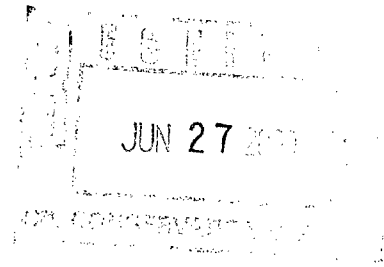


DHC 7/17/00

Horace F. McKay Jr.
6012 Royal Oak St. N.E.
P.O. Box 14738
Albuquerque, New Mexico 87191-4738

June 26, 2000



2778

State of New Mexico Energy and Minerals
Oil conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

Attn: Lori Wrotenbery, Director

Ladies and Gentlemen:

Enclosed are 2 completed C-107-A forms. If you need any further information, please call me at 505-296-5508.

Very truly yours,

Bill Mayhew

William J. Mayhew

WJM:mm
Encls.

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
811 South First St., Artesia, NM 88210
DISTRICT III
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

EXISTING WELLBORE

☒ YES ☐ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Horace F. McKay, Jr. Address P.O. Box 14738 Albuquerque, NM 87191
Lease Maxwell Well No. 1 Unit Ltr. - Sec - Twp - Rge F Sec. 1 Twp. 30N, Rge 23W County San Juan
Lease No. 010715 Spacing Unit Lease Types: (check 1 or more)
OGRID NO. 010715 Property Code 30-045-09918 Federal ☐ State ☐ (under) Fee ☒

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	Flora Vista FR Sand 76600		Aztec PC 71280
2. Top and Bottom of Pay Section (Perforations)	1931-38		2210-2228
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	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) 290 (est) b. (Original) 600 (est)	a. b.	a. 210 (est) b. 750 (est)
6. Oil Gravity (EAPI) or Gas BTU Content	1200 (est.)		1190
7. Producing or Shut-In?	Shut-In		producing
Production Marginal? (yes or no)	Yes		Yes
* If Shut-In, give date and oil/gas/water rates of last production	Date: see attached Rates: 120 MCFD 10 BWD	Date: Rates:	Date: 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: Rates:	Date: Rates:	Date: April 1-May 31, 2000 Rates: 40 MCFD 3 BWD
8. Fixed Percentage Allocation Formula - % for each zone (total of %'s to equal 100%)	Oil: % Gas: 75 %	Oil: % Gas: %	Oil: % Gas: 25 %

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 William J. Mayhew TITLE Gen. MGR. DATE 6/26/00

TYPE OR PRINT NAME William J. Mayhew TELEPHONE NO. (505) 296-5508

Horace F. McKay Jr.
6012 Royal Oak St. N.E.
P.O. Box 14738
Albuquerque, New Mexico 87191-4738

ATTACHMENT
C-107-A - Maxwell # 1 Well
NW 1/4 Section 1, Twp. 30N, Rge 12W, San Juan County, New Mexico

#7 The Maxwell # 1 is a Pictured Cliff well drilled in 1958. We recently put a compressor on the well to overcome high line pressures and production increased significantly and has settled in around 30-40 MCFD.

There are two Fruitland sand wells in the area. One drilled in the late 1950's which is producing about 30 MCFD now. The Uptegrove IR was drilled and completed in Section 2 and is currently producing about 180-200 MCFD. The Uptegrove IR has a much thicker section and therefore we estimate the Maxwell # 1 will produce about 120 MCFD.

16. C-102's Attached
Production Curve Attached

16. I am allocating 25% Pictured Cliffs and 75% Fruitland sand based on current production from the Pictured Cliffs and estimated production from 2 Fruitland sand wells in the area as stated above.

All working royalty and overriding royalty interests are common.

NEW MEXICO OIL CONSERVATION COMMISSION

Well Location and Acreage Dedication Plat

Section A.

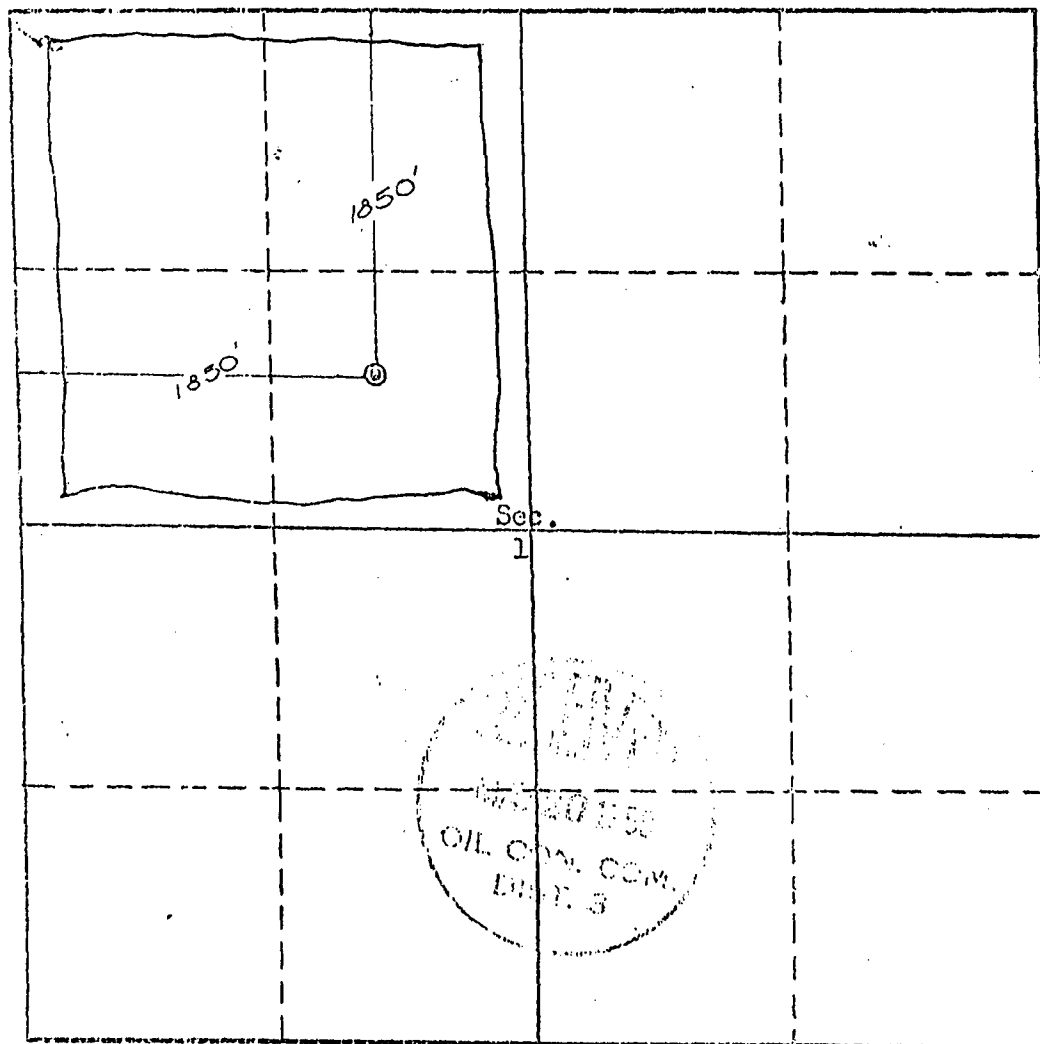
Date May 16, 1958

Operator McKay-Payne-Zachary Lease Maxwell
 Well No. 1 Unit Letter F Section 1 Township 30 North Range 12 West NMPM
 Located 1850 Feet From North Line, 1850 Feet From West Line
 County San Juan G. L. Elevation 5818 Dedicated Acreage 160 159.10 Acres
 Name of Producing Formation Pictured Cliffs Pool Aztec

1. Is the Operator the only owner* in the dedicated acreage outlined on the plat below?
 Yes No X
2. If the answer to question one is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? Yes X No . If answer is "yes,"
 Type of Consolidation Communitization Filed San Juan Co. N.M.
3. If the answer to question two is "no," list all the owners and their respective interests below:

OwnerLand Description

Section B



This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

McKay-Payne-Zachary
 (Operator)
R. E. Jackson
 (Representative)
Box 891 - Farmington, N.M.
 Address

This is to certify that the well location shown on the plat in Section B 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 May 16, 1958

Ernest V. Echohawk
 Ernest V. Echohawk
 Registered Land Surveyor.

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980
District II
P.O. Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos RD., Artec, NM 87410
District IV
P.O. Box 2088, Santa Fe, NM 87504-2088

STATE OF NEW MEXICO
Energy, Minerals & Natural Resources Department

Revised February 21, 1994

Instructions on back
Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, NM 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-045-09918	2 Pool Code 76600	3 Pool Name FLORA VISTA FRUITLAND SAND
4 Property Code	5 Property Name MAXWELL	6 Well Number #1
7 OGRID No. 010715	8 Operator Name HORACE F. MCKAY, JR.	9 Elevation 5818' GL

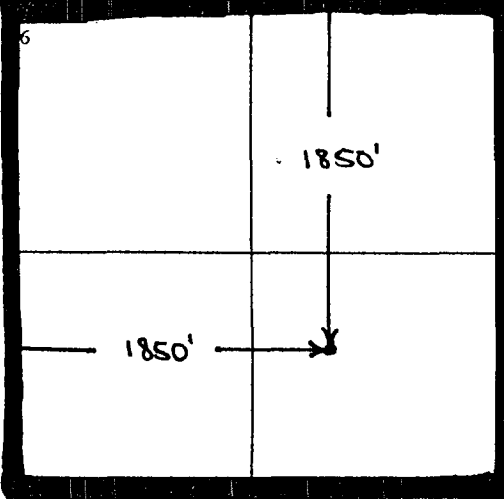
10 Surface Location

UL or lot no. F	Section 1	Township 30N	Range 12W	Lot Idn	Feet from the 1850'	North/South line NORTH	Feet from the 1850'	East/West line WEST	County SAN JUAN
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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 160	13 Joint or Infill N	14 Consolidation Code C	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

	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>William J. Mayhew</i>	
	Printed Name William J. Mayhew	
	Title Gen. Manager	
	Date 4/28/00	
	18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes or 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 Professional Surveyor:	
	Certificate Number	

MAXIMUM
24 MONTH
PRODUCTION CURVE

INSTALLED
COMPRESSOR
4/00

