

COMMISSIONER'S OFFICE
Phone (505) 827-5760
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ADMINISTRATION
Phone (505) 827-5700
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GENERAL COUNSEL
Phone (505) 827-5713
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PUBLIC AFFAIRS
Phone (505) 827-1245
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DHC - 2749

COMMERCIAL RESOURCES
Phone (505) 827-5724
Fax (505) 827-6157

MINERAL RESOURCES
Phone (505) 827-5744
Fax (505) 827-4739

ROYALTY MANAGEMENT
Phone (505) 827-5772
Fax (505) 827-4739

SURFACE RESOURCES
Phone (505) 827-5793
Fax (505) 827-5711

**New Mexico State Land Office
Commissioner of Public Lands
Ray Powell, M.S., D.V.M.**

August 31, 2000

Bonneville Fuels Corporation
1700 Broadway, Suite 1150
Denver, Colorado 80290

Attn: Mr. Alan L. Merrill

Re: Application for Downhole Commingling
Lake Shore Federal 10 Com Well No. 2
Unit Letter I, Section 10-21S-26E
West Burton Flat Strawn, Avalon Morrow and Avalon Upper Penn Pools
Eddy County, New Mexico

Dear Mr. Merrill:

Your application to downhole commingle the production from within the wellbore of the above-captioned well was received on August 14, 2000. Your application requests our approval to downhole commingle the West Burton Flat Strawn, Avalon Morrow and Avalon Upper Penn production within the wellbore of the Lake Shore Federal 10 Com Well No. 2 located in Unit Letter I, Section 10-21S-26E, Eddy County, New Mexico.

It is our understanding that production from the subject well will be allocated as follows:

<u>POOL</u>	<u>ALLOCATION</u>	
	<u>Oil %</u>	<u>Gas %</u>
Avalon Upper Penn	77.7%	20.2%
West Burton Flat Strawn	0%	12.4%
Avalon Morrow	22.3%	67.4%
	-----	-----
	0%	100%

Since it appears that the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request for downhole commingling the production from the above-mentioned well is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Also, please submit a copy of the Oil Conservation Division's Order and the Bureau of Land Management's approval approving this application.

Bonneville Fuels Corporation
August 31, 2000
Page 2

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 

JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/JB/cpm

Enclosure

xc: Reader File

~~OCD--Attention: David Catanach~~, Ben Stone

BLM

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

Form C-102
Revised March 17, 1999

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-045-2846 30-045-29879		2 Pool Code 71000		3 Pool Name Avalon Upper Penn	
4 Property Code 21833		5 Property Name Lakeshore Federal 10 Com			6 Well Number 2
7 OGRID No. 002678		8 Operator Name Bonneville Fuels Corporation			9 Elevation 3180

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
I	10	21S	26E		1750	South	660	East	Eddy

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 32516	13 Joint or Infill N	14 Consolidation Code C	15 Order No. Communitization Agreement # NM 100717
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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			17 OPERATOR CERTIFICATION	
			I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief	
			Signature <i>Alan L. Merrill</i>	
			Printed Name Alan L. Merrill	
			Title Operations Engineer	
			Date 5/4/00	
			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.	
			Date of Survey	
			Signature and Seal of Professional Surveyer:	
			Certificate Number	

I. Location Plat - Strawn

District I

1625 N. French Dr., Hobbs, NM 88240

District II

811 South First, Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102

Revised March 17, 1999

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-29829		² Pool Code 73440	³ Pool Name West Burton Flat Strawn
⁴ Property Code 21833	⁵ Property Name Lakeshore Federal 10 Com		⁶ Well Number 2
⁷ OGRID No. 002678	⁸ Operator Name Bonneville Fuels Corporation		⁹ Elevation 3180

¹⁰ Surface Location

T1/2 or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	10	21S	26E		1750	South	660	East	Eddy

¹¹ Bottom Hole Location If Different From Surface

T1/2 or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 32516	¹³ Joint or Infill N	¹⁴ Consolidation Code C	¹⁵ Order No. Communitization Agreement # NM 100717
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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									

660'

1750'

¹⁷ OPERATOR CERTIFICATION

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

Signature Alan L. Merrill

Printed Name Alan L. Merrill

Title Operations Engineer

Date 5/4/00

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.

Date of Survey _____

Signature and Seal of Professional Surveyor: _____

Certificate Number _____

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
811 South First St., Artesia, NM 88210
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1000 Rio Brazos Rd, Aztec, NM 87410
DISTRICT IV
2040 S. Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

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

Form C-107-A
Revised August 1999

APPROVAL PROCESS:

☒ Administrative
☐ Hearing

AUG 11 2000

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE

☒ YES ☐ NO

Bonneville Fuels Corporation

1700 Broadway, Suite 1150, Denver CO 80290

Operator Address

Lakeshore Federal 10 COM 2 I 10 21S 26E Eddy

Lease Well No. Unit Ltr. - Sec - Twp - Rge County

30-015-29879

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 002678 Property Code 21883 API NO. 30-045-28486 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	Avalon Upper Penn 71000	West Burton Flat Strawn 73440	Avalon Morrow 70920
2. Top and Bottom of Pay Section (Perforations)	9336'-9546'	9725'-9952' OA	10743'-10848' OA
3. Type of production (Oil or Gas)	Gas, Condensate	Gas, Condensate	Gas, Condensate
4. Method of Production (Flowing or Artificial Lift)	Flowing	Flowing	Flowing
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a. (Current) 1500 psi b. (Original) 3800 psi (DST)	a. 1150 psi b. 3114 psi (DST)	a. 1900 psi b. 4610 psi (DST)
6. Oil Gravity (°API) or Gas BTU Content	52 Deg.API	63 Deg.API/1100 BTU	52 Deg. API/1075 BTU
7. Producing or Shut-In?	Producing	Producing	Producing
Production Marginal? (yes or no)	YES	YES	NO
* If Shut-In, give date and oil/gas/water rates of last production	Date: Rates:	Date: Rates: NA	Date: Rates: NA
Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data	Date: 8/6/00 Rates: 289 MCFD, 7 BOPD, 0 BWPD	Date: 4/16/00 Rates: 177 MCFD, 0 BOPD, 0 BWPD	Date: 4/16/00 Rates: 966 MCFD, 2 BOPD, 10 BWPD
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)			
8. Fixed Percentage Allocation Formula -% for each zone (total of %'s to equal 100%)	Oil: 77.7 % Gas: 20.2 %	Oil: 0.0 % Gas: 12.4 %	Oil: 22.3 % Gas: 67.4 %

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

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 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 Alan L. Merrill TITLE Operation Engineer DATE 8-7-00

TYPE OR PRINT NAME Alan L. Merrill TELEPHONE NO. (303) 863-1555 x225