

#### United States Department of the Interior

#### **BUREAU OF LAND MANAGEMENT**

Farmington Field Office 1235 La Plata Highway, Suite A Farmington, New Mexico 87401

IN REPLY REFER TO:

SF-046563 3162.3-2 (07100)

Breck Operating Corporation Attn.: Paul Thompson 7415 East Main Farmington, NM 87402 OLL COMO DIVO

Re:/Well No. 5J Kutz Government Lease No. SF-046563 SENW 2-27N-10W San Juan County, NM

Dear Mr. Thompson:

Reference is made to your application dated August 31, 1999, requesting authorization to down hole commingle gas from the Pictured Cliffs and the Fruitland Coal formations in the above referenced well. After reviewing the information you supplied, we concur with the fixed allocation factors established in your application. Authorization is hereby given to allocate production in accordance with the allocation factors outlined below:

<b>Formation</b>	<u>Gas</u>	<u>Oil</u>	
Pictured Cliffs	12%	0%	
Fruitland Coal	88%	0%	

Commingled production from each zone must be reported in accordance with these established allocation factors. The effective date of commingling will be the date commingling first occurs. File a Subsequent Report of Operations (form 3160-5) within 30 days of commingling this well.

If you have any questions regarding the above, contact Jim Lovato at (505) 599-6367.

Sincerely,

goe Hewith

Joe Hewitt

Acting Team Leader, Petroleum Management Team

cc:

NMOCD, Santa Fe NMOCD, Aztec

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#### NEW MEXICO OIL CONSERVATION DIVISION

		- Engineering Bureau -					
	ADMINISTRATIVE APPLICATION COVERSHEET						
	THIS COV	ERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS					
Applic	F)	[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]  [DD-Directional Drilling] [SD-Simultaneous Dedication]  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]  -Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]					
[1]	TYPE OF A	PPLICATION - Check Those Which Apply for [A]					
	[A]	Location - Spacing Unit - Directional Drilling  NSL DNSP DDD DSD  SEP - 2 1999					
	Check	c One Only for [B] or [C]					
	[B]	Commingling - Storage - Measurement					
		The Dieth Dieth Dieth Dolm					
	[C]	Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  WFX PMX SWD IPI EOR PPR					
[2]	NOTIFICAT	TION REQUIRED TO: - Check Those Which Apply, or Does Not Apply 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]	INFORMAT	TION / DATA SUBMITTED IS COMPLETE - Statement of Understanding					
cegui	by certify that I ations of the Oi	, or personnel under my supervision, have read and complied with all applicable Rules I Conservation Division. Further, I assert that the attached application for administration complete to the best of my knowledge and where applicable, verify that all interest					

and R tive RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity

Paul	c.	Thompson
Print or	Тур	e Name

8/31/99



# WALSHI

#### ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting Lease Management Contract Pumping 7415 East Main Farmington, New Mexico 87402 (505) 327-4892 • Fax: (505) 327-9834

August 30, 1999

Ms. Lori Wrotenbery New Mexico Oil Conservation Division 2040 S. Pacheco Santa Fe, NM 87504-2088

Re: Application for Downhole Commingling
Breck Operating Corp.
Kutz Government #5J
1710' FNL, 1820' FWL, Section 2, T27N R10W
San Juan County, New Mexico
Basin Fruitland Coal and Fulcher-Kutz PC

Dear Ms. Wrotenbery,

This is a request for administrative approval for downhole commingling of the production from the Basin Fruitland Coal and Fulcher Kutz Pictured Cliffs pools.

I have attached for your review, C-102,s for each formation, outlining the dedicated acreage. I have also included a proposed allocation formula with a short discussion of the history of the well.

The revenue owners of this well are being notified of this application by certified return receipt mail. Copies of these letters are enclosed.

Thank you for your consideration and approval of this application. If you have any questions please do not hesitate to call upon me.

Sincerely,

Paul C. Thompson, P.E.

President

DISTRICT II

State of New Mexico Energy, Minerals and Natural Resources Department

New 3-12-96

#### OIL CONSERVATION DIVISION

2040 S. Pacheco Santa Fe, New Mexico 87505-6429 APPROVAL PROCESS:

\_\_\_ Administrative \_\_\_Hearing

811 South First St., Artesia, NM 88210-2835

DISTRICT III

1000 Rio Brazos Rd, Aztec, NM 87410-1693

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE
\_\_\_YES \_\_\_NO

Breck Operating Corp.	c/o Walsh Engr. & Prod	. Corp. 7415 E. Main	Farmington, N.M. 874
oerator Kutz Government	Address		San Juan County, N.M
GRID NO002799 Property Cod		- Sec - Twp - Rge -045-2426700 Spacing L Federal	County  Init Lease Types: (check 1 or more) , State, (and/or) Fee
The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
Pool Name and     Pool Code	Basin Fruitland Coal		Pictured Cliffs
Top and Bottom of Pay Section (Perforations)	1731–1859 <b>'</b>		1871-1917 <b>'</b>
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
Bottomhole Pressure  Oil Zones - Artificial Lift:     Estimated Current	a. (Current) 110 5/99	a.	a. 186 1/20/87
Gas & Oil - Flowing:  Measured Current All Gas Zones: Estimated Or Measured Original	b. (Original) 232 psig	b.	b. 230 psig
6. Oil Gravity (°API) or Gas BTU Content	1057		N/A
7. Producing or Shut-In?	Producing		Shut In
Production Marginal? (yes or no)	No		Yes
<ul> <li>If Shut-In, give date and oil/gas/ water rates of last production</li> </ul>	Date: Rates:	Date: Rates:	Date: 7/17/92 Rates:
Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data			39 MCF/d 1990 Averag
<ul> <li>If Producing, give date andoil/gas/ water rates of recent test (within 60 days)</li> </ul>	Date: 1998 Average Rates: 277 MCF/d	Date: Rates:	Date: . Rates:
8. Fixed Percentage Allocation Formula -% for each zone	Oil: % Gas: 87.7 <sub>%</sub>	Oii: Gas: %	Oii: Gas: 12.3
If allocation formula is based submit attachments with sup	upon something other than cur porting data and/or explaining (	rent or past production, or is b method and providing rate proj	ased upon some other method ections or other required data.
<ol> <li>Are all working, overriding, a If not, have all working, over Have all offset operators beer</li> </ol>	nd royalty interests identical in riding, and royalty interests been given written notice of the pro	all commingled zones? en notified by certified mail? posed downhole commingling?	Yes X No X Yes No
1. Will cross-flow occur?		compatible, will the formations	not be damaged, will any cross-
2. Are all produced fluids from a			
3. Will the value of production b			
<ol> <li>If this well is on, or communi United States Bureau of Land</li> </ol>	itized with, state or federal land I Management has been notifie	ds, either the Commissioner of d in writing of this application.	Public Lands or theNo
5. NMOCD Reference Cases for	Rule 303(D) Exceptions:	ORDER NO(S).	
* For zones with no * For zones with no * Data to support all * Notification list of	ne to be commingled showing in or each zone for at least one ye production history, estimated procation method or formula. all offset operators. working, overriding, and royalty tements, data, or documents research.	ear. (If not available, attach ex production rates and supporting	planation.) , data.
hereby certify that the informati	<b>a</b>		
SIGNATURE Paul C. 70	ions -	TITLEAgent	DATE
TYPE OR PRINT NAME Pa	aul C. Thompson	TELEPHONE NO /	505, 327-4892

OLL CONSERVATION DIVALION

P.O. Box 2088 Santa Fe, New Mexico 87504-2088

DISTRICT I P.O. Box 1980, Hobbs, NM 88240

DISTRICT II P.O. Drawer DD, Artesia, NM 88210

DISTRICT III 1000 Rio Brazos Rd., Aziec, NM 87410

WELL LOCATION AND ACREAGE DEDICATION PLAT All Distances must be from the outer boundaries of the section

Operator BRECK	OPERATING CO	RPORATION	Kutz (	Covernment		∞ c ⊃. o. 5 <b>-</b> J
Unit Letter F	Section 2	Township 27N	Range 100	√	V.V. ibv.	Camiy San Juan
Actual Footage Loca 1719	feel from the No	orth line and	383	20	feet from th	We sit line Solitated Acreage:
Ground level Elev. 591.2	Producing Fruitlan		Posin Basin B	Fruitland	Coal	322.64 Acres
2. If more 3. If more	than one lease is dedic	o the subject well by colored po ated to the well, outline each an rent ownership is dedicated to the	id identify the own	enhip thereof (be	th as to working	
If answer this form in No allows	Yes is "po" list the owners a if poccessary. ble will be assigned to	No If answer is "yes" ty and tract descriptions which have the well until all interests have nating such interest, has been a	e actually been co	nechanica (Use Ory communicias	reverse use of	nunitization Agreement  forced-pooling archemic)
	MINIMU					OPERATUR CERTIFICATION
			     	077 <b>87</b> 4	TO SEE	I hereby certify that the informationed herein in true and complete to to fmy knowledge and belief.
	1710					nied Name Paul C. Thompson
1820				- <del> </del>	<u> </u>	President
		SF-04	6563		D2	Walsh Engr. & Prod. Co April 6, 1992
				źń n	on ac su, co	SURVEYOR CERTIFICATION the well location that plat was plotted from field not small surveys made by me or under pervision, and that the same is true rect to the test of my knowledge lief.
					P	grature & Sci. 36 Westional Surveyor  NOTE: From Original Survey
0 330 660	990 1320 1650	1980 2310 2640 2	000 1560	1000 500	) 0	

#### OIL CONSERVATION DIVISION

P. O. BOX 7088 SANTA FE, NEW MEXICO 87501 EXHIBIT "A".

Form C-102 Revised 10-1-

ROLEUM CORPORATION OF TEXAS  KUTZ-GOVERNMENT  Formula Letter  Section  Township  A cauge  County  San Juan  Actual Footage Location of Well:  1710  feet from the North  line and 1820  Fround Level Elev.  Producing Formation  Pool  Figure County  San Juan  Dedicated Acreage:  Figure County  San Juan  Formula County  F			All distances must be to	<del></del>	delles of the Section		
Township   Pacus   Pacus   County   First   Section   Vest   Township   Pacus   First   Section   Vest   Township   Pacus   First   Section   Vest   Township   Pacus   First   Pacus   Pacus   Pacus   Pacus   First		· SODDODATION OF	· መድሂልር	Lease COV	t:DMn:N/P		Well No.
The count Footoge Location of Well:  1700  1710	ROLEUM		Township				
1720   See to make North   Inse and 1820   Inse and Insert   Inse	-	1 .	1	· ·	1 .	Juan	
1710 test from the North time and 1820 test from the West time of 1820. Productor Formation   Dedicated Accessor   160 Am   10 Outline the accessed eddicated to the subject well by colored pencil or hachure 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 work interest and royalty). 3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been conso dated by communitization, unitization, force-pooling etc?    Yes   No   If answer is "yes," type of consolidation	-	l	2111	1 1011	Dan	o uan	
Productive Formation  Post  Productive Citiffs  Post  Productive Citiffs  Post  Productive Citiffs  Post  Productive Citiffs  Post  Full Area  Productive Citiffs  Post  Post  Post  Post  Productive Area  Post  Productive Citiffs  Post  Post  Post  Post  Post  Productive Citiffs  Post		N.	orth line and	1820	feet from the	West.	lina
1. Quiline the acreage dedicated to the subject well by colored pencil or hachure 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 work 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 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.  CERTIFICATION  I hereby certify that the information or tained harain is true and complete to be a best of my howevely as well select.  FOR:  ENGLI N. Walsh, P. E.  Persisten ORIGINAL SCREE BY  Persistent Eyell N. Walsh  Company  Walsh Engineering & Prod.  Date Survey as sold by an analysis of a convert so the best of the workery as solds by a worker by survively and select.  Position or this plat was platted from the notes of a convert so the best of the workery as solds by a worker by survively and select.  Date Survey and the first of the property of the convert so the best of t	Ground Level Elev.			<del>~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~</del>	reet from the		
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FARMINGTON, N. M.  Position ORIGINAL SIGNED BY President EWELL N. WALSH Company Walsh Engineering & Prod.  Date 2/28/80  I hereby certify that the well local shown on this plat was plotted from the notes of actual surveys made by me under my supervision, and that the sails true and correct to the best of knowledge and belief.  Date Surveyed September 1881 1497  Registered Frequentle During and order Land Surveys and Survey		+  -	8		AIDAL SURVEY		27-1-1 m m
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# Rate/Time Graph

Project: C:\Program Files\IHS Energy\PTools35\PROJECTS\Kutz5.MDB

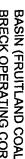
Lease Name: County, ST: Location:

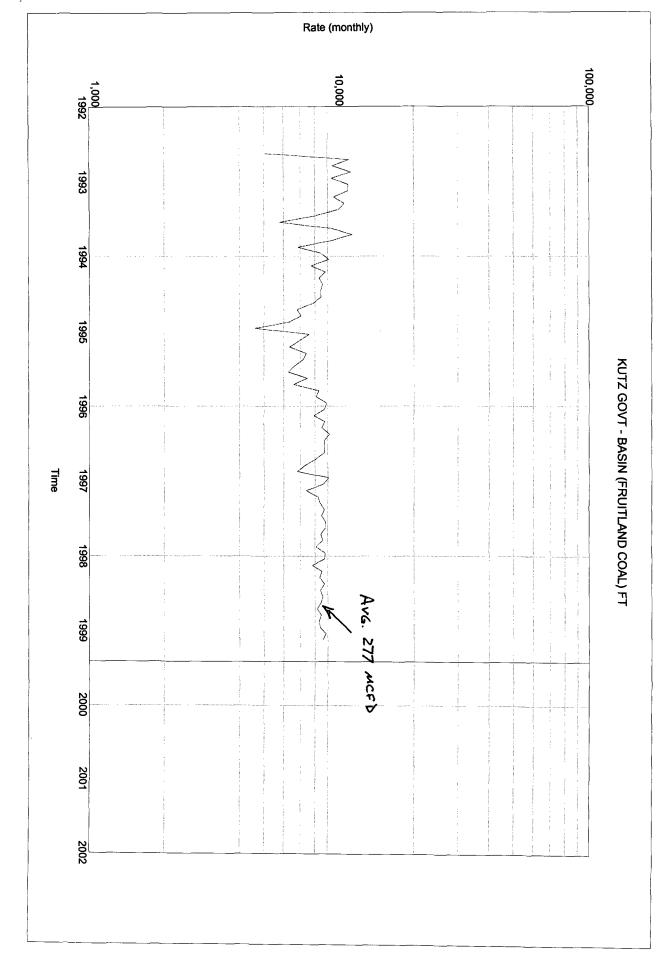
KUTZ GOVT (5J) SAN JUAN, NM 27N-10W-2

Field Name: Operator:

BASIN (FRUITLAND COAL) FT BRECK OPERATING CORP Date: Time:

8/30/1999 11:36 AM





# Rate/Time Graph

Project: C:\Program Files\IHS Energy\PTools35\PROJECTS\Kutz5.MDB

Field Name: Operator:

FULCHER KUTZ (PICTURED CLIFFS) PC BRECK OPERATING CORP

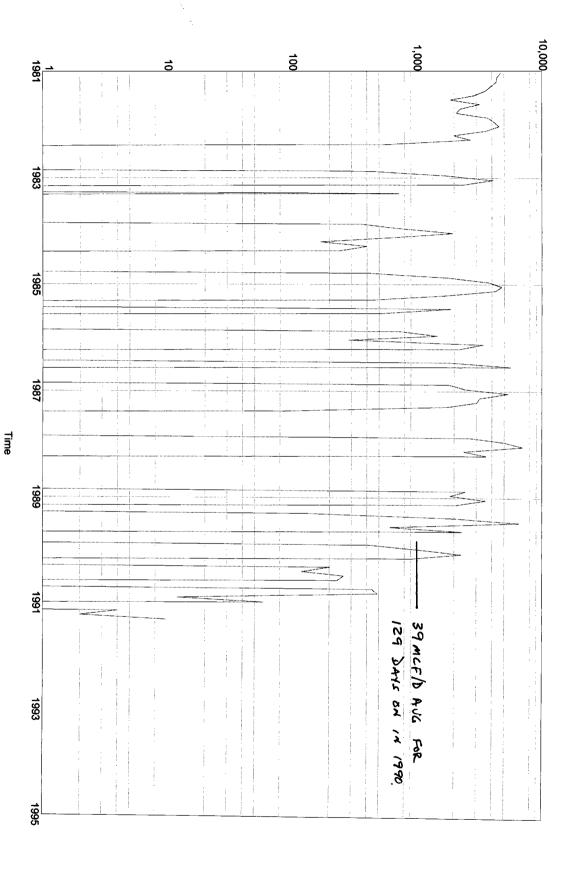
Date: Time:

8/30/1999 11:37 AM

Lease Name: County, ST: Location:

KUTZ GOVT (00005J) SAN JUAN, NM 27N-10W-2





Rate (monthly)

### Kutz Government #5J Commingling Application

#### Allocation Formula

The Fulcher Kutz Pictured Cliffs formation was completed by Petroleum Corp. of Texas, on August 12, 1980. The Pictured Cliffs was fraced with 40,000# of 20/40 sand in a  $CO_2$  foam system. The well produced steadily, with the exception of pipeline curtailments, until the 1989 when the reservoir pressure declined level of the pipeline pressure. The well would only produce when line pressures were low until July of 1992 when the Pictured Cliffs was abandoned and the Fruitland Coal was completed. The decline curves for both formations are attached.

Since the Pictured Cliffs appears to only be capable of marginal production, Breck Operating proposes to downhole commingle the production from both zones.

Both zones have very similar bottom hole pressures so cross flow will not be a factor. The last recorded pressure for the Pictured Cliffs was 186 psi in 1987 after a 7 days build up. The Fruitland Coal was measured at 110 psi after a 24 hour buildup in May of 1999. Neither zone produces a significant amount water (less than 1 bbls/week) and neither zone produces any liquid hydrocarbons. Neither zone is fluid sensitive and the fluids from the two zones are compatible.

The Pictured Cliffs formation was producing approximately 39 MCF/D when it was abandoned in 1992. The Fruitland Coal produced an average of 277 MCFD during 1998. Based on these rates, the proposed allocation is 87.7% to the Fruitland Coal and 12.3% to the Pictured Cliffs.

# Breck Operating Company Downhole Commingle Application Kutz Government #5J NE/4 Section 2, T27N, R10W

#### **Pictured Cliffs Formation**

BBL, Ltd.	WI	0.835
Minerals Management Service	RI	0.125
Scott, Hill, and Hodge	ORRI	0.040
		1.000

#### **Fruitland Coal Formation**

BBL, Ltd.	WI	0.4175
Burlington Resources	WI	0.3975
Minerals Management Service	RI	0.1250
Scott, Hill, and Hodge	ORRI	0.0200
Altrogge Resources, et. Al.	ORRI	0.0400
		1.0000

#### **BRECK OPERATING CORPORATION**

**Kutz Government #5J** 

1710'FNL & 1820'FWL

Sec. 2, T27N, R10W

San Juan County, New Mexico

The following revenue owners have received written notice of the proposed downhole commingling application.

Van L. Goebel Burlingtion Resources P. O. Box 4289 Farmington, N.M. 87499

rannington, 14.1vi. 67499

Ira Scott
7th Floor Patterson Building
Denver, CO 80202

Altrogge Resources, et al 6901 W. Walsh Place

Denver, CO 80224

Minerals Management Service Royalty Management Program P. O. Box 5810 T.A. Denver, CO 80202

T. H. Hodge P1J Ft. Worth Club TWR 777 Tayalor Street, Suite 890 Ft. Worth, Texas 76102

I certify that copies of the Application for a non-standard Fruitland Coal well has been mailed to the above Operators.

Paul C. Thompson

San Juan County	)
	)
State of New Mexico	)

The Following instrument was acknowledged before me this 31st day of August 1999 by Paul C. Thompson.

My Commission Expires:

July 31, 2001





#### **ENGINEERING & PRODUCTION CORP.**

Petroleum Engineering Consulting Lease Management Contract Pumping 7415 East Main Farmington, New Mexico 87402 (505) 327-4892 • Fax: (505) 327-9834

August 31, 1999

#### **CERTIFIED - RETURN RECEIPT**

T. F. Hodge P1J Ft. Worth Club TWR 777 Taylor Street, Suite 890 Ft. Worth, Texas 76102

RE:

**Downhole Commingling Application** 

Breck Operating Corp. Kutz Government #5J 1710' FNL, 1820'FWL Section 2, T27N, R10W San Juan County, N.M.

Fulcher Kutz Pictured Cliffs and Basin Fruitland Coal

Dear Mr. Hodge:

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval. As a revenue interest owner in this well, you are being notified of this application pursuant to NMOCD rules.

If you desire to submit remarks concerning the application, please send them to Ms. Lori Wrotenbery, Director, New Mexico Oil Conservation Division, Santa Fe, New Mexico, within 20 days from the receipt of this notice. If you have no objection to the proposal, no action is required on your part.

Thank you for your consideration in this matter and if you have any questions, please do not hesitate to call upon me.

Sincerely,

Paul C. Thompson



# WALSHI

#### **ENGINEERING & PRODUCTION CORP.**

Petroleum Engineering Consulting Lease Management Contract Pumping 7415 East Main Farmington, New Mexico 87402 (505) 327-4892 • Fax: (505) 327-9834

August 31, 1999

#### **CERTIFIED - RETURN RECEIPT**

Ira Scott
7th Floor Patterson Building
Denver, CO 80202

RE:

**Downhole Commingling Application** 

Breck Operating Corp. Kutz Government #5J 1710' FNL, 1820'FWL Section 2, T27N, R10W San Juan County, N.M.

Fulcher Kutz Pictured Cliffs and Basin Fruitland Coal

Dear Mr. Scott:

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval. As a revenue interest owner in this well, you are being notified of this application pursuant to NMOCD rules.

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Sincerely,

Paul C. Thompson

Paul C. Thomps -





#### **ENGINEERING & PRODUCTION CORP.**

Petroleum Engineering Consulting Lease Management Contract Pumping 7415 East Main Farmington, New Mexico 87402 (505) 327-4892 • Fax: (505) 327-9834

August 31, 1999

#### **CERTIFIED - RETURN RECEIPT**

Van L. Goebel Meridian Oil, Inc. P. O. Box 4289 Farmington, N.M. 87499

RE:

**Downhole Commingling Application** 

Breck Operating Corp. Kutz Government #5J 1710' FNL, 1820'FWL Section 2, T27N, R10W San Juan County, N.M.

Fulcher Kutz Pictured Cliffs and Basin Fruitland Coal

Dear Mr. Goebel:

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Paul C. Thompson



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August 31, 1999

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Minerals Management Service Royalty Management Program P. O. Box 5810 T.A. Denver, CO 80202

RE:

**Downhole Commingling Application** 

Breck Operating Corp. Kutz Government #5J 1710' FNL, 1820'FWL Section 2, T27N, R10W San Juan County, N.M.

Fulcher Kutz Pictured Cliffs and Basin Fruitland Coal

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Sincerely,

Paul C. Thompson

Paul C. Thors -



### WALSH

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Petroleum Engineering Consulting Lease Management Contract Pumping 7415 East Main Farmington, New Mexico 87402 (505) 327-4892 • Fax: (505) 327-9834

August 31, 1999

#### **CERTIFIED - RETURN RECEIPT**

Altrogge Resources, et al 6901 W. Walsh Place Denver, CO 80224

RE:

**Downhole Commingling Application** 

Breck Operating Corp. Kutz Government #5J 1710' FNL, 1820'FWL Section 2, T27N, R10W San Juan County, N.M.

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Sincerely,

Paul C. Thompson