

DHC 1370 9/16/96

KOCH EXPLORATION COMPANY

August 26, 1996

Mr. William LeMay  
New Mexico Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, NM 87505

Re: Federal Blancett Com #1  
1,820 FNL, 1,740 FEL Sec. 27-T32N-R9W, San Juan County, NM  
API# 30-045-25575

Dear Mr. LeMay:

Administrative approval is requested for downhole commingling the Blanco Mesaverde and the Blanco Pictured Cliffs pools in the subject well. The Federal Blancett Com #1 is currently producing from the Blanco Mesaverde over the interval 5,460' - 5,886.. Koch proposes to add Pictured Cliffs production over the interval 3,471 - 3,482.

The Pictured Cliffs zone in the Blancett Com #1 well was completed during December 1995. It was originally Koch's intent to complete the well as a dual Mesaverde/Pictured Cliffs well and produce the zones separately. However, because of the marginal nature of the Mesaverde zone Koch requests permission to commingle the Mesaverde and the Pictured Cliffs in this well. A plot of the production history from the Mesaverde is attached.

Ownership under the East half (E/2) is not common in that NM-013642 covering the NE/4NE/4, and the SE/4 is owned Koch 87.5% and BLM 12.5% and the fee lease covering the W/2NE/4, SE/4NE/4 has fourteen (14) owners under the royalty and overriding royalty interests, and the working interest is owned by Koch and Amoco Production Company. All owners have been notified by certified mail as to this application.

All offset operators, Meridian Oil, Inc. and Phillips Petroleum Company have received written notice of this application.

To comply with the New Mexico Oil Conservation Division rules, Koch is submitting the following attachments for your approval.

1. Form C-107-A, Application for Downhole Commingling.
2. Forms C-102 for each zone showing its spacing unit and acreage dedication.
3. A production curve showing the Blancett Com #1 Blanco Mesaverde production.

Federal Blancett Com #1

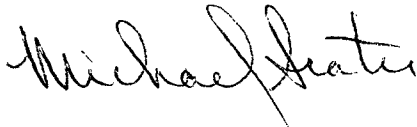
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Page 2

4. Data to support allocation method.
5. Notification list of offset operators.
6. Notification list of working, overriding and royalty interests.

Should you need additional information, please call me at (316) 828-5595.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Scates". The signature is fluid and cursive, with the first name "Michael" written in a larger, more prominent script than the last name "Scates".

Michael Scates  
Administrative Manager

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

Koch Exploration Company

PO Box 2256

Wichita, KS 67201

Operator

Address

Blancett Com 1

Sec. 9 27-T32N-R9W

San Juan

Lease

Well No.

Unit Ltr. - Sec - Twp - Rge

County

OGRID NO. 012807

Property Code 03

API NO. 30-045-28277

Spacing Unit Lease Types: (check 1 or more)  
Federal ☒ State ☐ (and/or) Fee ☐

| The following facts are submitted in support of downhole commingling:                                                                                                                                     | Upper Zone                                                 | Intermediate Zone | Lower Zone                                |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|-------------------|-------------------------------------------|
| 1. Pool Name and Pool Code                                                                                                                                                                                | Pictured Cliffs<br>72359                                   |                   | Blanco Mersaverde<br>72319                |
| 2. Top and Bottom of Pay Section (Perforations)                                                                                                                                                           | 3471-3482 KB                                               |                   | 5460-5886 KB                              |
| 3. Type of production (Oil or Gas)                                                                                                                                                                        | Gas                                                        |                   | Gas                                       |
| 4. Method of Production (Flowing or Artificial Lift)                                                                                                                                                      | Flowing                                                    |                   | Flowing                                   |
| 5. Bottomhole Pressure<br>Oil Zones - Artificial Lift:<br>Gas & Oil - Flowing:<br>All Gas Zones:<br>Estimated Current<br>Measured Current<br>Estimated Or Measured Original                               | a. (Current)<br>1025 psia                                  | a.                | a. Est.<br>350 psia                       |
|                                                                                                                                                                                                           | b. (Original)<br>1025 psia                                 | b.                | b. 6183<br>1034 psia                      |
| 6. Oil Gravity (°API) or Gas BTU Content                                                                                                                                                                  |                                                            |                   | 46% API<br>1030 BTU/cf                    |
| 7. Producing or Shut-In?                                                                                                                                                                                  | Shut-In                                                    |                   | Shut-In                                   |
| Production Marginal? (yes or no)                                                                                                                                                                          | No                                                         |                   | Yes                                       |
| * If Shut-In, give date and oil/gas/ water rates of last production<br><br>Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data | Date: 12/23/95<br>Rates: (15 hr. Comp. Test)<br>1342 mcf/d | Date:<br>Rates:   | Date: 11/95<br>Rates: .5 BC/d<br>85 mcf/d |
|                                                                                                                                                                                                           | Date:<br>Rates:                                            | Date:<br>Rates:   | Date:<br>Rates:                           |
| * If Producing, give date and oil/gas/ water rates of recent test (within 60 days)                                                                                                                        |                                                            |                   |                                           |
| 8. Fixed Percentage Allocation Formula - % for each zone                                                                                                                                                  | Oil: % Gas: %                                              | Oil: % Gas: %     | Oil: % Gas: %                             |

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.
10. Are all working, overriding, and royalty interests identical in all commingled zones?  
If not, have all working, overriding, and royalty interests been notified by certified mail?  
Have all offset operators been given written notice of the proposed downhole commingling?
11. Will cross-flow occur? ☐ Yes ☒ No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. ☐ Yes ☐ No (If No, attach explanation)
12. Are all produced fluids from all commingled zones compatible with each other? ☒ Yes ☐ No
13. Will the value of production be decreased by commingling? ☐ Yes ☒ No (If Yes, attach explanation)
14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. ☐ Yes ☐ No
15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S).
16. ATTACHMENTS:
  - \* C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
  - \* Production curve for each zone for at least one year. (If not available, attach explanation.)
  - \* For zones with no production history, estimated production rates and supporting data.
  - \* Data to support allocation method or formula.
  - \* Notification list of all offset operators.
  - \* Notification list of working, overriding, and royalty interests for uncommon interest cases.
  - \* Any additional statements, data, or documents required to support commingling.

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

SIGNATURE

TITLE

DATE

TYPE OR PRINT NAME

TELEPHONE NO. ( 316 ) 828-5595

## NOTIFICATION LIST OF WORKING, OVERRRIDING AND ROYALTY INTERESTS

Kindermac Partners  
650 South Cherry Suite 1225  
Denver, CO 80222

Royalty/Override Owners

Minerals Management Service  
Royalty Management Program  
Company Code 33792  
PO Box 5810  
Denver, CO 80217

Royalty/Override Owners

Jeff Wiepking  
1801 Broadway  
Trinity Building Suite 1420  
Denver, CO 80202

Royalty/Override Owners

Tom Fullerton  
970 Pico Point  
Colorado Springs, CO 80906

Royalty/Override Owners

F W Arbuckle & Robert Anderson Jts.  
138 South Lamer Street  
Burbank, CA 91506

Royalty/Override Owners

Philip Hendel  
3420 Zinran Avenue  
St. Louis Park, MN 55426

Royalty/Override Owners

Dorothy P. Smith  
PO Box 1266  
Pittsfield, MA 01202

Royalty/Override Owners

Marilyn J. Lelico  
642 Sunrise Boulevard  
Prescott, AZ 86301

Royalty/Override Owners

William Truman Mann &  
Patricia Brinson Mann  
505 Wessex Drive  
Chesapeake, VA 23320

Royalty/Override Owners

Jerome P. McHugh  
650 South Cherry Street  
Suite 1225  
Denver, CO 80222

Royalty/Override Owners

**NOTIFICATION LIST OF WORKING, OVERRRIDING AND ROYALTY INTERESTS**  
**PAGE 2**

Herbert W. Schuppan &  
Wilma Mary Schuppan  
316 Doultan Place  
St. Louis, MO 63141-8016

Royalty/Override Owners

Carol Schuppan Bowden  
1827 Lake Trace Drive  
Jackson, MS 39211

Royalty/Override Owners

Jane E. Schuppan  
3705 Forum Boulevard #211  
Columbia, MO 65203

Royalty/Override Owners

James B. Fullerton  
1645 Court Place Suite 406  
Denver, CO 80202

Royalty/Override Owners

Rebecca J. Schuppan  
1900 B Juniper Drive  
Columbia, MO 65201

Royalty/Override Owners

Dan M. Schuppan  
5801 Highlands Parkway  
Columbia, MO 65203

Royalty/Override Owners

Amoco Production Company  
PO Box 800  
Denver, CO 80201

Working Interest

District I  
PO Box 1988, Hobbs, NM 88241-1988  
District II  
PO Drawer DD, Artesia, NM 88211-0719  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico  
Energy, Minerals & Natural Resources Department

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

Form C-102  
Revised February 10, 1994  
Instructions on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

|                            |                                           |           |                               |
|----------------------------|-------------------------------------------|-----------|-------------------------------|
| API Number<br>30-045-25575 |                                           | Pool Code | Pool Name<br>Blanco Mesaverde |
| Property Code              | Property Name<br>Blancett Com             |           | Well Number<br>1 PC           |
| OGRID No.<br>012807        | Operator Name<br>Koch Exploration Company |           | Elevation<br>6614             |

<sup>10</sup> Surface Location

| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| G             | 27      | 32N      | 9W    |         | 1820          | North            | 1740          | East           | S.J.   |

<sup>11</sup> Bottom Hole Location If Different From Surface

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

|                                 |                               |                                  |                         |
|---------------------------------|-------------------------------|----------------------------------|-------------------------|
| <sup>12</sup> Dedication: Acres | <sup>13</sup> Joint or Infill | <sup>14</sup> Consolidation Code | <sup>15</sup> 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

|    |  |  |       |                            |                                      |
|----|--|--|-------|----------------------------|--------------------------------------|
| 16 |  |  | 1820' | USA-SF-013642<br>Koch 100% |                                      |
|    |  |  |       |                            |                                      |
|    |  |  | 10'   | 1740'                      | Fee<br>TOC 78.125%<br>McHugh 21.875% |
|    |  |  |       |                            | USA-SF-013642<br>Koch 100%           |

27

|                                                                                                                                                                                                               |                        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| <sup>17</sup> OPERATOR CERTIFICATION                                                                                                                                                                          |                        |
| I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief                                                                                            |                        |
| <i>Michael Scates</i>                                                                                                                                                                                         |                        |
| Signature                                                                                                                                                                                                     | Michael Scates         |
| Printed Name                                                                                                                                                                                                  | Administrative Manager |
| Title                                                                                                                                                                                                         | 8/23/96                |
| Date                                                                                                                                                                                                          |                        |
| <sup>18</sup> 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. |                        |
| September 27, 1982                                                                                                                                                                                            |                        |
| Date of Survey                                                                                                                                                                                                |                        |
| Signature and Seal of Professional Surveyor:                                                                                                                                                                  |                        |
| On File                                                                                                                                                                                                       |                        |
| 3950                                                                                                                                                                                                          |                        |
| Certificate Number                                                                                                                                                                                            |                        |

## OIL CONSERVATION DIVISION

STATE OF NEW MEXICO  
OIL AND MINERALS DEPARTMENT

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

Form C-187  
Revised 10-1-78

All distances must be from the survey boundaries of the Section.

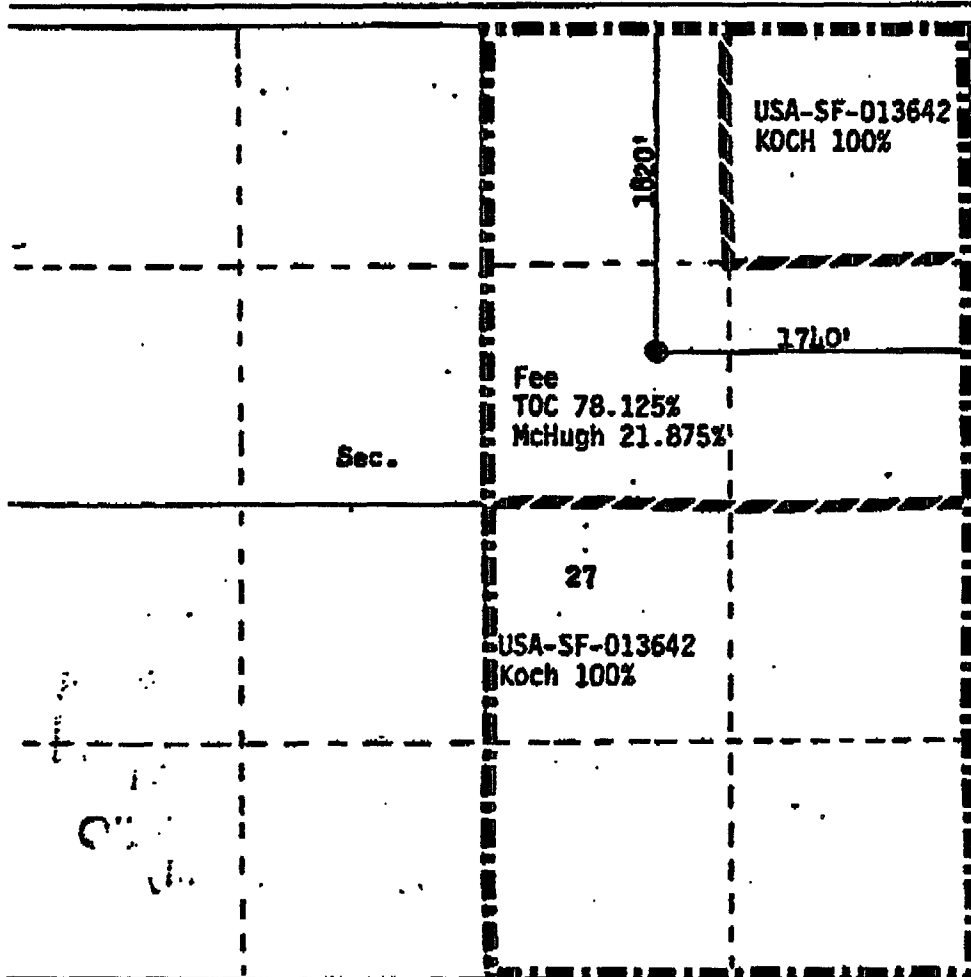
|                                      |                                         |                        |                                 |                                                |
|--------------------------------------|-----------------------------------------|------------------------|---------------------------------|------------------------------------------------|
| Lessee<br><b>TENNECO OIL COMPANY</b> |                                         |                        | Well No.<br><b>1</b>            |                                                |
| Lot<br><b>Q</b>                      | Section<br><b>27</b>                    | Township<br><b>32N</b> | Range<br><b>9W</b>              | County<br><b>San Juan</b>                      |
| Well Footage Location of Well:       |                                         |                        |                                 |                                                |
| <b>1820</b>                          | feet from the                           | <b>North</b>           | line and                        | <b>1740</b>                                    |
|                                      |                                         |                        | feet from the                   | <b>East</b>                                    |
| round Level Elev:<br><b>6614</b>     | Producing Formation<br><b>Mesaverde</b> |                        | Pool<br><b>Blanco Mesaverde</b> | Dedicated Acreage<br><b>320 E 312.49 Acres</b> |

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☒ Yes ☐ No If answer is "yes," type of consolidation Communitization in progress

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

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



Scale: 1"=1000'

## CERTIFICATION

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

*Ken Russell*

Name

Ken Russell

Position

Sr. Production Analyst

Company

Tenneco Oil Co.

Date

January 31, 1983

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 knowledge and belief.

Date Surveyed

September 27, 1982

Registered Professional Engineer and Land Surveyor

*Fred B. Kert Jr.*

Certificate No. 4211

3950

FORM 24-11

|                                          |                         |                |
|------------------------------------------|-------------------------|----------------|
| Post-It™ brand fax transmittal memo 7671 |                         | # of pages • 1 |
| To <i>Mike Seater</i>                    | From <i>Ken Johnson</i> |                |
| Co.                                      | Co.                     |                |
| Dept.                                    | Phone #                 |                |
| Fax #                                    | Fax #                   |                |

EXAMPLE

Lease Name: BLANETT COM 1  
 Field Name: BLANCO MESAVUE DE  
 Well Code: KXC 888 NM02340  
 Operator: KOCH EXPLORATION  
 State: NM  
 County: SAN JUAN  
 Location:  
 Report Date: JUL 9, 1996

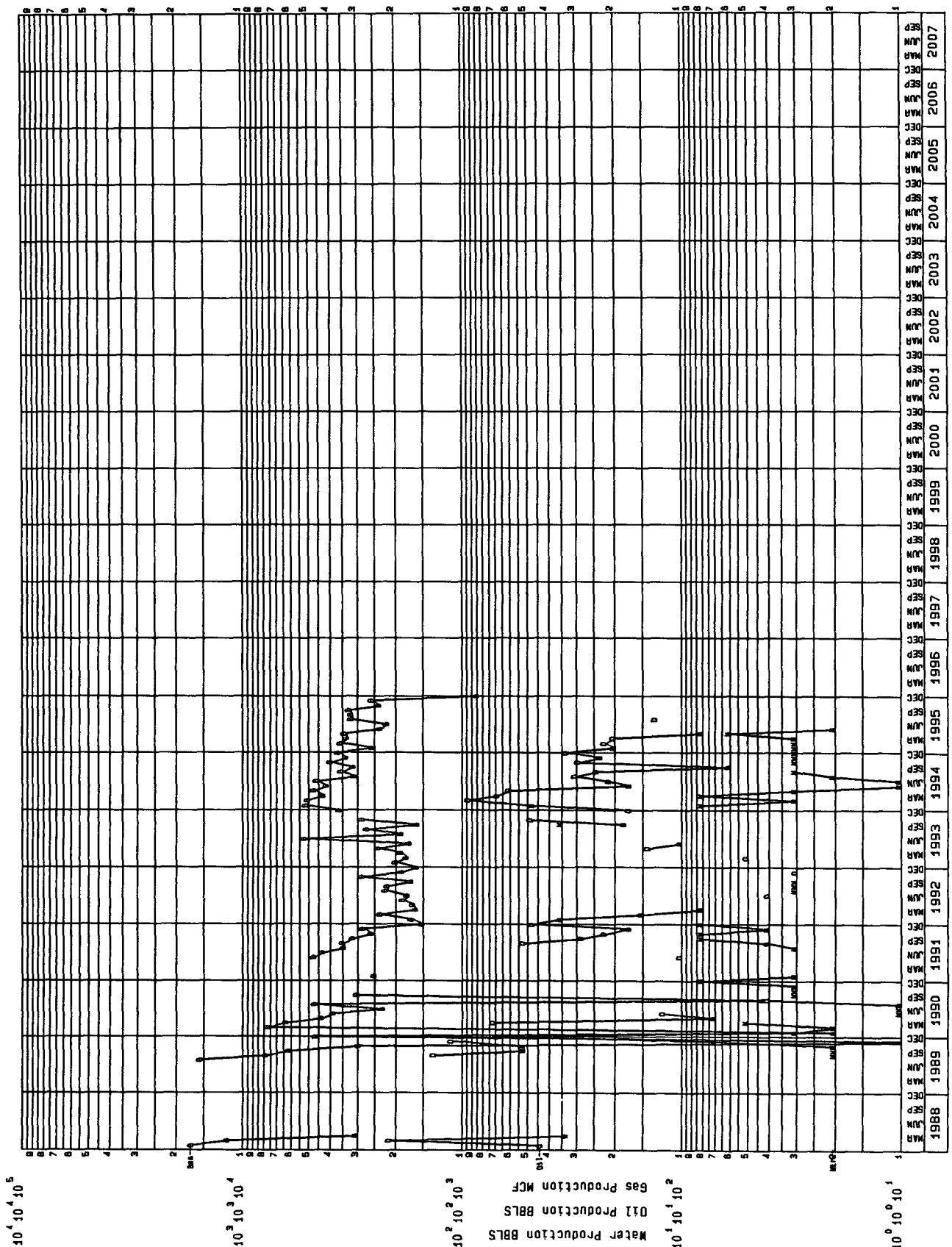


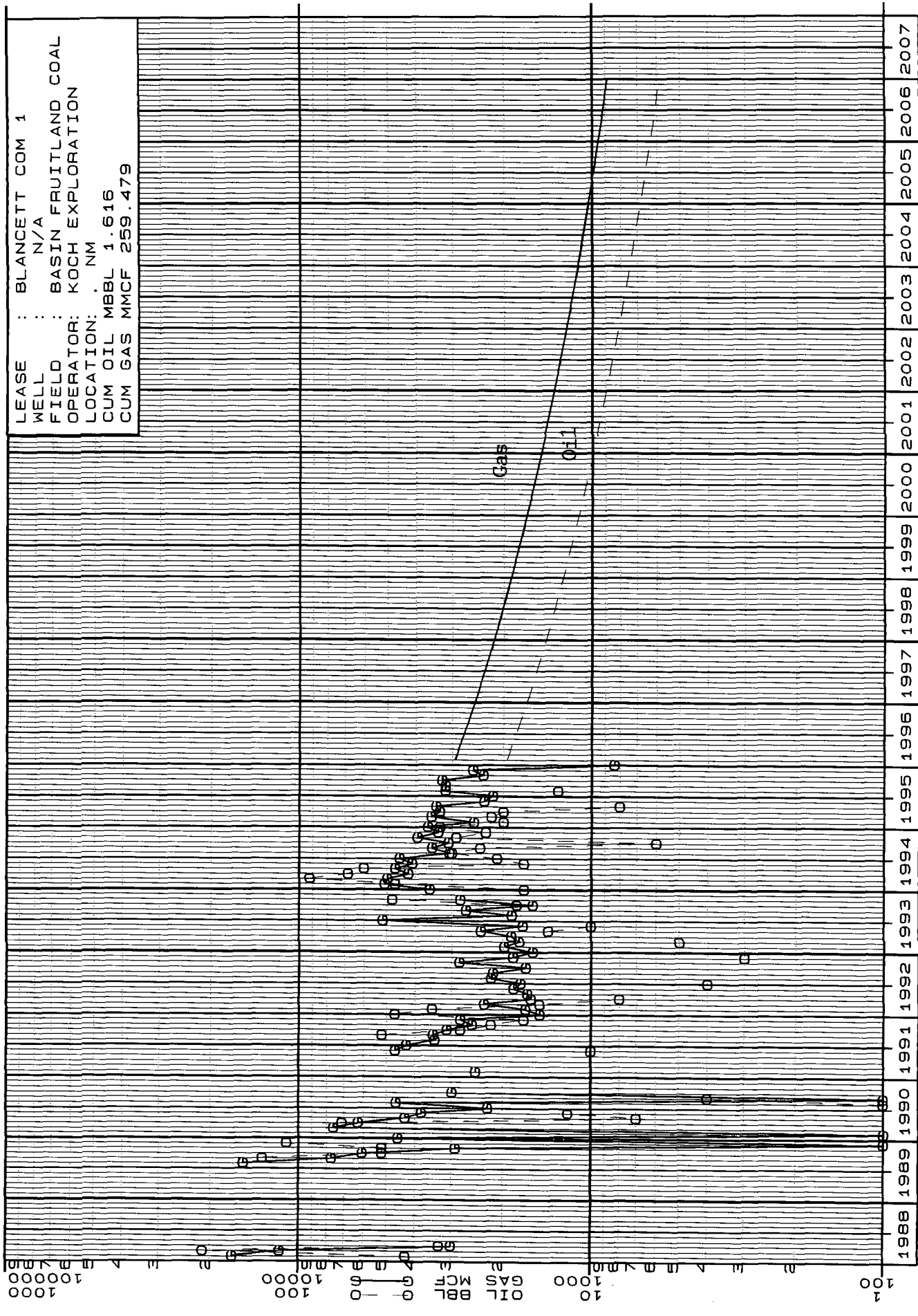
Exhibit #3





**ALLOCATION METHOD**  
**BLANCETT COM 1**

The recommended allocation method for the Blancett Com 1 is to extrapolate the existing Mesaverde decline through the potential economic limit of the well and attribute any excess production after the commingling to the Pictured Cliffs recompletion. Attached you will find a plot and a tabulated listing of the expected Mesaverde production through time. No condensate production is anticipated from the Pictured Cliffs zone and it is recommended that all condensate produced from the Blancett Com 1 well be credited to the Mesaverde zone.



LEASE : BLANCETT COM 1  
WELL : N/A  
FIELD : BASIN FRUITLAND COAL  
OPERATOR: KOCH EXPLORATION  
LOCATION: NM  
CUM OIL MBL 1.616  
CUM GAS MMCF 259.479

LEASE NAME: BLANCETT COM 1  
WELL NAME: N/A  
FIELD: BASIN FRUITLAND COAL  
CNTY/ST: , NM  
OPERATOR: KOCH EXPLORATION  
FORMATION:

DATE: 07-26-1996  
TIME: 14:28:28  
FILE: BLANCETM

PROD. START: 0 / 1988  
PROJ. START: 9 / 1996

PRODUCTION FORECAST REPORT (HISTORY ENDS 12/1995)

| ***** 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----- | ----- |
| PRIOR                        |          |          | 1.764   | 281.812  |                            |          | 1.764   | 281.812  | 6     |
| 9/96                         | 17.4     | 2617.6   | 1.782   | 284.430  | 17.4                       | 2617.6   | 1.782   | 284.430  | 7     |
| 10/96                        | 17.1     | 2582.0   | 1.799   | 287.012  | 17.1                       | 2582.0   | 1.799   | 287.012  | 7     |
| 11/96                        | 16.9     | 2547.3   | 1.816   | 289.559  | 16.9                       | 2547.3   | 1.816   | 289.559  | 7     |
| 12/96                        | 16.7     | 2513.4   | 1.832   | 292.073  | 16.7                       | 2513.4   | 1.832   | 292.073  | 7     |
| S. TOT.                      | 68.1     | 10260.3  |         |          | 68.1                       | 10260.3  |         |          | 7     |
| 1/97                         | 16.5     | 2480.3   | 1.849   | 294.553  | 16.5                       | 2480.3   | 1.849   | 294.553  | 7     |
| 2/97                         | 16.3     | 2447.9   | 1.865   | 297.001  | 16.3                       | 2447.9   | 1.865   | 297.001  | 7     |
| 3/97                         | 16.0     | 2416.3   | 1.881   | 299.417  | 16.0                       | 2416.3   | 1.881   | 299.417  | 7     |
| 4/97                         | 15.8     | 2385.4   | 1.897   | 301.803  | 15.8                       | 2385.4   | 1.897   | 301.803  | 7     |
| 5/97                         | 15.6     | 2355.2   | 1.913   | 304.158  | 15.6                       | 2355.2   | 1.913   | 304.158  | 7     |
| 6/97                         | 15.4     | 2325.6   | 1.928   | 306.483  | 15.4                       | 2325.6   | 1.928   | 306.483  | 7     |
| 7/97                         | 15.3     | 2296.7   | 1.943   | 308.780  | 15.3                       | 2296.7   | 1.943   | 308.780  | 7     |
| 8/97                         | 15.1     | 2268.5   | 1.959   | 311.049  | 15.1                       | 2268.5   | 1.959   | 311.049  | 7     |
| 9/97                         | 14.9     | 2240.8   | 1.973   | 313.289  | 14.9                       | 2240.8   | 1.973   | 313.289  | 7     |
| 10/97                        | 14.7     | 2213.7   | 1.988   | 315.503  | 14.7                       | 2213.7   | 1.988   | 315.503  | 7     |
| 11/97                        | 14.5     | 2187.2   | 2.003   | 317.690  | 14.5                       | 2187.2   | 2.003   | 317.690  | 7     |
| 12/97                        | 14.4     | 2161.3   | 2.017   | 319.852  | 14.4                       | 2161.3   | 2.017   | 319.852  | 7     |
| S. TOT.                      | 184.5    | 27779.0  |         |          | 184.5                      | 27779.0  |         |          | 7     |
| 1/98                         | 14.2     | 2135.9   | 2.031   | 321.988  | 14.2                       | 2135.9   | 2.031   | 321.988  | 7     |
| 2/98                         | 14.0     | 2111.0   | 2.045   | 324.099  | 14.0                       | 2111.0   | 2.045   | 324.099  | 7     |
| 3/98                         | 13.9     | 2086.6   | 2.059   | 326.185  | 13.9                       | 2086.6   | 2.059   | 326.185  | 7     |
| 4/98                         | 13.7     | 2062.8   | 2.073   | 328.248  | 13.7                       | 2062.8   | 2.073   | 328.248  | 7     |
| 5/98                         | 13.5     | 2039.4   | 2.086   | 330.288  | 13.5                       | 2039.4   | 2.086   | 330.288  | 7     |
| 6/98                         | 13.4     | 2016.4   | 2.100   | 332.304  | 13.4                       | 2016.4   | 2.100   | 332.304  | 7     |
| 7/98                         | 13.2     | 1993.9   | 2.113   | 334.298  | 13.2                       | 1993.9   | 2.113   | 334.298  | 7     |
| 8/98                         | 13.1     | 1971.9   | 2.126   | 336.270  | 13.1                       | 1971.9   | 2.126   | 336.270  | 7     |
| 9/98                         | 13.0     | 1950.3   | 2.139   | 338.220  | 13.0                       | 1950.3   | 2.139   | 338.220  | 7     |
| 10/98                        | 12.8     | 1929.1   | 2.152   | 340.149  | 12.8                       | 1929.1   | 2.152   | 340.149  | 7     |
| 11/98                        | 12.7     | 1908.3   | 2.164   | 342.057  | 12.7                       | 1908.3   | 2.164   | 342.057  | 7     |
| 12/98                        | 12.5     | 1887.9   | 2.177   | 343.945  | 12.5                       | 1887.9   | 2.177   | 343.945  | 7     |
| S. TOT.                      | 160.0    | 24093.5  |         |          | 160.0                      | 24093.5  |         |          | 7     |

LEASE NAME: BLANCETT COM 1  
WELL NAME: N/A  
FIELD: BASIN FRUITLAND COAL  
CNTY/ST: , NM  
OPERATOR: KOCH EXPLORATION  
FORMATION:

DATE: 07-26-1996  
TIME: 14:28:29  
FILE: BLANCETM

PROD. START: 0 / 1988  
PROJ. START: 9 / 1996

PRODUCTION FORECAST REPORT (HISTORY ENDS 12/1995)

| ***** 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----- | ----- |
| 1/99                         | 12.4     | 1867.8   | 2.189   | 345.813  | 12.4                       | 1867.8   | 2.189   | 345.813  | 7     |
| 2/99                         | 12.3     | 1848.2   | 2.202   | 347.661  | 12.3                       | 1848.2   | 2.202   | 347.661  | 7     |
| 3/99                         | 12.1     | 1828.9   | 2.214   | 349.490  | 12.1                       | 1828.9   | 2.214   | 349.490  | 7     |
| 4/99                         | 12.0     | 1810.0   | 2.226   | 351.300  | 12.0                       | 1810.0   | 2.226   | 351.300  | 7     |
| 5/99                         | 11.9     | 1791.4   | 2.238   | 353.092  | 11.9                       | 1791.4   | 2.238   | 353.092  | 7     |
| 6/99                         | 11.8     | 1773.1   | 2.250   | 354.865  | 11.8                       | 1773.1   | 2.250   | 354.865  | 7     |
| 7/99                         | 11.7     | 1755.2   | 2.261   | 356.620  | 11.7                       | 1755.2   | 2.261   | 356.620  | 7     |
| 8/99                         | 11.5     | 1737.6   | 2.273   | 358.357  | 11.5                       | 1737.6   | 2.273   | 358.357  | 7     |
| 9/99                         | 11.4     | 1720.3   | 2.284   | 360.078  | 11.4                       | 1720.3   | 2.284   | 360.078  | 7     |
| 10/99                        | 11.3     | 1703.3   | 2.295   | 361.781  | 11.3                       | 1703.3   | 2.295   | 361.781  | 7     |
| 11/99                        | 11.2     | 1686.5   | 2.307   | 363.467  | 11.2                       | 1686.5   | 2.307   | 363.467  | 7     |
| 12/99                        | 11.1     | 1670.1   | 2.318   | 365.138  | 11.1                       | 1670.1   | 2.318   | 365.138  | 7     |
| S. TOT.                      | 140.8    | 21192.3  |         |          | 140.8                      | 21192.3  |         |          | 7     |
| 1/ 0                         | 11.0     | 1654.0   | 2.329   | 366.792  | 11.0                       | 1654.0   | 2.329   | 366.792  | 7     |
| 2/ 0                         | 10.9     | 1638.1   | 2.340   | 368.430  | 10.9                       | 1638.1   | 2.340   | 368.430  | 7     |
| 3/ 0                         | 10.8     | 1622.5   | 2.350   | 370.052  | 10.8                       | 1622.5   | 2.350   | 370.052  | 7     |
| 4/ 0                         | 10.7     | 1607.2   | 2.361   | 371.659  | 10.7                       | 1607.2   | 2.361   | 371.659  | 7     |
| 5/ 0                         | 10.6     | 1592.1   | 2.372   | 373.251  | 10.6                       | 1592.1   | 2.372   | 373.251  | 7     |
| 6/ 0                         | 10.5     | 1577.2   | 2.382   | 374.829  | 10.5                       | 1577.2   | 2.382   | 374.829  | 7     |
| 7/ 0                         | 10.4     | 1562.7   | 2.393   | 376.391  | 10.4                       | 1562.7   | 2.393   | 376.391  | 7     |
| 8/ 0                         | 10.3     | 1548.3   | 2.403   | 377.940  | 10.3                       | 1548.3   | 2.403   | 377.940  | 7     |
| 9/ 0                         | 10.2     | 1534.2   | 2.413   | 379.474  | 10.2                       | 1534.2   | 2.413   | 379.474  | 7     |
| 10/ 0                        | 10.1     | 1520.3   | 2.423   | 380.994  | 10.1                       | 1520.3   | 2.423   | 380.994  | 7     |
| 11/ 0                        | 10.0     | 1506.6   | 2.433   | 382.501  | 10.0                       | 1506.6   | 2.433   | 382.501  | 7     |
| 12/ 0                        | 9.9      | 1493.1   | 2.443   | 383.994  | 9.9                        | 1493.1   | 2.443   | 383.994  | 7     |
| S. TOT.                      | 125.2    | 18856.2  |         |          | 125.2                      | 18856.2  |         |          | 7     |
| 1/ 1                         | 9.8      | 1479.9   | 2.453   | 385.474  | 9.8                        | 1479.9   | 2.453   | 385.474  | 7     |
| 2/ 1                         | 9.7      | 1466.8   | 2.463   | 386.940  | 9.7                        | 1466.8   | 2.463   | 386.940  | 7     |
| 3/ 1                         | 9.7      | 1454.0   | 2.472   | 388.394  | 9.7                        | 1454.0   | 2.472   | 388.394  | 7     |
| 4/ 1                         | 9.6      | 1441.3   | 2.482   | 389.836  | 9.6                        | 1441.3   | 2.482   | 389.836  | 7     |
| 5/ 1                         | 9.5      | 1428.9   | 2.491   | 391.265  | 9.5                        | 1428.9   | 2.491   | 391.265  | 7     |
| 6/ 1                         | 9.4      | 1416.6   | 2.501   | 392.681  | 9.4                        | 1416.6   | 2.501   | 392.681  | 7     |
| 7/ 1                         | 9.3      | 1404.5   | 2.510   | 394.086  | 9.3                        | 1404.5   | 2.510   | 394.086  | 7     |
| 8/ 1                         | 9.2      | 1392.6   | 2.519   | 395.478  | 9.2                        | 1392.6   | 2.519   | 395.478  | 7     |
| 9/ 1                         | 9.2      | 1380.9   | 2.528   | 396.859  | 9.2                        | 1380.9   | 2.528   | 396.859  | 7     |
| 10/ 1                        | 9.1      | 1369.4   | 2.538   | 398.229  | 9.1                        | 1369.4   | 2.538   | 398.229  | 7     |
| 11/ 1                        | 9.0      | 1358.0   | 2.547   | 399.587  | 9.0                        | 1358.0   | 2.547   | 399.587  | 7     |
| 12/ 1                        | 8.9      | 1346.8   | 2.556   | 400.933  | 8.9                        | 1346.8   | 2.556   | 400.933  | 7     |
| S. TOT.                      | 112.5    | 16939.7  |         |          | 112.5                      | 16939.7  |         |          | 7     |

LEASE NAME: BLANCETT COM 1  
WELL NAME: N/A  
FIELD: BASIN FRUITLAND COAL  
CNTY/ST: , NM  
OPERATOR: KOCH EXPLORATION  
FORMATION:

DATE: 07-26-1996  
TIME: 14:28:29  
FILE: BLANCETM

PROD. START: 0 / 1988  
PROJ. START: 9 / 1996

PRODUCTION FORECAST REPORT (HISTORY ENDS 12/1995)

| ***** 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/ 2                         | 8.9      | 1335.7   | 2.564   | 402.269  | 8.9                        | 1335.7   | 2.564   | 402.269  | 7     |
| 2/ 2                         | 8.8      | 1324.8   | 2.573   | 403.594  | 8.8                        | 1324.8   | 2.573   | 403.594  | 7     |
| 3/ 2                         | 8.7      | 1314.1   | 2.582   | 404.908  | 8.7                        | 1314.1   | 2.582   | 404.908  | 7     |
| 4/ 2                         | 8.7      | 1303.5   | 2.591   | 406.211  | 8.7                        | 1303.5   | 2.591   | 406.211  | 7     |
| 5/ 2                         | 8.6      | 1293.1   | 2.599   | 407.505  | 8.6                        | 1293.1   | 2.599   | 407.505  | 7     |
| 6/ 2                         | 8.5      | 1282.8   | 2.608   | 408.787  | 8.5                        | 1282.8   | 2.608   | 408.787  | 7     |
| 7/ 2                         | 8.5      | 1272.6   | 2.616   | 410.060  | 8.5                        | 1272.6   | 2.616   | 410.060  | 7     |
| 8/ 2                         | 8.4      | 1262.6   | 2.625   | 411.323  | 8.4                        | 1262.6   | 2.625   | 411.323  | 7     |
| 9/ 2                         | 8.3      | 1252.8   | 2.633   | 412.575  | 8.3                        | 1252.8   | 2.633   | 412.575  | 7     |
| 10/ 2                        | 8.3      | 1243.0   | 2.641   | 413.818  | 8.3                        | 1243.0   | 2.641   | 413.818  | 7     |
| 11/ 2                        | 8.2      | 1233.4   | 2.649   | 415.052  | 8.2                        | 1233.4   | 2.649   | 415.052  | 7     |
| 12/ 2                        | 8.1      | 1224.0   | 2.657   | 416.276  | 8.1                        | 1224.0   | 2.657   | 416.276  | 7     |
| S. TOT.                      | 101.9    | 15342.4  |         |          | 101.9                      | 15342.4  |         |          | 7     |
| 1/ 3                         | 8.1      | 1214.6   | 2.665   | 417.490  | 8.1                        | 1214.6   | 2.665   | 417.490  | 7     |
| 2/ 3                         | 8.0      | 1205.4   | 2.673   | 418.696  | 8.0                        | 1205.4   | 2.673   | 418.696  | 7     |
| 3/ 3                         | 7.9      | 1196.3   | 2.681   | 419.892  | 7.9                        | 1196.3   | 2.681   | 419.892  | 7     |
| 4/ 3                         | 7.9      | 1187.4   | 2.689   | 421.080  | 7.9                        | 1187.4   | 2.689   | 421.080  | 7     |
| 5/ 3                         | 7.8      | 1178.5   | 2.697   | 422.258  | 7.8                        | 1178.5   | 2.697   | 422.258  | 7     |
| 6/ 3                         | 7.8      | 1169.8   | 2.705   | 423.428  | 7.8                        | 1169.8   | 2.705   | 423.428  | 7     |
| 7/ 3                         | 7.7      | 1161.1   | 2.713   | 424.589  | 7.7                        | 1161.1   | 2.713   | 424.589  | 7     |
| 8/ 3                         | 7.7      | 1152.6   | 2.720   | 425.742  | 7.7                        | 1152.6   | 2.720   | 425.742  | 7     |
| 9/ 3                         | 7.6      | 1144.2   | 2.728   | 426.886  | 7.6                        | 1144.2   | 2.728   | 426.886  | 7     |
| 10/ 3                        | 7.5      | 1135.9   | 2.735   | 428.022  | 7.5                        | 1135.9   | 2.735   | 428.022  | 7     |
| 11/ 3                        | 7.5      | 1127.8   | 2.743   | 429.149  | 7.5                        | 1127.8   | 2.743   | 429.149  | 7     |
| 12/ 3                        | 7.4      | 1119.7   | 2.750   | 430.269  | 7.4                        | 1119.7   | 2.750   | 430.269  | 7     |
| S. TOT.                      | 92.9     | 13993.3  |         |          | 92.9                       | 13993.3  |         |          | 7     |
| 1/ 4                         | 7.4      | 1111.7   | 2.758   | 431.381  | 7.4                        | 1111.7   | 2.758   | 431.381  | 7     |
| 2/ 4                         | 7.3      | 1103.8   | 2.765   | 432.485  | 7.3                        | 1103.8   | 2.765   | 432.485  | 7     |
| 3/ 4                         | 7.3      | 1096.0   | 2.772   | 433.581  | 7.3                        | 1096.0   | 2.772   | 433.581  | 7     |
| 4/ 4                         | 7.2      | 1088.3   | 2.780   | 434.669  | 7.2                        | 1088.3   | 2.780   | 434.669  | 7     |
| 5/ 4                         | 7.2      | 1080.7   | 2.787   | 435.750  | 7.2                        | 1080.7   | 2.787   | 435.750  | 7     |
| 6/ 4                         | 7.1      | 1073.2   | 2.794   | 436.823  | 7.1                        | 1073.2   | 2.794   | 436.823  | 7     |
| 7/ 4                         | 7.1      | 1065.8   | 2.801   | 437.889  | 7.1                        | 1065.8   | 2.801   | 437.889  | 7     |
| 8/ 4                         | 7.0      | 1058.5   | 2.808   | 438.947  | 7.0                        | 1058.5   | 2.808   | 438.947  | 7     |
| 9/ 4                         | 7.0      | 1051.3   | 2.815   | 439.999  | 7.0                        | 1051.3   | 2.815   | 439.999  | 7     |
| 10/ 4                        | 6.9      | 1044.1   | 2.822   | 441.043  | 6.9                        | 1044.1   | 2.822   | 441.043  | 7     |
| 11/ 4                        | 6.9      | 1037.1   | 2.829   | 442.080  | 6.9                        | 1037.1   | 2.829   | 442.080  | 7     |
| 12/ 4                        | 6.8      | 1030.1   | 2.836   | 443.110  | 6.8                        | 1030.1   | 2.836   | 443.110  | 7     |
| S. TOT.                      | 85.3     | 12840.6  |         |          | 85.3                       | 12840.6  |         |          | 7     |

LEASE NAME: BLANCETT COM 1  
 WELL NAME: N/A  
 FIELD: BASIN FRUITLAND COAL  
 CNTY/ST: , NM  
 OPERATOR: KOCH EXPLORATION  
 FORMATION:

DATE: 07-26-1996  
 TIME: 14:28:30  
 FILE: BLANCETM

PROD. START: 0 / 1988  
 PROJ. START: 9 / 1996

PRODUCTION FORECAST REPORT (HISTORY ENDS 12/1995)

| ***** 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/ 5                         | 6.8      | 1023.2   | 2.842   | 444.133  | 6.8                        | 1023.2   | 2.842   | 444.133  | 7     |
| S.TOT.                       | 6.8      | 1023.2   |         |          | 6.8                        | 1023.2   |         |          | 7     |

## NOTIFICATION LIST OF OFFSET OPERATORS

Meridian Oil Company  
PO Box 4289  
Farmington, NM 87401

Offset Operator

Phillips Petroleum Company  
5525 US Highway 64 - NBU 3004  
Farmington, NM 87401

Offset Operator