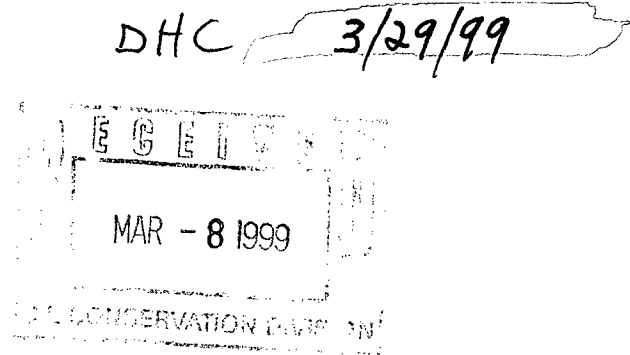




Cross Timbers Operating Company

Ms. Lori Wrotenbery
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505



Re: Administrative Approval to Downhole Commingle
Cross Timbers Operating Co.
Florance LS #4A
1,230' FNL & 865' FWL Sec. 18, T27N, R08W
San Juan County, New Mexico

223

Dear Ms. Wrotenbery,

Cross Timbers Operating Company hereby request administrative approval to downhole commingle the Blanco Mesaverde and Otero Chacra pools in the above mentioned well. The well was originally completed as a dual completion with the Mesaverde being produced under a packer and up the tubing and the Chacra being produced up the casing. Currently both the Mesaverde and Chacra are producing as originally completed. Through internal analysis it appears that both zones have been under produced. Most wells in this area (primarily Mesaverde wells) are very susceptible to liquid loading problems. Therefore to improve the recovery of liquids and to improve the ultimate recovery of production, Cross Timbers Operating Company is certain that if both zone are approved for downhole commingle then the above objectives can be obtained.

To comply with New Mexico Oil Conservation Rules, Cross Timbers Operating Co is submitting the following data for your approval of the proposed commingling:

1. C-107A Application for Downhole Commingle
2. C-102 Well Location & Acreage Dedication Plat
3. Production curves for both the Mesaverde & Chacra Formation
4. Offset Operators Plat
5. Well Location Plat

In accordance to New Mexico Oil Conservation Division Rule 303C, all offset operators are being notified of this application. As an offset operator, if you do not have any objections to this application, you do not have to respond to this notification.

If additional information is needed, please feel free to contact Cross Timbers Operating Co.

Sincerely,

Jeffery W. Patton
Production Engineer

CC: NMOCD -Aztec, Offset Operators, BLM

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
811 S. First St., Artesia, NM 88210-2835

DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410-1693

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 875054-6429

Form C-107-A
New 3-12-96

APPROVAL PROCESS:

Administrative Hearing

EXISTING WELLBORE

X YES NO

APPLICATION FOR DOWNHOLE COMMINGLING

Cross Timbers Operating Company 2700 Farmington Ave., Bldg. K. Ste 1 Farmington, NM 87401
Operator Address

Florance LS #4A D 18 27N 08W San Juan, NM
Lease Well No. Unit Ltr. - Sec - Twp - Rge County

OGRID NO. 167067 Property Code 022711 API NO. 3004526591
Spacing Unit Lease Types: (check 1 or more)
Federal X 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	Otero Chacra 82329		Blanco Mesaverde 72319
2. Top and Bottom of Pay Section (Perforations)	3055' - 3255' (perf'd)		4394' - 4703' (perf'd)
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
5. Bottomhole Pressure	a. (Current)	a.	a.
Oil Zones - Artificial Lift: Estimated Current	375 psia (calc)		297 psia (calc)
Gas & Oil - Flowing: Measured Current	b. (Original)	b.	b.
All Gas Zones: Estimated Or Measured Original	730 psia (calc)		482 psia (calc)
6. Oil Gravity (°API) or Gas BTU Content)	1186 BTU		1209 BTU
7. Producing or Shut-In?	producing		producing
Production Marginal? (yes or no)	yes		yes
* If Shut-In, give date and oil/gas/water rates of last production	Date:	Date:	Date:
Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data	Rates:	Rates:	Rates:
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: 02/22/99	Date:	Date: 02/22/99
	Rates: 24 mcfpd, 0 bwpd, 0 bopd	Rates:	Rates: 30 mcfpd, 0 bwpd, 0 bopd
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 0 % Gas: 22 %	Oil: % Gas: %	Oil: 100 % Gas: 78 %

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? Yes X No
If not, have all working, overriding, and royalty interests been notified by certified mail? X Yes No
Have all offset operators been given written notice of the proposed downhole commingling? X Yes No

11. Will cross-flow occur? Yes X 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? X Yes No

13. Will the value of production be decreased by commingling? Yes X No (If Yes, attach explanation)

14. If this well in 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. X Yes No

15. NMOC 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 Production Engineer DATE 3/4/99

TYPE OR PRINT NAME Jeffery W. Patton TELEPHONE NO. (505) 324-1090

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102
Supersedes C-128
Effective 1-1-65

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

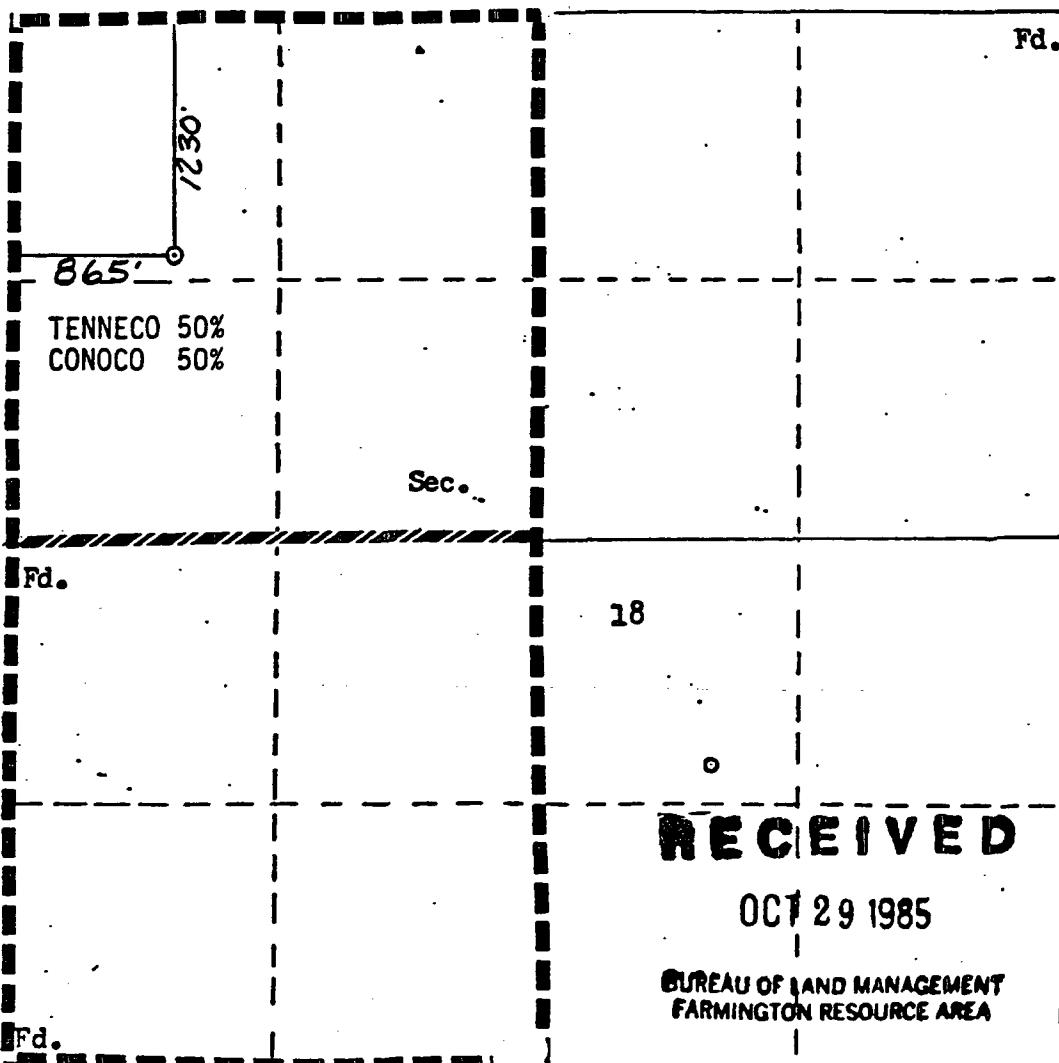
Operator TENNECO OIL COMPANY			Lease FLORANCE LS		Well No. 1A
Unit Letter D	Section 18	Township 27N	Range 8W	County San Juan	
Actual Footage Location of Well: 1230 feet from the North line and 865 feet from the West line					
Ground Level Elev: 6058	Producing Formation Chacra/Mesaverde	Pool Otero Chacra/Blanco Mesaverde	Dedicated Acreage: 160/320 A Acres		

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 _____

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.

Scott McKinney

Name
Scott McKinney

Position
Sr. Regulatory Analyst

Company
Tenneco Oil Co

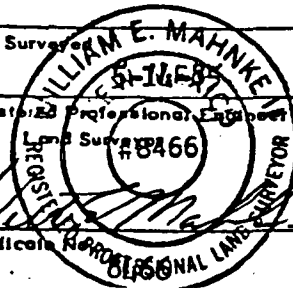
Date
July 5, 1985

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

Registered Professional Engineer and Land Surveyor

Certificate No.



Cross Timbers Oil Company

FLORANCE 4A

CROSS TIMBERS
BLANCO (MESAVERDE)
SAN JUAN, NEW MEXICO
18D 27N 08W
RWT

SAN JUAN
70311

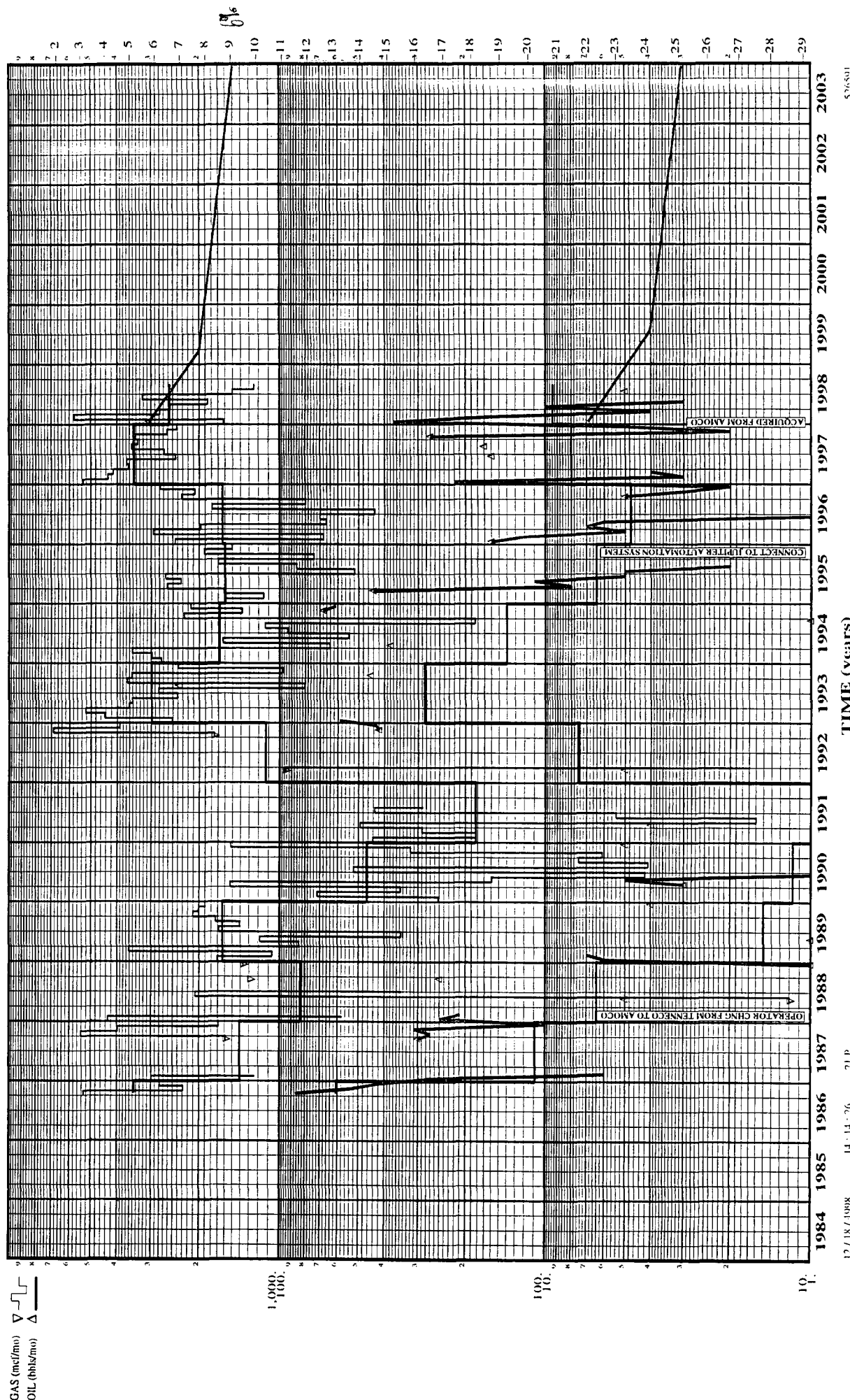
CO
526591

M & L - 1/98 FORECAST

JWP DLM CP-K-LDR

Run Date: 03/19/98
Run Time: 11:04:17

GAS (mcf/mo) ∇ Δ
OIL (bbls/mo) ∇ Δ



Cross Timbers Oil Company

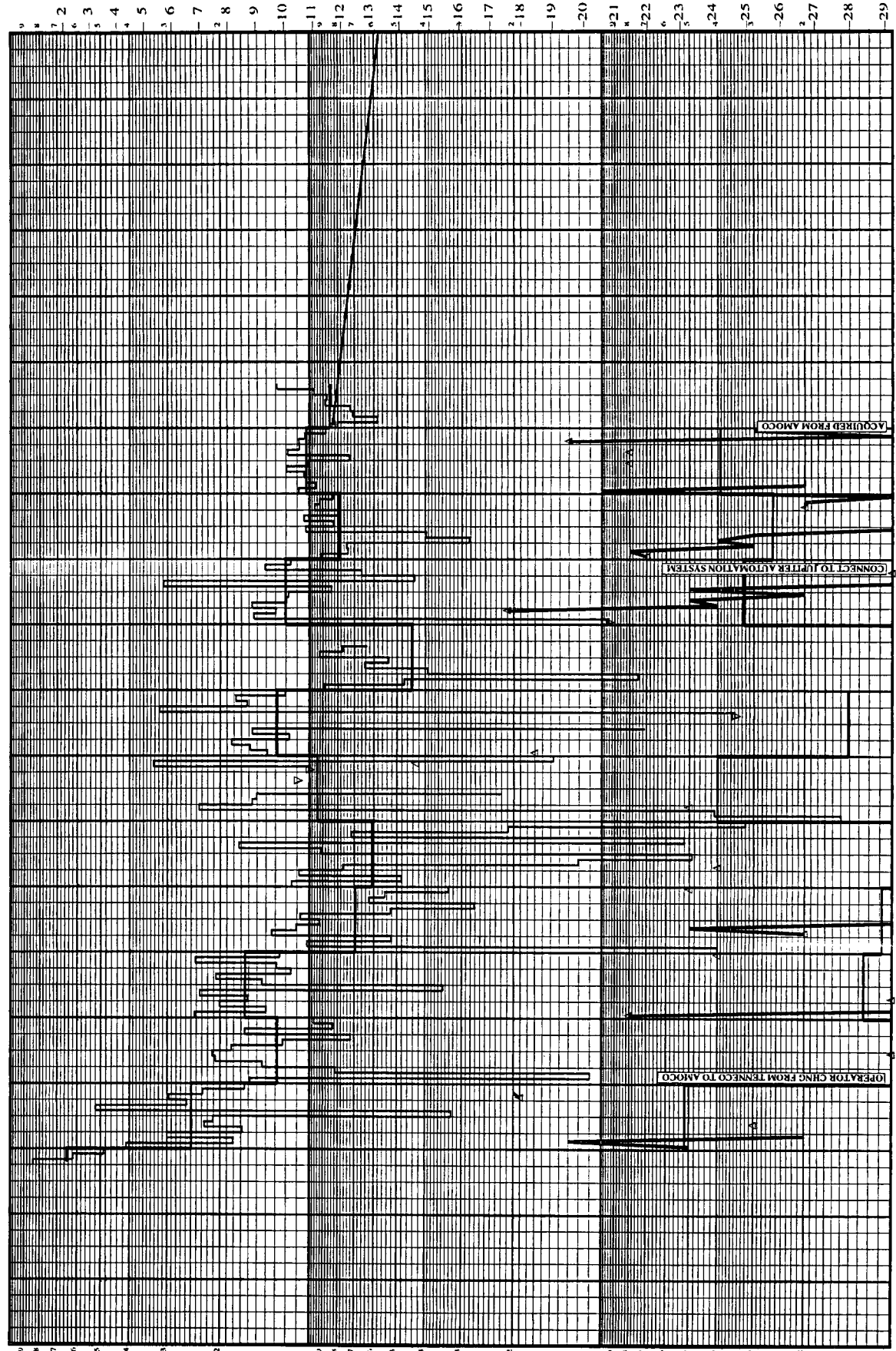
FLORANCE
CROSS TIMBERS
OTERO (CHACRA)
SAN JUAN, NEW MEXICO
18D 27N 08W
RWT

4A
SAN JUAN
70312

M & L - 1/98 FORECAST JWP DLM CP-K-LDR

Run Date: 03/19/98
Run Time: 11:04:23

GAS (mcf/mo) ▽
OIL (bbls/mo) Δ





Cross Timbers Operating Company

Re: Administrative Approval to Downhole Commingle
Cross Timbers Operating Co.
Florance LS #4A
1,230' FNL & 865' FWL Sec. 18, T27N, R08W
San Juan County, New Mexico

Dear Operating interest owner,

As an interest owner in the above mentioned well, you are hereby notified that Cross Timbers Operating Co is filing for downhole commingle approval.

As an interest owner in the Mesaverde, you have the right to file an objection to the commingling of the above mentioned well within twenty (20) days starting upon receipt of this certified letter. If you do not have any objections to the above well being commingled, you can either sign this letter waiving your rights to an objection or let the twenty days, upon receipt of this letter, expire.

Please return this letter or a letter of objection to Mr. David Catanach at the address listed.

Mr. David Catanach
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Cross Timbers Oil Co sincerely appreciate your prompt response concerning this approval.

Burlington Resources Oil & Gas

Signature:



Cross Timbers Operating Company

Re: Administrative Approval to Downhole Commingle
Cross Timbers Operating Co.
Florance LS #4A
1,230' FNL & 865' FWL Sec. 18, T27N, R08W
San Juan County, New Mexico

Dear Offset Operator,

As an offset operator to the above mentioned well, you are hereby notified that Cross Timbers Operating Co is filing for downhole commingle approval.

As an offset operator, you have the right to file an objection to the commingling of the above mentioned well within twenty (20) days starting upon receipt of this certified letter. If you do not have any objections to the above well being commingled, you can either sign this letter waiving your rights to an objection or let the twenty days, upon receipt of this letter, expire.

Please return this letter or a letter of objection to Mr. David Catanach at the address listed.

Mr. David Catanach
New Mexico Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico 87505

Cross Timbers Oil Co sincerely appreciate your prompt response concerning this approval.

<i>Burlington Resources Oil & Gas</i>	Signature:
<i>Four Star Oil & Gas</i>	Signature:



Cross Timbers Operating Company

Florance LS #4A
Offset Operator / Ownership Plat
Blanco Mesaverde / Otero Chacra
Downhole Commingle

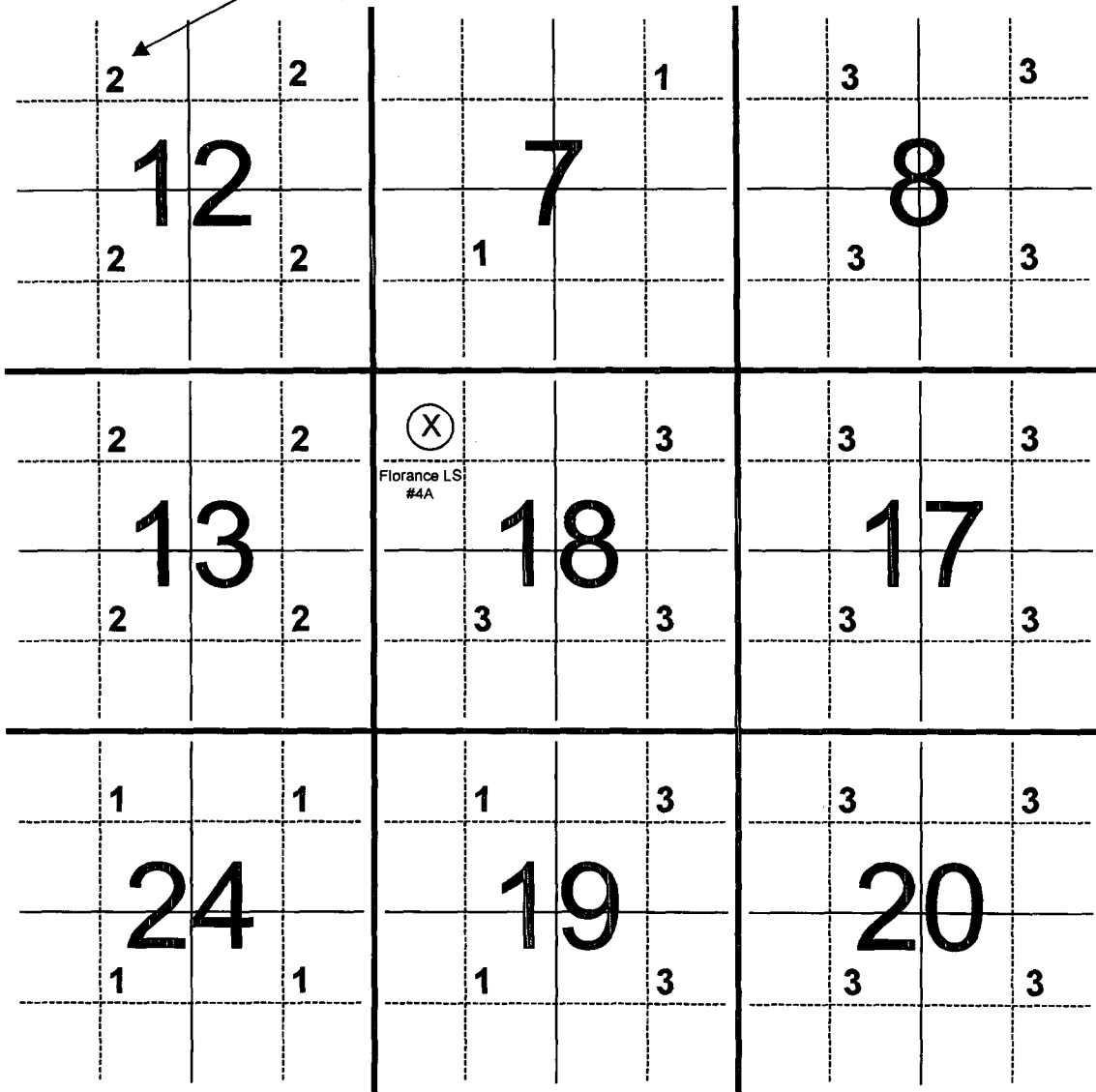
Township 27N, Range 09 W / Township 27 N, Range 08 W

1. Burlington Resources Oil & Gas Company
3535 E. 30th St.
Farmington, NM 87402
2. Four Star Oil & Gas Company
c/o Texaco E & P Inc.
3300 N Butler Ave.
Farmington, NM 87401
3. Cross Timbers Operating Co.
6001 E. Hwy 64
Farmington, NM 87401



Cross Timbers Operating Company

Offset Operator as indicated on previous page



**Township 27N,
Range 09W**

**Township 27N,
Range 08W**

[illegible]

FEDERAL 31 MYRDDKOT

CONCOG
0 206
0 19
1181-1187
CHCR

GRAH
OTC
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FEDERAL 4
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MARALE & PEG
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PCCF

FEDERAL 18A
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9

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GRAHAM FED 1A
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FEDERAL 18
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CHCPRMYRD

FEDERAL 7
CONOCO

067-0277

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0170-028710867-1197
DHO-PAW-RE

SCHULTE 1
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PCOF

STATE 2-18
SCHULTZ FRANK A
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SCHULTE 2R
BURLINGTON RES
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1080-1189

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SCHULTZ 12A

SCHULTE G 1
BURLINGTON R
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BURLINGTON O&O
1/19/1998

16

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M/Y/D

SCHULTE 3
BURLINGTON RES

SCHULTZ SY 12
BURLINGTON RES

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O 46
0606-1187
PCCF

SCHULTE 4
BURLINGTON /
O 008
O 1
0606-1197
PCCF

0653-1197
M/Y/D

SCHWENDTFEGGER A 16A
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 1096-1187
 MVRD

SCHWENDTFEGGER A 2
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 1106-1187
 PCCF

SCHWENDTFEGGER A 16
 CTOC
 0 774
 0 14
 0808-1187
 PCCF

SCHWENDTFEGGER A 15
 CTOC
 10 1216
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 0808-1197
 MVRD

FLORANGE DLS 14
CTOC
Q0012 5410047/2347
Q0011 297233/2337
0407-11870468-11870469-1187
CHGRKPCCFMVPD

FLORANGE DLS 1
CTOC
0 025
0 27
0405-1187
PCCF

OLACK CLS 11A
CTOC
1 124
1 106
1095-1187
MYRD

BOLACK CLS 2
AMOCO
C 0 388
0 0
1256-1284
PCCF

BOLACK CLS 1
CTOC
0 1068
0 47
0463-1187
PCCF

BOLACK CLS
CTOC
5 1016
0 87
0408-1137
MYRD

28



Cross Timbers Operating Company

2700 FARMINGTON AVE
BUILDING K, SUITE 1
FARMINGTON, NM 87401
TELEPHONE (505) 324-1090
FAX (505) 564-6700

FAX COVER SHEET

Date:

Phone:

TO: DAVID CATANACH

Fax: 505-827-1389

From: JEFF PATTON
San Juan District

Phone: (505) 324-1090
Fax: (505) 564-6700

RE: FLORENCE LS #4A C-107A DHC APPLICATION

CC:

Number of pages including cover sheet: 2

Message:

**Cross Timbers Operating Company**

New Mexico Energy, Minerals & Natural Resources Department
Oil Conservation Division
2040 South Pacheco St.
Santa Fe, NM 87505

Attention: Mr. David Catanach

Re: Revision in the allocation formula for Florance LS #4A (Sec 18, T27N, R08W)
Downhole Commingle Application

Dear Mr. Catanach:

Cross Timbers Operating Co. is requesting a revision to the allocation percentages as indicated on the C-107A application.

The Farmington BLM office recently contacted Cross Timbers Operating Co. concerning the allocation of oil. The application currently has 100% of the oil being given to the Mesaverde. BLM has concluded that the Chacra will make small amounts of oil and that the allocation percentage should reflect this potential. Cross Timbers and the BLM have mutually agreed that a revision should be made as follows: ***86% of the oil should be allocated to the Mesaverde and 14% of the oil should be allocated to the Chacra.***

Therefore Cross Timbers Operating Co. would like to revise the submitted C-107A to indicate the allocation of oil as described above.

If you should have any more questions please feel free to contact Cross Timbers Operating Co.

Sincerely,

Jeffery W. Patton
Production Engineer