

ABOVE THIS LINE FOR DIVISION USE ONLY

## NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

### ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

**Application Acronyms:**

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]  
 [DD-Directional Drilling] [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 - Directional Drilling

☐ NSL ☐ NSP ☐ DD ☐ 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

**[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] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding**

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

Jolene Dicks  
Print or Type Name

Jolene Dicks  
Signature

Contract Representative 5/8/97  
Title Date



May 8, 1997

William LeMay, Director  
New Mexico Oil Conservation Division  
2040 South Pacheco  
Santa Fe, NM 87504

RE: Application for Administrative Approval  
Surface Commingling of Gas Production  
Buena Suerte 32-L No. 1 (NW/4SW/4, Sec. 32, T26N, R11W)  
Gracia Navajo 5-K No. 2 (NE/4SW/4, Sec. 5, T25N, R11W)  
Gallegos Com 5 (NW/4SE/4, Sec. 32, T26N, R11W)

7/629  
BASIN FRUIT  
LAND  
S/2  
BASIN DAKOTA  
7/599

Dear Mr. LeMay:

Pro New Mexico, Inc. (Pro), in 1994, obtained the required approvals to gather gas from the Gracia Navajo 5-K No. 1 (5-K) located in the NE/SW Sec. 5, T25N, R11W to a Central Delivery Point at the Gallegos Com No. 5 (Com 5) well located in Sec. 32, T26N, R11W. The method of allocation of production was approved by all necessary agencies and other entities.

Pro is now in the process of installing a gas gathering line from the Buena Suerte 32-L No. 1 well (32-L) located in the NW/4SW/4 of Section 32, T25N, R11W, terminating at the field compressor site and Central Delivery Point (CDP) at the Com 5. The Buena Suerte 32-L was previously connected to Giant Exploration and Production Company's (now Central Resources) Buena Suerte Gathering System. Pro is laying this new gathering line in order to minimize the costs of gathering, compression and transportation, and thus maximize revenues from the gas production. The layout of the facilities and mineral ownership of the dedicated acreage is shown on the attached schematic.

Due to the diverse mineral ownership and the fact that 32-L and the 5-K produce from the Fruitland Coal formation while the Com 5 produces from the Dakota formation, in accordance with New Mexico Oil Conservation Division Rule 309-B.3., we are requesting approval for allocation of the production as outlined on the attached method.

William LeMay  
Page 2  
May 8, 1997

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In order to facilitate the most economic gas production levels from each well, as well as increasing the total reserve recovery, compression is required. None of the wells will withstand the cost of an individual compressor and as a result, a single compressor will be utilized for all three wells. This effort will produce a commingled gas stream delivered to the transmission company through a single sales meter.

Our intention is to allocate the gas sales and production volumes for each well based on the sales meter set at the outlet of the compressor located on the Com 5 location and standard orifice meters located at the 5-K and the 32-L wells. The monthly calculations to be used for this allocation are shown on the attached sheet.

By copy of this letter of application, we are requesting concurrence to this method by royalty owners (Bureau of Land Management, Bureau of Indian Affairs and New Mexico State Land Office), working interest owners and overriding royalty owners.

We ask that royalty, working interest and overriding royalty owners indicate their concurrence by signing, dating and returning one copy of this letter to our office. Pursuant to New Mexico Oil Conservation Division Rule 309-B.4., any objections to our proposal should be made within twenty (20) days. We appreciate your prompt attention to this matter.

Very truly yours,

PRO NEW MEXICO, INC.

By   
Jolene Dicks  
Contract Representative

Enclosures

cc: Royalty, Working and Overriding Royalty Interest Owners

\_\_\_\_\_ accepts the allocation method as described.  
(Printed Name)

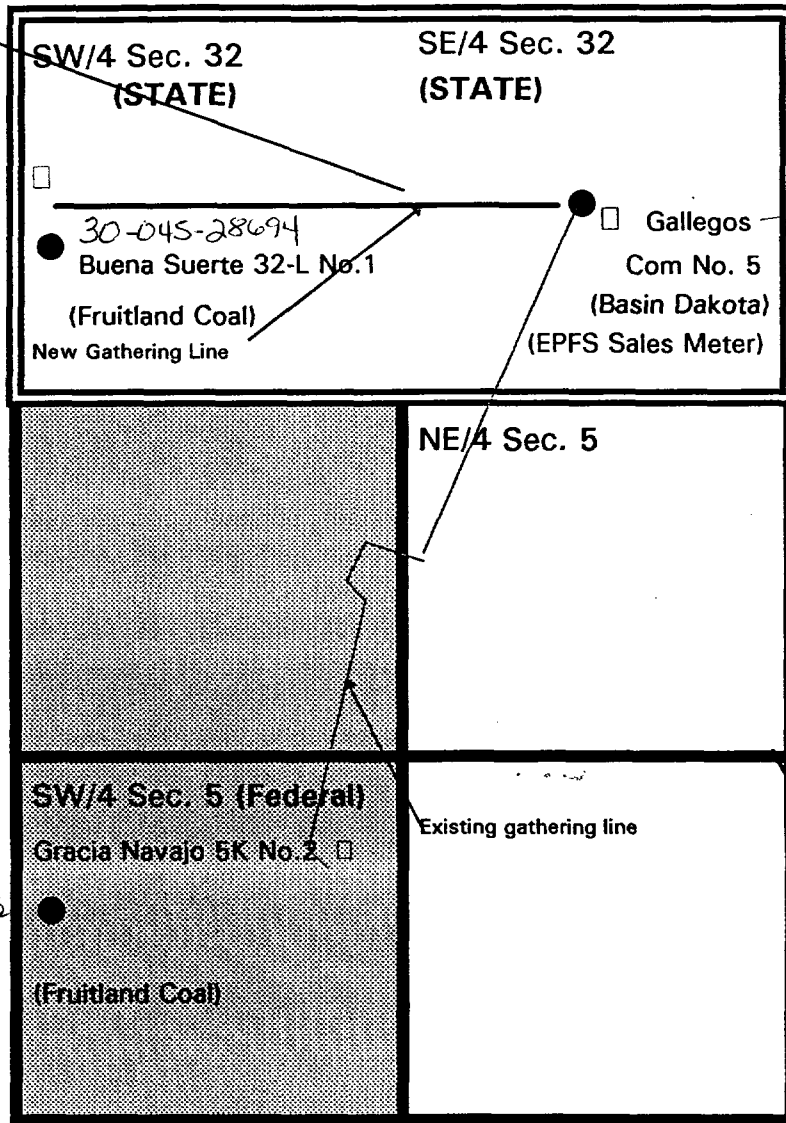
By: \_\_\_\_\_  
Signature

Date: \_\_\_\_\_

PRO NEW MEXICO, INC.  
Schematic of Facilities and  
Mineral Leases  
for Allocation of Production

Township 26 North, Range 11 West NMPM

Section 32



30-045-21304

30-045-28913

Section 5

Township 25 North, Range 11 West NMPM  
San Juan County, New Mexico



320-acre proration unit dedicated to Gallegos Com 5 and Buena Suerte 32-L No. 1

320-acre proration unit dedicate to Gracia Navajo 5-K No. 2

PRO NEW MEXICO, INC.  
Allocation Calculations

- Step 1: Obtain TOTAL MONTHLY GAS SALES from CDP in MCF from transporter.
- Step 2: Add TOTAL MONTHLY GAS SALES and TOTAL MONTHLY FUEL GAS USAGE to obtain a combined TOTAL MONTHLY PRODUCTION.
- Step 3: Obtain MONTHLY MCF PRODUCED for Gracia Navajo 5-K No. 2 and for Buena Suerte 32-L No. 1 from independent chart integration company.
- Step 4: Subtract the MONTHLY MCF PRODUCED for the 5-K and 32-L from the TOTAL MONTHLY PRODUCTION to obtain the MONTHLY MCF PRODUCED by the Com 5.
- Step 5: Divide the MONTHLY MCF PRODUCED from each well by the TOTAL MONTHLY PRODUCTION to calculate the MONTHLY FUEL GAS FACTORS allocated to each well.
- Step 6: Multiply the individual MONTHLY FUEL GAS FACTORS by the TOTAL MONTHLY FUEL GAS to obtain a MONTHLY FUEL GAS USAGE IN MCF for each well.
- Step 7: Subtract the MONTHLY FUEL GAS USAGE IN MCF from the MONTHLY MCF PRODUCED for each well to obtain the allocated MONTHLY SALES VOLUMES IN MCF for each well.

GALLEGOS COM 5/GRACIA NAVAJO 5-K 2/BUENA SUERTE 32-L 1  
SAMPLE VOLUME ALLOCATION

	@14.73	@15.025
TOTAL MONTHLY SALES FROM CDP	15,000	14,700
TOTAL MONTHLY FUEL GAS USAGE	600	588
SALES + FUEL GAS = TOTAL MONTHLY PRODUCTION	15,600	15,288
MCF PRODUCED - 5-K	2,978	2,920
MCF PRODUCED - 32-L	6,200	6,076
MCF PRODUCED - COM 5	6,422	6,292
FUEL GAS FACTOR - 5-K	0.1909	0.1910
FUEL GAS FACTOR - 32-L	0.3974	0.3974
FUEL GAS FACTOR - COM 5	0.4117	0.4116
FUEL GAS - 5-K	(115)	(112)
FUEL GAS - 32-L	(238)	(234)
FUEL GAS - COM 5	(247)	(242)
MCF SALES - 5-K	2,863	2,808
MCF SALES - 32-L	5,962	5,842
MCF SALES - COM 5	6,175	6,050
CHECK (TOTAL SALES)	15,000	14,700

STATE OF NEW MEXICO

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COUNTY OF SANTA FE

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**AFFIDAVIT OF MAILING**

I, Jolene Dicks, Contract Representative for Pro New Mexico, Inc., do hereby swear that on May 8, 1997, I did mail, certified, returned receipt requested, copies of Pro New Mexico, inc.'s Application for Administrative Approval for Surface Commingling of Gas Production to the royalty, working and overriding royalty interest owners in the Buena Suerte 32-L No. 1, Gracia Navajo 5-K No. 2 and Gallegos Com 5 well as shown on the attached lists.

  
**Jolene Dicks**

Subscribed and sworn to before me this 8th day of May, 1997 by Jolene Dicks, Contract Representative for Pro New Mexico, Inc.

  
**Notary Public**

My commission expires:

11-5-98

BUENA SUERTE 32-L NO. 1

ROYALTY INTEREST OWNERS

State of New Mexico  
Commissioner of Public Lands  
P.O. Box 1148  
Santa Fe, NM 87504

WORKING INTEREST OWNERS

Martin Proyect  
P.O. Box 98  
Santa Fe, NM 87504

Betty Brewer Chumney  
c/o W T Chumney, Jr.  
40 NE Loop 410, Ste. 200  
San Antonio, TX 78216

India Brewer DeMarigny  
c/o W T Chumney, Jr.  
40 NE Loop 410, Ste. 200  
San Antonio, TX 78216

Winifred Chumney Meaden  
c/o W T Chumney, Jr.  
40 NE Loop 410, Ste. 200  
San Antonio, TX 78216

Rebecca Brewer, Ind. Exec.  
R P Brewert III Estate  
c/o W T Chumney, Jr.  
40 NE Loop 410, Ste. 200  
San Antonio, TX 78216

Elizabeth H. Chumney  
c/o W T Chumney, Jr.  
40 NE Loop 410, Ste. 200  
San Antonio, TX 78216



## OVERRIDING ROYALTY INTEREST OWNERS

Harry A. Ells, Jr.  
518 17th Street, Room #10  
Denver, CO 80202-41113

Energy Search & Management, Inc.  
1905 Sherman Street, Ste. 900  
Denver, CO 80203

GALLEGOS COM NO. 5

ROYALTY INTEREST OWNERS

State of New Mexico  
Commissioner of Public Lands  
P.O. Box 1148  
Santa Fe, NM 87504

OVERRIDING ROYALTY INTEREST OWNERS

Maureen G. Wright Revocable Trust  
2816 Kentucky Street, NE  
Albuquerque, NM 87110-3408

Henry B. Krause  
1405 S. Mountain  
Castle Rock, CO 80104-9951

GRACIA NAVAJO 5-K NO. 2

ROYALTY INTEREST OWNERS

U.S.A.

Bureau of Indian Affairs in Trust  
for Rena F. Etcitty  
Farmington Indian Minerals Office  
1235 LaPlata Hwy, Suite B  
Farmington, NM 87401

U.S.A.

Bureau of Land Management  
1235 LaPlata Hwy  
Farmington, NM 87401

WORKING INTEREST OWNERS

Martin Proyect  
P.O. Box 98  
Santa Fe, NM 87504

GRACIA NAVAJO 5-K NO. 2

OVERRIDING ROYALTY INTEREST OWNERS

Achtschin, Leo A.  
6335 W. Northwest Hwy. #1917  
Dallas, TX 75225

Ashby, Kathryn D.  
P.O. Box 1854  
Midland, TX 79702-2097

Aycock, Haley  
P.O. Box 2097  
Midland, TX 79702

Barron Properties, Ltd.  
c/o FCNB  
P.O. Box 10966  
Midland, TX 79702

Barton, Enid Carol  
174 Summit Ave.  
Summit, NJ 07901

Buchenau, Harriet  
P.O. Box 8675385  
Plano, TX 75086-7585

Chambers, Sandra  
Route 3, Box 344  
Snyder, TX 79549

Dublier, William and Florence  
126 E. 56th  
New York, NY 10022

Dunken, Sidney Haley  
Hwy 42 North, P.O. Box 4130  
Jackson, GA 30233

Energy Search and Management, Inc.  
1905 Sherman Street, Suite 900  
Denver, CO 80203

ES One Colorado, Inc.  
c/o Energy Search and Management, Inc.  
1905 Sherman Street, Suite 900  
Denver, CO 80203

Fabbricatore, Susan Ellen  
29 John Street  
New York, NY 10038

Fasken, Robert Murray  
500 West Texas  
Suite 1160  
Midland, TX 79701

Fitz-Gerald Trust  
9125 Evangeline, NE  
Albuquerque, NM 87111

Graham, Maxine  
1504 Soplo Road, SE  
Albuquerque, NM 87123

Grapel, Edward and Pearl  
7051 Environ Blvd., Apt. 536  
Ft. Lauderdale, FL 33319

Hedberg, Lee Etta  
P.O. Box 470337  
Ft. Worth, TX 76147

Home, Anna Lou  
109 S. McCadden Place  
Los Angeles, CA 90004

Jensis, Heirs of  
1615 Putnam Ave.  
Brooklyn, NY 11227

Kirschenbaum, Sam and Sarah  
101 W. 31st St.  
New York, NY 10001

Langfelder, Murray  
2665 Homecrest Avenue  
Brooklyn, New York 11235

Levine, William  
5716 Over Downs Drive  
Dallas, TX 75230

Licht, Sidney E.  
1401 Ocean Avenue  
Brooklyn, NY 11230

Licht, William V.  
c/o Martin C. Licht  
Herzfeld & Rubin  
40 Wall Street  
New York, NY 10005

Lidell, Myron and Nelly  
40 East 88th Street  
New York, NY 10008

Lowe Partners  
P.O. Box 2923  
Houston, TX 77252

Maralo, Inc.  
P.O. Box 2923  
Houston, TX 77252

Martin, James R.  
P.O. Box 8617  
Horshoe Bay, TX 78654

Mims Revocable Trust  
c/o William L. Madsen or  
Sarah S. Mims, Co-Trustees  
P.O. Box 111846  
Carrollton, TX 75011-1846

Mudge-Boedeker Trust  
9550 Forest Lane, Suite 227  
Dallas, TX 75243-5905

Pace, John A.  
6700 Golf Drive  
Dallas, TX 75205

Pienkowski, Benjamin and Helen  
35 Broad Street, Apt. 10  
Freehold, NJ 07728

Postelle, Heirs of  
823 South Water, Apt. 2-B  
Corpus Christi, TX 78401  
Postelle, Jessie

Schultz, Frank, Trustee  
500 N. Akard, Suite 2160, LB-1  
Lincoln Plaza  
dallas, TX 75201-3318

Simpson, Julia E.  
12300 Radoyka Drive  
Saratoga, CA 95070

Stewart, Viola  
P.O. Box 2460  
Uvalde, TX 78802

Weill, Marie-Helene  
50 E. 79th St., Apt. 20A  
New York, NY 20033

Weill, Guy A. Custodian  
50 E. 79th St., Apt. 20A  
New York, NY 20033

Weill, Guy A.  
50 E. 79th St., Apt. 20A  
New York, NY 20033

Wood, Patti Jo Peck  
P.O. Box 1099  
Rising Star, TX 76471

Zacharek, Stanely and Ann  
166 Jewett Avenue  
Jersey City, NJ 07304