

DATE IN 03/06/2014	SUSPENSE	ENGINEER PRG	LOGGED IN 3/06/2014	TYPE DHC	APP NO. PMAM140658337
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [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 - Simultaneous Dedication

☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [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

[D] Other: Specify RE: Division Order No. 9893

[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] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

April Pohl

See cover letter

Regulatory Specialist

02/27/2014

Print or Type Name

Signature

Title

Date

April.Pohl@chevron.com
 e-mail Address



RECEIVED OGD

2014 MAR -3 P 4:17

Certified Mail:

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

February 27, 2014

State of New Mexico Oil Conservation Division
Attention: Leonard Lowe
1220 S. St. Francis Dr.
Santa Fe, NM 87505

Re: Rincon Federal Unit: 186M API 30-039-25406

Dear Mr. Lowe:

Chevron would like to downhole commingle production from the Largo Gallup Gas Pool with existing Blanco Mesaverde and Basin Dakota production in the Rincon 186M well. Please find enclosed a completed C-107A Downhole Commingling application, a completed C-102 form for the new zone, and current production data. Also included are the C-102s for the currently producing zones as well as notification documents. Copies of Case 10663 and NSL 3389 are included. Lastly, a proposed procedure and wellbore diagrams show what is planned for the actual DHC.

Commingling of the zones should not reduce the total remaining production value of this well. Chevron plans to use the incremental allocation method to account for the additional production from the Largo Gallup. Any additional production to the current production will be attributed to the Largo Gallup.

Once the NMOCD has approved the DHC, Chevron Midcontinent will file a 3160-5 Notice of Intent to begin the actual work.

Sincerely,

April E. Pohl
Regulatory Specialist
505-333-1941 office
505-386-8074 cell
April.Pohl@chevron.com

District I
1023 N. French Dr., H. Me. NM 88241

District II
811 S. First St., Azusa, NM 88211

District III
1000 W. Elmer Road, Azusa, NM 88211

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

State of New Mexico
Energy Minerals and Natural Resources Department

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-107A
Revised August 1, 2011

APPLICATION TYPE
☒ Single Well
Establish Pre-Approved Pools
EXISTING WELLBORE
☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

CHEVRON MIDCONTINENT L.P.

1400 Smith Street/Houston, Texas/77002

Operator

Address

USA SF 080213

Runcon 18-A-M

L.S. Sec. 33 27N-7W

Rio Arriba

Lease

Well No

Unit Letter-Section-Township-Range

County

OGRID No 241333 Property Code 302737 API No 30-039-25406 Lease Type ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Blanco Mesaverde	Largo Gallup	Basin Dakota
Pool Code	72319	80000	71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	5296 -5367	6818 -6826	7409 -7518
Method of Production (Flowing or Artificial Lift)	Current Plunger Future Beam Pump	Beam Pump	Current Plunger Future Beam Pump
Bottomhole Pressure <small>(Note: Pressure data will not be required if the bottom perforations in the lower zone is within 150% of the depth of the top perforations in the upper zone.)</small>	N/A	N/A	N/A
Oil Gravity or Gas BTU <small>(Degree API or Gas BTU)</small>	1341	1341	1341
Producing, Shut-In or New Zone	Producing	New Zone	Producing
Date and Oil/Gas/Water Rates of Last Production <small>(Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)</small>	Date 10/1/13 Rates Gas-43 mcfpd Oil-0.765 bopd	Date NA Rates	Date 11/1/13 Rates Gas-2.7 mcfpd Oil-0.012 bopd
Fixed Allocation Percentage <small>(Note: If allocation is based upon a method other than current or past production, supporting data or explanation will be required.)</small>	Oil Gas 99% 94%	Oil Gas % %	Oil Gas 1% 6%

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?

Yes ☒ No

PLEASE SEE ATTACHED ORDER NO. R-9893: ADMINISTRATIVE PROCEDURE FOR NOTIFICATION

If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes ☐ No

PLEASE SEE ATTACHED ORDER NO. R-9893: ADMINISTRATIVE PROCEDURE FOR NOTIFICATION

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 Case #10663

Attachments

C-102 for each zone to be commingled showing its spacing unit and acreage dedication PLEASE SEE ATTACHED

Production curve for each zone for at least one year (If not available, attach explanation) PLEASE SEE ATTACHED

For zones with no production history, estimated production rates and supporting data

Data to support allocation method or formula SEE PRODUCTION CURVE

Notification list of working, royalty and overriding royalty interests for uncommon interest cases UNIFORM WORKING INTEREST

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 [Signature] TITLE Petroleum Eng DATE 2/25/14

TYPE OR PRINT NAME John Ching TELEPHONE NO 713, 372-9896

E-MAIL ADDRESS ef@chevron.com

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 30-039-25406-00		² Pool Code 80000		³ Pool Name Largo Gallup Gas Pool	
⁴ Property Code 302737		⁵ Property Name Rincon Unit			⁶ Well Number 186M
⁷ OGRID No. 241333		⁸ Operator Name CHEVRON MIDCONTINENT, L.P.			⁹ Elevation 6752' GR

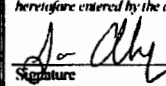
" Surface Location

UL or lot no. L	Section 33	Township 27N	Range 7W	Lot Idn	Feet from the 1670'	North/South line SOUTH	Feet from the 1240'	East/West line WEST	County Rio Arriba
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" 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
¹¹ Dedicated Acres 320 ac S/2		¹² Joint or Infill		¹³ Consolidation Code U		¹⁴ Order No. Unitization R-87			

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 S 89° 15' W N 89° 49' 54" W		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 released 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>  2/12/14 Signature Date JAMIE ELKINGTON, Production Engineer Printed Name ELKJ@chevron.com E-mail Address	
Lat/Long: 36.526771996829 - 107.585641397569		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: <u>October 22, 1993/on file @NMOCD</u> Signature and Seal of Professional Surveyor: ON FILE @ NMOCD Certificate Number 9672	

N 0° 48' E

N 0° 32' E

N 89° 46' W

Largo Gallup →

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Grande 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

55 SEP -8 PM 1:55 ☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-039-25406		Well Code 71599/73219		Well Name Basin Dakota/Blanco Mesaverde	
Property Code 011510		Property Name RINCON UNIT			Well Number 186- 18 M
GRID No. 023708		Operator Name UNOCAL			Elevation 6752

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
L	33	27N	7W		1670	SOUTH	1240	WEST	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

Dedicated Acres 320	Joint or Infill Y	Consolidation Code U	Order No. Unitization
------------------------	----------------------	-------------------------	--------------------------

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	2641.65	S 89° 15' W	2641.65	17 OPERATOR CERTIFICATION
				I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief
				Signature Jim Benson
				Printed Name Drilling Superintendent
				Date September 5, 1995
				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
				Date of Survey October 22, 1993
				Signature Decil B. Tullis
				Certificate Number 9672

All Distances must be from the outer boundaries of the section

Operator UNOCAL			Lease RINCON		Well No. 186-M
Unit Letter L	Section 33	Township 27N	Range 7W	County RIO ARriba	

Actual Surface Location of Well:
1670 feet from the **SOUTH** line and **1240** feet from the **WEST** line

Ground level Elev. 6752	Producing Formation Dakota/Gallup	Foot Basin Dakota/Largo Gallup	Dedicated Acreage: 5/320 Acres
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- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plot below.
- If more than one lease is dedicated to the well, outline each and identify the ownership interest (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No

If answer is "yes" type of consolidation _____

If answer is "no" list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowance will be assigned to the well until all interests have been consolidated (by communitization, unitization, force-pooling, or otherwise) or until a non-standard unit, eliminating such interest, has been approved by the Division.

OPERATOR CERTIFICATION

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

Signature: *Jim Benson*

Printed Name: **Jim Benson**

Position: **Drilling Superintendent**

Company: **Union Oil of California**

Date: **3/24/94**

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plot 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 knowledge and belief.

Date Surveyed: **October 22, 1993**

Signature & Seal: *[Signature]*

Professional Seal: *[Seal]*

Registration No. **9874**

Name: RINU 186M DK ID: 30039254060001 Type: Completion Format: [p] Comp - CDProd vs Time

WELL_LABEL:RINU 186M DK

FIELD_CODE:UL5

PROD_METH:FL

LASTOCUM:0.85851000

CHEVNO:QV0943

FIELD:FLD-RINCON

CLASS_CODE:GA

LASTGCUM:56.09000000

SIDETRACK:0

LEASE:RINCON

SAP_CODE:SCULSD196

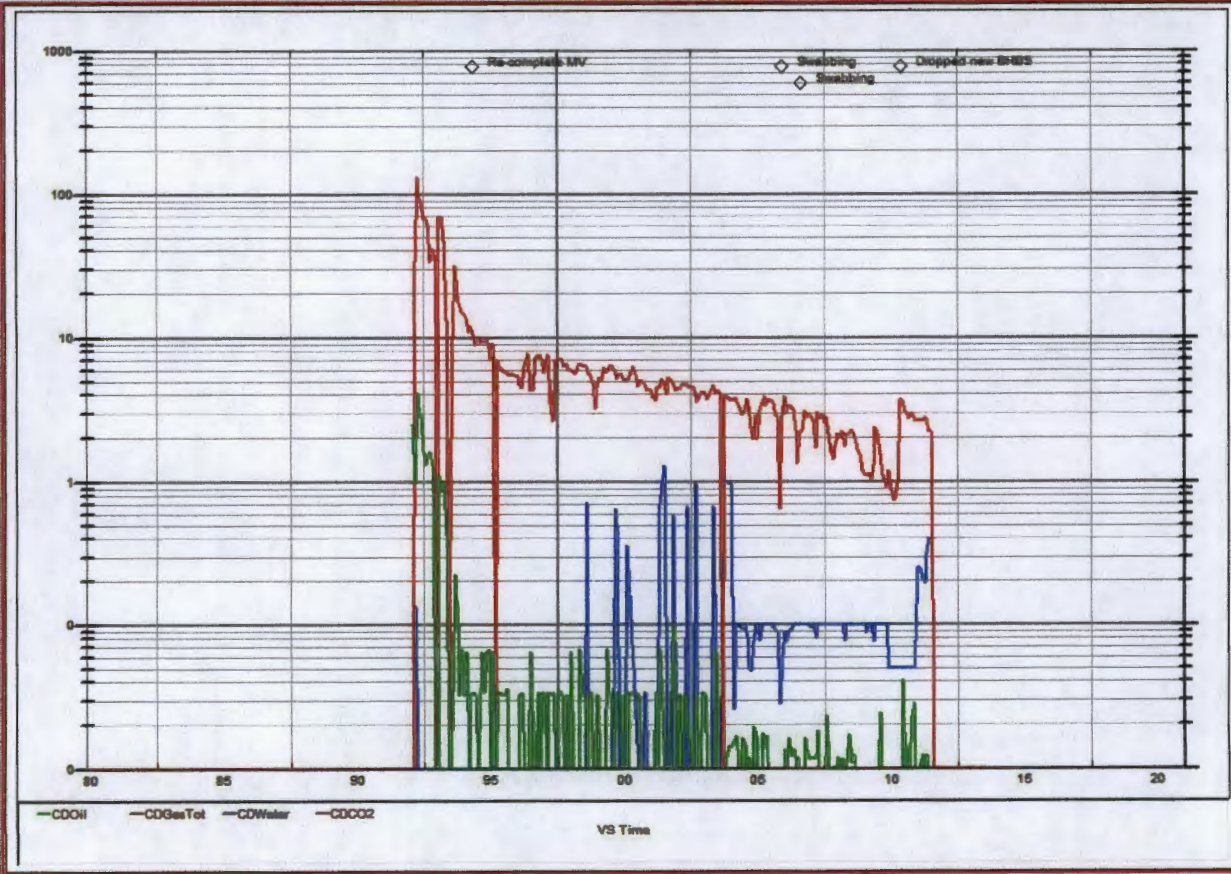
CC_NM:RINCON UNIT 186M DAKOTA NONPAR

COMP_NUM:01

SEC-T-R-33 - N027 - W007

RES_CODE:0000005733

RES:DAKOTA



Name: RINU 186M MV ID: 30039254060002 Type: Completion Format: [p] Comp - CDPProd vs Time

WELL_LABEL:RINU 186M MV

FIELD_CODE:UL5

PROD_METH:FL

LASTOCUM:11.34285000

CHEVNO:QV0943

FIELD:FLD-RINCON

CLASS_CODE:GA

LASTGCUM:473.79300000

SIDETRACK:0

LEASE:RINCON

SAP_CODE:SCUL5M000

CC_NM:RINCON UNIT - MESA VERDE PA

COMP_NUM:02

SEC-T-R:33 - N027 - W007

RES_CODE:0000007899

RES:MESAVERDE



OFFSETTING OPERATORS TO NOTIFY:

ConocoPhillips and Burlington: Attn: Carol Hines 3401 E. 30 th Street Office 425 Farmington, NM 87402	Energen Resources Attn: Bryan Lewis 2010 Afton Place Farmington, NM 87401	XTO Energy Inc. Attn: Patrick Kunc 810 Houston Street Fort Worth, TX 76102	Stevens Operating Corp. PO Box 2203 Roswell, NM 88201	Hanagan Petroleum Corp. PO Box 1737 Roswell, NM 88202
---	---	--	--	--

Elm Ridge Exploration Co. 12225 Greenville Ave Ste. 950 Dallas, TX 75243	Questar Exploration QEP Attn: Land Department 1050 17 th Street Ste. 950 Denver, CO 80265	Dugan Production Co. 709 E. Murray Dr. Farmington, NM 87499
--	--	---

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Return Receipt Fee (Endorsement Required)	2.55
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.51

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Hanagan Petroleum Corp.
 P.O. Box 1737
 Roswell, NM 88202

See Reverse for Instructions

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Return Receipt Fee (Endorsement Required)	2.55
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.51

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Here

Questar Exploration QEP
 Attn: Land Department
 1050 17th Street, Suite 950
 Denver, CO 80265

PS Form 3800, June 2002

See Reverse for Instructions

SENDER: CON

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
 OF THE RETURN ADDRESS, FOLD AT DOTTED LINE

ON DELIVERY

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Hanagan Petroleum Corp.
 P.O. Box 1737
 Roswell, NM 88202

A. Signature

X *[Signature]*

☐ Agent
☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
 If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number

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PS Form 3811, February 2004

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102595-02-M-1540

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ON DELIVERY

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Questar Exploration QEP
 Attn: Land Department
 1050 17th Street, Suite 950
 Denver, CO 80265

A. Signature

X *[Signature]*

☐ Agent
☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
 If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number

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Return Receipt Fee (Endorsement Required)	2.55
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.51

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Stevens Operating Corp.
 P.O. Box 2203
 Roswell, NM 88202

PS Form 3800, June 2002 See Reverse for Instructions

Returned

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Certified Fee	3.10
Return Receipt Fee (Endorsement Required)	2.55
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.51

Postmark Here

XTO Energy Inc.
 Attn: Patrick Kunc
 810 Houston Street
 Fort Worth, TX 76102

PS Form 3800, June 2002 for Instructions

SENDER: COMPLETE THIS SECTION ON DELIVERY

■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
 ■ Print your name and address on the reverse so that we can return the card to you.
 ■ Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

XTO Energy Inc.
 Attn: Patrick Kunc
 810 Houston Street
 Fort Worth, TX 76102

2. Article Number
 (Transfer from service label) 7006 0100 0005 5771 2335

3. Service Type
☒ Certified Mail ☐ Express Mail
☒ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

A. Signature
X ☐ Agent ☐ Addressee

B. Received by (Printed Name) C. Date of Delivery
 JAN 27 2004

D. Is delivery address different from item 1? ☐ Yes
 If YES, enter delivery address below: ☐ No

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540

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Postage	\$.86
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Return Receipt Fee (Endorsement Required)	2.55
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.51

Postmark
Here
 Energen Resources
 Attn: Bryan Lewis
 2010 Afton Place
 Farmington, NM 87401

See Reverse for Instructions

SENDER: COMPLETE

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
OF THE RETURN ADDRESS, FOLD AT DOTTED LINE

TION ON DELIVERY

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

 Energen Resources
 Attn: Bryan Lewis
 2010 Afton Place
 Farmington, NM 87401

A. Signature

X

K. Velarde☐ Agent☐ Addressee

B. Received by (Printed Name)

K. Velarde

C. Date of Delivery

 D. Is delivery address different from item 1? ☐ Yes
 If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

2. Article Number

(Transfer from service label)

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PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

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Certified Fee	3.10
Return Receipt Fee (Endorsement Required)	2.55
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.51

Postmark
Here
 Dugan Production Co.
 709 E. Murray Dr.
 Farmington, NM 87499

PS Form 3800, June 2002

See Reverse for Instructions

SENDER: C

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
OF THE RETURN ADDRESS, FOLD AT DOTTED LINE

TION ON DELIVERY

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

 Dugan Production Co.
 709 E. Murray Dr.
 Farmington, NM 87499

A. Signature

X

Anita Johnson☐ Agent☐ Addressee

B. Received by (Printed Name)

Anita Johnson

C. Date of Delivery

1-27-14
 D. Is delivery address different from item 1? ☐ Yes
 If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

2. Article Number

(Transfer from service label)

7006 0100 0005 5771 2373

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

7006 0100 0005 5771 2311

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OFFICIAL MAIL

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Certified Fee	3.10
Return Receipt Fee (Endorsement Required)	2.55
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.31

Postmark
 Here
 1/27/14

ConocoPhillips and Burlington
 Attn: Carol Hines
 3401 E. 30th Street, Office 425
 Farmington, NM 87402

for Instructions

SENDER: COMPLETE THIS SECTION

ON DELIVERY

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

A. Signature
 X *Carol Hines* ☒ Agent ☐ Addressee

B. Received by (Printed Name) *Carol Hines* C. Date of Delivery *1/27/14*

D. Is delivery address different from item 1? ☐ Yes
 If YES, enter delivery address below: ☒ No

1. Article Addressed to:

ConocoPhillips and Burlington
 Attn: Carol Hines
 3401 E. 30th Street, Office 425
 Farmington, NM 87402

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number
 (Transfer from service label)

7006 0100 0005 5771 2311

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

7006 0100 0005 5771 2380

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL MAIL

Postage	\$.86
Certified Fee	3.10
Return Receipt Fee (Endorsement Required)	2.55
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.51

Postmark
 Here
 1/27/14

Elm Ridge Exploration Co.
 12225 Greenville Ave.
 Suite 950
 Dallas, TX 95243

for Instructions

SENDER: COMPLETE THIS SECTION

ON DELIVERY

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

A. Signature
 X *Debbie Bateman* ☒ Agent ☐ Addressee

B. Received by (Printed Name) *Debbie Bateman* C. Date of Delivery *1/27/14*

D. Is delivery address different from item 1? ☐ Yes
 If YES, enter delivery address below: ☒ No

1. Article Addressed to:

Elm Ridge Exploration Co.
 12225 Greenville Ave.
 Suite 950
 Dallas, TX 95243

3. Service Type
☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number
 (Transfer from service label)

7006 0100 0005 5771 2380

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

**STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 10663
Order No. R-9893**

**APPLICATION OF UNION OIL COMPANY
OF CALIFORNIA d/b/a UNOCAL FOR AN
ADMINISTRATIVE DOWNHOLE COMMINGLING
PROCEDURE WITHIN THE RINCON UNIT
AREA, RIO ARriba COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 4, 1993, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 18th day of May, 1993, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Union Oil Company of California, d/b/a Unocal, seeks the adoption of an administrative procedure for authorizing the downhole commingling of Blanco-Mesaverde, Largo-Gallup, or Undesignated Gallup Pool production with production from the Basin-Dakota Gas Pool within certain existing and subsequently drilled wells in its Rincon Unit Area, Rio Arriba County, New Mexico, without additional notice to each affected interest owner within the Unit Area.

(3) The Rincon Unit is a Federal exploratory unit initially comprising some 20,643 acres in portions of Townships 26 and 27 North and Ranges 6 and 7 West, NMPM, Rio Arriba County, New Mexico. The unit was formed in 1952 and is currently operated by Union Oil Company of California.

(4) The evidence and testimony presented indicates that the Basin-Dakota Gas Pool has been fully developed on 320-acre spacing within the Rincon Unit and that approximately half of the Unit Area has been infill drilled in the Basin-Dakota Gas Pool on 160-acre spacing. The Dakota Participating Area (PA) currently comprises virtually the entire unit area.

(5) The applicant has identified approximately thirty-three (33) infill Basin-Dakota well locations within the Unit Area which may be subsequently drilled.

(6) Based upon historical production, the applicant expects Basin-Dakota initial production from infill drilling to be marginal in nature ranging from approximately 150-600 MCF gas per day per well.

(7) Testimony and evidence presented by the applicant indicates that gas reserves in the Dakota formation on an individual well basis are not sufficient to economically justify the drilling of new wells to produce such reserves.

(8) The current well economics and expected Dakota producing rates virtually assure that these wells will be candidates for downhole commingling with either the Mesaverde or Gallup zones.

(9) The applicant has also identified approximately forty-two (42) current Dakota producing wells, some recently drilled, which also by virtue of well economics and producing rates make them candidates for downhole commingling.

(10) The applicant expects initial producing rates from the Mesaverde and Gallup formation to be marginal in nature.

(11) The Gallup, Dakota and Mesaverde Participating Areas within the Rincon Unit are not common.

(12) According to applicant's evidence, the working interest ownership within the Rincon Unit is fixed and common among the various wells and zones and is not affected by participating areas.

(13) According to further testimony, the royalty and overriding royalty interest ownership within the Rincon Unit varies between participating areas established for different locations and pools.

(14) Applicant's Exhibit No. 6 in this case is a list of one hundred and twenty (120) royalty and overriding royalty interest owners in the Dakota, Gallup and Mesaverde Participating Areas within the Rincon Unit. All such royalty and overriding royalty interest owners, as well as working interest owners, were notified of the application in this case.

(15) Rule No. 303(C) of the Division Rules and Regulations provides that administrative approval for downhole commingling may be granted provided that the interest ownership, including working, royalty and overriding royalty interest, is common among the commingled zones.

(16) Applicant's proposed administrative procedure would provide for Division approval to downhole commingle wells in the Rincon Unit Area without hearing, and without the requirement that each interest owner in the Dakota, Mesaverde and/or Gallup Participating Areas be notified of such commingling.

(17) The downhole commingling of wells within the Rincon Unit Area will benefit working, royalty and overriding royalty interest owners. In addition, the downhole commingling of wells within the Rincon Unit Area should not violate the correlative rights of any interest owner.

(18) The evidence in this case indicates that notice to each interest owner within the Dakota, Mesaverde and/or Gallup Participating Areas of subsequent downhole comminglings within the Rincon Unit is unnecessary and is an excessive burden on the applicant.

(19) No interest owner and/or offset operator appeared at the hearing in opposition to the application.

(20) An administrative procedure should be established within the Rincon Unit for obtaining approval for subsequently downhole commingled wells without notice and hearing, provided however that, all provisions contained within Rule No. 303(C) of the Division Rules and Regulations, with the exception of Part 1 (b)(v), are fully complied with.

(21) The proposed administrative procedure for obtaining approval for downhole commingling will allow the applicant the opportunity to recover additional gas reserves from the Rincon Unit Area which may otherwise not be recovered, thereby preventing waste, and will not violate correlative rights.

IT IS THEREFORE ORDERED THAT:

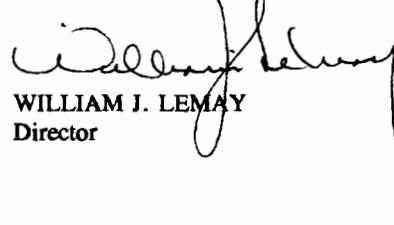
(1) An administrative procedure for obtaining approval to downhole commingle wells within the Rincon Unit, located in portions of Townships 26 and 27 North, Ranges 6 and 7 West, NMPM, Rio Arriba County, New Mexico, is hereby established.

(2) In order to obtain Division authorization to downhole commingle wells within the Rincon Unit, the applicant shall file an application with the Santa Fe and Aztec Offices of the Division. Such application shall contain all of the information required under Rule No. 303(C) of the Division Rules and Regulations, provided however that the applicant shall not be required to provide notice to all interest owners within the Dakota, Mesaverde and/or Gallup Participating Areas in the Rincon Unit of such proposed commingling. In addition, the application shall contain evidence that all offset operators and the United States Bureau of Land Management (BLM) have been notified of the proposed commingling.

(3) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L

Blm



BRUCE KING
GOVERNOR

ANITA LOCKWOOD
CABINET SECRETARY

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

May 5, 1994

Union Oil Company of California (UNOCAL)
P.O. Box 2620
Casper, WY 82602-2620

Attention: Jim Benson

Administrative Order NSL-3389

Dear Mr. Benson:

Reference is made to your application dated April 4, 1994 for an unorthodox gas well location for both the Basin-Dakota and Undesignated Largo-Gallup Pools for your proposed Rincon Unit Well No. 186M. Said well is to be drilled 1670 feet from the South line and 1240 feet from the West line (Unit L) of Section 33, Township 27 North, Range 7 West, NMPM Rio Arriba County, New Mexico.

The S/2 of said Section 33 is to be dedicated to said well forming a standard 320-acre gas spacing and proration unit for both pools.

By the authority granted me under the provisions of Rule 2(c) of the Special Rules and Regulations for the Basin-Dakota Pool, as promulgated by Division Order No. R-8170, as amended; the applicable rules governing the Largo-Gallup Pool under Division Order No. R-2462, as amended; and General Rule 104.F(1), the aforementioned unorthodox gas well location is hereby approved.

Sincerely,

A handwritten signature in black ink, appearing to read "William J. LeMay".

William J. LeMay
Director

WJL/MES/amg

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

RECEIVED
MAY 12 1994
OIL CON. DIV.
DIST. 3

Rincon 186M – Complete the Basin Mancos and Install Artificial Lift

MIRU workover rig and equipment.

Spot and fill frac tanks

ND well, NU BOP's. Test BOPS.

RU slick line and pull plunger and BHBS

Tag for fill

RDMO slick line

Rig up tubing handling equipment

POOH with tubing

Lay down tubing and order out new or yellow band 2-3/8" tubing

Make sure BOP's are equipped to handle 2-7/8" workstring

PU new 2-7/8" workstring to be used for frac

RIH with bit and scraper CO to 7606'

POOH and lay down bit and scraper

MIRU wireline until. Install and test lubricator.

PU and RIH with CBP on wireline. Run CCL and set CBP @ 6910' (100' below proposed perforations)

POOH with wireline and setting tool

PU and RIH with GR/CCL log. Log 6910' (CBP) to 6300'

Perf 6810'-6826'

RDMO wireline

PU packer with two stage equalizing plug. Set at 6700'.

MIRU slickline unit. RIH and pull equalizing prong and POOH. RIH and pull packer plug.

RDMO slickline

MIRU flow back equipment

MIRU frac crew.

Frac down workstring

RDMO frac equipment

Flow well back

MIRU slick line

PU and RIH with pressure bombs on slickline for 24 hour test

SI well for 24hrs

POOH with pressure bombs and record pressures

Release packer and TOH

MIRU airfoam unit for cleanout

Cleanout to CBP and drill out CBP

Clean out wellbore to PBTD of 7606'

If scale is present consider an acid job

POOH with workstring

RIH with tubing and BHA

ND BOP's NU wellhead

Pump ½ drum of corrosion inhibitor down tubing and ½ drum of corrosion inhibitor down csg

RIH with rods and pum

RDMO workover rig

Install pumping unit



Rincon Unit 186 M
Rio Arriba County, New Mexico
Well Schematic as of 2001

API: 30-039-2540600
Legals: Sec. 33 T27N R7W
Field:

KB
KB Elev
GR Elev

Spud Date:
Compl Date:
Spacing

6/10/94

Formations
Pictured Cliffs
Cliffhouse
Mancos
Gallup
Greenhorn
Dakota

Surface Casing:
8 5/8" 24# J55 ST&C
Set @ 373'

Tubing:
237 Jts 2-3/8" J-55, 4.7#
1 2-3/8" Seat Nipple
1 Jt 2-3/8" J-55, 4.7#
EOT @ 7510.10'

DV Tool @ 5138

MESAVERDE: 5296-5312, 5350-5367
Frac w/ 1850 bbls slickwater, 70000# 20/40

DAKOTA: 7409-7414, 7436-7440,
7452-7468, 7482-7488, 7502-7518
Frac w/ 60312 gal 35# Xlink Borate gel
250000# 20/40

7606' ETD

TD = 7665'

Production Casing:
5 1/2" 15.5 & 17# J-55 LT&C
Cmt w. 1007 sx CMT
Circulate to surface

Prepared by:
Date:

Revised by:
Date:



Rincon Unit 186 M
Rio Arriba County, New Mexico
PROPOSED WBD

API: 30-039-2540600
Legals: Sec. 33 T27N R7W
Field:

KB
KB Elev
GR Elev

Spud Date:
Compl Date:
Spacing

6/10/94

Formations
Pictured Cliffs
Cliffhouse
Mancos
Gallup
Greenhorn
Dakota

Surface Casing:
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Set @ 373'

Tubing:
237 jts 2-3/8" J-55, 4.7#
1 2-3/8" Seat Nipple
1 jt 2-3/8" J-55, 4.7#
EOT @ 7510.10'

PROPOSED ROD AND PUMP DETAILS

DV Tool @ 5138

MESAVERDE: 5296-5312, 5350-5367
Frac w/ 1850 bbls slickwater, 70000# 20/40

Proposed Gallup Perfs
6810'-6826'

DAKOTA: 7409-7414, 7436-7440,
7452-7468, 7482-7488, 7502-7518
Frac w/ 60312 gal 35# Xlink Borate gel
250000# 20/40

7606' ETD

TD = 7665'

Production Casing:
5 1/2" 15.5 & 17# J-55 LT&C
Cmt w. 1007 sx CMT
Circulate to surface

Prepared by:
Date:

Revised by:
Date:

AD
NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

ADMINISTRATIVE ORDER DHC-1176

Unocal Oil & Gas Division
P.O. Box 850
Bloomfield, New Mexico 87413-0850

Attention: Brett H. Liggett

RECEIVED
JAN - 4 1979
OIL CON. DIV.
DET. 3

Rincon Unit Well No. 186M
Unit L, Section 33,

and;

Rincon Unit Well No. 187E
Unit P, Section 35;

both in Township 27 North, Range 7 West, NMPM, Rio Arriba County, New Mexico.

Commingling of Basin Dakota (Prorated Gas 71559) and
Blanco Mesaverde (Gas 72319) Pools.

Dear Mr. Liggett:

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 both 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 two zones is hereby placed in abeyance.

In accordance with the provisions of Rule 303-C-4., total commingled oil production from the subject well shall not exceed 40 barrels per day, and total water production shall not exceed 80 barrels per day. 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.

In accordance with the provisions of Rule 303-C, the supervisor of the Aztec District Office of the Oil Conservation division shall determine the proper allocation of production from the subject well following its completion.

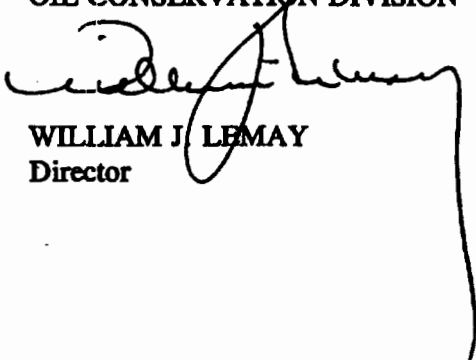
OFFICE OF THE SECRETARY - P. O. BOX 6429 - SANTA FE, NM 87505-6429 - (505) 827-5950
ADMINISTRATIVE SERVICES DIVISION - P. O. BOX 6429 - SANTA FE, NM 87505-6429 - (505) 827-5925
ENERGY CONSERVATION AND MANAGEMENT DIVISION - P. O. BOX 6429 - SANTA FE, NM 87505-6429 - (505) 827-5900
FORESTRY AND RESOURCES CONSERVATION DIVISION - P. O. BOX 19411 - SANTA FE, NM 87504-1948 - (505) 827-5830
MINING AND MINERALS DIVISION - P. O. BOX 6429 - SANTA FE, NM 87505-6429 - (505) 827-5970
OIL CONSERVATION DIVISION - P. O. BOX 6429 - SANTA FE, NM 87505-6429 - (505) 827-7131
PARK AND RECREATION DIVISION - P. O. BOX 1147 - SANTA FE, NM 87504-1147 - (505) 827-7465

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

Pursuant to Rule 303-C-5, 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 21st day of December, 1995.

**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



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington District Office
1235 La Plata Highway
Farmington, New Mexico 87401

CONSERVATION DIVISION
RECEIVED

96 JAN 30 AM 8 52

IN REPLY REFER TO:
SF-080213
3162.7-3 (07327)

January 22, 1996

Mr. R.L. Caine
Production Foreman
Unocal Corporation
P.O. Box 850
Bloomfield, NM 87413

RE: Federal Lease SF-080213
Downhole Commingling Application
Blanco Mesaverde and Basin Dakota Pools
No. 186M Rincon Unit
1670' FSL & 1240' FWL
Section 33, T. 27 N., R. 7 W.
Rio Arriba County, New Mexico

Dear Mr. Caine:

The Farmington District Office (FDO) of the Bureau of Land Management (BLM) has received your letter dated January 11, 1996, for allocation percentages for downhole commingling of the Blanco Mesaverde and Basin Dakota Pools in the above referenced well.

Allocation is approved using the following percentages:

FORMATION	GAS PRODUCTION	OIL PRODUCTION
Dakota	6 %	1 %
Mesaverde	94 %	99 %

If you have further questions regarding this matter, please contact Brian W. Davis at (505) 599-6367 or (505) 599-8900.

Sincerely,

/s/ Duane Spencer

Duane W. Spencer
Team Leader, Petroleum Management

bcc:

NMOCD, Santa Fe