

DATE IN 11/10/08	SUSPENSE 11/2/08	ENGINEER W. Jones	LOGGED IN 11/13/08	TYPE DHC 4128	APP NO. PKUR0831842603
---------------------	---------------------	----------------------	-----------------------	---------------------	---------------------------

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.

Jolene Dicks
 Print or Type Name

Jolene Dicks
 Signature

Director of Operations
 Title

11/7/08
 Date

pronmene@aol.com
 e-mail Address

RECEIVED
 2008 NOV 10 PM 3 05

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brazos Road, Aztec, NM 87410

District IV

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

State of New Mexico
Minerals and Natural Resources Department

Oil Conservation Division

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

APPLICATION TYPE

 X Single Well
 Establish Pre-Approved Pools
 EXISTING WELLBORE
 Yes X No

APPLICATION FOR DOWNHOLE COMMINGLING

PRO NM ENERGY, INC. 460 ST. MICHAEL'S DR., #300 SANTA FE, NM 87505

Operator	Address
BISTI MAX 24 F 1E	N-SEC. 24, T25N, R11W SAN JUAN

Lease	Well No.	Unit Letter-Section-Township-Range	County
-------	----------	------------------------------------	--------

OGRID No. 018118 Property Code 34162 API No. 30-045-34692 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	BISTI LOWER GALLUP 80 acre Laydowns 5890		BASIN DAKOTA
Pool Code			71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	4946' – 5072' est.		6001' – 6061' est.
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)	38 API, 1200 BTU		40 API, 1200 BTU
Producing, Shut-In or New Zone	New Zone		New Zone
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: Rates:	Date: Rates:	Date: Rates:
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 28.9 % 20.6 %	Oil Gas % %	Oil Gas 71.1 % 79.4 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes _____ No X

If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes X No _____

Are all produced fluids from all commingled zones compatible with each other? Yes ☒ No ☐

Will commingling decrease the value of production? Yes _____ No X

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 Melene L. Vickers TITLE Director of Operations DATE 11/07/08

TYPE OR PRINT NAME Jolene Dicks TELEPHONE NO. (505) 988-4171

E-MAIL ADDRESS pronmene@aol.com

4 originals to NMOCD (Santa Fe)
1 copy to NMOCD (Aztec); 1 copy to BLM

DISTRICT I
1825 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
1301 W. Grand Ave., Artesia, N.M. 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
1220 South 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

API Number		Pool Code 71599	Pool Name BASIN DAKOTA
Property Code	Property Name BISTI MAX 24F		Well Number 1-E
OGRID No. 018118	Operator Name PRO NM ENERGY INC.		Elevation 6560

¹⁰ Surface Location

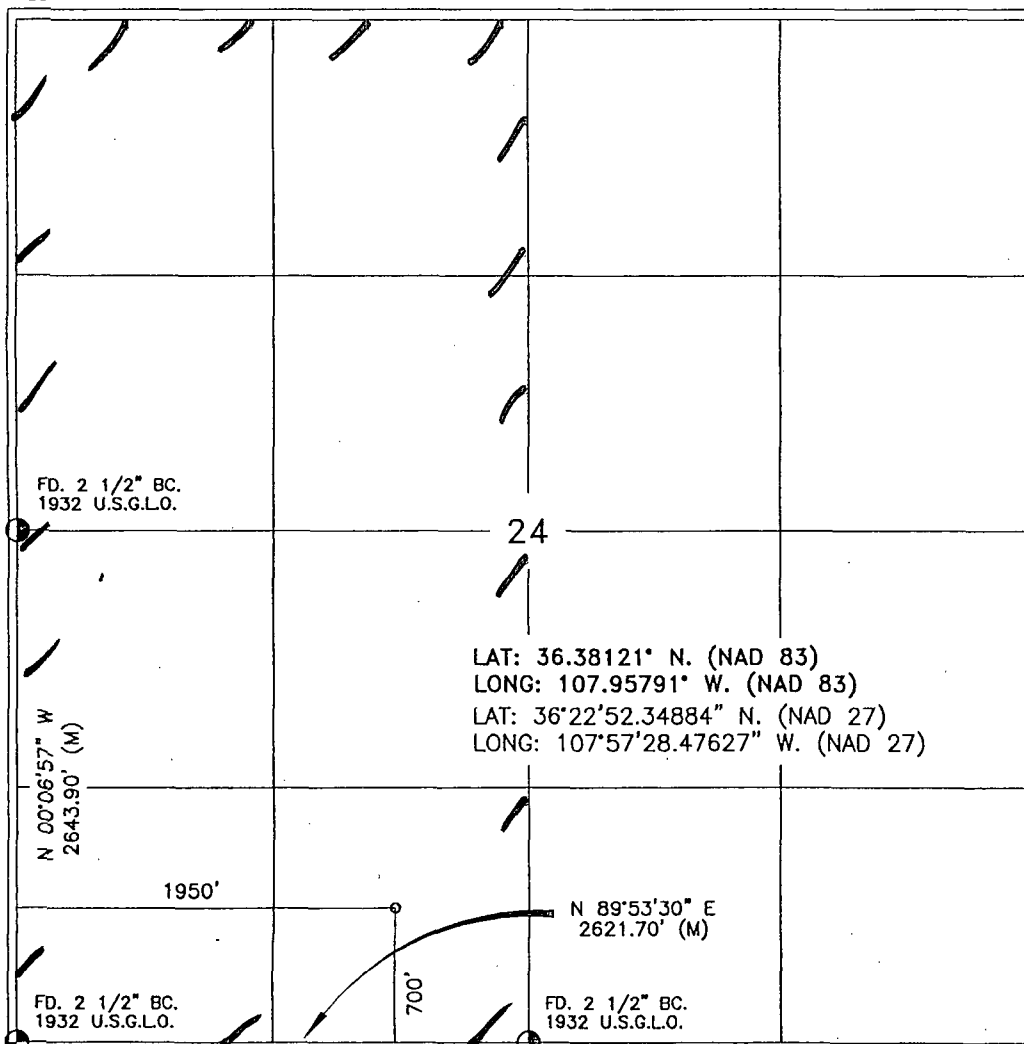
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	24	25-N	11-W		700	SOUTH	1950	WEST	SAN JUAN

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
Dedicated Acres 320			Joint or Infill		Consolidation Code C		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, 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.

Brian Wood

4-21-08

Signature

Date

BRIAN WOOD

Printed Name

18

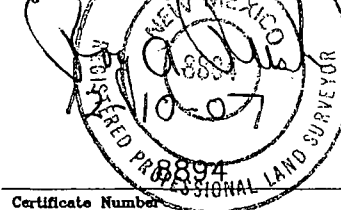
SURVEYOR CERTIFICATION

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.

NOVEMBER 28, 2007

Date of Survey

Signature and Seal of Professional Surveyor:



Certificate Number

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
1301 W. Grand Ave., Artesia, N.M. 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
1220 South 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

API Number		Pool Code	BISTI LOWER-GALLUP	
Property Code	Property Name			Well Number
	BISTI MAX 24F			1-E
OGRID No.	Operator Name			Elevation
018118	PRO NM ENERGY INC.			6560

¹⁰ Surface Location

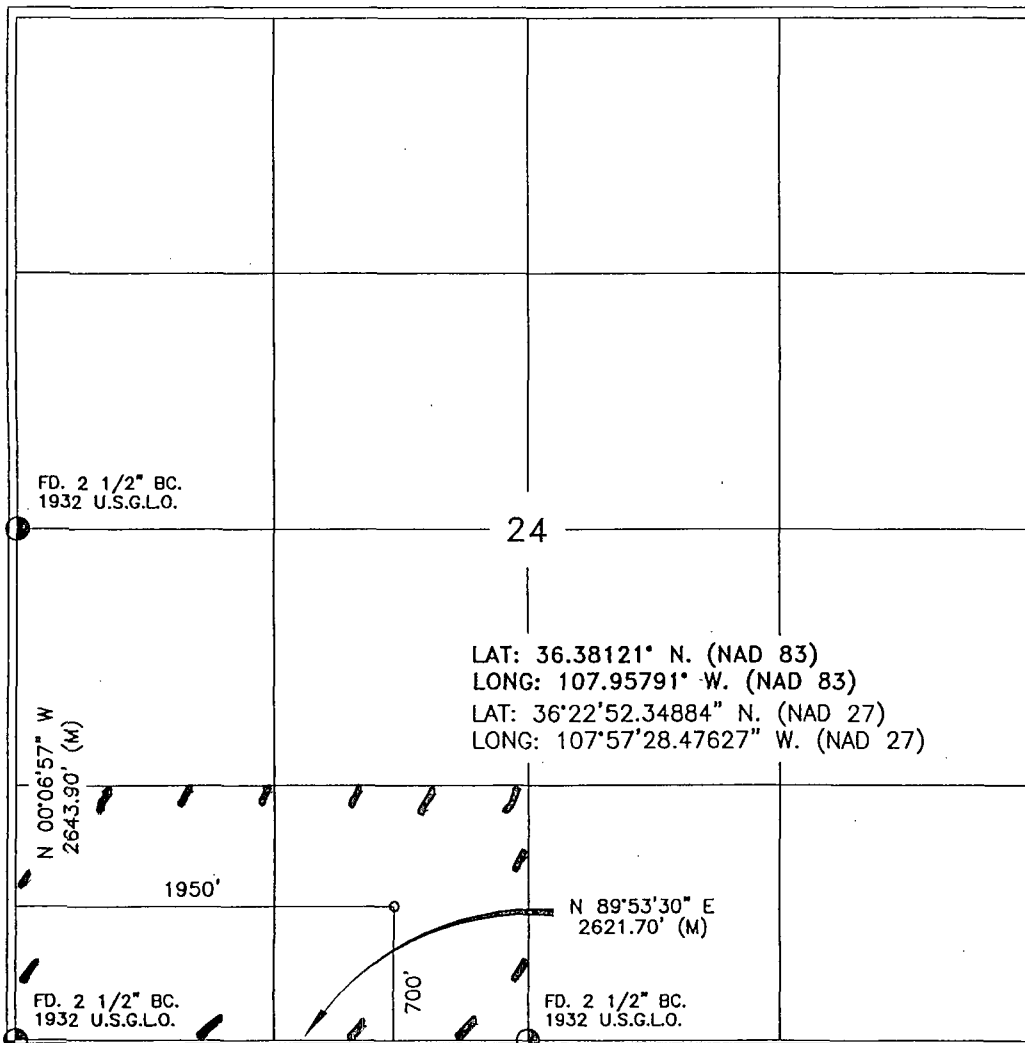
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	24	25-N	11-W		700	SOUTH	1950	WEST	SAN JUAN

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
Dedicated Acres					Joint or Infill		Consolidation Code		Order No.
80									

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, 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.

Brian Wood

4-21-08

Signature

Date

BRIAN WOOD

Printed Name

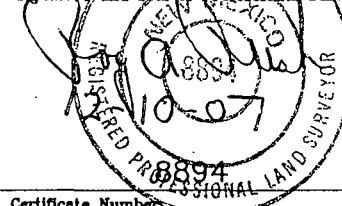
18 SURVEYOR CERTIFICATION

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.

NOVEMBER 28, 2007

Date of Survey

Signature and Seal of Professional Surveyor:



Certificate Number

Bisti Max 24F No. 1E

(Pool average production in 9 sections surrounding well)

	<u>Cum Oil (bbls)</u>	<u>Cum Gas (MCF)</u>	<u>Cum Water (bbls)</u>
Gallup	57,806	3,868,478	89,192
Dakota	<u>142,468</u>	<u>14,865,532</u>	<u>54,222</u>
Total	<u>200,274</u>	<u>18,734,010</u>	<u>143,414</u>
Gallup%	28.9%	20.6%	62.2%
Dakota %	71.1%	79.4%	37.8%

AFFIDAVIT OF MAILING

STATE OF NEW MEXICO)
)ss.
COUNTY OF SANTA FE)

JOLENE DICKS, authorized representative of Pro NM Energy, Inc., being duly sworn and upon oath states as follows:

1. Pro NM Energy, Inc. is submitting an Application for Downhole Commingling covering the Basin Dakota and Bisti Lower Gallup formations in the Bisti Max 24F No. 1E well. Notification is required to all working, royalty and overriding royalty interests in the commingled zones.
2. A list with the names and addresses of the current working, royalty and overriding royalty interest owners is attached hereto as Exhibit "A".
4. On behalf of Pro NM Energy, Inc., I apprised each of the owners of the Application for Downhole Commingling by letter (certified mail, return receipt requested) to each on November 7, 2008. A copy of the letter is attached hereto as Exhibit "B".



JOLENE DICKS

SUBSCRIBED AND SWORN to before me this 7th day of November, 2008.



NOTARY PUBLIC

My Commission Expires:

10/5/11

SONNY OTERO
P.O. BOX 524
SANTA FE, NM 87504-0524

J. FRANK GALLEGOS
6122 PLANTATION BAY
KATY, TX 77449

JULIE I. GALLEGOS HAYDEN
10002 N. GUADALUPE TRAIL, NW
ALBUQUERQUE, NM 87114

NAVONA GALLEGOS
C/O J. E. GALLEGOS
460 ST. MICHAEL'S DR., #300
SANTA FE, NM 87505

JIMMIE G. THOMPSON
101 RINCON DE ROMOS DR., SE
RIO RANCHO, NM 87124

JOLENE DICKS
C/O PRO NM ENERGY, INC.
460 ST. MICHAEL'S DR., #300
SANTA FE, NM 87505

MAX GALLEGOS
C/O PRO NM ENERGY, INC.
460 ST. MICHAEL'S DR., #300
SANTA FE, NM 87505

JOAQUIN GALLEGOS
C/O J. E. GALLEGOS
460 ST. MICHAEL'S DR., #300
SANTA FE, NM 87505

JAKE E. GALLEGOS, JR.
9552 PEARL CIRCLE, UNIT 103
PARKER, CO 80134

BUREAU OF LAND
MANAGEMENT
1235 LA PLATA HIGHWAY
FARMINGTON, NM 87401

FARMINGTON INDIAN
MINERALS OFFICE
1235 LA PLATA HIGHWAY
FARMINGTON, NM 87401

EXHIBIT "A"



CERTIFIED MAIL

November 7, 2008

Interest Owners (attached list)

Re: Notice of Intent to Apply for Downhole Commingling
Bisti Max 24-F #1E
Unit N, Section 24, T25N, R11W
San Juan County, New Mexico

Pro NM Energy, Inc. is submitting an application to the New Mexico Oil Conservation Division ("NMOCD") to downhole commingle production from the Basin Dakota and the Bisti Lower Gallup pools in the Bisti Max 24-F #1E. Commingling of these pools will minimize operating costs, add reserves and improve economics of the well.

The proposed allocation percentages for each pool are as follows:

Bisti Lower Gallup	Gas: 20.6%	Oil: 28.9%
Basin Dakota	Gas: 79.4%	Oil: 71.1%

NMOCD requires all interest owners be notified of intent to downhole commingle if ownership is different between zones. If you need additional information or have any questions, I may be contacted at (505) 988-4171. If you have any objections to our application, please contact me within twenty (20) days of the date of this letter.

Sincerely,

Jolene Dicks

EXHIBIT "B"