

DATE IN 7/22/09	SUSPENSE	ENGINEER Brock	LOGGED IN 7/28/09	TYPE NSP	APP NO. 0920943687
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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



Conoco Phillips  
San Juan 29-60  
# 101N

## 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.

Patsy Clugston

Print or Type Name

*Patsy Clugston*

Signature

Sr. Regulatory Specialist

Title

7/21/09

Date

*clugsp1@ConocoPhillips.com*

e-mail Address



P.O. Box 4289  
Farmington, NM 87499-4289

RECEIVED

2009 JUL 22 PM 1 46

Sent Overnight UPS

July 21, 2009

New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87504

Re: Non-Standard Spacing Application - NSP  
San Juan 29-6 Unit #101N  
Unit H (SENE), 2625' FNL & 160' FEL, Sec. 36, T29N, R6W  
API- #30-039-30721

Dear Sirs:

ConocoPhillips requests that the New Mexico Oil Conservation Division establish a non-standard gas spacing unit within the San Juan 29-6 Unit to be dedicated to any production from the Basin Dakota, for the E/2 of Section 36, T29N, R6W (234.16 acres) which includes Lots 1, 2, 3, 4, Unit Letters B, G, J & O (or W/2 of E/2) in Rio Arriba County, New Mexico. This unit is made necessary as a result of variations in the legal subdivision of the United States Public Land Survey.

ConocoPhillips proposed to drill the San Juan 29-6 Unit #101N well to the Blanco Mesaverde / Basin Dakota commingle well. This well is located 2625' FNL & 160' FEL, Section T29N, R6W. The NSL application was submitted for approval on May 4, 2009, with approval received June 1, 2009 (NSL-6036). The NSP for the Mesaverde formation for this section is R-128-D, but it appears that the NSP for the Dakota formation has never been applied for or approved. If possible please amend this Order to include the Dakota formation.

The following attachments are for your review:

- Approved application for Permit to Drill and C102 at referenced location
- Offset operations plat for Section 36, T29N, R6W
- 9 Section plat
- Copy of R-128D NSP approval for the MV and PC pools within Section 36

ConocoPhillips is the offset operator and notification has been provided to the WI owners of the affected units indicated above. Please let me know if you have any questions about this application.

Sincerely,

Patsy Clugston  
Regulatory Specialist



3401 East 30<sup>th</sup> Street  
Farmington, NM 87402

Re: San Juan 29-6 Unit 101N  
Unit H (SENE), 2625' FNL & 160' FEL, Sec. 36, T29N, R6W  
Rio Arriba Co., New Mexico  
API # - 30-039-30721

I hereby certify that the since ConocoPhillips is the offset operator and the Working Interest Owner has been notified by certified mail of our application for administrative approval for non-standard spacing for the well location of the above well.

Working Interest Owners for Offset  
Williams Production Company  
Attn: Barbara Burnett  
One Williams Center  
P.O. Box 3102  
Tulsa, OK 74101

A handwritten signature in cursive script, appearing to read "Patsy Cleegh".



3401 East 30<sup>th</sup> Street  
Farmington, NM 87402

July 21, 2009

Williams Production Company  
Attn: Barbara Burnett  
One Williams Center  
P.O. Box 3102  
Tulsa, OK 74101

Re: San Juan 29-6 Unit 101N  
Unit H (SENE), 2625' FNL & 160' FEL, Sec. 36, T29N, R6W  
Rio Arriba Co., New Mexico  
API # - 30-039-30721

Dear Ms. Burnett:

Attached you will find a copy of our NSP (non-standard Spacing) application to the NMOCD office in Santa Fe. And according to NMOCD Rule 104.E(4) be advised that Williams Production Company has a 20 day time frame from the date this notice is received to let the NMOCD know that you have objection to have the San Juan 29-6 Unit #101N being drilled in the currently staked location.

Attached is a copy of the NSP application for 234.16 acres for Section 36, T29N, R6W, that was originally submitted to the NMOCD. If you are so inclined, please sign the attached waiver and return it to my attention either by mail at the address shown above or by fax @ 505-599-4062. If the 20 day waiting period expires the NMOCD will conclude that your company has no objection and the NSP approval will be granted to ConocoPhillips Company. If you do have objection to the staked location on this well, please advise the NMOCD and us as soon as possible. If you should have questions concerning this application please feel free to call me at 505-326-9518.

Sincerely,

A handwritten signature in cursive script that reads "Patsy Clugston".

Patsy Clugston  
Sr. Regulatory Specialist  
ConocoPhillips Company

Waiver to NSP - San Juan 29-6 Unit 101N

Williams Production Company does not object to ConocoPhillips Company drilling the San Juan 29-6 Unit 101N at the current non-standard spacing acreage of 234.16 E/2 of Section 36, T29N, R6W in Rio Arriba County, New Mexico. API # 30-039-30721.

\_\_\_\_\_  
Company agent

\_\_\_\_\_  
Date

District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
Phone:(505) 334-6178 Fax:(505) 334-6170

**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

Form C-101  
Permit 92373

**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

1. Operator Name and Address <b>CONOCOPHILLIPS COMPANY</b> 3401 E. 30TH STREET FARMINGTON , NM 87402		2. OGRID Number 217817
		3. API Number 30-039-30721
4. Property Code 31326	5. Property Name SAN JUAN 29 6 UNIT	6. Well No. 101N

**7. Surface Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
H	36	29N	06W	2	2625	N	160	E	RIO ARRIBA

**8. Pool Information**

BLANCO-MESAVERDE (PRORATED GAS)	72319
BASIN DAKOTA (PRORATED GAS)	71599

**Additional Well Information**

9. Work Type New Well	10. Well Type GAS	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 6416
14. Multiple Y	15. Proposed Depth 7765	16. Formation Dakota Formation	17. Contractor	18. Spud Date
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water
Pit: Liner: Synthetic <input type="checkbox"/> mils thick      Clay <input type="checkbox"/> Pit Volume:      bbls      Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

**19. Proposed Casing and Cement Program**

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	12.25	9.63	32.3	200	159	0
Int1	8.75	7	20	3528	795	0
Prod	6.25	4.5	11.6	7765	620	3428

**Casing/Cement Program: Additional Comments**

This is Type 3 well as indicated in the BR/COPC Master Drilling Plan. Cement volumes are indicated in cubic feet instead of sacks. The C144 and DHC will be submitted separately. The cement for the Production casing will circulate a minimum of 100' inside the previous casing string. Location is NSL. NWU-283 (MV). NSP & NSL will be filed.

**Proposed Blowout Prevention Program**

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	2000	2000	Schafer

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> . Printed Name: Electronically filed by Tracey N Monroe Title: Regulatory Assistant Email Address: monrotn@conocophillips.com Date: 3/27/2009      Phone: 505-326-9752	<b>OIL CONSERVATION DIVISION</b>  Approved By: Charlie Perrin Title: District Supervisor Approved Date: 4/1/2009      Expiration Date: 4/1/2011 Conditions of Approval Attached
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District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., 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 and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

Form C-102  
 Permit 92373

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-039-30721	2. Pool Code 72319	3. Pool Name BLANCO-MESAVERDE (PRORATED GAS)
4. Property Code 31326	5. Property Name SAN JUAN 29 6 UNIT	6. Well No. 101N
7. OGRID No. 217817	8. Operator Name CONOCOPHILLIPS COMPANY	9. Elevation 6416

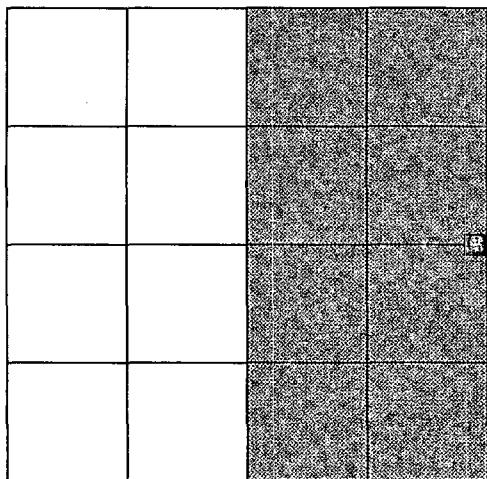
**10. Surface Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
2	36	29N	06W		2625	N	160	E	RIO ARriba

**11. Bottom Hole Location If Different From Surface**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 234.16		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**

**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(s) 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.*

E-Signed By: Tracey N Monroe

Title: Regulatory Assistant

Date: 3/27/2009

**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.*

Surveyed By: Jason C. Edwards

Date of Survey: 12/11/2008

Certificate Number: 15269

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., 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 and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

Form C-102  
 Permit 92373

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number 30-039-30721	2. Pool Code 71599	3. Pool Name BASIN DAKOTA (PRORATED GAS)
4. Property Code 31326	5. Property Name SAN JUAN 29 6 UNIT	6. Well No. 101N
7. OGRID No. 217817	8. Operator Name CONOCOPHILLIPS COMPANY	9. Elevation 6416

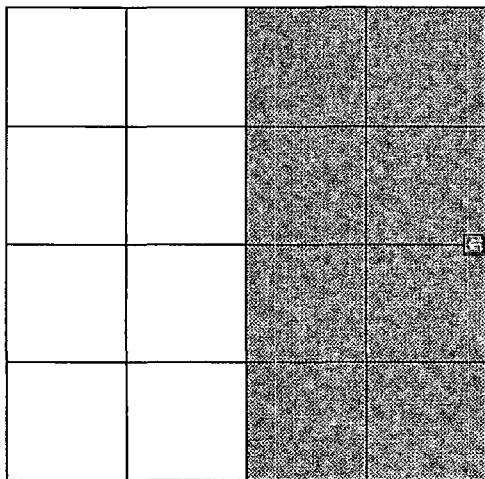
**10. Surface Location**

UL - Lot 2	Section 36	Township 29N	Range 06W	Lot Idn	Feet From 2625	N/S Line N	Feet From 160	E/W Line E	County RIO ARRIBA
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**11. Bottom Hole Location If Different From Surface**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 234.16		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**

**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(s) 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.*

E-Signed By: Tracey N Monroe

Title: Regulatory Assistant

Date: 3/27/2009

**SURVEYOR CERTIFICATION**

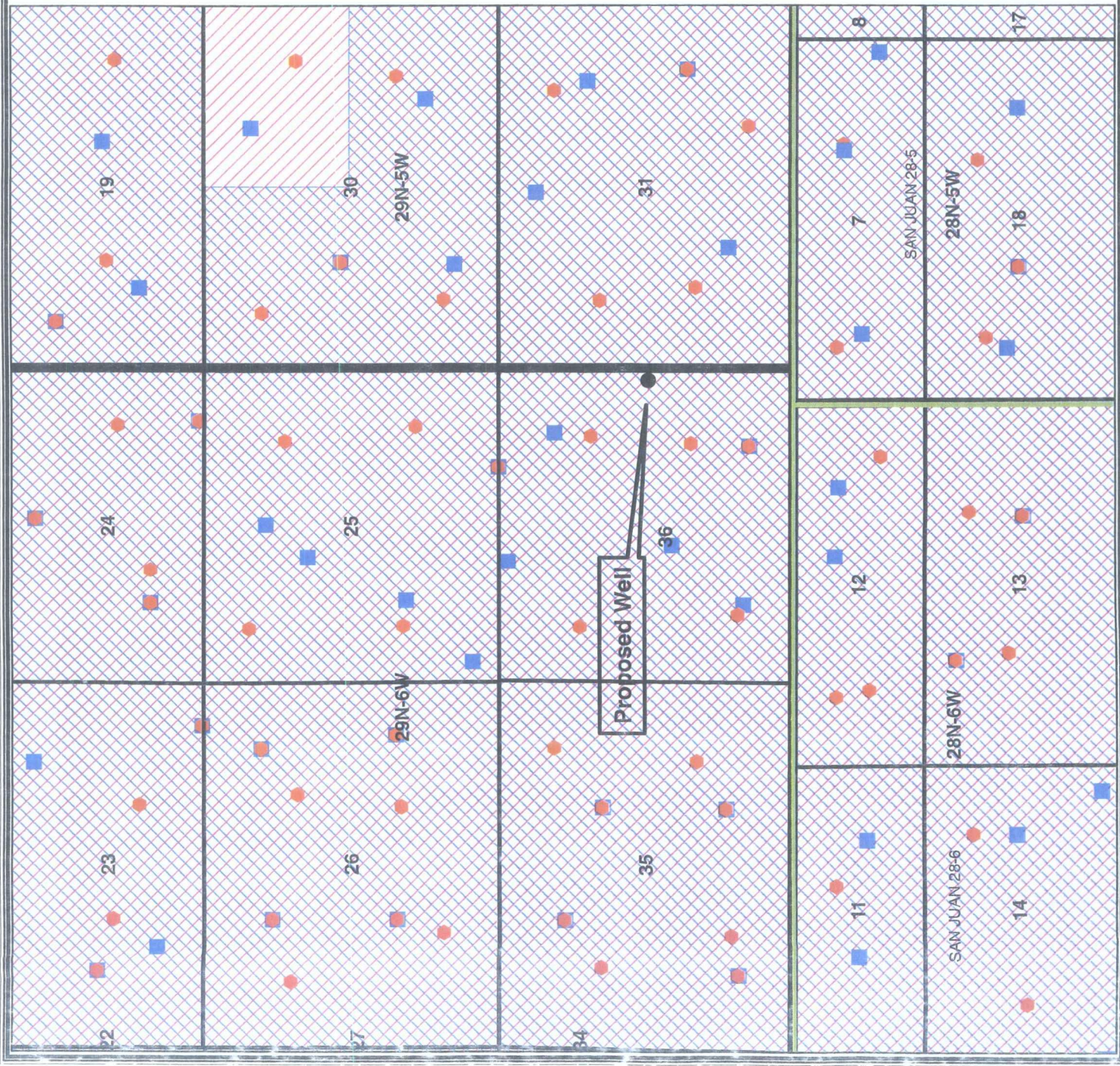
*I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.*

Surveyed By: Jason C. Edwards

Date of Survey: 12/11/2008

Certificate Number: 15269



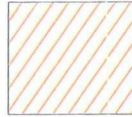


Legend

SJB\_P2000\_ALL\_by\_FORMATION1

MESAVERDE

DAKOTA



Mesaverde Participating Area



Dakota Participating Area



Feet

1:29,993 - 1" equals 2,499'

GCS North American 1927

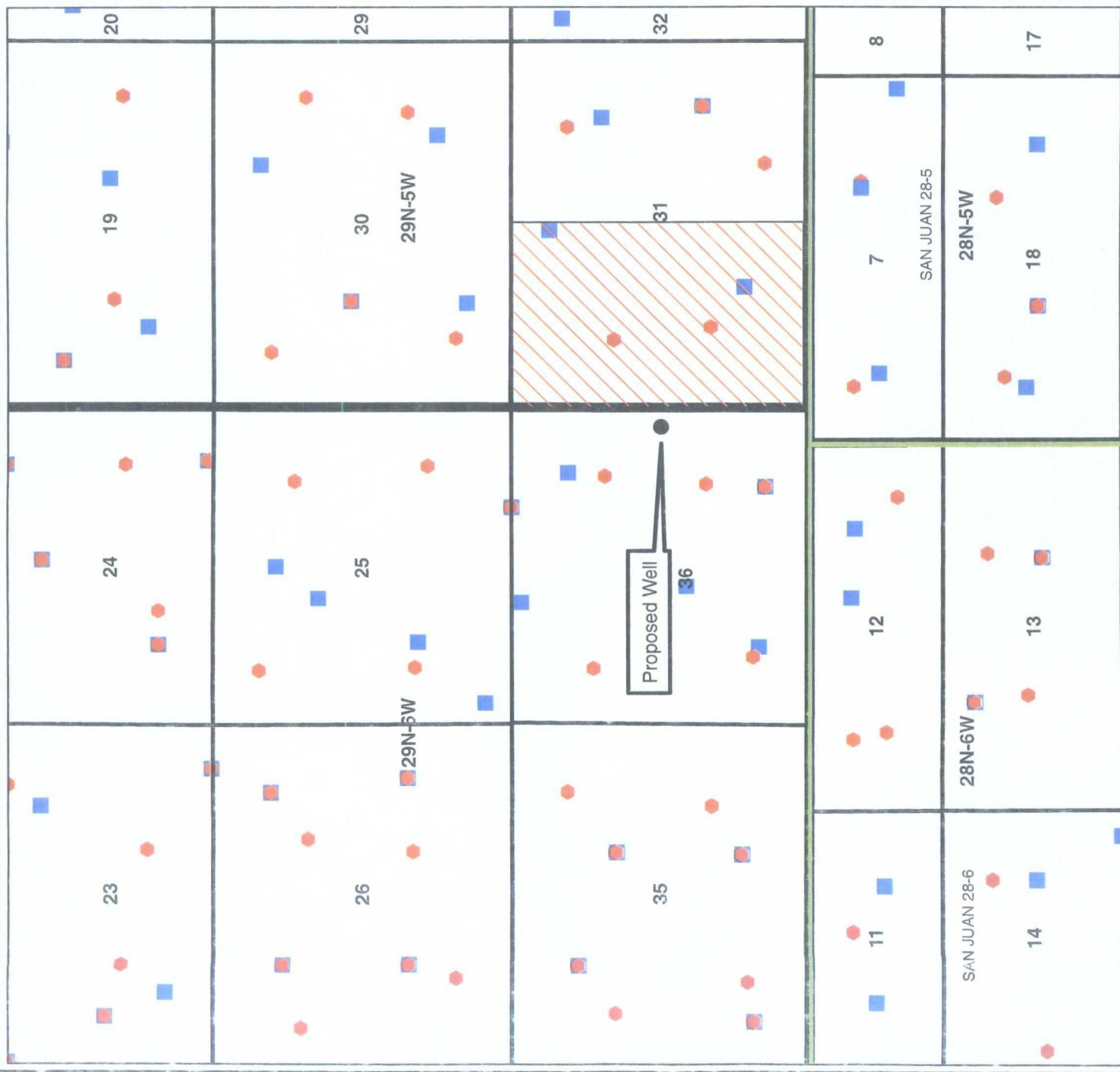


**ConocoPhillips**  
© Unpublished Work, ConocoPhillips

Proposed  
San Juan 29-6 Unit 101N  
Nine Section Map

Author:	Date: 4/1/09
Compiled by:	Scale: <Scale>
R:\Plan\Public\Projects\DS\WNS\LS\San Juan 29-6 101N - Nine Section Map - 4-1-09.mxd	





Legend

SUB\_P2000\_ALL\_by\_FORMATION1

MESAVERDE

DAKOTA

Offset Operator - COP

Offset WIOs:

Tr003A - DK-BROG; MV-COP & Wms

Tr004B - DK & MV-BROG

Tr006A - DK & MV-BROG

Tr030 - DK-BROG; MV-COP & Wms

Tr033 - DK & MV-BROG

in W/2 of Sec 31

T29N, R5W



ConocoPhillips

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Proposed San Juan 29-6 Unit 101N

Sec 36, T29N, R6W

Rio Arriba County

2625' FNL; 160' FEL

Offset Map

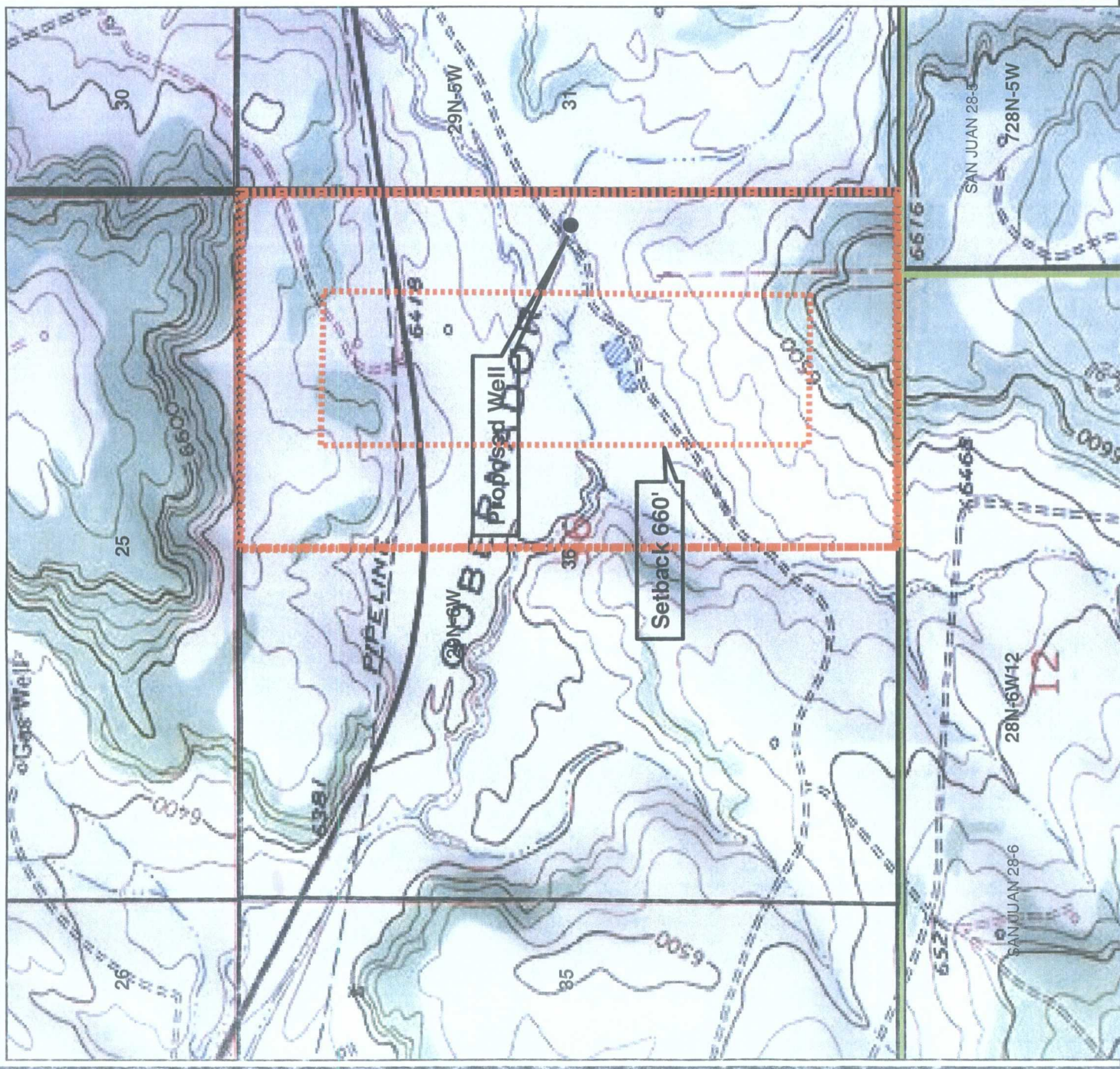
Author: 4/1/09

Compiled by: 4/1/09

Scale: 1" = 2,499'

Project File: R:\PlanPublic\Projects\DSW\N\San Juan 29-6 101N - Offset Map - 4-1-09.mxd





Legend



1:13,378  
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GCS North American 1927

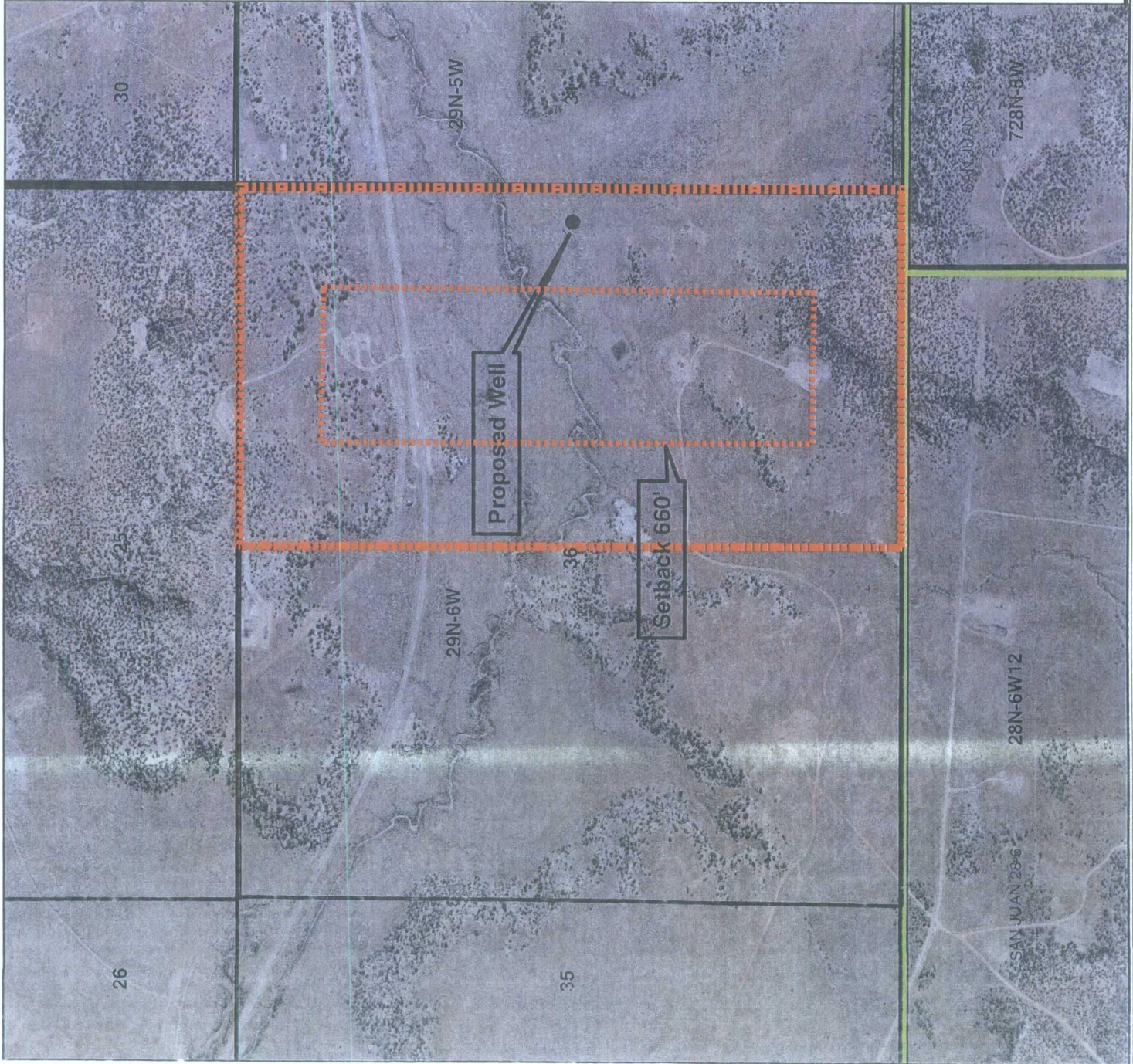


**ConocoPhillips**  
© Unpublished Work, ConocoPhillips

Proposed San Juan 29-6 Unit 101N  
Sec 36, T29N, R6W  
Rio Arriba County  
2625' FNL; 160' FEL  
Topo Map

Author:  
Date: 4/1/09  
Compiled by:  
Scale: <Scale>  
Revised in 2009 San Juan 29-6 101N - Topo Map - 4-1-09 myd





Legend



1:13,450  
1" equals 1,121'  
GCS North American 1927



**ConocoPhillips**

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Proposed San Juan 29-6 Unit 101N  
Sec 36, T29N, R6W  
Rio Arriba County  
2625' FNL; 160' FEL  
Aerial Map

Author: Date: 4/1/09

Compiled by: Scale: 4/1/09

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W.B.M.

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

330 )  
330-A) Consolidated  
CASES: 941 )  
Order No. R-128-D

THE APPLICATION OF THE OIL  
CONSERVATION COMMISSION  
UPON ITS OWN MOTION FOR AN  
ORDER REVISING ORDER R-110 AND  
ORDER R-128-C AFFECTING AND CON-  
CERNING THE BLANCO-MESAVERDE  
GAS POOL, SAN JUAN AND RIO ARriba  
COUNTIES, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

These causes came on for hearing at 9 o'clock a.m. on  
April 15, 1954 and June 21, 1954 and August 17, 1955, before the Oil  
Conservation Commission of New Mexico, hereinafter referred to as the  
"Commission".

NOW, on this 13<sup>th</sup> day of October, 1955, the Commission,  
a quorum being present, having considered the testimony adduced and the  
exhibits received at said hearings, and being fully advised in the premises,

FINDS:

- (1) That due notice of the time and place of hearing and the  
purpose thereof having been given as required by law, the Commission has  
jurisdiction of these cases and the subject matter thereof.
- (2) That there is need for the revision of Order R-128-C due  
to the revision of Order R-333-B and that this order should contain all of  
the provisions of Order R-128-C with all applicable changes.

IT IS THEREFORE ORDERED:

- (1) That Order R-110, dated November 9, 1951 and Order R-128-C  
dated December 16, 1954 is hereby amended as follows:

Section 15: Gas Proration and Allocation

RULE 1. (a) The acreage allocated to a gas well for proration  
purposes shall be known as the Gas Proration Unit for that well. For the  
purpose of Gas Allocation in the Blanco-Mesaverde Gas Pool, a standard pro-  
ration unit shall consist of between 316 and 324 contiguous surface acres,  
substantially in the form of a rectangle which shall be a legal subdivision (half  
section) of the U. S. Public Land Surveys; provided however, that a non-standard

-2-

Order No. R-128-D

gas proration unit may be formed after notice and hearing or under the provisions of paragraph (b) of this rule. Any proration unit containing less than 316 acres or more than 324 acres shall be a non-standard proration unit. The allowable production from any non-standard proration unit as compared with the allowable production therefrom if such tract were a standard unit shall be in the ratio of the area of such non-standard proration unit expressed in acres to 320 acres. Any gas proration unit containing between 316 and 324 acres shall be considered to contain 320 acres for the purpose of computing allowables.

(b) The Secretary of the Commission shall have authority to grant an exception to Rule 1 (a) without notice and hearing where application has been filed in due form and where the following facts exist and the following provisions are complied with;

1. The non-standard gas proration unit consists of contiguous quarter-quarter sections and/or lots.
2. The non-standard gas proration unit lies wholly within a single governmental section.
3. The entire non-standard gas proration unit may reasonably be presumed to be productive of gas.
4. The applicant presents written consent in the form of waivers from:
  - (a) All operators owning interests in the section in which any part of the non-standard gas proration unit is situated and which acreage is not included in said non-standard unit, and
  - (b) All operators owning interests in acreage offsetting the non-standard gas proration unit.
5. In lieu of paragraph 4 of this rule, the applicant may furnish proof of the fact that said offset operators were notified by registered mail of his intent to form such non-standard gas proration unit. The Secretary of the Commission may approve the application if, after a period of 30 days following the mailing of said notice, no operator has made objection to formation of such non-standard gas proration unit.

**RULE 2.** At least 30 days prior to the beginning of each gas proration period the Commission shall hold a hearing after due notice has been given. The Commission shall cause to be submitted by each gas purchaser its "Preliminary Nominations" of the amount of gas which each in good faith actually desires to purchase within the ensuing proration period,



by months from the Blanco-Mesaverde Gas Pool. The Commission shall consider the "Preliminary Nominations" of purchasers, actual production, and such other factors as may be deemed applicable in determining the amount of gas that may be produced without waste from the pool within the ensuing proration period. "Preliminary Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

RULE 3. In the event a gas purchaser's market shall have increased or decreased, he may file with the Commission prior to the 10th day of the month a "supplemental nomination", showing the amount of gas he actually in good faith desires to purchase during the ensuing proration month from the Blanco-Mesaverde Gas Pool. The Commission shall hold a public hearing between the 13th and 20th days of each month to determine the reasonable market demand for gas for the ensuing proration month, and shall issue a proration schedule setting out the amount of gas which each well may produce during the ensuing proration month. "Supplemental Nominations" shall be submitted on a Form C-121-A as prescribed by the Commission.

Included in the monthly proration schedule shall be (a) a summary of the total pool allocation for that month showing nominations, and adjustments made for underage or overage applied from a previous month, (b) a tabulation of the net allowable and production for the second preceding month together with a cumulative overage or underage computation, (c) a tabulation of the current and net allowables for the preceding month, (d) a tabulation of current monthly allowable for the ensuing proration month, and (e) a tabulation of the acreage and deliverabilities assigned each well, and the factors assigned each well for use in calculating individual well allowables. The Commission shall include in the proration schedule the gas wells in the Blanco-Mesaverde Gas Pool delivering to a gas transportation facility, or lease gathering system, and shall include in the proration schedule for the Blanco-Mesaverde Gas Pool any well which it finds is being unreasonably discriminated against through denial of access to a gas transportation facility, which is reasonably capable of handling the type of gas produced by such well. The total allowable to be allocated to the pool each month shall be equal to the sum of the preliminary or supplemental nominations (whichever is applicable), together with any adjustment which the Commission deems advisable.

If during a proration month the acreage assigned a well is increased the operator shall notify the Director in writing (Box 871, Santa Fe, New Mexico) of such increase. The increased allowable assigned the gas proration unit for the well shall be effective on the first day of the month following receipt of the notification by the Director.

RULE 4. The monthly allocation to the Blanco-Mesaverde Gas Pool shall be divided and allocated among the wells connected to a gas transportation facility in the following manner.

The product obtained by multiplying each well's acreage factor by the calculated deliverability (expressed as MCF per day) for that well shall be known as the "AD" factor for that well. The acreage factor shall

-4-

Order No. R-128-D

be determined to the nearest hundredth of a unit by dividing the acreage within the proration unit by 320. The "AD factor" shall be computed to the nearest whole unit.

- (1) A tentative allocation shall be made by dividing seventy-five percent (75%) of the pool allocation among the wells in the proportion that each well's "AD factor" bears to the sum of all the "AD factors" in the pool.
- (2) The remaining twenty-five (25%) of the pool allocation shall be divided among the wells in the proportion that each well's acreage factor bears to the sum of all the acreage factors in the pool.

When the tentative allowable received by a well is in excess of its known producing ability the well shall be classed as a marginal well and its allowable limited to its known producing ability. The sum of the difference between the tentative allowables and the limited allowables of all marginal wells on the proration schedule shall be reallocated to the non-marginal wells by application of the same formula. If such reallocation shall result in placing any other well within the marginal classification, the difference between the tentative allowable and the limited allowable of such marginal well shall be redistributed by application of the same formula until no well has received an allowable in excess of its known producing ability.

RULE 5. The calculated deliverability at the "deliverability pressure" shall be determined in accordance with the provisions of Order R-333-C.

#### BALANCING OF PRODUCTION

RULE 6. Underproduction: The dates 7:00 a.m., February 1, and 7:00 a.m., August 1, shall be known as balancing dates and the periods of time bounded by these dates shall be known as gas proration periods. In order to effectively administer the prorationing of gas in the Blanco-Mesaverde Gas Pool, it is advisable to have a portion of each proration period include both summer and winter months. Therefore the first proration period shall commence March 1, 1955 and shall continue for a period of 11 months and future proration periods shall commence on the dates outlined above. The amount of current gas allowable remaining unproduced at the end of each proration period shall be carried forward to and may be produced during the next succeeding proration period in addition to the normal gas allowable for such succeeding period; but whatever amount thereof is not made up within the first succeeding proration period shall be cancelled.

If it appears that such continued underproduction has resulted from inability of the well to produce its allowable, it may be classified as a marginal well and its allowable reduced to the well's ability to produce.

If at the end of a proration period a marginal well has produced more than the total allowable assigned a non-marginal unit of corresponding size and deliverability, the marginal well shall be reclassified as a non-marginal well and its allowable prorated accordingly.



-5-

Order No. R-128-D

If during a proration period a marginal well is reworked or re-completed in such a manner that its productive capacity is increased to the extent that it should be reclassified as a non-marginal well, the reclassification shall be effective on the first day of the proration month following the date of recompletion.

The Director may reclassify a well at any time if production data or deliverability tests reflect the need for such a reclassification.

RULE 7. Overproduction: A well which has produced a greater amount of gas than was allowed during a given proration period shall have its allowable for the first succeeding proration period reduced by the amount of such overproduction and such overproduction shall be made up within the first succeeding proration period. If, at any time, a well is overproduced an amount equaling six times its current monthly allowable, it shall be shut-in during the current month.

The Commission may allow overproduction to be made up at a lesser rate than would be the case if the well were completely shut-in upon a showing at public hearing after due notice that complete shut-in of the well would result in material damage to the well.

#### GRANTING OF ALLOWABLES

RULE 8. No gas well shall be given an allowable until Form C-104 and Form C-110 have been filed together with a plat showing acreage attributed to said well and the locations of all wells on the lease.

RULE 9. Allowables to newly completed gas wells shall commence

- (a) On the date of connection to a gas transportation facility, such date to be determined from an affidavit furnished to the Commission (Box 697, Aztec, New Mexico) by the purchaser;
- (b) the latest filing date of Form C-104, C-110 or the above described plat; or
- (c) a date 45 days prior to the date upon which the well's initial deliverability and shut-in pressure test is reported to the Commission on Form C-122-A in conformance with the provisions of R-333-C;

whichever date is the later.

No well shall be assigned an allowable unless a deliverability test taken in conformance with the provisions of Order R-333-C has been submitted.

Deliverability tests shall be taken and calculated in conformance with Order R-333-C, the provisions of Rule 5 of this order and the testing schedule provisions of Order R-333-C.

A change in a wells deliverability due to retest or test after re-completion or workover shall become effective the first of the month following receipt and approval of Form C-122-A for such test. Such tests shall be taken in accordance with Order R-333-C.

Deliverability tests taken during 1954 shall be used in calculating allowables for the proration period commencing March 1, 1955. Subsequent annual tests shall be used in calculating allowables for proration periods commencing during the next ensuing year.

#### REPORT OF PRODUCTION

**RULE 10.** The monthly gas production from each well shall be metered separately and the gas production therefrom shall be reported to the Commission on Form C-115 and be postmarked on or before the 24th day of the month next succeeding the month in which the gas was produced. The operator shall show on such report what disposition has been made of the gas produced.

Each purchaser or taker of gas in the Blanco-Mesaverde Gas Pool shall submit a report to the Commission to be postmarked on or before the 15th day of the month next succeeding the month in which the gas was purchased or taken. Such report shall be filed on either Form C-111 or Form C-114 (whichever is applicable) with the wells being listed in approximately the same order as they are listed on the proration schedule. Forms C-111 and C-114 referred to herein shall be submitted in triplicate, the original being sent to the Commission at Box 871, Santa Fe, New Mexico, the other copies being sent to Box 697, Aztec, New Mexico and Box 2045, Hobbs, New Mexico.

Form C-115 shall be submitted in accordance with Rule 1114 of the Commission's Rules and Regulations.

The full production of gas from each well shall be charged against the well's allowable regardless of what disposition has been made of the gas, provided however, that gas used in maintaining the producing ability of the well shall not be charged against the well's allowable.

**RULE 11.** The term "gas purchaser" as used in these rules, shall mean any "taker" of gas either at the wellhead or at any point on the lease where connection is made for gas transportation or utilization. It shall be the responsibility of said "taker" to submit a nomination.

**RULE 12.** No gas, either dry gas or casinghead gas, produced from the Blanco-Mesaverde Gas Pool except that gas used for "drilling-in purposes," shall be flared or vented unless specifically authorized by order of the Commission after notice and hearing.

**PROVIDED FURTHER,** That in filing Form C-101 "Notice of Intention to Drill or Recomplete" or USGS Form 9-331-a (whichever is applicable), all operators shall comply strictly with the provisions of Order R-110 and the applicable provisions of Order R-397. Accompanying the above form shall be a plat of the acreage contained in the proration unit together

with a complete list of all working interest owners designating the acreage they hold within the communitized area dedicated to the well.

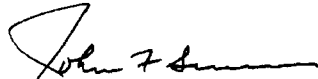
PROVIDED FURTHER, That failure to comply with the provisions of this order or the rules contained herein shall result in the cancellation of allowable assigned to the affected well. No further allowable shall be assigned to the affected well until all rules and regulations are complied with. The Director shall notify the operator of the well and the purchaser in writing of the date of allowable cancellation and the reason therefor.

PROVIDED FURTHER, That the provisions of Statewide Rule 104 (k) shall not apply to the Blanco-Mesaverde Gas Pool.

PROVIDED FURTHER, That all transporters of gas or users of gas shall file with the Commission connection notices in accordance with the above provisions of Rule 9 (a) as soon as possible after the date of connection.

DONE at Santa Fe, New Mexico on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



JOHN F. SIMMS, Chairman



E. S. WALKER, Member



W. B. MACEY, Member and Secretary

S E A L

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**Brooks, David K., EMNRD**

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**From:** Brooks, David K., EMNRD  
**Sent:** Monday, August 17, 2009 1:47 PM  
**To:** 'Clugston, Patricia L'  
**Cc:** Perrin, Charlie, EMNRD  
**Subject:** E/2 Section 36-29N-6W NSP application

Dear Ms. Clugston

I have reviewed your referenced NSP application.

We cannot amend an "R" order except through the hearing process.

However, your request for approval of this particular non-standard unit is, as I understand, within the tolerance that can be approved by the District Office without a formal NSP application or order. You state the acreage as 234.16. This is 73.175% of the standard 320 acres. Under Rule 15.11.B(1) the district office can approve non-standard units where necessary due to survey irregularities if the non-standard unit is at least 70% of the size of a standard unit.

If I am missing something here please advise. Otherwise, I shall dismiss this application without prejudice to its being presented to the district office.

Sincerely

David K. Brooks  
Legal Examiner  
505-476-3450

**Brooks, David K., EMNRD**

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**From:** Hayden, Steven, EMNRD  
**Sent:** Tuesday, August 18, 2009 7:47 AM  
**To:** Clugston, Patricia L; Brooks, David K., EMNRD; Perrin, Charlie, EMNRD  
**Subject:** RE: E/2 Section 36-29N-6W NSP application

R-10987 sets the standard GPU for the prorated pools at 75% to 125% of the standard acreage, so this will need an NSP.

*Steve Hayden* 505 334 6178-Office  
District Geologist 505 320 0545-Mobile  
NM OCD District 3 505 334 6170-Fax  
1000 Rio Brazos Rd.  
Aztec, NM 87410

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**From:** Clugston, Patricia L [mailto:Patsy.L.Clugston@conocophillips.com]  
**Sent:** Tuesday, August 18, 2009 7:44 AM  
**To:** Hayden, Steven, EMNRD  
**Subject:** FW: E/2 Section 36-29N-6W NSP application

SJ 29-6 Unit #101N (MV/DK)

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**From:** Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]  
**Sent:** Monday, August 17, 2009 1:47 PM  
**To:** Clugston, Patricia L  
**Cc:** Perrin, Charlie, EMNRD  
**Subject:** E/2 Section 36-29N-6W NSP application

Dear Ms. Clugston

I have reviewed your referenced NSP application.

We cannot amend an "R" order except through the hearing process.

However, your request for approval of this particular non-standard unit is, as I understand, within the tolerance that can be approved by the District Office without a formal NSP application or order. You state the acreage as 234.16. This is 73.175% of the standard 320 acres. Under Rule 15.11.B(1) the district office can approve non-standard units where necessary due to survey irregularities if the non-standard unit is at least 70% of the size of a standard unit.

If I am missing something here please advise. Otherwise, I shall dismiss this application without prejudice to its being presented to the district office.

Sincerely

David K. Brooks  
Legal Examiner  
505-476-3450

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**Brooks, David K., EMNRD**

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**From:** Brooks, David K., EMNRD  
**Sent:** Tuesday, August 18, 2009 11:02 AM  
**To:** 'Clugston, Patricia L'  
**Cc:** Perrin, Charlie, EMNRD; Hayden, Steven, EMNRD  
**Subject:** E/2 Section 36-29N-6W; NSP application

Dear Ms. Clugston

It seems I was incorrect in my conclusion that this application was appropriate for submission at the district level.

The Aztec district office called my attention to an order applicable to the Dakota that limits their approval to units that are at least 75% of standard acreage, and the specific order supersedes the rule provision on which I relied.

As I said, we cannot amend Order R128-D, but there is, however, no reason why this requested unit should not be granted. I will get an order issued granting it in the next few days.

Sinc rely

David K. Brooks  
Legal Examiner