

DHC

10/21/99

2496

OCT - 1 1999

September 28, 1999

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

RE: Administrative Approval to Downhole Commingle
Federal Gas Com H # 2
2,045' FNL & 1,685' FEL Sec. 31, T 30 N, R 12 W
San Juan County, New Mexico

Dear Ms. Wrotenbery

Cross Timbers Operating Company (CTOC) request administrative approval to downhole commingle the Basin Fruitland Coal and Flucher Kutz Pictured Cliffs pools in the subject well. The Federal Gas Com H #2 was permitted and drilled as a Basin Fruitland Coal well. The well has not been completed. The Pictured Cliffs formation in this area is marginally productive. Downhole commingling of the Fruitland Coal and the Pictured Cliffs will allow economic production of the marginal Pictured Cliffs formation.

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. C107A - Application for Downhole Commingling.
2. C102 - Location plats showing each spacing unit and dedicated acreage.
3. Typical production curves for the Fruitland Coal and the Pictured Cliffs.
4. Allocation Method.
5. Well location plat.

In accordance with New Mexico Oil Conservation Division Rule 303C, all interest holders are being notified of this application by mail.

If additional information is needed, please contact me.

Sincerely,

Loren W Fothergill
Loren W Fothergill
Production Engineer

CC: NMOCD - Aztec

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

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

OIL CONSERVATION DIVISION

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

APPROVAL PROCESS:

☒ Administrative ☐ Hearing

EXISTING WELLBORE

☒ YES ☐ NO

APPLICATION FOR DOWNHOLE COMMINGLING

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

Federal Gas Com H #2 G 31 30 N 12W San Juan
Lease Well No. Unit Ltr. - Sec - Twp - Rge County

OGRID NO. 167067 Property Code API NO. 30-045-29705 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	Basin Fruitland Coal 71629		Fulcher Kutz PC 77200
2. Top and Bottom of Pay Section (Perforations)	1,260' - 1,504'		1520 1530
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	585 psig Estimated		600 psig Estimated
Gas & Oil - Flowing: Measured Current	b. (Original)	b.	b.
All Gas Zones: Estimated Or Measured Original	585 psig Estimated		600 psig Estimated
6. Oil Gravity (^o API) or Gas BTU Content)	1053 BTU Estimated		1200 BTU Esitmated
7. Producing or Shut-In?	Not Completed Yet		Not Completed Yet
Production Marginal? (yes or no)	Y		Y
* If Shut-In, give date and oil/gas/water rates of last production	Date: N/A Rates:	Date: Rates:	Date: NA Rates:
Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data			
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: Not Producing Rates: To be determined	Date: Rates:	Date: Not producing Rates: TO be determined
8. Fixed Percentage Allocation Formula -% for each zone	Oil: % Gas: 9%	Oil: % Gas: %	Oil: % Gas: Diff. %

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

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 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. ☐ 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 Loren W Fothergill TITLE Operation Engineer DATE 9/28/99

TYPE OR PRINT NAME Loren W Fothergill TELEPHONE NO(505) 324 1090

DATE IN	SUSPENSE	ENGINEER	LOGGED	TYPE
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
 [DD-Directional Drilling] [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 - Directional Drilling
 NSL NSP DD SD

Check One Only for [B] and [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

[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] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. 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.

Loren W Fothergill
 Print or Type Name

Loren W Fothergill
 Signature

Operations Engineer
 Title

9-28-99
 Date

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer 00, 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 21, 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

¹ API Number	² Pool Code 71629 / 77200	³ Pool Name BASIN FRUITLAND COAL/FULCHER KUTZ PICTURED CLIFFS
⁴ Property Code	⁵ Property Name FEDERAL GAS COM H	⁶ Well Number 2
⁷ GRID No. 167067	⁸ Operator Name CROSS TIMBERS OPERATING COMPANY	⁹ Elevation 5464'

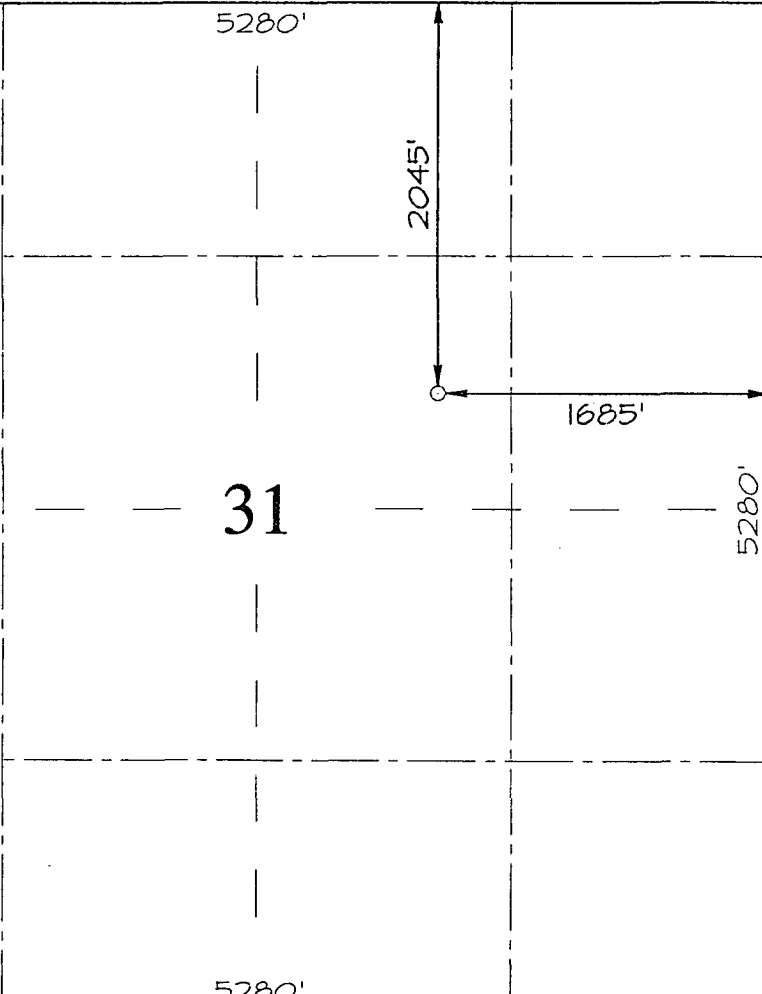
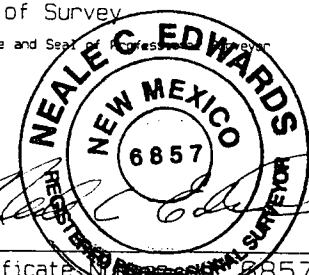
¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	31	30N	12W		2045	NORTH	1685	EAST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						

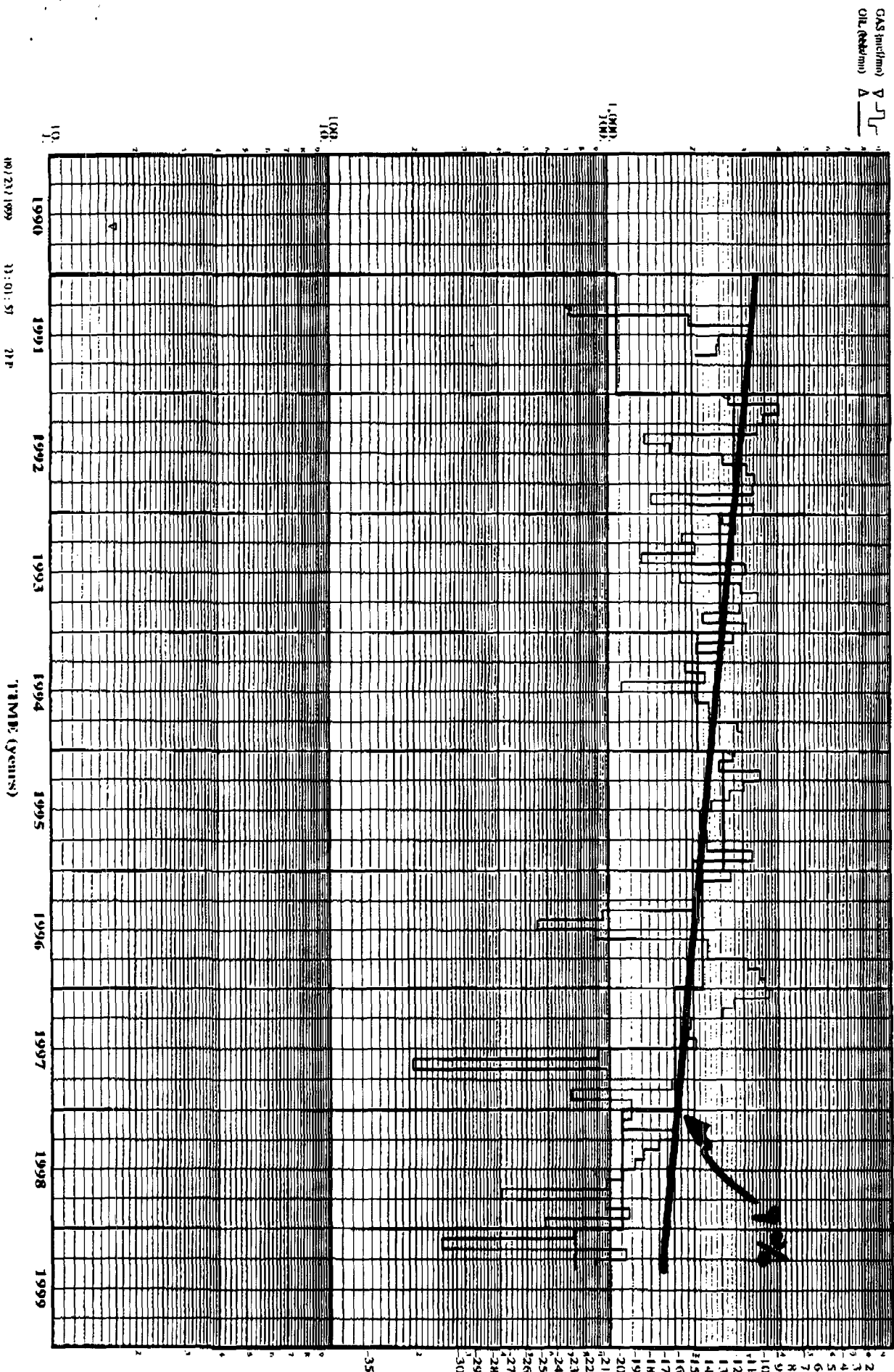
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

¹⁶	5280'			¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief Signature Loren W. Fothergill Printed Name Production Engineer Title Date	
	31				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. SEPTEMBER 14, 1998 Date of Survey Signature and Seal of Registered Professional Surveyor  Certificate No. 6857
	5280'				

30045088660000

[illegible]

CTOC -



Cross Timbers Oil Company

JUHAN
BAYLESS ROBERT L PRODUCER LLC
FULCHER KUTZ (PICTURED CLIFFS)
SAN JUAN, NEW MEXICO
29 30 N12 W
C

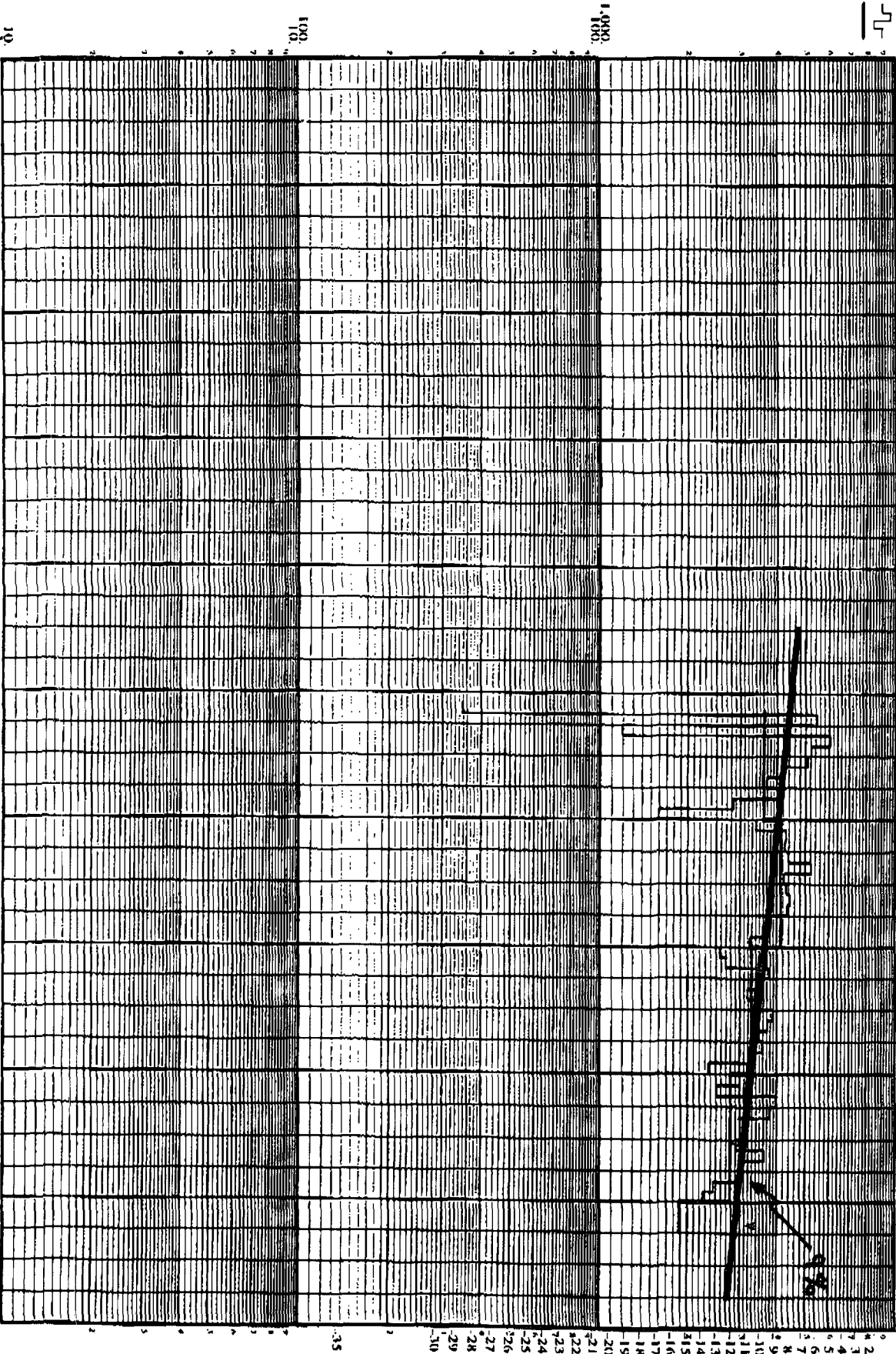
30045290750000

CTOC -

Oil (bbl/day)	Gas (mcf/day)	Oil Price (\$/bbl)	Gas Price (\$/mcf)	Oil Cost (\$/bbl)	Gas Cost (\$/mcf)	Oil Life (years)	Gas Life (years)	Oil Production (bbl)	Gas Production (mcf)	Oil Net Present Value (\$)	Gas Net Present Value (\$)	Oil NPV (\$)	Gas NPV (\$)
0	0	0	0	0	0	0	0	0	0	0	0	0	0
Decline	Decline	Decline	Decline	Decline	Decline	Decline	Decline	Decline	Decline	Decline	Decline	Decline	Decline
0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%

Run Date: 09/23/1999
Run Time: 11:01:59

GAS (mcf/day)
OIL (bbl/day)





Cross Timbers Oil Company

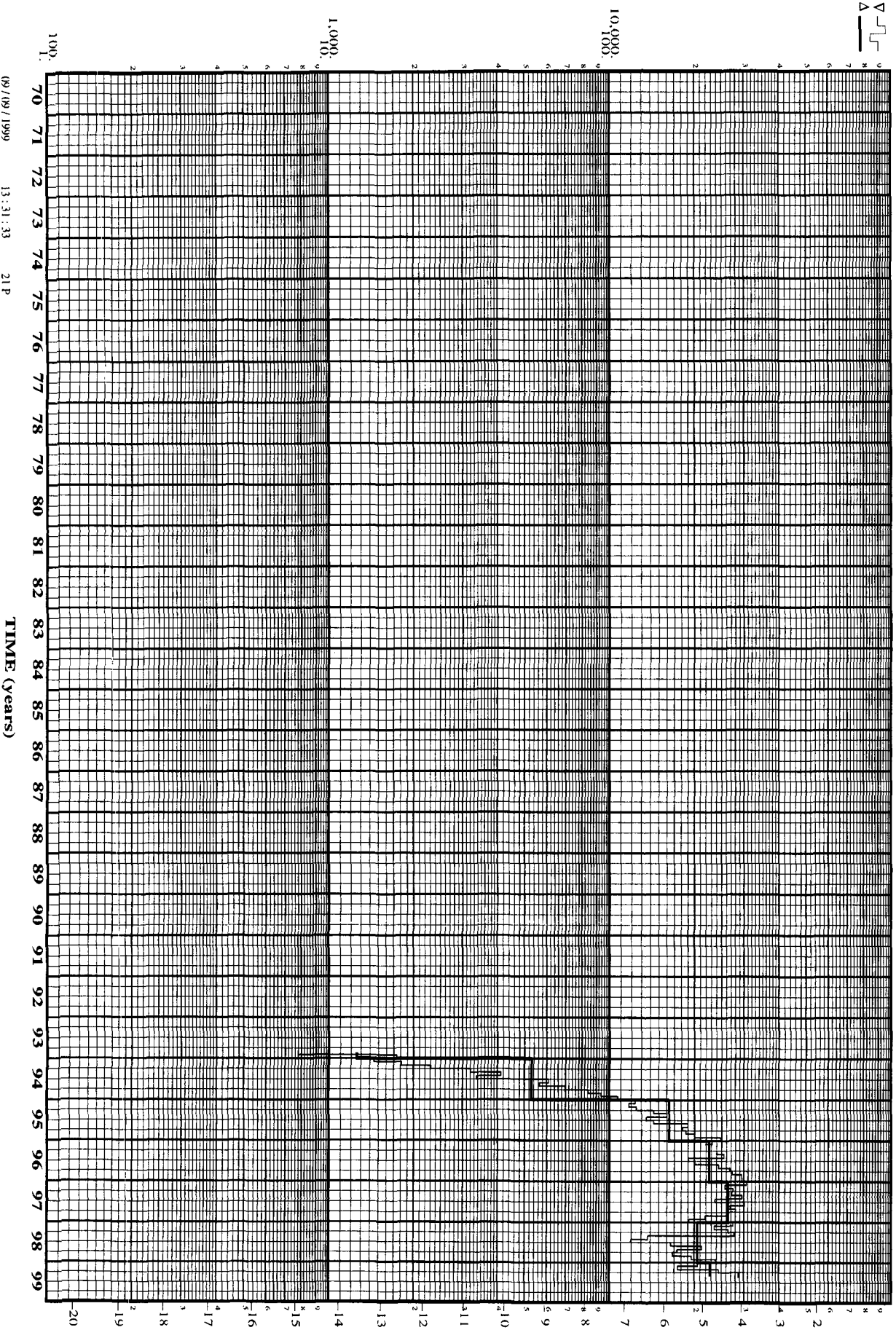
ROPKO FEE FC 6 1
TEXAKOMA OIL & GAS CORPORATION
BASIN (FRUITLAND COAL)
SAN JUAN, NEW MEXICO
6 29 N12 W
A
30045288930000

Oil		Gas		Oil		Gas		Res. Cat.	
Oil	(bbls/mo)	Oil	(mcf/mo)	Oil	(bbls)	Gas	(mcf)	Life	As-of-Date
Oil	0	Oil	0	Oil	0	Gas	1,186,105	Life	Setup file
Decline	0.0 %	Decline	0.0 %	Decline	0	Decline	1,186,105	Decline	Q Prod
									Q Owner
									Q Other
WT -	0.00000 %	Oil Price	Gas Price	OPC	Flat Life	Last	Cash Flow	P.W. @ 0.0 %	
NRI -	0.00000 %	0.00	0.00	0.00	0.0	04/99	\$ 0	\$ 0	0

CTOC -

Run Date :
Run Time :

GAS (mcf/mo) 
OIL (bbls/mo) 



Cross Timbers Oil Company

FEDERAL FC 5
 1
 TEXAKOMA OIL & GAS CORPORATION
 BASIN (FRUITLAND COAL)
 SAN JUAN, NEW MEXICO
 5 29 N12 W
 A

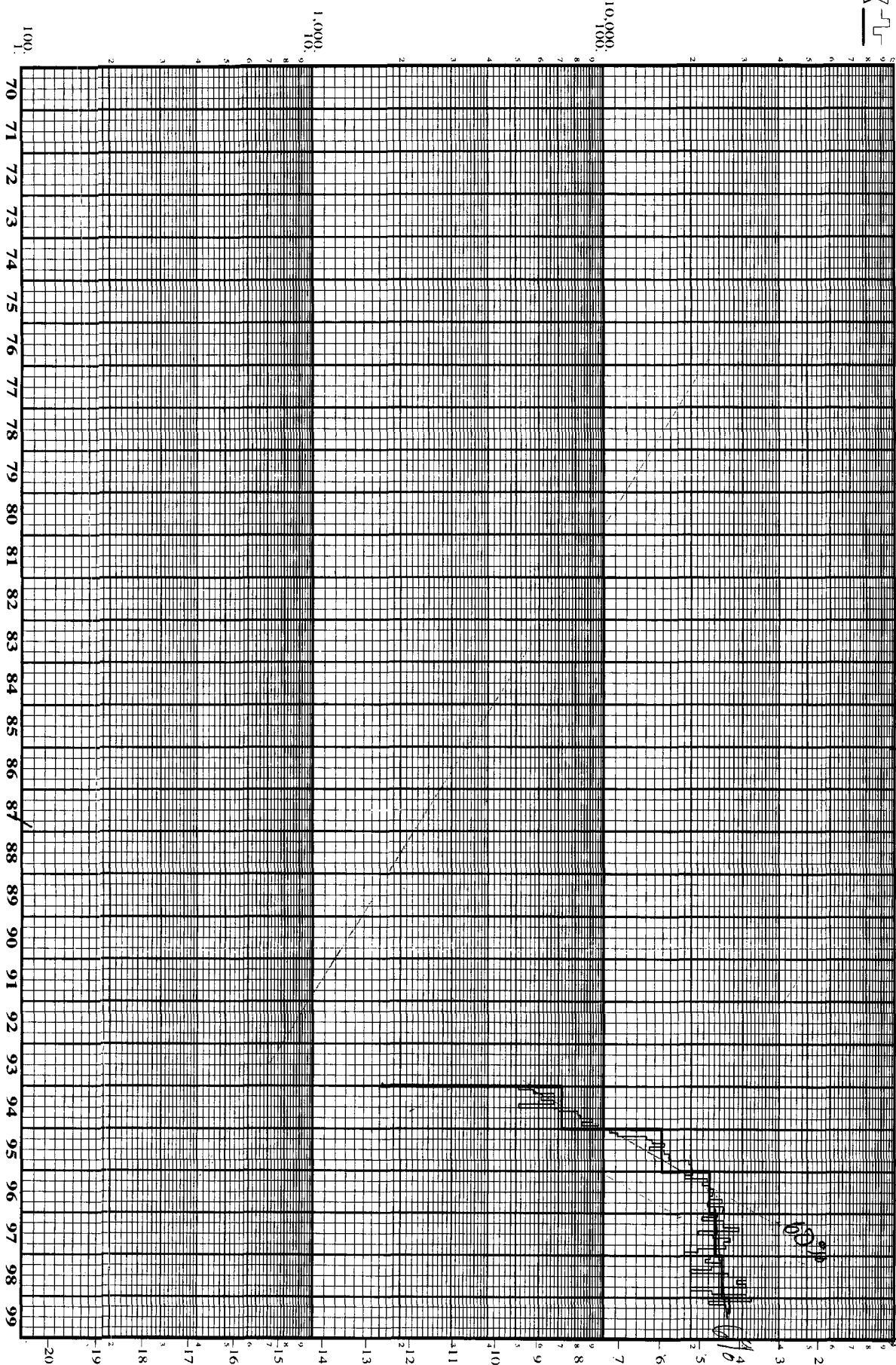
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Oil		Gas		Oil		Gas		Res. Cal.	
Q1	(bbls/mo)	Q1	(mcf/mo)	Gross Cum @**	(bbls)	Gross Cum	(mcf)	Life	0.000
Decl	0	0	0	Gross Remaining	0	1,263,499	0	As-of Date	
Decline	0.0 %	0.0 %	0.0 %	Gross Ultimate	0	1,263,499	0	Q. Prod	
				Net Remaining	0	0	0	Q. Owner	
Q1	0.00000 %	Oil Price	(\$/bbl)	OPC	(years)	Last	Cash Flow	P. W. @ 0.0 %	
NRI	0.00000 %	0.00	0.00	0.00	0.0	04/99	\$	0	\$

CTOC -

Run Date:

GAS (mcf/mo)
 OIL (bbls/mo)



ALLOCATION METHOD
FEDERAL GAS COM H #2

Cross Timbers Operating Company proposes to allocate the production for the Federal Gas Com H #2 by a difference method. CTOC proposes to test the Pictured Cliffs formation. The initial production rate established would be declined at a rate of 9%. The 9% decline was determined from the surrounding Pictured Cliff production (see attached decline curves).

Once the Fruitland Coal formation is completed in this well and its production is commingled downhole with the Pictured Cliffs production. The expected production from the Pictured Cliff formation will be subtracted from the total production from the well and the difference allocated to the Fruitland Coal formation. If the expected Pictured Cliff production exceeds the total production from the well, all production for that month will be assigned to the Pictured Cliffs formation.

One hundred percent of the water production will be allocated to the Fruitland Coal formation.

