

DATE IN 11/7/06	SUSPENSE	ENGINEER W. Jones	LOGGED IN 11/7/06	TYPE DHC	APP NO. P.TD.S0631148044
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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.

Print or Type Name _____	Signature _____	Title _____	Date _____
e-mail Address _____			

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

District II
1301 W. Grand Avenue, Artesia, NM 88210

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

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

District III
1000 Rio Brazos Road, Aztec, NM 87410

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

APPLICATION FOR DOWNHOLE COMMINGLING

DHC-3825

RESOURCE DEVELOPMENT TECHNOLOGY, LLC PO BOX 1020, MORRISON, CO 80465
Operator Address

NCRA STATE #4 Unit 'J', Section 16, T.24N., R.6W. RIO ARRIBA
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No.: 225774 Property Code: 007822 API No.: 30-039-82326 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	DEVIL'S FORK MESAVERDE		DEVIL'S FORK GALLUP
Pool Code	17620		17610
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	Perfs.: 4477' - 4813': OA		Perfs.: 5647' - 5777': OA
Method of Production (Flowing or Artificial Lift)	Artificial Lift: Beam Pump		Artificial Lift: Beam Pump
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)	NO DATA		NO DATA
Oil Gravity or Gas BTU (Degree API or Gas BTU)	44.8 API Oil & 1350 BTU Gas		39.0 API Oil & 1289.4 BTU Gas
Producing, Shut-In or New Zone	Producing		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: All Zones: 6/22/2006 Calc. Mesaverde Rate by Subtraction of Gallup Rate from Total Rate Rates: 3 BOPD + 15 MCFD Obtained by Swab Test & Choked Gas Flow to Tank	Date: Rates:	Date: Gallup Only: 6/8/2006 thru 6/17/2006 Rates: 5.5 BOPD + 65 MCFD Obtained by Swab Tests & Choked Gas Flow to Tank
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 35% Gas 19% Water 35%	Oil % Gas %	Oil 65% Gas 81% Water 65%

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: **Case No. 5331; Order No. R-4882; Approved in 1975**

Attachments:

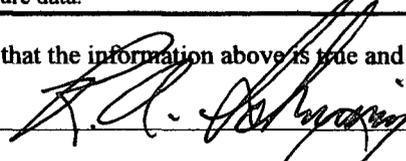
- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation 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  TITLE: Operations Manager DATE: 10/27/2006
 TYPE OR PRINT NAME Robert A Schwering, PE TELEPHONE NO.: (303) 716-3200 FAX NO.: (303) 716-5780
 E-MAIL ADDRESS: ras.rdt@mindspring.com

District I
 1625 N. French Dr., Hobbs, NM 88240
District II
 1301 W. Grand Avenue, Artesia, NM 88210
District III
 1000 Rio Brazos Rd., Aztec, NM 87410
District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

Form C-102
 Revised October 12, 2005
 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 - 039 - 82326	² Pool Code 17620	³ Pool Name DEVIL'S FORK GALLUP
⁴ Property Code 007822	⁵ Property Name NCRA STATE	
⁷ OGRID No. 225774	⁸ Operator Name RESOURCE DEVELOPMENT TECHNOLOGY, LLC	⁶ Well Number 4
		⁹ Elevation GL = 6775' KB = 6786'

10 Surface Location

UL or lot no. 'J'	Section 16	Township 25 N	Range 6 W	Lot Idn	1685 Feet from the	South Line	1710 Feet from the	East Line	County
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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 ACRES	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. R - 4882						

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.

<p>16</p>	<p>17 OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p><i>Robert A. Schwering</i> Signature Date 10/27/2006</p> <p>Robert A. Schwering, P.E. Operations Manager Printed Name</p>
	<p>18 SURVEYOR CERTIFICATION <i>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.</i></p> <p>Date of Survey 5 September 1962 Signature and Seal of Professional Surveyor: James P. Lease Ref. GLO Plat: 4 November 1882</p> <p>No. 1463 Certificate Number</p>

Well Location and Acreage Dedication Plat

Section A.

Date September 11, 1974

Operator J. GREGORY MERRION Lease NCRA
Well No. 4 Unit Letter J Section 16 Township 24 NORTH Range 6 WEST NMPM
Located 1685 Feet From the SOUTH Line, 1710 Feet From the EAST Line
County RIO ARRIBA G. L. Elevation Dedicated Acreage Acres
Name of Producing Formation Mesaverde Pool Devils Fork

- 1. Is the Operator the only owner in the dedicated acreage outlined on the plat below?
2. If the answer to question one is "no", have the interests of all the owners been consolidated by communitization agreement or otherwise?
3. If the answer to question two is "no", list all the owners and their respective interests below:

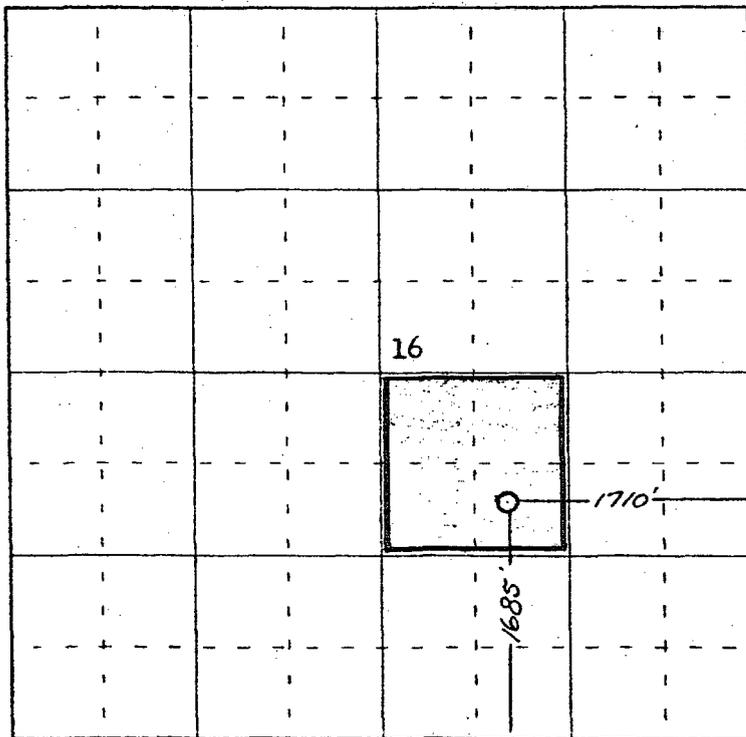
Owner Land Description

Section B.

Note: All distances must be from outer boundaries of section.

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

Gregory Merrion (Operator) Representative
P.O. Box 507 (Address)
Farmington, New Mexico 87401



Scale 4 inches equal 1 mile

Ref: GLO plat dated 4 November 1882

This is to certify that the above plat was prepared from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

Date Surveyed 5 September 1962

James P. Leese Registered Professional Engineer and/or Land Surveyor
James P. Leese, N. Mex. Reg. No. 1463
San Juan Engineering Company

(Seal)

Farmington, New Mexico

NEW MEXICO OIL CONSERVATION COMMISSION
Well Location and Acreage Dedication Plat

Section A.

Date October 25, 1962

Operator J. GREGORY MERRION Lease _____
Well No. 4 Unit Letter J Section 16 Township 24 NORTH Range 6 WEST NMPM
Located 1685 Feet From the SOUTH Line, 1710 Feet From the EAST Line
County RIO ARRIBA G. L. Elevation _____ Dedicated Acreage 80 Acres
Name of Producing Formation Gallup Pool Devils Fork

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

<u>Owner</u>	<u>Land Description</u>

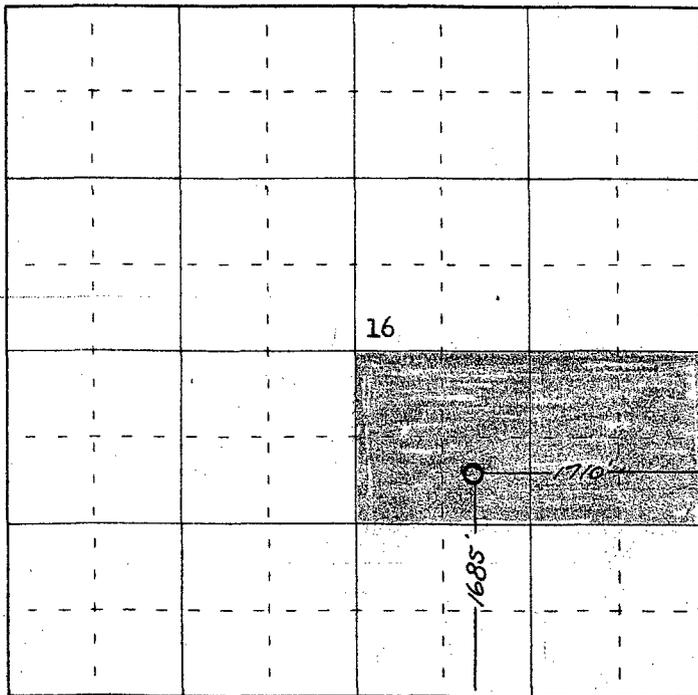
Section B.

Note: All distances must be from outer boundaries of section.

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

J. Gregory Merrion & Asso.
(Operator)

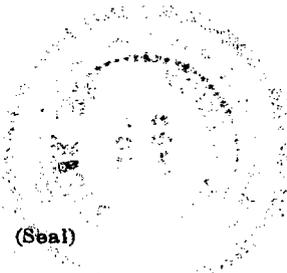
(Representative)
P.O. Box 507
(Address)
Farmington, N.M.



0 330 660 990 1320 1650 1980 2310 2640 2000 1500 1000 500 0

Scale 4 inches equal 1 mile

Ref: GLO plat dated 4 November 1882



(Seal)

Farmington, New Mexico

This is to certify that the above plat was prepared from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

Date Surveyed 5 September 1962

James P. Leese
Registered Professional Engineer and/or Land Surveyor
James P. Leese, N. Mex. Reg. No. 1463
San Juan Engineering Company

NO. OF COPIES RECEIVED	5
DISTRIBUTION	
SANTA FE	1
FILE	1
U.S.G.S.	1
LAND OFFICE	1
OPERATOR	1

Form C-105
Revised 1-1-65

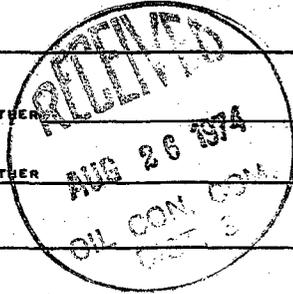
NEW MEXICO OIL CONSERVATION COMMISSION
WELL COMPLETION OR RECOMPLETION REPORT AND LOG

5a. Indicate Type of Lease
State Fee

5. State Oil & Gas Lease No.
E-1207-1

1a. TYPE OF WELL
OIL WELL GAS WELL DRY OTHER

b. TYPE OF COMPLETION
NEW WELL WORK OVER DEEPEN PLUG BACK DIFF. RESVR. OTHER



7. Unit Agreement Name

8. Farm or Lease Name
NCRA State

9. Well No.
4

10. Field and Pool, or Wildcat
Devils Fork Mesaverde

2. Name of Operator
J. Gregory Merrion

3. Address of Operator
P.O. Box 507, Farmington, New Mexico 87401

4. Location of Well
UNIT LETTER J LOCATED 1685 FEET FROM THE South LINE AND 1710 FEET FROM THE East LINE OF SEC. 16 TWP. 24N RGE. 6W NMPM

12. County
Pio Arriba

15. Date Spudded 10-26-62 16. Date T.D. Reached 11-7-62 17. Date Compl. (Ready to Prod.) August 14, 1974 18. Elevations (DF, RKB, RT, GR, etc.) 6784 KB 19. Elev. Casinghead 6772

20. Total Depth 5851 21. Plug Back T.D. 4850 22. If Multiple Compl., How Many 23. Intervals Drilled By Rotary Tools Cable Tools X

24. Producing Interval(s), of this completion - Top, Bottom, Name 4477 - 4813 (Mesaverde-Mancos) 25. Was Directional Survey Made NO

26. Type Electric and Other Logs Run Electric log, Sonic Gamma Ray Caliper - Gamma Ray Collar 27. Was Well Cored YES

28. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
8 5/8"	24	214	12 1/4	150 sax	None
4 1/2"	9.5	5850	7 7/8	1st stage 120 sax 50-50 poz 2% gel 2nd stage thru collar at 2463	None
				50 sax 50-50 poz 2% gel	None

29. LINER RECORD 30. TUBING RECORD

SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN	SIZE	DEPTH SET	PACKER SET
None					2 3/8	4830	None

31. Perforation Record (Interval, size and number)

4793-4813	20 holes
4531-4541	10 holes
4501-4504	3 holes
4477-4482	5 holes

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED
4793-4813	19,900 gal slick water w F-75 surfactant & 8000# 100 mesh sand
4477-4541	13,000# 20-40 sand 15,400 gal gelled water w acid surfactant w 16,350# sand

33. PRODUCTION
Date First Production 8-14-74 Production Method (Flowing, gas lift, pumping - Size and type pump) Pumping 145 pm - 54" stroke 1 1/4" FHBC Well Status (Prod. or Shut-in) Prod.

Date of Test	Hours Tested	Choke Size	Prod'n. For Test Period	Oil - Bbl.	Gas - MCF	Water - Bbl.	Gas - Oil Ratio
8-17-74	24	--		36	50	72	1388

Flow Tubing Press.	Casing Pressure	Calculated 24-Hour Rate	Oil - Bbl.	Gas - MCF	Water - Bbl.	Oil Gravity - API (Corr.)
30	30		36	50	72	44.8

34. Disposition of Gas (Sold, used for fuel, vented, etc.) Sold - El Paso Natural Gas Company Test Witnessed By T. C. Durham

35. List of Attachments

36. I hereby certify that the information furnished on both sides of this form is true and complete to the best of my knowledge and belief.

Original Signed J. Gregory Merrion
SIGNED Operator DATE 8-23-74

COMMINGLED PRODUCTION IMMEDIATELY PRIOR TO LAST CASING LEAKS:

	TOTAL		Gallup		Mesaverde		DOL
	OIL	GAS	OIL	GAS	OIL	GAS	
	STBO MCFG		STBO MCFG		STBO MCFG		
1997	1341	5436	0	4402	1341	1034	256
	BOPD MCFD		BOPD MCFD		BOPD MCFD		
	5.24	21.2	0	17.2	5.24	4.0	
	STBO MCFG		STBO MCFG		STBO MCFG		
1998	1601	6621	0	5218	1601	1403	346
	BOPD MCFD		BOPD MCFD		BOPD MCFD		
	4.63	19.1	0	15.1	4.63	4.0	
	STBO MCFG		STBO MCFG		STBO MCFG		
1999	0	5	0	4	0	1	1
	BOPD MCFD		BOPD MCFD		BOPD MCFD		
	0	5	0	4	0	1	

Well: NCRA STATE No.: 4
 Operator: RESOURCE DEVELOPMENT TECHNOLOG API: 3E+09
 Township: 24.0N Range: 06W
 Section: 16 Unit: J
 Land Type: S County: Rio Arriba True Vertic 5851

From Go-Tech web site

Year: 1997

Pool Name: DEVILS FORK GALLUP (ASSOCIATED)

Month	Oil(BBLS)	Gas(MCF)	Water(BBL)	Days Prod	Accum. Oil	Accum. Gas(MCF)
January	0	332	0	17	60280	310600
February	0	0	0	0	60280	310600
March	0	455	0	20	60280	311055
April	0	818	0	30	60280	311873
May	0	83	0	31	60280	311956
June	0	376	0	24	60280	312332
July	0	20	0	8	60280	312352
August	0	170	0	8	60280	312522
September	0	429	0	30	60280	312951
October	0	425	0	31	60280	313376
November	0	560	0	26	60280	313936
December	0	734	0	31	60280	314670
Total	0	4402	0	256		

Pool Name: DEVILS FORK MESAVERDE

Month	Oil(BBLS)	Gas(MCF)	Water(BBL)	Days Prod	Accum. Oil	Accum. Gas(MCF)
January	76	77	0	17	60356	314747
February	0	0	0	0	60356	314747
March	126	102	0	20	60482	314849
April	128	177	0	30	60610	315026
May	106	41	0	31	60716	315067
June	74	90	0	24	60790	315157
July	50	10	0	8	60840	315167
August	129	38	0	8	60969	315205
September	204	105	0	30	61173	315310
October	142	105	0	31	61315	315415
November	100	126	0	26	61415	315541
December	206	163	0	31	61621	315704
Total	1341	1034	0	256		

5.238281 Avg. Daily Oil
 Production: 1997

Year: 1998

Pool Name: DEVILS FORK GALLUP (ASSOCIATED)

Month	Oil(BBLS)	Gas(MCF)	Water(BBL)	Days Prod	Accum. Oil	Accum. Gas(MCF)
January	0	788	0	31	61621	316492
February	0	567	0	28	61621	317059
March	0	686	0	31	61621	317745
April	93	125	0	30	61714	317870
May	0	664	0	31	61714	318534
June	0	598	0	28	61714	319132
July	0	597	0	24	61714	319729
August	0	493	0	21	61714	320222
September	0	283	0	30	61714	320505
October	0	267	0	31	61714	320772
November	32	108	0	30	61746	320880
December	0	42	0	31	61746	320922
Total	125	5218	0	346		

Pool Name: DEVILS FORK MESAVERDE

Month	Oil(BBLS)	Gas(MCF)	Water(BBL)	Days Prod	Accum. Oil	Accum. Gas(MCF)
January	132	173	0	31	61878	321095
February	143	129	0	28	62021	321224
March	157	154	0	31	62178	321378
April	138	127	0	30	62316	321505
May	156	150	0	31	62472	321655
June	116	135	0	28	62588	321790
July	91	131	0	24	62679	321921
August	154	109	0	21	62833	322030
September	110	78	0	30	62943	322108
October	136	75	0	31	63079	322183
November	143	109	0	30	63222	322292
December	0	33	0	31	63222	322325
Total	1476 1601	1403	0	346		

4.6272 Avg. Daily Oil
 Production: 1998

Year: 1999

Pool Name: DEVILS FORK GALLUP (ASSOCIATED)

Month	Oil(BBLS)	Gas(MCF)	Water(BBL)	Days Prod	Accum. Oil	Accum. Gas(MCF)
January	0	3	0	1	63222	322328

Well: NCRA STATE No.: 4
 Operator: RESOURCE DEVELOPMENT TECHNOLOG API: 3E+09
 Township: 24.0N Range: 06W
 Section: 16 Unit: J
 Land Type: S County: Rio Arriba True Vertic 5851

From Geo-Tech Web s.ite

Year: 1999

Pool Name: DEVILS FORK GALLUP (ASSOCIATED)

Month	Oil(BBLS)	Gas(MCF)	Water(BBL)	Days Prod	Accum.	Oil Accum.	Gas(MCF)
January	0	24	0	1	63222	322328	
February	0	0	0	0	63222	322328	
March	0	0	0	0	63222	322328	
April	0	0	0	0	63222	322328	
May	0	0	0	0	63222	322328	
June	0	0	0	0	63222	322328	
July	0	0	0	0	63222	322328	
August	0	0	0	0	63222	322328	
September	0	0	0	0	63222	322328	
October	0	0	0	0	63222	322328	
November	0	0	0	0	63222	322328	
December	0	0	0	0	63222	322328	
Total	0	24	0	1			

Pool Name: DEVILS FORK MESAVERDE

Month	Oil(BBLS)	Gas(MCF)	Water(BBL)	Days Prod	Accum.	Oil Accum.	Gas(MCF)
January	0	21	0	1	63222	322330	
February	0	0	0	0	63222	322330	
March	0	0	0	0	63222	322330	
April	0	0	0	0	63222	322330	
May	0	0	0	0	63222	322330	
June	0	0	0	0	63222	322330	
July	0	0	0	0	63222	322330	
August	0	0	0	0	63222	322330	
September	0	0	0	0	63222	322330	
October	0	0	0	0	63222	322330	
November	0	0	0	0	63222	322330	
December	0	0	0	0	63222	322330	
Total	0	21	0	1			

Year: 2000

Pool Name: DEVILS FORK GALLUP (ASSOCIATED)

Month	Oil(BBLS)	Gas(MCF)	Water(BBL)	Days Prod	Accum.	Oil Accum.	Gas(MCF)
January	0	0	0	0	63222	322330	
February	0	0	0	0	63222	322330	
March	0	0	0	0	63222	322330	
April	0	0	0	0	63222	322330	
May	0	0	0	0	63222	322330	
June	0	0	0	0	63222	322330	
July	0	0	0	0	63222	322330	
August	0	0	0	0	63222	322330	
September	0	0	0	0	63222	322330	
October	0	0	0	0	63222	322330	
November	0	0	0	0	63222	322330	
December	0	0	0	0	63222	322330	
Total	0	0	0	0			

Pool Name: DEVILS FORK MESAVERDE

Month	Oil(BBLS)	Gas(MCF)	Water(BBL)	Days Prod	Accum.	Oil Accum.	Gas(MCF)
January	0	0	0	0	63222	322330	
February	0	0	0	0	63222	322330	
March	0	0	0	0	63222	322330	
April	0	0	0	0	63222	322330	
May	0	0	0	0	63222	322330	
June	0	0	0	0	63222	322330	
July	0	0	0	0	63222	322330	
August	0	0	0	0	63222	322330	
September	0	0	0	0	63222	322330	
October	0	0	0	0	63222	322330	
November	0	0	0	0	63222	322330	
December	0	0	0	0	63222	322330	
Total	0	0	0	0			

RESOURCE DEVELOPMENT TECHNOLOGY LLC

November 1, 2006

State of New Mexico
Oil Conservation Division
Attn.: Mr. Will Jones
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
Phone: (505) 476-3448; Fax (505) 476-3462

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Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Re: Production Allocation Request: NCRA State #4

Mr. Jones:

Resource Development Technology, LLC (RDT) is hereby requesting a Revised Production Allocation for the following well:

NCRA State #4: API #: 30-039-82326:
Pool Names & Numbers:
Devil's Fork Mesaverde Fm.: Pool #17620
Devil's Fork Gallup Fm.: Pool #17610
Unit 'J', Sec. 16, T24N, R6W, Rio Arriba County.

A C-107A Form is attached based on Test Data obtained in June 2006.

NCRA State #4 Well Production/Repair History: 1962 – 2004:

The well was originally completed in the Lower Gallup Fm. ('D-3' Sand: 5762' – 5777') in 1962. The well produced solely from these Lower Gallup Fm. Perfs. until 1972. In 1972 the casing developed a leak & a CIBP was installed @ 5720'.

Casing repairs were made during 1974 & the CIBP @ 5720' was left in-place. During 1974 the well was repaired & re-completed as a commingled Upper Gallup Fm. ('B-2' Sand: 5647'-5657') & Mesaverde Fm. (Pt. Lookout Sands: 4477' - 4482' & 4501' - 4504' & 4531' - 4541' & 4793' - 4813') producer. Case No. 5331 was heard & Order # R - 4882 was issued allowing commingling of production & specifying the method of allocation. The allocation of production formula for the well was determined (on the basis of testing in conformance with the Order in 1975) to be:

Upper Gallup Fm.: 98 MCFD w/ No Oil or Water:
0% of Oil + 78.4% of Gas + 0% of Water: GOR = Gas-Only: +100,000:1.

Mesaverde Fm.: 27 BOPD + 12 BWD + 27 MCFD:
100% of Oil + 21.6% of Gas + 100% of Water: GOR = 1000:1.

The well produced under this allocation formula until another casing leak occurred in 1999. Merrion Oil & Gas left the well idle until the property sold to RDT in February 2004.

Summary of RDT Operations from 2004 thru 2006:

In February 2004 Resource Development Technology, LLC (RDT) became the Operator of this well. The well remained idle until a rig was contracted to repair the well in the spring of 2006. RDT did repair the casing to the satisfaction of the NMOCD. The final & successful casing test above 3820' on 5/12/2006 was witnessed by Mr. Villanueva (NMOCD). Clean-out & fishing operations continued from 5/12/2006 to 6/8/2006. The CIBP @ 5720' was removed on 6/2/2006. This enabled production from the Lower Gallup Fm. Perforations (5762' – 5777') for the first time since 1972 - prior to the issuance of Order # R-4882 allowing commingling of Gallup & Mesaverde Fm. production. All of the previously perforated zones were cleaned-up & evaluated after the well was cleaned-out to PBTB @ 5820'.

**RECORD OF ZONE CLEAN-UPS & PRODUCTION TESTING:
BASIS FOR C-107A:**

Lower Gallup Fm. Perfs.: 5762' – 5777': Packer Set @ 5710'.
Cleaned Up w/ 450 Gallons Methanol & 1,213 Gallons of Xylene on 6/9/2006.
Max. Treating Press @ 1500#.
Swab & Flow & Est. Final Rate on 6/14/2006 @ 5 BOPD + 15 MCFD:
Flow-Tested Gas to Tank between Swab Runs: Avg. 5.5# Wet Gas on 3/16" Choke
GOR = 3,000 SCF/ STBO.
Load Oil = 1,213 Gallons of Xylene.

Upper Gallup Fm. Perfs.: 5647' – 5657': RBP Set @ 5700'. Packer Set @ 5505'.
Cleaned Up w/ 1,500 Gallons Methanol on 6/15/2006: Max. TP @ 1500#.
Cleaned Up w/ 1,200 Gallons of Xylene on 6/17/2006: Max. TP @ 1500#.
Swab & Flow & Est. Flow Rate on 6/16/2006 @ 0.5 BOPD + 50 MCFD:
Flow-Tested Gas to Tank between Swab Runs: Avg. 24# Wet Gas on 1/4" Choke
GOR = 100,000 SCF/ STBO.
Load Oil = 1,200 Gallons of Xylene.

Summation of Est. Gallup Fm. Potential: Lower Zone + Upper Zone:
5.5 BOPD + 65 MCFD: GOR @ 11,818 SCF/ STBO: Qualifies as Oil Well.
A new C-102 Acreage Dedication Plat for the Gallup Fm. is attached.

Mesaverde Fm. Perfs: 4477' – 4813' OA: RBP Set @ 4850'. Packer Set @ 4404'.
Cleaned Up w/ 1,500 Gallons of Xylene on 6/19/2006: Max. TP @ 1500#.
Remove Packer & Plug on 6/20/2006.
Load Oil = 1,500 Gallons of Xylene.

COMMINGLED ALL ZONES & SWAB TO CLEAN UP:
RIH w/ Pumping Assembly. Tubing Bottomed @ 5803.52' OE w/ Intake
Below SN @ 5778.42'. Swab & Flow to Clean-Up on 6/21/2006-6/23/2006:

COMMINGLED SWAB/FLOW RATE:
8.5 BOPD + 80 MCFD: GOR @ 9,412 SCF/ STBO: Qualifies as Oil Well.
Flow-Tested Gas to Tank between Swab Runs: Avg. 47# Wet Gas on 1/4" Choke

THEREFORE:
Calculated Mesaverde Fm. Contribution by Subtraction of Gallup Rates (5.5 BOPD + 65 MCFD) from Total Rates (8.5 BOPD + 80 MCFD) @ **3 BOPD + 15 MCFD:**
GOR = 5,000 SCF/ STBO.
Load Oil = 1,500 Gallons of Xylene.

PROPOSED FINAL PRODUCTION ALLOCATION BASED ON PRODUCTION TESTING:

Mesaverde Fm.: 35% of Oil Production & 19% of Gas Production:
IP @ 3 BOPD + 15 MCFD: GOR @ 5,000:1.

Gallup Fm.: 65% of Oil Production & 81% of Gas Production:
IP @ 5.5 BOPD + 65 MCFD: GOR @ 11,818:1.

LOAD OIL TO RECOVER FROM WELL: 3,913 Gallons = 93 STBO.

BASIS FOR Reported API Oil & Gas Gravity Reported on C-107A:

The Mesaverde Oil Gravity reported in 1975 was 44.8 degrees API.
The Mesaverde Gas BTU content is estimated @ 1350 BTU/SCF.

The commingled Oil Gravity measured on 8/28/2006 was 41.0 degrees API.
The commingled Gas BTU content measured in August 2006 was 1300.9 BTU/SCF.

The reported Gallup Oil Gravity was therefore calculated to be 39.0 degrees API.
The reported Gallup Gas BTU Content was therefore calculated to be 1289.4 BTU/SCF.

COMMINGLED PRODUCTION RESULTS SINCE PRODUCTION RESUMED:

	STBO	BOPD	MCFG	MCFD	DOL OIL	DOL GAS
June	60	6.00	45	45.0	10	1
July	80	5.00	361	11.65	16	31
August	100	4.17	418	13.93	24	31
September	80	3.20	560	22.40	25	25
October	69	2.23	625*	20.16	31	31

* Gas Volume for October is estimated from meter readings.

Fluid recovered in June was by swabbing only. Assume recovered 93 STBO Load Oil in first 2 months of production.

STBO: Stock Tank Barrels of Oil

DOL OIL: Days actually pumping or swabbing well. In July & August we had significant down-time waiting on rigs for pump changes due to trash in pump. In September & we had mechanical problems a Shut-In Period.

DOL GAS: Days well open to sell gas. First Sales of Gas occurred on 6/30/2006.

NOTE: The measured gas sales have been 15% to 56% of the volumes estimated between hourly swab runs. I believe the rig crew estimations for choked flow to have been very optimistic -- perhaps their LP gauges were inaccurate.

ALLOCATED PRODUCTION RESULTS SINCE PRODUCTION RESUMED:

BASED ON ALLOCATION FORMULA IN THIS C-107A:

	BOPD Gallup	BOPD Mesaverde	MCFD Gallup	MCFD Mesaverde
	65%	35%	81%	19%
June	3.90	2.10	36.5	8.5
July	3.25	1.75	9.44	2.21
August	2.71	1.46	11.28	2.65
September	2.08	1.12	18.14	4.26
October	1.45	0.78	16.33	3.83

I believe that I have now provided you with all of the detail necessary to support this C-107A Production Allocation Application and the C-102 Acreage Dedication Plat. After we talked last week I elected to wait until 11/1/2006 & get Mr. Dawson & you one more month of production data to assist in your decision making.

Allocation of Water Production:

All of the water produced during well testing and subsequently is deemed to be produced load water & water imbibed into the producing zones from the various casing leaks. RDT requests permission to allocate this water the same way the Oil Production is allocated:

**65% of Water Production from Gallup Fm. &
35% of Water Production from Mesaverde Fm.**

I am forwarding a copy of this letter & the associated Form C-107A Production Allocation Request & Form C-102 Acreage Dedication for an Oil Well (Devil's Fork Gallup) to Mr. Scott Dawson at the Office of the Commissioner of Public Lands.

Given the marginal economic nature of the production from this well, RDT is filing an Application for Reduced Royalty Rate for Oil Wells for the NCRA State #4 Well. A copy of this application to the Commissioner of Public Lands is attached to this filing FYI (along with a copy of my letter to Mr. Dawson). I am requesting that if you approve this C-107A & C-102 that you convey that approval to Mr. Dawson at (505) 827-6628 as he cannot process the Royalty Rate Reduction Request until & unless the C-102 & C-107A are approved by you. I encourage you both to freely communicate in these regards to any extent that you may feel is necessary.

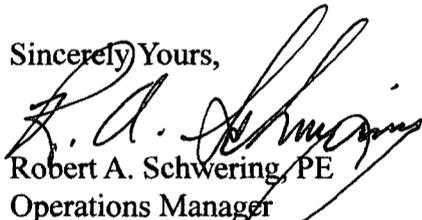
Mr. Steve Hayden in Farmington also wanted a Copy for the Farmington Office Files so I am forwarding him copies of the C-107A & C-102 as well.

Mr. Jones, I regret not understanding the formal procedure for changing the Production Allocation Formula for the well (the C-107A Form). Both RDT & I, as a Professional Engineer, desire to be an open book to both the NMOCD & the Commissioner of Public Lands.

The Production Allocation Request Data is True & Accurate to the BEST of my ability to determine it. I would NOT be applying for Royalty Rate Relief if I did not Truly Believe that the well should qualify for it on the basis of the physical production from the Individual Pools: Devil's Fork Mesaverde & Devil's Fork Gallup.

Call me if you have any questions or need any additional assistance or information at my office at (303) 716-3200 or on my cell phones @ (303) 919-6826 (Colorado) or (505) 947-3072 (New Mexico).

Sincerely Yours,



Robert A. Schwering, PE
Operations Manager
Resource Development Technology, LLC

Attachments: Form C-107A
NEW Form C-102 (Gallup Fm. Oil Well Acreage Dedication Plat)
Copy of Original C-102 filed by Merrion for Mesaverde Fm. Oil Well
Copy of Original C-102 filed when well was Originally Staked.
Copy of C-103 for Mesaverde Fm. Original Completion: API Oil Gravity
FYI: Copy of Go-Tech Production Record for This Well: 3 Pages
1997 – 1998 – 1999 – 2000 (Production is Summarized Below).
Letter to Mr. Scott Dawson (4 Pages)
Copy of Application for Reduced Royalty Rate for Oil Wells (3 Pages)

Entered October 22, 1974
R.H.P.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5331
Order No. R-4882

APPLICATION OF J. GREGORY MERRION
FOR DOWNHOLE COMMINGLING, RIO
ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 2, 1974,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 22nd day of October, 1974, the Commission,
a quorum being present, having considered the testimony, the
record, and the recommendations of the Examiner, and being
fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required
by law, the Commission has jurisdiction of this cause and the
subject matter thereof.
- (2) That the applicant, J. Gregory Merrion, is the owner
and operator of the NCRA State Wells Nos. 1 and 4, located in
Units E and J, respectively, of Section 16, Township 24 North,
Range 6 West, NMPM, Rio Arriba County, New Mexico.
- (3) That the applicant seeks authority to commingle Devils
Fork-Mesaverde and Devils Fork-Gallup production within the
wellbore of the above-described wells.
- (4) That in each well, the Mesaverde formation is capable
of low marginal production only.
- (5) That in each well the Gallup formation is capable of
low marginal production only.
- (6) That the proposed commingling in each of the subject
wells may result in the recovery of additional hydrocarbons from
each of the subject pools, thereby preventing waste, and will
not violate correlative rights.
- (7) That the reservoir characteristics of each of the
subject zones in each of the subject wells are such that under-
ground waste would not be caused by the proposed commingling
provided that the well is not shut-in for an extended period.

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CASE NO. 5331
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(8) That to afford the Commission the opportunity to assess the potential for waste and to expeditiously order appropriate remedial action, the operator should notify the Aztec district office of the Commission any time either of the subject wells are shut-in for 7 consecutive days.

(9) That in order to allocate the commingled production to each of the commingled zones in the subject well, certain tests both prior to and after commingling the two formations should be conducted on each of the subject wells.

IT IS THEREFORE ORDERED:

(1) That the applicant, J. Gregory Merrion, is hereby authorized to commingle Devils Fork-Mesaverde and Devils Fork-Gallup production within the wellbore of the NCRA State Wells Nos. 1 and 4, located in Units E and J, respectively, of Section 16, Township 24 North, Range 6 West, NMPM, Rio Arriba County, New Mexico.

(2) That the following procedure shall be used for determining production from each of the commingled zones in each of the subject wells:

(a) Conduct a 24-hour test of the Mesaverde formation to determine the rate of production of oil, gas, and water from said formation while pumping. This test shall be used to determine Oil Rate No. 1 and the Mesaverde GOR.

(b) Remove bridge plugs, re-run tubing, rods, and pump, and produce both zones for two weeks, then conduct a 24-hour test to determine the rate of production of oil, gas, and water from both zones. This test shall be used to determine Oil Rate No. 2.

(c) Determine Mesaverde allocation factor as follows:

$$MV_f = \text{Oil Rate No. 1/Oil Rate No. 2}$$

(d) Allocate monthly production as follows:

1. Mesaverde Oil Production = MV_f (Total Oil Production)
2. Gallup Oil Production = Total oil production minus Mesaverde oil production.
3. Mesaverde Gas Production = (Mesaverde oil production) (Mesaverde GOR)
4. Gallup Gas Production = Total gas production minus Mesaverde gas production.

(e) GOR Tests shall be run annually in accordance with Devils Fork-Gallup Associated Pool Rules.

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(3) That the operator of the subject wells shall immediately notify the Commission's Aztec district office any time either of the wells have been shut-in for 7 consecutive days and shall concurrently present, to the Commission, a plan for remedial action.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

I. R. TRUJILLO, Chairman


ALEX J. ARMIJO, Member


A. L. PORTER, Jr., Member & Secretary

S E A L

jr/