

|                     |                      |                 |                 |             |                          |
|---------------------|----------------------|-----------------|-----------------|-------------|--------------------------|
| DATE IN<br>01/14/04 | SUSPENSE<br>02/02/04 | ENGINEER<br>WYJ | LOGGED IN<br>LH | TYPE<br>CTB | APP NO.<br>PLR0401528214 |
|---------------------|----------------------|-----------------|-----------------|-------------|--------------------------|

ABOVE THIS LINE FOR DIVISION USE ONLY

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



**RECEIVED**

JAN 14 2004

OIL CONSERVATION  
DIVISION

**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.

PAUL C. THOMPSON  
 Print or Type Name

Paul C. Thompson  
 Signature

AGENT  
 Title

1/11/04  
 Date

PAUL@WALSHENG.NET  
 e-mail Address

District I  
1625 N. French Drive, Hobbs, NM 88240  
District II  
1301 W. Grand Ave, 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  
Energy, Minerals and Natural Resources Department

Form C-107-B  
Revised June 10, 2003

### OIL CONSERVATION DIVISION

1220 S. St Francis Drive  
Santa Fe, New Mexico 87505

Submit the original  
application to the Santa Fe  
office with one copy to the  
appropriate District Office.

#### APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: Breck Operating Company

OPERATOR ADDRESS: c/o Walsh Engineering, 7415 E. Main St., Farmington, NM 87402

APPLICATION TYPE:

☐ Pool Commingling ☒ Lease Commingling ☐ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☐ State ☐ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. \_\_\_\_\_

Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling

☒ Yes ☐ No

#### (A) POOL COMMINGLING

Please attach sheets with the following information

| (1) Pool Names and Codes | Gravities / BTU of<br>Non-Commingled<br>Production | Calculated Gravities /<br>BTU of Commingled<br>Production |  | Calculated Value of<br>Commingled<br>Production | Volumes |
|--------------------------|--|---|--|---|---------|
|                          |  |   |  |   |         |
|                          |  |   |  |   |         |
|                          |  |   |  |   |         |
|                          |  |   |  |   |         |
|                          |  |   |  |   |         |

(2) Are any wells producing at top allowables? ☐ Yes ☐ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No.

(4) Measurement type: ☐ Metering ☐ Other (Specify) Subtraction

(5) Will commingling decrease the value of production? ☐ Yes ☐ No If "yes", describe why commingling should be approved

#### (B) LEASE COMMINGLING

Please attach sheets with the following information

(1) Pool Name and Code. Basin Fruitland Coal 71629

(2) Is all production from same source of supply? ☒ Yes ☐ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No

(4) Measurement type: ☒ Metering ☐ Other (Specify)

#### (C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

(1) Complete Sections A and E.

#### (D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

(1) Is all production from same source of supply? ☐ Yes ☐ No

(2) Include proof of notice to all interest owners.

#### (E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.

(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.

(3) Lease Names, Lease and Well Numbers, and API Numbers.

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

SIGNATURE: Paul C. Thompson TITLE: Agent / Engineer DATE: 1/9/04  
TYPE OR PRINT NAME: Paul C. Thompson, P.E. TELEPHONE NO.: 505.327.4892

E-MAIL ADDRESS: paul@walsheng.net

January 11, 2004

Ms. Lori Wrotenbery  
NM Oil and Gas Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Re: Surface Commingling  
Breck Operating Company  
Kutz Government #6  
Kutz Government #7S  
Section 3, T27N, R10W

Dear Ms. Wrotenbery,

Breck Operating requests permission to surface commingle the gas production from the above mentioned Basin Fruitland Coal wells.

**1. Proposed System:** The wells are to be commingled upstream from a CPD meter so they can utilize a common compressor. The CPD meter will be downstream of the compressor on the Kutz Government #6. Allocation meters will be on the Kutz Government #6 and the Kutz Government #7S. The gas flows into Williams Field Services' gathering system and they will maintain the CPD meter. The wells do not produce any liquid hydrocarbons. The actual commercial value of the commingled production will not be less than the sum of the values of the production from each well.

**2. Ownership:** The revenue ownership in the two wells is not identical. Please refer to Exhibit #1 for a list of names and addresses of owners of the two wells. A sample letter of the certified letter that was sent to each owner is attached at Exhibit #6.

**3. Wells, Locations, and Lease numbers:** Exhibit #2 is a plat showing the lease numbers for each well. Both wells are on a Federal Mineral leases and on lands administrated by the Bureau of Land Management. The east half of Section 3, T27N, R10 W is dedicated to the Kutz Government #6. The east half consists of two Federal leases ( SF - 046563 and SF - 077382) which were Communitized in Agreement #14-08-001-4703. The west half of Section 3, T27N, R10W is dedicated to the Kutz Government #7S. The west half is all a Federal lease SF 077382. The BLM has received a copy of this application.

**4. Schematic Diagram:** Exhibit #3 is a schematic diagram of the proposed facilities.

**5. Fuel Gas:** The compressor will burn approximately 10 MCFD of fuel gas, which will be allocated equally between the wells since the fuel usage is not volume dependent. Neither well has any heated surface production equipment.

**6. Mechanical Integrity:** The flow line from the Kutz Government #7S to the compressor will be approximately 2980' feet of a 3" poly line with a pressure rating of 250 psig. The pipeline will be tested to the maximum wellhead pressure of either well.

**7. Production – Gravity/BTU:** A table of the actual production from the Kutz Government #6 is attached as Exhibit #4. The Kutz Government 7S is a new well that has not produced any gas yet. A gas analysis showing the gas gravity and BTU content of the Kutz Government #6 is shown in Exhibit #5.

**8. Allocation Formula:** Since both wells will have allocation meters, the production assigned to each well will be the integrated volume from the allocation meter minus one-half of the compressor fuel gas and one-half of any purge gas.

**9. Line Purging:** We do not anticipate purging the line very often, but when we do the lost gas will be allocated between the two wells.

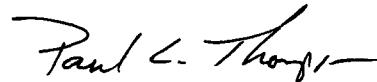
**10. Purged Fluids:** We do not anticipate having to purge the system, however any fluids purged will be natural gas and produced water. If at all possible, any line purging will be done to a pit or tank.

**11. Meter Calibration:** The allocation and CPD meters will be calibrated once each quarter. Williams Services will maintain and calibrate the CPD meter.

**12. Gas Analysis Schedule:** Williams will analyze the gas from the CPD meter twice a year.

**13. Effective date:** The pipeline system will be put into service as soon as approval is received.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul C. Thompson".

Paul C. Thompson, P.E.  
Agent for Breck Operating

EXHIBIT 1  
REVENUE INTEREST  
BRECK KUTZ GOVERNMENT 6  
FRUITLAND COAL

ALTROGGE RESOURCE CO  
5901 W WALSH PLACE  
DENVER CO 80224

FAY BACON I TRUST  
1005 N MCCOY  
AZTEC NM 87410

CONOCO INC.  
%CHASE BANK OF TEXAS  
PO BOX 201940  
HOUSTON TX 77216

RP HARGRAVE TRUST  
FROST NATIONAL BANK  
PO BOX 1600  
SAN ANTONIO TX 78296

BBL, LTD  
PO BOX 911  
BRECKENRIDGE TX 76424

CONOCO INC.  
PO BOX 201940  
HOUSTON TX 77216

CRANBERRY METHANE CORP  
511 16<sup>TH</sup> ST STE 300  
DENVER CO 80202

PATRICIA SWERER GARFIELD  
355 EUDORA ST  
DENVER CO 80220

V, LC HAK  
% MR WALLACE TIRRELL  
561 ALIHI PLACE  
KAILUA HI 96734

HOLLEY THOMAS W TRUST  
11966 ST CHARLES ROCK RD  
BRIDGETON MO 63044

SUSAN SWERER KRUTZ  
3131 CHERRY RIDGE RD  
ENGLEWOOD CO 80113

KUKUI INC  
ATTN GLEN HARA  
PO BOX 737  
IGNACIO CO 81137

---

EXHIBIT 1  
REVENUE INTEREST  
KUTZ GOVERNMENT 7S  
FRUITLAND COAL

3BL, LTD  
PO BOX 911  
BRECKENRIDGE TX 76424

CRANBERRY METHANE CORP  
511 16<sup>TH</sup> ST STE 300  
DENVER CO 80202

V, LC HAK  
% MR WALLACE K TIRRELL  
561 ALIHI PLACE  
KAILUA HI 96734

HOLLEY THOMAS  
REV TRUST ATTN TOM EAGLE  
11966 ST CHARLES ROCK RD  
BRIDGETON MO 63044

GLEN HARA  
KUKUI INC  
PO Box 737  
IGNACIO CO 81137

M&V MEDICAL SERVICES  
1255 SUGARCREEK BLVD  
SUGAR LAND TX 77478

MISSION ENERGY METHANE  
PO BOX 2007780  
HOUSTON TX 77216

KUKUI OPERATING COMPANY  
PO BOX 737  
IGNACIO CO 81137

HAL & JEAN RIDDLE  
1516 W 15<sup>TH</sup> ST  
AMARILLO TX 79102

JACK TURPIN  
3600 DOUGLAS  
DALLAS TX 75225

JUAN VILLAFANI  
1255 SUGARCREEK BLVD  
SUGARLAND TX 77478

ALTROGGE RESOURCES CO  
6901 W WALSH PLACE  
DENVER CO 80224

FAY BACON I TRUST  
1005 N MCCOY  
AZTEC NM 87410

RP HARGRAVE TRUST  
% FROST NATL BANK  
PO BOX 1600  
SAN ANTONIO TX 78296

JEFF LEE  
1040 N LAUREL AVE #2  
WEST HOLLYWOOD CA 90046

MARGARET SEBASTION TRUST  
3291 AMMONS COURT  
WHEAT RIDGE CO 80033

TALLOWOOD BAPTIST  
CHURCH  
555 TALLOWOOD DR  
HOUSTON TX 77024

NANCY LEE WEBB  
10 LONG WOOD DR  
MONROE LA 71203

XTO ENERGY INC  
135 S LASALLE ST DEPT 4849  
CHICAGO IL 60674

PC LTD FOR MIN MNGMT  
DRAWER 1857  
ROSWELL NM 88202

|        |                      |          |
|--------|----------------------|----------|
| 42-381 | 50 SHEETS EYE-EASE®  | 5 SQUARE |
| 42-382 | 100 SHEETS EYE-EASE® | 5 SQUARE |
| 42-389 | 200 SHEETS EYE-EASE® | 5 SQUARE |
| 42-392 | 100 RECYCLED WHITE   | 5 SQUARE |
| 42-393 | 200 RECYCLED WHITE   | 5 SQUARE |

Made in U. S. A.

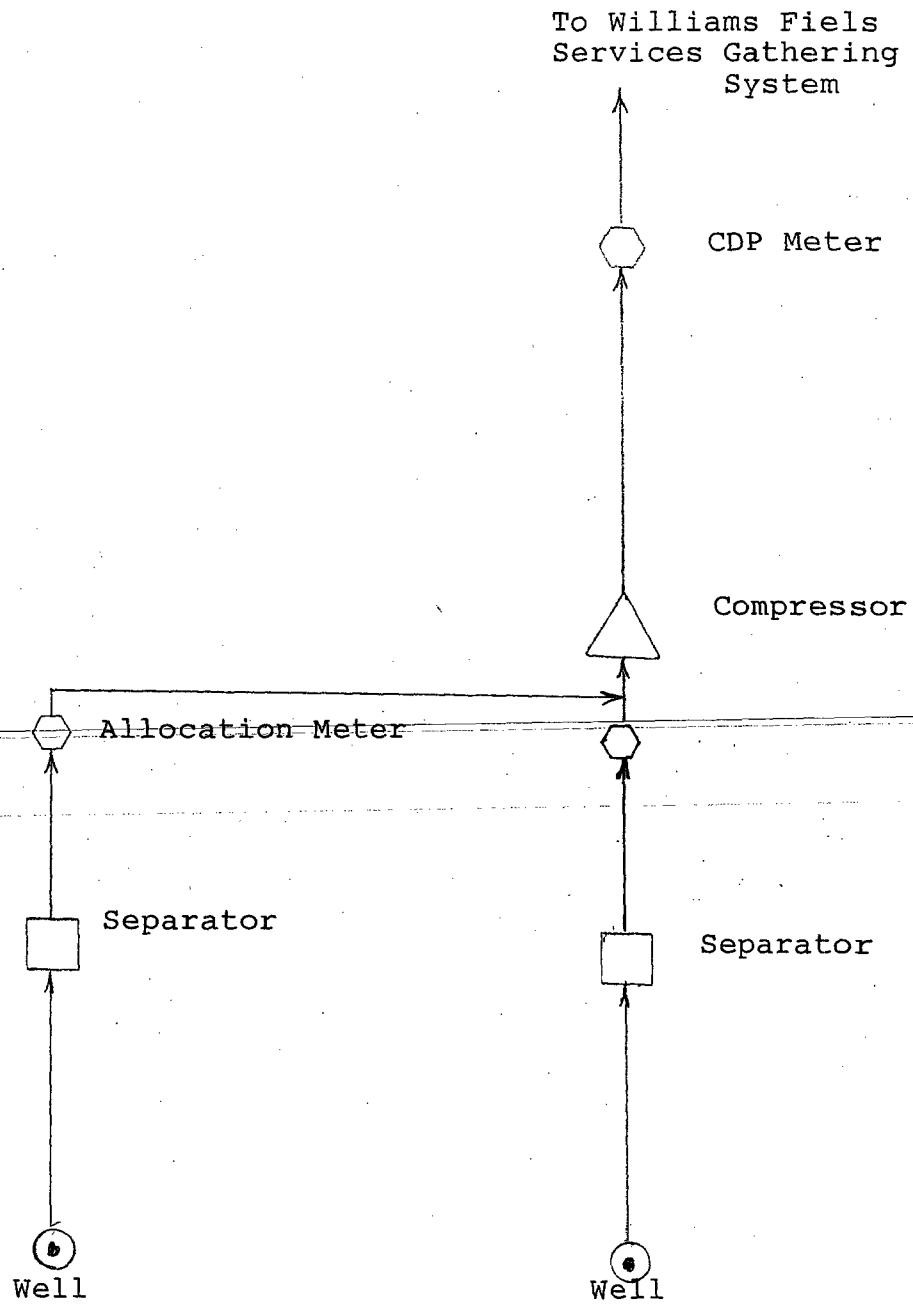
14-08-001-4703

|  |   |           |
|--|---|-----------|
|  |   |           |
|  | *<br>KUTZ GOVT #6<br>ARI # 30-045-06934<br>990 FNL # 1650 FEL   | SF-046563 |
|  | *<br>KUTZ GOVT #75<br>ARI # 30-045-31736<br>2250 FNL # 1900 FNL |           |
|  |   |           |
|  |   | SF-077382 |

SECTION 3, T27N, R10W

Exhibit #3

22-141 50 SHEETS  
22-142 100 SHEETS  
22-144 200 SHEETS



KUTZ GOVT #75  
30-045-31736  
SEC. 3, T27N, R10W

KUTZ GOVT #6  
30-045-06934  
SEC. 3, T27N, R10W



EXHIBIT #4

## Summary Production Report

|                    |                           |                        |           |
|--------------------|---------------------------|------------------------|-----------|
| <b>Lease Name:</b> | <b>KUTZ GOVT</b>          |                        |           |
| Lease Number:      | 002223                    | Cum Oil:               |           |
| Operator Name:     | BRECK OPERATING CORPORATI | Cum Gas:               | 1,502,895 |
| State:             | NEW MEXICO                | Cum Water:             |           |
| County:            | SAN JUAN                  | First Production Date: | AUG 1992  |
| Field:             | BASIN                     | Last Production Date:  | JUN 2003  |
| Production ID:     | SUM0430450693471629       |                        |           |
| Reservoir Name:    | FRUITLAND COAL            |                        |           |
| Prod Zone:         | FRUITLAND COAL            |                        |           |
| Basin Name:        | SAN JUAN BASIN            |                        |           |
| Status:            | ACTIVE GAS                |                        |           |

| Annual Production |             | (12 years) |               |
|-------------------|-------------|------------|---------------|
| Year              | Oil<br>BBLs | Gas<br>MCF | Water<br>BBLs |

## Beginning

Cum:

|      |         |
|------|---------|
| 1992 | 74,724  |
| 1993 | 206,741 |
| 1994 | 162,263 |
| 1995 | 127,292 |
| 1996 | 135,682 |
| 1997 | 137,472 |
| 1998 | 133,022 |
| 1999 | 124,862 |
| 2000 | 127,074 |
| 2001 | 120,745 |
| 2002 | 103,433 |
| 2003 | 49,585  |

Totals:

1,502,895

## Monthly Production

| Date<br>MO/YR | Oil<br>BBLs | Gas<br>MCF | Water<br>BBLs | # of<br>Wells | Days<br>on |
|---------------|-------------|------------|---------------|---------------|------------|
|---------------|-------------|------------|---------------|---------------|------------|

|          |  |        |  |   |    |
|----------|--|--------|--|---|----|
| AUG 1992 |  | 17,745 |  | 1 |    |
| SEP 1992 |  | 18,767 |  | 1 | 30 |
| OCT 1992 |  | 12,562 |  | 1 | 23 |
| NOV 1992 |  | 13,258 |  | 1 | 30 |
| DEC 1992 |  | 12,392 |  | 1 | 30 |

Totals:

1992

74,724

|          |  |        |  |   |    |
|----------|--|--------|--|---|----|
| JAN 1993 |  | 13,578 |  | 1 | 31 |
| FEB 1993 |  | 18,228 |  | 1 | 28 |
| MAR 1993 |  | 14,243 |  | 1 | 21 |

|          |         |   |    |
|----------|---------|---|----|
| APR 1993 | 23,393  | 1 | 30 |
| MAY 1993 | 19,299  | 1 | 31 |
| JUN 1993 | 13,001  | 1 | 30 |
| JUL 1993 | 19,126  | 1 | 30 |
| AUG 1993 | 18,536  | 1 | 31 |
| SEP 1993 | 19,019  | 1 | 30 |
| OCT 1993 | 14,484  | 1 | 31 |
| NOV 1993 | 14,213  | 1 | 30 |
| DEC 1993 | 19,621  | 1 | 31 |
| Totals:  |         |   |    |
| 1993     | 206,741 |   |    |
| JAN 1994 | 6,700   | 1 | 31 |
| FEB 1994 | 14,976  | 1 | 28 |
| MAR 1994 | 15,208  | 1 | 31 |
| APR 1994 | 14,813  | 1 | 30 |
| MAY 1994 | 16,180  | 1 | 31 |
| JUN 1994 | 15,539  | 1 | 30 |
| JUL 1994 | 15,752  | 1 | 31 |
| AUG 1994 | 12,410  | 1 | 31 |
| SEP 1994 | 14,032  | 1 | 30 |
| OCT 1994 | 11,868  | 1 | 31 |
| NOV 1994 | 10,049  | 1 | 30 |
| DEC 1994 | 14,736  | 1 | 7  |
| Totals:  |         |   |    |
| 1994     | 162,263 |   |    |
| JAN 1995 | 13,443  | 1 | 31 |
| FEB 1995 | 10,262  | 1 | 28 |
| MAR 1995 | 8,787   | 1 | 31 |
| APR 1995 | 11,395  | 1 | 30 |
| MAY 1995 | 12,373  | 1 | 31 |
| JUN 1995 | 11,076  | 1 | 30 |
| JUL 1995 | 7,215   | 1 | 27 |
| AUG 1995 | 11,819  | 1 | 31 |
| SEP 1995 | 11,822  | 1 | 29 |
| OCT 1995 | 12,242  | 1 | 31 |
| NOV 1995 | 9,432   | 1 | 27 |
| DEC 1995 | 7,426   | 1 | 31 |
| Totals:  |         |   |    |
| 1995     | 127,292 |   |    |
| JAN 1996 | 7,574   | 1 | 31 |
| FEB 1996 | 10,392  | 1 | 29 |
| MAR 1996 | 11,040  | 1 | 31 |
| APR 1996 | 11,446  | 1 | 30 |
| MAY 1996 | 11,805  | 1 | 31 |
| JUN 1996 | 11,342  | 1 | 30 |
| JUL 1996 | 13,206  | 1 | 31 |
| AUG 1996 | 12,199  | 1 | 31 |
| SEP 1996 | 10,920  | 1 | 30 |
| OCT 1996 | 12,648  | 1 | 31 |
| NOV 1996 | 11,681  | 1 | 30 |
| DEC 1996 | 11,429  | 1 | 31 |
| Totals:  |         |   |    |
| 1996     | 135,682 |   |    |

|          |         |   |    |
|----------|---------|---|----|
| JAN 1997 | 12,692  | 1 | 31 |
| FEB 1997 | 10,759  | 1 | 28 |
| MAR 1997 | 11,084  | 1 | 31 |
| APR 1997 | 10,499  | 1 | 30 |
| MAY 1997 | 12,020  | 1 | 31 |
| JUN 1997 | 11,693  | 1 | 30 |
| JUL 1997 | 11,997  | 1 | 31 |
| AUG 1997 | 11,234  | 1 | 31 |
| SEP 1997 | 10,991  | 1 |    |
| OCT 1997 | 11,467  | 1 | 31 |
| NOV 1997 | 11,324  | 1 | 30 |
| DEC 1997 | 11,712  | 1 | 31 |
| Totals:  |         |   |    |
| 1997     | 137,472 |   |    |

|          |         |   |    |
|----------|---------|---|----|
| JAN 1998 | 11,401  | 1 | 31 |
| FEB 1998 | 10,477  | 1 | 28 |
| MAR 1998 | 12,141  | 1 | 31 |
| APR 1998 | 11,323  | 1 | 30 |
| MAY 1998 | 11,757  | 1 | 31 |
| JUN 1998 | 9,448   | 1 | 30 |
| JUL 1998 | 11,899  | 1 | 31 |
| AUG 1998 | 11,573  | 1 | 31 |
| SEP 1998 | 10,972  | 1 | 30 |
| OCT 1998 | 11,208  | 1 | 31 |
| NOV 1998 | 10,904  | 1 | 30 |
| DEC 1998 | 9,919   | 1 | 28 |
| Totals:  |         |   |    |
| 1998     | 133,022 |   |    |

|          |         |   |    |
|----------|---------|---|----|
| JAN 1999 | 8,898   | 1 | 25 |
| FEB 1999 | 9,968   | 1 | 25 |
| MAR 1999 | 10,052  | 1 | 29 |
| APR 1999 | 11,488  | 1 | 30 |
| MAY 1999 | 11,286  | 1 | 31 |
| JUN 1999 | 7,881   | 1 | 25 |
| JUL 1999 | 11,704  | 1 | 31 |
| AUG 1999 | 9,767   | 1 | 28 |
| SEP 1999 | 9,773   | 1 | 29 |
| OCT 1999 | 11,040  | 1 | 30 |
| NOV 1999 | 11,681  | 1 | 30 |
| DEC 1999 | 11,324  | 1 | 31 |
| Totals:  |         |   |    |
| 1999     | 124,862 |   |    |

|          |        |   |    |
|----------|--------|---|----|
| JAN 2000 | 11,651 | 1 | 31 |
| FEB 2000 | 10,866 | 1 | 29 |
| MAR 2000 | 11,611 | 1 | 31 |
| APR 2000 | 11,379 | 1 | 30 |
| MAY 2000 | 10,648 | 1 | 31 |
| JUN 2000 | 10,251 | 1 | 30 |
| JUL 2000 | 8,398  | 1 | 31 |
| AUG 2000 | 9,963  | 1 | 31 |
| SEP 2000 | 10,390 | 1 | 30 |
| OCT 2000 | 10,689 | 1 | 31 |
| NOV 2000 | 10,512 | 1 | 30 |
| DEC 2000 | 10,716 | 1 | 31 |

|         |  |         |  |
|---------|--|---------|--|
| Totals: |  |         |  |
| 2000    |  | 127,074 |  |

|          |        |   |    |
|----------|--------|---|----|
| JAN 2001 | 10,342 | 1 | 31 |
| FEB 2001 | 9,428  | 1 | 28 |
| MAR 2001 | 9,891  | 1 | 28 |
| APR 2001 | 10,452 | 1 | 30 |
| MAY 2001 | 9,714  | 1 | 31 |
| JUN 2001 | 8,323  | 1 | 29 |
| JUL 2001 | 10,839 | 1 | 31 |
| AUG 2001 | 11,229 | 1 | 31 |
| SEP 2001 | 10,031 | 1 | 30 |
| OCT 2001 | 10,535 | 1 | 31 |
| NOV 2001 | 10,069 | 1 | 30 |
| DEC 2001 | 9,892  | 1 | 31 |

|         |  |         |  |
|---------|--|---------|--|
| Totals: |  |         |  |
| 2001    |  | 120,745 |  |

|          |        |   |    |
|----------|--------|---|----|
| JAN 2002 | 10,003 | 1 | 31 |
| FEB 2002 | 8,916  | 1 | 28 |
| MAR 2002 | 9,742  | 1 | 31 |
| APR 2002 | 8,371  | 1 | 28 |
| MAY 2002 | 9,526  | 1 | 31 |
| JUN 2002 | 6,967  | 1 | 26 |
| JUL 2002 | 6,978  | 1 | 28 |
| AUG 2002 | 7,739  | 1 | 28 |
| SEP 2002 | 7,474  | 1 | 30 |
| OCT 2002 | 8,529  | 1 | 29 |
| NOV 2002 | 9,837  | 1 | 30 |
| DEC 2002 | 9,351  | 1 | 31 |

|         |  |         |  |
|---------|--|---------|--|
| Totals: |  |         |  |
| 2002    |  | 103,433 |  |

|          |       |   |    |
|----------|-------|---|----|
| JAN 2003 | 7,233 | 1 | 30 |
| FEB 2003 | 6,885 | 1 | 28 |
| MAR 2003 | 8,423 | 1 | 31 |
| APR 2003 | 8,848 | 1 | 30 |
| MAY 2003 | 8,724 | 1 | 29 |
| JUN 2003 | 9,472 | 1 | 30 |

|         |  |        |  |
|---------|--|--------|--|
| Totals: |  |        |  |
| 2003    |  | 49,585 |  |

Williams Energy Services  
Tulsa, Oklahoma

11/12/03 10:26:44

PAGE 1

CERTIFICATE OF ANALYSIS  
For production month 11/03

Station ID: 35422  
Station Name: KUTZ GOVERNMENT #6 CDP  
Analysis Source: 35422

Lab Identifier: K185  
Effective Date: 10/22/03

Operator: 000860  
Analysis ID: 323648  
Analyzed Date: 10/21/03

Sample On Date: 10/20/03  
Sample Off Date: 10/20/03  
Sample Type: S

| Component              | Mol %   | GPM   |
|------------------------|---------|-------|
| Helium                 | 0.0000  |       |
| CO                     | 0.0000  |       |
| CO2                    | 1.4270  |       |
| N2                     | 0.0920  |       |
| Hydrogen Sulfide (H2S) | 0.0000  |       |
| Methane (C1)           | 92.1380 |       |
| Ethane (C2)            | 4.9950  | 1.335 |
| Propane (C3)           | 0.8910  | 0.245 |
| I-butane (IC4)         | 0.1990  | 0.065 |
| N-butane (NC4)         | 0.1040  | 0.033 |
| I-pentane (IC5)        | 0.0450  | 0.016 |
| N-pentane (NC5)        | 0.0240  | 0.009 |
| Hexanes (C6)           | 0.0850  | 0.037 |
| Heptanes (C7)          |         |       |
| Octanes (C8)           |         |       |
| Nonanes (C9)           |         |       |
| Decanes (C10)          |         |       |

TOTAL 100.0000 1.740

## Calculation Parameters:

Specific Gravity @ 60 deg.F (AIR=1)  
Ideal Gravity: 0.6090  
Sample Gravity: 0.6102  
Z Factor: 0.9976

BTU Calculated/cubic ft @ 60 deg.F  
Ideal BTU: 1060.8450  
Dry BTU @ 14.730: 1063.3679

Remark: C6

To: Melissa  
Walsh Eng.

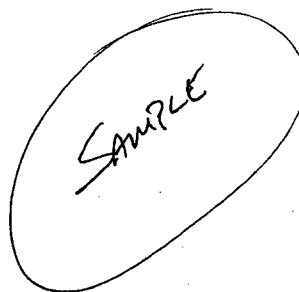
327-9834

**WALSH**

ENGINEERING &amp; PRODUCTION CORP.

Petroleum Engineering Consulting  
Lease Management  
Contract Pumping7415 East Main  
Farmington, New Mexico 87402  
(505) 327-4892 • Fax: (505) 327-9834**CERTIFIED – RETURN RECEIPT**

January 9, 2004

Cranberry Methane Corp.  
511 16th St, Ste 300  
Denver, CO 80202Re: Surface Commingling Application  
Breck Operating Corp.  
Kutz Government #6 and #7S  
Section 20, T28N R10W  
San Juan County, NM

Dear Sir or Madam,

Enclosed you will find a copy of the above referred to application that has been submitted to the New Mexico Oil Conservation Division for administrative approval. Surface commingling will allow one compressor to service both wells, lowering operating costs. As an interest owner in one or both of these wells, you are being notified of this application pursuant to NMOCD rules.

If you desire to submit remarks concerning the application, please send them to Ms. Lori Wrotenbery, Director, New Mexico Oil Conservation Division, 1220 S. St. Francis Dr., Santa Fe, New Mexico, 87504, within 20 days from the receipt of this notice. If you have no objection to the proposal, no action is required on your part.

Thank you for your consideration in this matter and if you have any questions, please do not hesitate to call upon me.

Sincerely,

Paul C. Thompson, P.E.  
Agent for Breck Operating Co.

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0135  
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or reenter an  
abandoned well. Use Form 3160-3 (APD) for such proposals.

**SUBMIT IN TRIPLICATE - Other instructions on reverse side**

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Breck Operating Co. c/o Walsh Engineering

3a. Address

7415 E. Main, Farmington, NM, 87402

3b. Phone No. (include area code)

505-327-4892

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

2250' FNL and 1900' FWL, Sec. 3, T27N, R10W

5. Lease Serial No.

SF 077382

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

Kutz Government #7S

9. API Well No.

30-045-31736

10. Field and Pool, or Exploratory Area

Basin Fruitland Coal

11. County or Parish, State

San Juan, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

- ☒ Notice of Intent  
☐ Subsequent Report  
☐ Final Abandonment Notice

TYPE OF ACTION

- |   |   |  |   |
|---|---|--|---|
| <input type="checkbox"/> Acidize              | <input type="checkbox"/> Deepen           | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off           |
| <input type="checkbox"/> Alter Casing         | <input type="checkbox"/> Fracture Treat   | <input type="checkbox"/> Reclamation               | <input type="checkbox"/> Well Integrity           |
| <input type="checkbox"/> Casing Repair        | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete                | <input checked="" type="checkbox"/> Other Surface |
| <input type="checkbox"/> Change Plans         | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon       | Commingle   |
| <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back        | <input type="checkbox"/> Water Disposal            |   |

13. Describe Proposed or Completed Operations (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomple horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once Testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Breck Operating proposes to surface commingle the gas production from the Kutz Government #7S with the Kutz Government #6 so they can utilize a common compressor.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Paul C. Thompson, P.E.

Title

Agent

Signature

*Paul C. Thompson*

Date

November 25, 2003

THIS SPACE FOR FEDERAL OR STATE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.