

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



Administrative Order DHC-4604

Order Date: 2/25/2013

Application Reference Number: pPRG13052443652

Caerus Southern Rockies LLC
600 17th Street, Suite 1600N
Denver, CO 80202

Attention: Paul C. Thompson

TSAH TAH 36 Well No. 3
API No: 30-045-34239
Unit K, Section 36, Township 25 North, Range 10 West, NMPM
San Juan County, New Mexico

Pool	BASIN FRUITLAND COAL	GAS 71629
Names:	WILDCAT PICTURED CLIFFS	GAS 96928

Reference is made to your recent application for an exception to 19.15.12.9A NMAC of the Division Rules and Regulations to permit the above-described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of 19.15.12.11A NMAC, 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 or otherwise required separation of the zones is hereby placed in abeyance.


In accordance with 19.15.12.11A.(6) NMAC, the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

Assignment of allowable and allocation of production from the well shall be as follows:

BASIN (FRUITLAND COAL) GAS	Pct Gas: 26.5	Pct Oil: 0
WILDCAT DISTRICT 3 (PICTURED CLIFFS) GAS	Pct Gas: 73.5	Pct Oil: 0

REMARKS: The operator shall notify the Division's district office upon implementation of commingling operations.

Pursuant to 19.15.12.11B NMAC, the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.


JAMI BAILEY
Director

JB/prg

cc: Oil Conservation Division – Aztec District Office
State Land Office – Oil, Gas, and Minerals Division

02/25/13 - CO2/ownership info

DATE IN 01/25/13	SUSPENSE	ENGIN TRG	LOGGED IN 02/21/13	TYPE DHC	PP NO. PRG13052443652
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ABOVE THIS LINE FOR DIVISION USE ONLY

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.

Print or Type Name

Paul Thompson

Signature

Paul C. Thompson

Title

AGENT

Date

1/2/13

e-mail Address

PAUL@WASHNET.NET

District I
1623 N. French Drive, Hobbs, NM 88240

District II
811 S. First St., Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1229 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

Caerus Southern Rockies, LLC 600 17th Street, Suite 1600N, Denver, CO 80202

Operator
Tsah Tah 36 #3

Address
K Section 36, T25N, R10W

San Juan

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 239235 Property Code 35713 API No. 30-045-34239 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Basin Fruitland Coal		Wildcat Pictured Cliffs
Pool Code	71629		96928
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	1724' - 1726'		1775' - 1786'
Method of Production (Flowing or Artificial Lift)	Pumping		Pumping
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)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)			
Producing, Shut-In or New Zone	Producing		Shut In
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: July 2012 Rates: 9 MCFD	Date: Rates:	Date: November 2010 Rates: 0 MCFD
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 0 % 26.5 %	Oil Gas % %	Oil Gas 0 % 73.5 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes ☒ No ☐
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 communized 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 Paul C. Thompson TITLE Agent DATE 12/21/12

TYPE OR PRINT NAME Paul C. Thompson, P.E. TELEPHONE NO. (505) 327-4892

E-MAIL ADDRESS paul@walsheng.net

Caerus Southern Rockies, LLC
Downhole Commingling Application

Tsah Tah 36 #3
36K T25N, R10W

The Tsah Tah 36 #3 was inadvertently completed in a Wildcat Pictured Cliffs zone (1775 – 1786') on October 12, 2007. The well produced until January 2011 when the error was discovered in the process of replacing a worn pump. A cast iron bridge plug was set at 1770' and the Fruitland Coal (1724-1736') was completed on September 22, 2011. The well has been producing from the Fruitland Coal with limited success due to the lack of adequate rat-hole below the Fruitland Coal perms.

Caerus Southern Rockies, LLC proposes to drill out the bridge plug and downhole commingle the production from the Wildcat Pictured Cliffs with the Basin Fruitland Gas Pool. All of Section 36 is a State Mineral Lease and all interests in both zones are common. The Commissioner of Public Lands has been notified of this application.

Based on prior production, Caerus proposes to allocate 73.5% of the gas production to the Pictured Cliffs and 26.5% to the Basin Fruitland Coal. Neither zone produced any liquid hydrocarbons. All produced waters from both zones are compatible.

DISTRICT I
1925 W. French Dr., Hobbs, N.M. 88240

DISTRICT II
611 South First, Artesia, N.M. 88210

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87503

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised August 15, 2000

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-34239	*Pool Code	WILDCAT PICTURED CLIFFS
*Property Code 35713	*Property Name TSAH TAH 36	*Well Number 3
*OGRID No. 239235	*Operator Name ROSETTA RESOURCES OPERATING LP	*Elevation 6772'

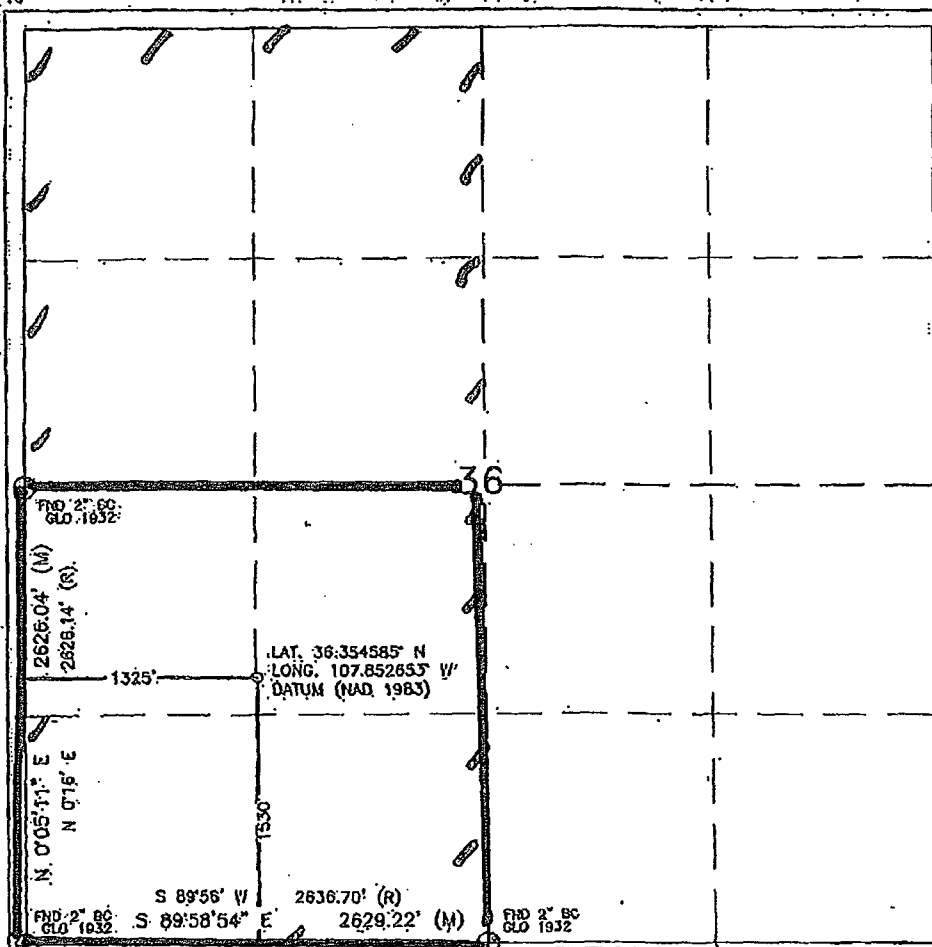
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot 1st	Feet from the	North/South line	Feet from the	East/West line	County
K	36	25N	10W		1530'	SOUTH	1325'	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface:

UL or lot no.	Section	Township	Range	Lot 1st	Feet from the	North/South line	Feet from the	East/West line	County
*Dedicated Acres 5W/4 160					*Consolidation Code C		*Order No. OIL CONS. DIV.		

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



¹⁷ OPERATOR CERTIFICATION

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

Brian Wood
Signature
BRIAN WOOD
Printed Name
CONSULTANT
Title
MAR. 12, 2007
Date

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.

NOVEMBER 15, 2006
Date of Survey
David Russell
Signature and Seal of Professional Surveyor
DAVID RUSSELL
Registered Professional Land Surveyor
Certificate Number **10201**

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
811 South First, Artesia, N.M. 88210

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87605

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87605

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-34239		*Pool Code 71629	*Pool Name BASIN FRUITLAND COAL GAS
*Property Code 35713	*Property Name TSAH TAH 36		*Well Number 3
*OGRIID No. 239235	*Operator Name ROSETTA RESOURCES OPERATING LP		*Elevation 6772'

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
K	36	25N	10W		1530'	SOUTH	1325'	WEST	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
*Dedicated Acres W/2 320		*Joint or Infill		*Consolidation Code C		*Order No. OIL CONS. DIV.			

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

		<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p></p> <p>Signature BRIAN WOOD</p> <p>Printed Name CONSULTANT</p> <p>Title MAR. 12, 2007</p> <p>Date</p>
<p>18 SURVEYOR CERTIFICATION</p> <p>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.</p> <p>NOVEMBER 15, 2006</p> <p>Date of Survey</p> <p></p> <p>Signature and Seal of Professional Surveyor</p> <p>DAVID RUSSELL</p> <p>Certificate Number 10201</p>		

Jones, William V., EMNRD

From: Shasta Carley <shasta@walsheng.net>
Sent: Friday, January 25, 2013 3:52 PM
To: Jones, William V., EMNRD
Subject: RE: Caerus Southern Rockies, LLC

Not as far as we know, I can give you a phone # for them and maybe they can better answer that question we just do contract work for them. Their # is 303-565-4600. Sorry I couldn't be any more help than that.

Shasta Carley
Walsh Engineering & Production Corp.
7415 East Main Street
Farmington, NM 87402
505-327-4892 Office
505-327-9834 Fax

-----Original Message-----

From: Jones, William V., EMNRD [<mailto:William.V.Jones@state.nm.us>]
Sent: Friday, January 25, 2013 3:44 PM
To: Shasta Carley
Subject: RE: Caerus Southern Rockies, LLC

Thank You!

That takes care of vertically, but I guess we can assume he meant that Caerus owns the 320 acres for Fruitland and the 160 acres for PC in the exact same percentages?

In otherwords, there are no other WI owners in the 320 acres and the royalty burden is the same.

-----Original Message-----

From: Shasta Carley [<mailto:shasta@walsheng.net>]
Sent: Friday, January 25, 2013 9:33 AM
To: Jones, William V., EMNRD
Subject: Caerus Southern Rockies, LLC

Will,
I have attached the C-102s for both formations, I talked to Paul this morning about the interests and he said that Caerus owns from surface to the base of the p.c. I'm not sure if this is what you meant if not please let me know.

Thank you,

Shasta Carley
Walsh Engineering & Production Corp.
7415 East Main Street
Farmington, NM 87402

Jones, William V., EMNRD

From: Shasta Carley <shasta@walsheng.net>
Sent: Friday, January 25, 2013 9:33 AM
To: Jones, William V., EMNRD
Subject: Caerus Southern Rockies, LLC
Attachments: 20130125091816079.pdf

Will,
I have attached the C-102s for both formations, I talked to Paul this morning about the interests and he said that Caerus owns from surface to the base of the p.c. I'm not sure if this is what you meant if not please let me know.

Thank you,

Shasta Carley
Walsh Engineering & Production Corp.
7415 East Main Street
Farmington, NM 87402
505-327-4892 Office
505-327-9834 Fax

-----Original Message-----

From: Shasta [<mailto:shasta@walsheng.net>]
Sent: Friday, January 25, 2013 7:18 AM
To: Shasta
Subject:

This E-mail was sent from "RNPF5AB46" (MP C3300/LD533C).

Scan Date: 01.25.2013 09:18:15 (-0500)
Queries to: walsh@walsheng.net