

DATE IN <u>4.9.12</u>	SUSPENSE	ENGINEER <u>WVT</u>	LOGGED IN <u>4.9.12</u>	TYPE <u>DHC</u>	APP NO. <u>1210044492</u>
-----------------------	----------	---------------------	-------------------------	-----------------	---------------------------

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

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



RECEIVED
217817

2012 APR -9 A b: 11

Mudge B # 20M

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 _____

[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.

Arleen Kellywood
 Print or Type Name

Arleen Kellywood
 Signature

Staff Regulatory Tech 4/5/12
 Title Date

Mudge B # 20M
 30.045-35318

arleen.r.kellywood@conocophillips.com
 e-mail Address

PC

MUDGE B 20M
Unit G, Section 8, T031N, R011W
BOTTOMHOLE
Unit J, Section 8, T031N, R011W

The MUDGE B 20M is a Blanco Mesaverde, Basin Dakota and Basin Mancos new drill. A cased hole neutron log will be run prior to completion to identify the Mesaverde, Dakota and Mancos zones. If the Mesaverde, Dakota and Mancos horizons can be isolated, a spinner test will be performed and the allocation will be assigned. In the event that the Mesaverde, Dakota and Mancos can not be tested separately, a volumetric calculation will be performed to determine the allocation percentages between the Basin Mesaverde, Basin Dakota and Basin Mancos. Initial Oil allocation will be the same as the gas initial allocation until the first liquid sale is completed. After completing the first liquid sale and using known Dakota and Mesaverde liquid yields from offset Stand Alone wells a system of linear equations will be solved for Mancos liquid yield, and that Mancos liquid yield will be used in conjunction with the Mesaverde and Dakota liquid yields to calculate the oil allocations. The oil allocation will be calculated in a way that is a function of individual formation Gas production and Individual formation liquid yields. All documentation will be submitted to the Aztec NMOCD office.

DISTRICT II
1301 W. Grand Avenue, Artesia, N.M. 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

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

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

Submit one copy to appropriate
District Office

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-		*Pool Code 72319/71599/97232	*Pool Name BLANCO MESAVERDE / BASIN DAKOTA / BASIN MANCOS
*Property Code 37514	*Property Name MUDGE B		*Well Number 20 M
*OGRID No. 217817	*Operator Name CONOCOPHILLIPS COMPANY		*Elevation 6095'

¹⁰ Surface Location

U/L or lot no.	Section	Township	Range	Lot Idn.	Feet from the	North/South line	Feet from the	East/West line	County
G	8	31N	11W		2282'	NORTH	1471'	EAST	SAN JUAN

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
1	8	31N	11W		1785'	SOUTH	1900'	EAST	SAN JUAN

¹³ Dedicated Acres 320.00 ACRES - E/2	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

18

LEASE # USA SF-078096

WELL FLAG
 LAT. 36.91377° N (NAD83)
 LONG. 108.00972° W (NAD83)
 LAT. 36°54.82604' N (NAD27)
 LONG. 108°00.54578' W (NAD27)

BOTTOM HOLE
 LAT. 36.91069° N (NAD83)
 LONG. 108.01115° W (NAD83)
 LAT. 36°54.64124' N (NAD27)
 LONG. 108°00.83155' W (NAD27)

DIRECTIONAL DRILL
 S 20°27'40" W
 1188.09'

BOUNDARY BEARINGS AND DISTANCES:
 N 89°02'43" W 2618.99' (M)
 N 89°05' W 2618.87' (R)
 N 89°16'41" W 5245.53' (M)
 N 89°22' W 5248.32' (R)
 N 00°34'00" W 2594.90' (M)
 N 00°34'00" W 2593.80' (R)
 N 00°28'40" W 2592.34' (M)
 N 00°28'40" W 2593.80' (R)
 N 02°26' E 1471'
 N 02°26' E 1900'
 N 02°26' E 1785'

WELL LOCATION DATA:
 LAT. 36.91377° N (NAD83)
 LONG. 108.00972° W (NAD83)
 LAT. 36°54.82604' N (NAD27)
 LONG. 108°00.54578' W (NAD27)

BOUNDARY BEARINGS AND DISTANCES:
 N 89°02'43" W 2618.99' (M)
 N 89°05' W 2618.87' (R)
 N 89°16'41" W 5245.53' (M)
 N 89°22' W 5248.32' (R)
 N 00°34'00" W 2594.90' (M)
 N 00°34'00" W 2593.80' (R)
 N 00°28'40" W 2592.34' (M)
 N 00°28'40" W 2593.80' (R)
 N 02°26' E 1471'
 N 02°26' E 1900'
 N 02°26' E 1785'

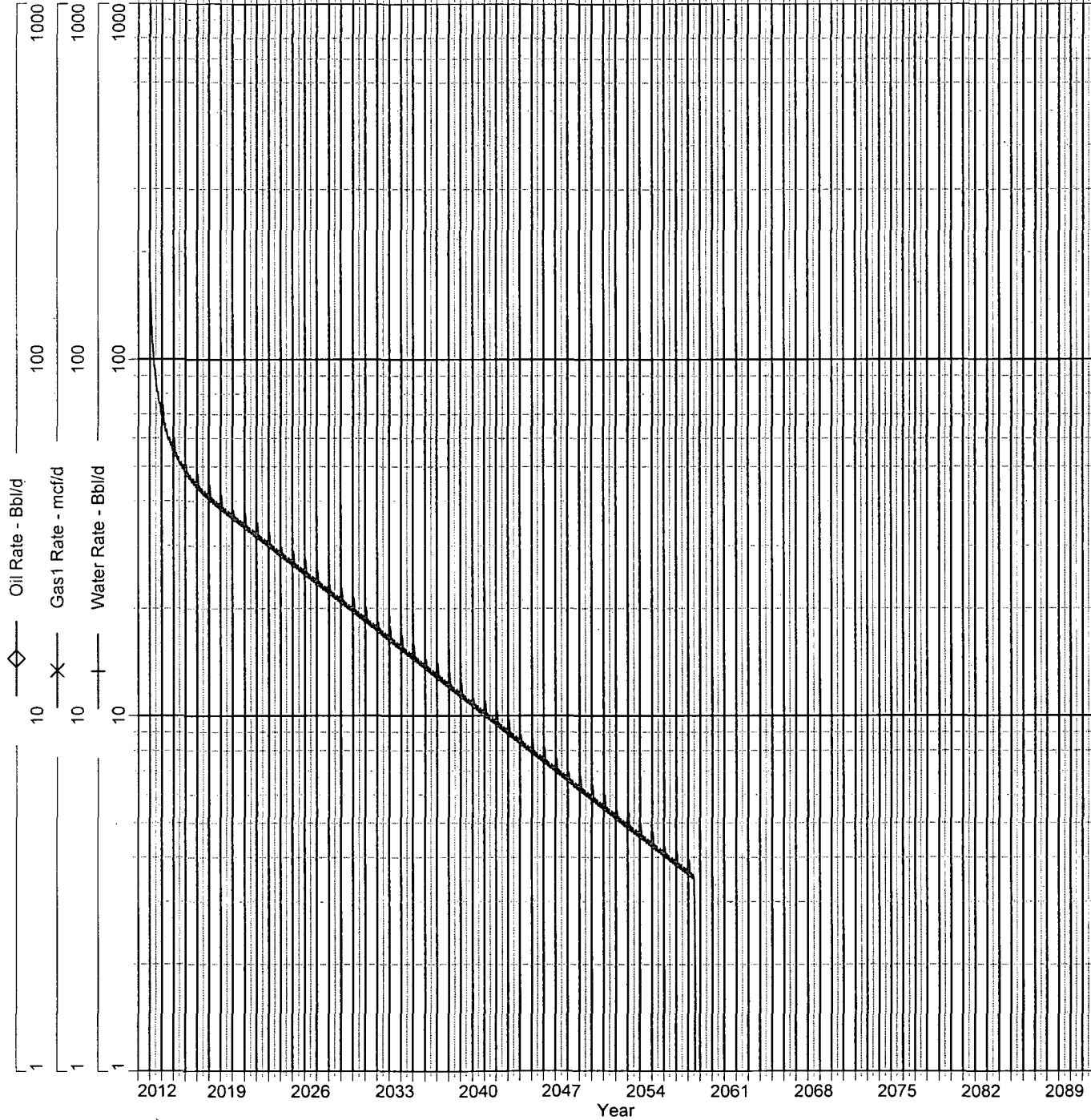
MUDGE B 20M DK Data: Apr.2012-Apr.2012

Operator: Unknown
Field:
Zone:
Type: Other
Group: None

No
Active
Forecast

Production Cums
Oil: 0.000000 MSTB
Gas: 673.850817 MMSCF
Water: 0.000000 MSTB
Cond: 3.998857 MSTB

Oil Rate - Bbl/d
Cum: 0.00
Gas1 Rate - mcf/d
Cum: 0.00
Water Rate - Bbl/d
Cum: 0.00



MUDGE B 20M MC

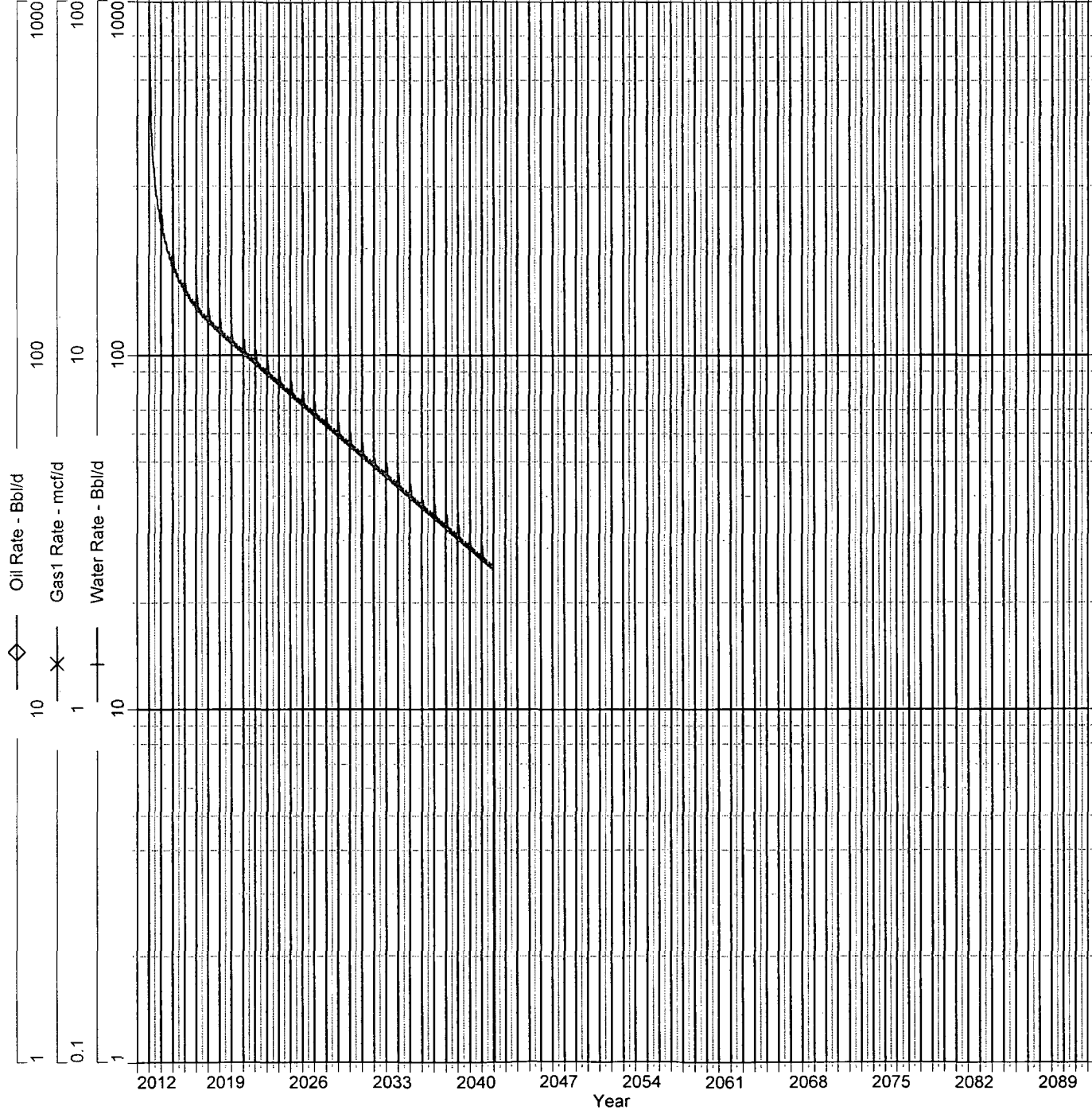
Data: Apr.2012-Apr.2012

Operator: Unknown
Field:
Zone:
Type:
Group: Other
None

No
Active
Forecast

Production Cums
Oil: 0.000000 MSTB
Gas: 185.920288 MMSCF
Water: 0.000000 MSTB
Cond: 1.103313 MSTB

Oil Rate - Bbl/d
Cum: 0.00
Gas1 Rate - mcf/d
Cum: 0.00
Water Rate - Bbl/d
Cum: 0.00



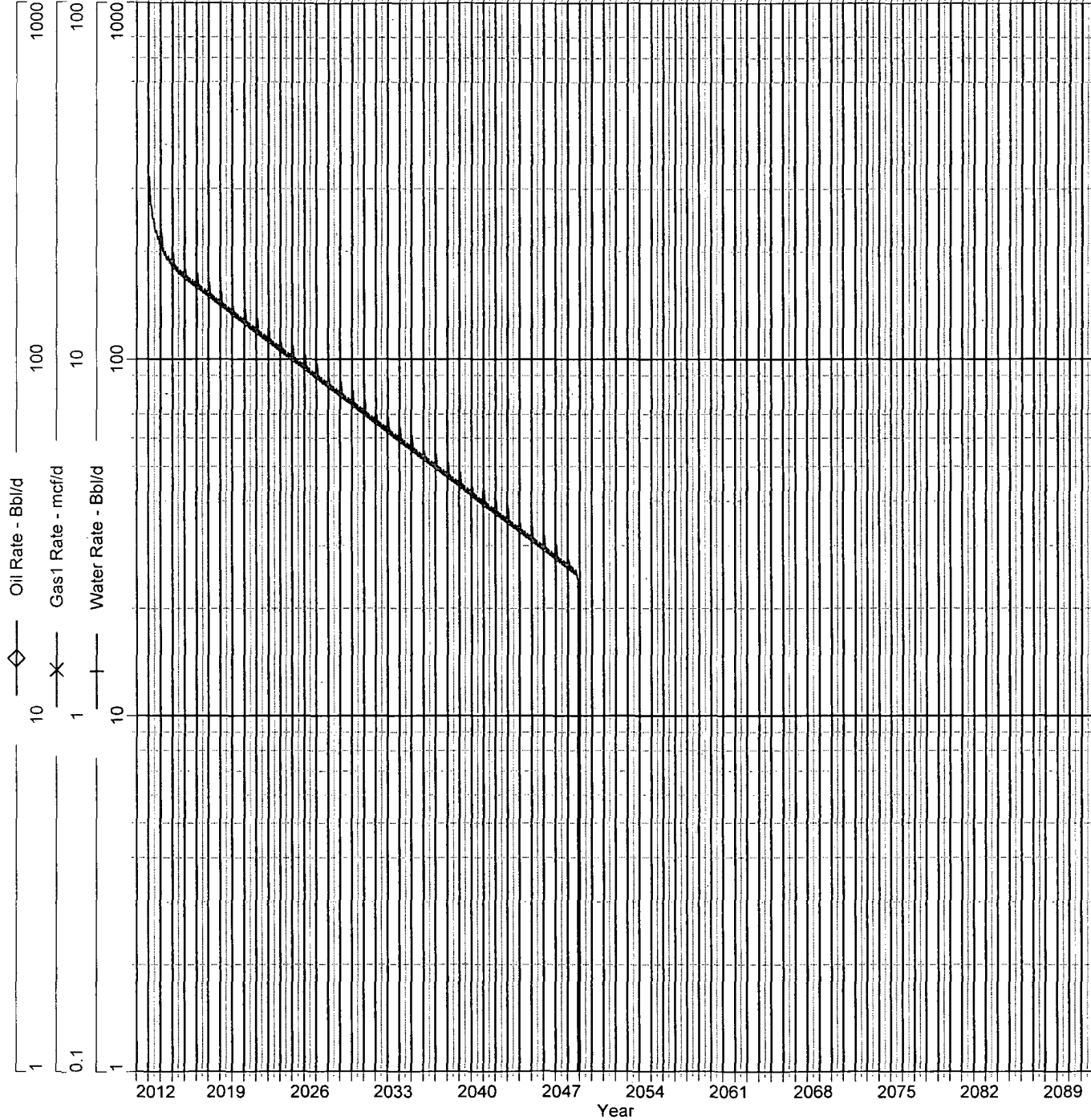
MUDGE B 20M MV Data: Apr.2012-Apr.2012

Operator: Unknown
Field:
Zone:
Type: Other
Group: None

No
Active
Forecast

Production Cums
Oil: 0.000000 MSTB
Gas: 228.478233 MMSCF
Water: 0.000000 MSTB
Cond: 0.000000 MSTB

—◇— Oil Rate - Bbl/d
Cum: 0.00
—✱— Gas1 Rate - mcf/d
Cum: 0.00
—+— Water Rate - Bbl/d
Cum: 0.00



BURLINGTON

RESOURCES Oil & Gas Company LP
3401 E. 30th St.
P.O. Box 4289
Farmington, NM 87499-4289

April 5, 2012

Subject well: Mudge B 20M

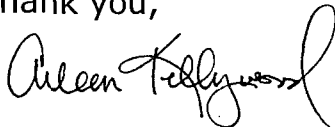
It has come to our attention that some interest owners may find the Down Hole Commingle application process slightly confusing. We hope this letter will clarify some of the questions you as an interest owner may have.

ConocoPhillips' (or Burlington's) plans are to add gas pay to the subject well and down hole commingle production. As required by regulation, we have enclosed a copy of the Commingling Application for your review. No action by you is required at this time unless you object.

If you object, you will need to send notice Burlington Resources/ConocoPhillips, PO Box 4289, Farmington, NM 87499 or New Mexico Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, NM 87505 within twenty (20) days. Again, if you do not object, you **do not need** to sign or return any paperwork at this time.

All interest owners have been notified by certified mail on 05/04/2012.

Thank you,

A handwritten signature in cursive script, appearing to read "Arleen Kellywood".

Arleen Kellywood
Staff Regulatory Technician
ConocoPhillips Company
505-326-9517

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

District II
1301 W. Grand Avenue, 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 June 10, 2003

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

CONOCOPHILLIPS COMPANY P.O.Box 4289 Farmington, NM 87499
Operator Address
MUDGE B 20M Unit G, Sec. 8, 031N, 011W SAN JUAN
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No: 217817 Property Code 37514 API No. 30045353180000 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	BLANCO MESAVERDE	BASIN MANCOS	BASIN DAKOTA
Pool Code	72319	97232	71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	4700'-5250' estimated	5950'-6800' estimated	7130'-7342' estimated
Method of Production (Flowing or Artificial Lift)	New Zone	New Zone	New Zone
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)	873psi	2350psi	2245psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	BTU 1140	BTU 1000	BTU 1216
Producing, Shut-In or New Zone	New Zone	New Zone	New Zone
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: N/A Rates: N/A	Date: N/A Rates: N/A	Date: N/A Rates: N/A
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 Will be supplied upon completion	Oil Gas Will be supplied upon completion	Oil Gas Will be supplied upon completion

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? 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: _____

Attachments:

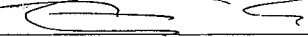
C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
Production curve for each zone for at least one year. (If not available, attach explanation.)
For zones with no production history, estimated production rates and supporting data.
Data to support allocation method or 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 Engineer DATE 4/5/12
TYPE OR PRINT NAME Bill Akwari, Engineer TELEPHONE NO. (505) 326-9700
E-MAIL ADDRESS Bill.N.Akwari@conocophillips.com

MUDGE B 20M
Unit G, Section 8, T031N, R011W
BOTTOMHOLE
Unit J, Section 8, T031N, R011W

The MUDGE B 20M is a Blanco Mesaverde, Basin Dakota and Basin Mancos new drill. A cased hole neutron log will be run prior to completion to identify the Mesaverde, Dakota and Mancos zones. If the Mesaverde, Dakota and Mancos horizons can be isolated, a spinner test will be performed and the allocation will be assigned. In the event that the Mesaverde, Dakota and Mancos can not be tested separately, a volumetric calculation will be performed to determine the allocation percentages between the Basin Mesaverde, Basin Dakota and Basin Mancos. Initial Oil allocation will be the same as the gas initial allocation until the first liquid sale is completed. After completing the first liquid sale and using known Dakota and Mesaverde liquid yields from offset Stand Alone wells a system of linear equations will be solved for Mancos liquid yield, and that Mancos liquid yield will be used in conjunction with the Mesaverde and Dakota liquid yields to calculate the oil allocations. The oil allocation will be calculated in a way that is a function of individual formation Gas production and Individual formation liquid yields. All documentation will be submitted to the Aztec NMOCD office.

FirstName	LastName	Company	Address1	Address2	City	State	Zip	AddresseeCode
BETSY BRYANT			2201 BROOKHOLLOW DR		ABILENE	TEXAS	79605-5507	DHC-MUDGE B 20M-A.KELLYWOOD
BP AMERICA PRODUCTION COMPANY	CRAIG CARLEY		501 WEST LAKE PARK BLVD.		DALLAS	TEXAS	75284-6103	DHC-MUDGE B 20M-A.KELLYWOOD
GLORIA WYNNE LANKFORD			3501 FILM CREEK CRT.		FT. WORTH	TEXAS	76109	DHC-MUDGE B 20M-A.KELLYWOOD
JAMES T BUCHENAU LIV TR UNDER REV TR AGR	SEPT 13 1994 & JAMES T BUCHENAU TTEE		1509 HEIDI DR		PLANO	TEXAS	75025-2810	DHC-MUDGE B 20M-A.KELLYWOOD
LINDA JEANNE LUNDELL LINDSEY			P O BOX 631565		NACOGDOCHES	TEXAS	75963	DHC-MUDGE B 20M-A.KELLYWOOD
MITZI H EASLEY			1203 ARRONIMINK CR		AUSTIN	TEXAS	78746	DHC-MUDGE B 20M-A.KELLYWOOD
OFFICE OF NATURAL RESOURCES REVENUE	ONSHORE FEDERAL 17555		PO BOX 25627		DENVER	COLORADO	80225-0627	DHC-MUDGE B 20M-A.KELLYWOOD
PURE RESOURCES LP			PO BOX 730365		DALLAS	TEXAS	75391-0365	DHC-MUDGE B 20M-A.KELLYWOOD
ROBERT BEAMON ACCOUNT	FIRST NATIONAL BANK OF		PO BOX 128		BELLVILLE	TEXAS	77418-0128	DHC-MUDGE B 20M-A.KELLYWOOD
ROBERT WALTER LUNDELL			STE 304	2450 FONDREN	HOUSTON	TEXAS	77063-2318	DHC-MUDGE B 20M-A.KELLYWOOD
SARAH S MIMS TRUST WILLIAM L MADSEN	WILLIAM L MADSEN & SARAH S MIMS COTRTEES		PO BOX 111846		CARROLLTON	TEXAS	75011-1846	DHC-MUDGE B 20M-A.KELLYWOOD
SDH 2009 INVESTMENTS LP			C/O BRADFIELD R HORTON	2906 UNIVERSITY BLVD	DALLAS	TEXAS	75205	DHC-MUDGE B 20M-A.KELLYWOOD
SUSAN RITTER			4700 VIA MEDIA		AUSTIN	TEXAS	78746	DHC-MUDGE B 20M-A.KELLYWOOD
VICTORIA ZIMMERMAN REV LIV TR DTD	JUNE 1 2011 & VICTORIA ZIMMERMAN TTEE		1520 JABBET DR		PLANO	TEXAS	75025-2829	DHC-MUDGE B 20M-A.KELLYWOOD
HENRIETTA E SCHULTZ	C/O SCHULTZ COMPANIES		500 N AKARD		DALLAS	TEXAS	75201-3381	DHC-MUDGE B 20M-A.KELLYWOOD
WARREN AMERICAN OIL COMPANY			P.O. BOX 470372		TULSA	OKLAHOMA	74147	DHC-MUDGE B 20M-A.KELLYWOOD
XTO ENERGY	BRADLEY JAMESON		810 HOUSTON STREET		FT. WORTH	TEXAS	76102	DHC-MUDGE B 20M-A.KELLYWOOD