

DATE <u>10/16/01</u>	SUSPENSE <u>N/R</u>	ENGINEER <u>RE</u>	LOGGED IN <u>RW</u>	TYPE <u>DHC</u>	APP NO. <u>129037997</u>
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [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 - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD
- Check One Only for [B] or [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
- [D] Other: Specify _____
- [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] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

John B. Somers II John B. Somers II President 10/16/2001
 Print or Type Name Signature Title Date

e-mail Address _____



High Plains Petroleum Corporation

3860 Carlock Dr. Boulder, CO 80305 303-494-4529

October 16, 2001

Oil Conservation Division
1220 St. Francis Dr.
Santa Fe, New Mexico

Attention: Mr. David Catanach

Re: Form C107A
Application
Downhole Commingling
New Mexico State #1
Sec. 16, T30N, R16W, NMPM
San Juan County, New Mexico
Lease No. VA-2178

Dear Mr. Catanach,

Attached please find a completed Form C107A applying for downhole commingling of oil from the Gallup and Mancos Zones in High Plains' New Mexico State #1 well. The well is presently completed in the Upper Gallup Sandstone in the Horseshoe Gallup Field and the fractured Mancos Shale in the newly created Eagle Nest Mancos Field. Steve Hayden in Aztec said that you handle applications so that's why this letter is directed to you.

Prompt approval of this application would be appreciated as it has been almost a year since the well was drilled, and the working interest owners are anxious to begin recovering some of the considerable investment that they've made in drilling, completing, equipping and testing this well. Several lengthy delays have occurred as a result of the shortage of completion rigs in the San Juan Basin, so your understanding and cooperation in this matter would be appreciated very much.

Sincerely,

John Somers
High Plains Petroleum

Attachments

cc: Aztec District Office
Working Interest Owners

District I
1625 N. French Drive, Hobbs, NM 88240

District II
811 South First Street, Artesia, NM 88210

District III
1000 Ray (Hansen Road), Artesia, NM 88210

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-107A
Revised May 15, 2000

APPLICATION TYPE
☒ Single Well
☐ Establish Pre-Approved Pools
EXISTING WELLBORE
☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

High Plains Petroleum Corp. 3860 Carlock Dr., Boulder, CO 80305

Operator Address
New Mexico State #1 C-16-30N16W San Juan
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 10459 Property Code 26154 API No. 30-045-30291 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Eagle Nest Moncos		Horseshoe Gallup
Pool Code	97138		32870
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	764-1054' PFs		PFs 1054-1109'
Method of Production (Flowing or Artificial Lift)	Pumping		Pumping
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	42°		40.3°
Producing, Shut-In or New Zone	New Zone		Producing
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: 10/13/2001 Rates: 47 BO	Date: Rates:	Date: 8/29/2001 Rates: 5 BO 1 BW
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 90% 0 %	Oil Gas % %	Oil Gas 10% 0 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes ☒ No ☐
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes ☐ No ☐
Are all produced fluids from all commingled zones compatible with each other? Yes ☒ No ☐
Will commingling decrease the value of production? Yes ☐ No ☒
If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes ☒ No ☐

NMOCD Reference Case No. applicable to this well: _____

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, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

- List of other orders approving downhole commingling within the proposed Pre-Approved Pools
- List of all operators within the proposed Pre-Approved Pools
- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE John B. Somers II TITLE Petroleum Engineer and President DATE Oct. 16, 2001
TYPE OR PRINT NAME John B. Somers II TELEPHONE NO. (303) 494-4529

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 Department

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 30-045-30791	² Pool Code	³ Pool Name Eagle Nest Dakota Wildcat
⁴ Property Code 26154	⁵ Property Name New Mexico State	⁶ Well Number 1
⁷ OGRID No. 10459	⁸ Operator Name High Plains Petroleum Corporation	⁹ Elevation 5284

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
C	16	30N	16W		330	North	1635	West	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 40	¹³ Joint or Infill N	¹⁴ Consolidation Code	¹⁵ Order No.
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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 <u>John B. Somers II</u> <u>John B. Somers II</u> Title <u>President</u> Date <u>November 16, 2000</u>	
		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 <u>May 22, 2000</u>	
		Signature and Seal of Professional Surveyer:	
		Certificate Number	

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 Department

Form C-102

Revised August 15, 2000

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 30-045-30791	² Pool Code 97138	³ Pool Name Eagle Nest Mancos
⁴ Property Code 26154	⁵ Property Name New Mexico State	⁶ Well Number 1
⁷ OGRID No. 10459	⁸ Operator Name High Plains Petroleum Corporation	⁹ Elevation 5284

¹⁰ Surface Location

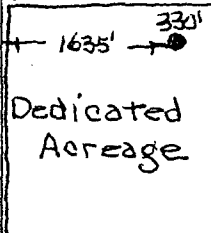
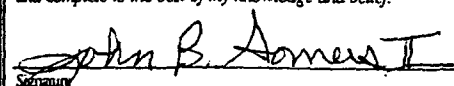
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	16	30N	16W		330	North	1635	West	San Juan

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 	¹⁷ OPERATOR CERTIFICATION	
	I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
	 Signature John B. Somers II Printed Name President Title October 12, 2001 Date	
	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.		
May 23, 2000 Date of Survey Signature and Seal of Professional Surveyor:		
Certificate Number		



High Plains Petroleum Corporation

3860 Carlock Dr. Boulder, CO 80305 303-494-4529

Explanation

Application for Downhole Commingling

New Mexico State #1

NE/4NW/4 Sec. 16, T30N, R16W, NMPM

San Juan County, New Mexico

A production curve for each zone for at least one year is not available, because production from the Gallup zone commenced in March, 2001, declined to just 5 BOPD in July, 2001 and the well was recompleted in the Mancos zone on September 3, 2001 with the retrievable bridge plug removed on October 11, 2001. During the period from September 3rd to October 11th, production appeared to be leaking past the retrievable bridge plug into the Gallup Zone, so the plug was pulled and the two zones commingled. A copy of the Ongard record of production from the Gallup is attached in lieu of a production curve.

No production history is available for the Mancos, so the Mancos rate has been estimated as 2 BO/hr., based on the flow from the Mancos during drilling. A copy of the part of the mud log showing that estimated rate is attached, and the rate has been highlighted green.

A copy of High Plains' letter notifying the Commissioner of Public Lands of our intention to apply for permission to commingle the Gallup and Mancos is attached.

Royalty, overriding royalty and working interests are common to both zones.

Commingling of production from both zones may justify the development and recovery of oil that cannot be justified individually. Therefore, commingling is likely to promote the recovery of oil that might otherwise be uneconomic to recover, and it will best serve the purpose of conservation of the State of New Mexico's resources.

CMD : ONGARD 10/16/01 14:31:5
 OG6IPRD INQUIRE PRODUCTION BY POOL/WELL OGOIV -TPM
 Page No: 1

OGRID Identifier : 10459 HIGH PLAINS PETROLEUM CORP
 Pool Identifier : 32870 HORSESHOE GALLUP
 API Well No : 30 45 30291 Report Period - From : 01 2001 To : 10 2001

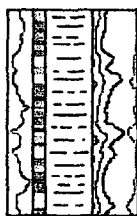
API Well No	Property Name	Prod. Days MM/YY Prod	Production Volumes Gas Oil Water	Well Sta
30 45 30291		03 01 16	1307	295 P
30 45 30291	NEW MEXICO STATE	04 01 29	735	360 P
30 45 30291	NEW MEXICO STATE	05 01 31	273	258 P
30 45 30291	NEW MEXICO STATE	06 01 30	193	162 P
30 45 30291	NEW MEXICO STATE	07 01 31	155	90 P

Reporting Period Total (Gas, Oil) : 2663 1165

M0025: Enter PF keys to scroll

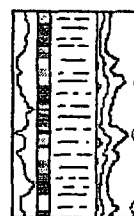
PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
 PF07 BKWD PF08 FWD PF09 PF10 NXTPOOL PF11 NXTOGD PF12

SOFTROCK GEOLOGICAL SERVICES, INC.



591 County Rd. 233 Durango, CO 81301

(970) 247- 8868 fax 247- 5108



Scale 1:240 (5"=100') Imperial

Well Name: New Mexico State #1
Location: Section 16 T30N R16W
Licence Number:
Spud Date: 11-20-00
Surface Coordinates: 330' FNL
1635' FWL

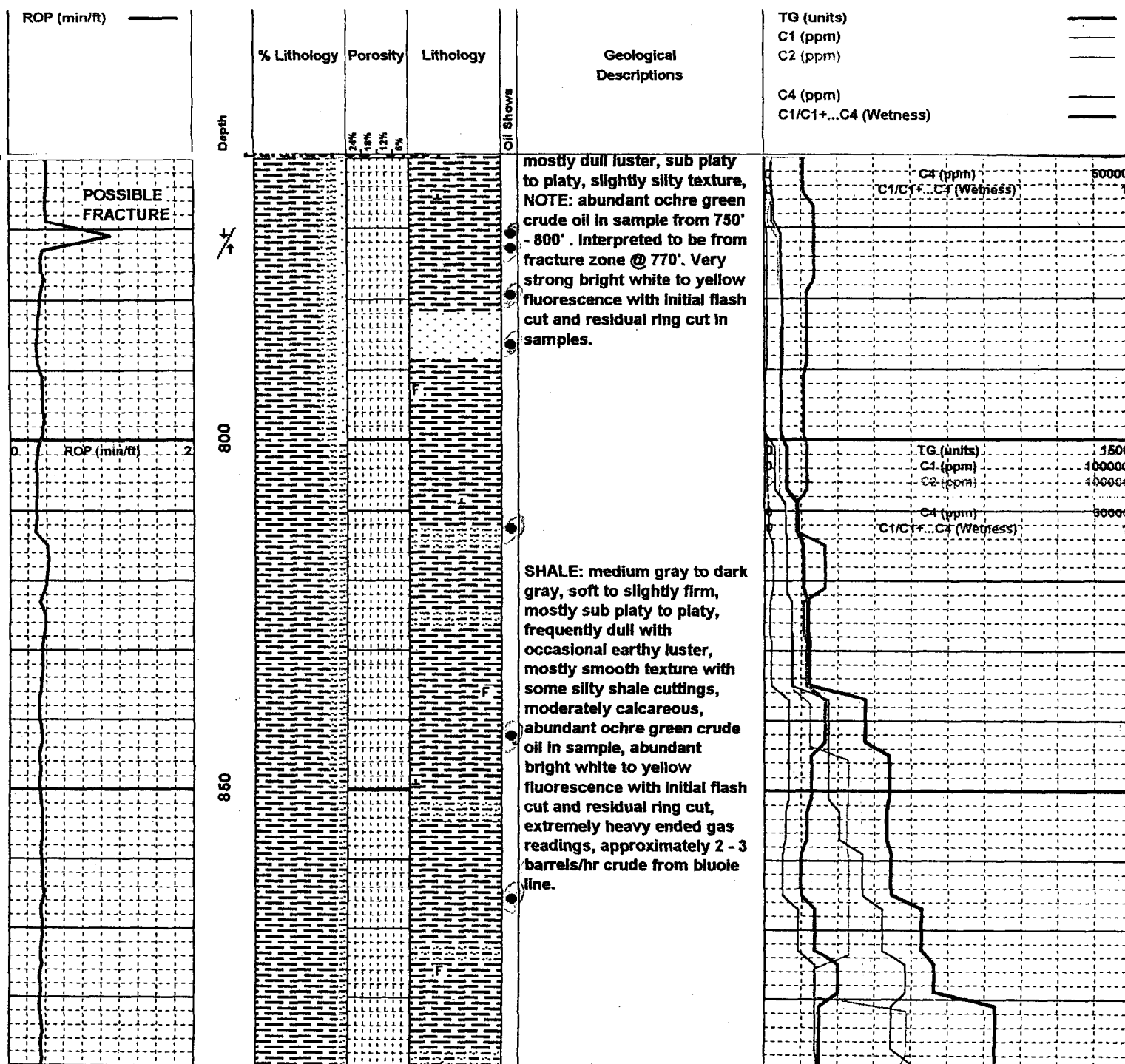
Region: San Jaun Co., NM
Drilling Completed: 11-24-00

Bottom Hole Coordinates:
Ground Elevation (ft): 5284' K.B. Elevation (ft): 5288'
Logged Interval (ft): 140' To: 1160' Total Depth (ft): 1160'
Formation: Mancos - Dakota
Type of Drilling Fluid: H2O / Air

Printed by MUD.LOG from WellSight Systems Inc. 1-800-447-1534 www.wellsight.com

OPERATOR

Company: High Plains Petroleum
Address: 3860 Carlock Drive
Boulder, CO 80305
303 - 494 - 4529





High Plains Petroleum Corporation

3860 Carlock Dr. Boulder, CO 80305 303-494-4529

October 15, 2001

Commissioner of Public Lands
New Mexico State Land Office
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Re: Application
Downhole Comingling
New Mexico State #1
Section 16, T30N, R16W, NMPM
San Juan County, New Mexico
Lease No. VA-2178

Dear Sir,

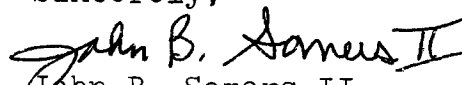
The purpose of this letter is to notify you that High Plains is applying to the Oil Conservation Division (OCD) for permission to comingle oil production from the Gallup Sandstone and the contiguous Mancos Shale in New Mexico State #1. The well is located on a state lease, Lease No. VA-2178, which covers 458 acres of state land in Section 16, Township 30 North, Range 16 West, NMPM in San Juan County, New Mexico.

In March of this year, the well was completed in the Horseshoe Gallup Pool. Production declined to only 5 BOPD in August, so the well was recompleted in the Mancos, which flowed oil when the well was drilled last November. After that recompletion, the two zones are producing 52 BOPD, which may be enough to justify further development, if the additional production from the fractures and siltstones in the Mancos doesn't decline too rapidly.

Production from the Mancos in this well represents the discovery of a new Mancos pool, which has been named Eagle Nest Mancos, because the well is along Eagle Nest Arroyo. The production is shallow, only 772 feet to the fracture that flowed the first oil, so the pressure is low.

Nearest Mancos production was about 3 miles to the northeast in the Verde Field. That field also overlaid the southeast end of the Horseshoe Gallup Field, and production from the same two producing zones has been comingled since the 1950's when the Horseshoe and Verde Fields were discovered. Therefore, this is a routine administrative matter from which the state will benefit.

Sincerely,


John B. Somers II
President
High Plains Petroleum

cc: Oil Conservation Division