003	2
2/ 3	16.3	7608.8	41.367	3718.660	16.3	7608.8	36.528	3401.612	2
3/ 3	16.1	7578.4	41.383	3726.238	16.1	7578.4	36.544	3409.190	2
4/ 3	15.9	7548.1	41.399	3733.786	15.9	7548.1	36.560	3416.738	2
5/ 3	15.7	7518.1	41.415	3741.304	15.7	7518.1	36.576	3424.256	2
6/ 3	15.6	7488.4	41.430	3748.793	15.6	7488.4	36.591	3431.745	2
7/ 3	15.4	7459.0	41.446	3756.252	15.4	7459.0	36.607	3439.204	2
8/ 3	15.2	7429.9	41.461	3763.682	15.2	7429.9	36.622	3446.634	2
9/ 3	15.0	7400.9	41.476	3771.083	15.0	7400.9	36.637	3454.035	2
10/ 3	14.9	7372.4	41.491	3778.455	14.9	7372.4	36.652	3461.407	2
11/ 3	14.7	7343.9	41.506	3785.799	14.7	7343.9	36.667	3468.751	2
12/ 3	14.6	7315.8	41.520	3793.115	14.6	7315.8	36.681	3476.067	2
S.TOT.	185.9	89703.4			185.9	89703.4			2