

ADMINISTRATIVE ORDER DHC-2976

Chi Operating, Inc..
P.O. Box 1799
Midland, Texas 79702

Attention: Mr. John W. Wolf

*Remington Federal No. 3
API No. 30-015-27967
Unit N, Section 3, Township 20 South, Range 28 East, NMPM,
Eddy County, New Mexico.
Delaware (Oil – N/A) and
Oil Hillman Ranch Bonespring (Oil – 48035) Pools*

Dear Mr. Wolf:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

In accordance with the provisions of Rule 303.C.(1), each of the commingled pools shall be allowed to produce up to the top oil allowable and top casinghead gas allowable applicable for that pool.

Assignment of allowable to the well and allocation of production from the well shall be on the following basis:

Delaware Pool	Oil-77%	Gas-59%
Old Hillman Ranch Bonespring Pool	Oil-23%	Gas-41%

Administrative Order DHC-2976

Chi Operating, Inc.

December 14, 2001

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REMARKS: The operator shall notify the Artesia District Office of the Division upon implementation of commingling operations.

Pursuant to Rule 303.C.(2), the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 14th day of December 2001.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

LORI WROTENBERY
Director

S E A L

LW/RE

cc: Oil Conservation Division - Artesia
Bureau of Land Management - Carlsbad

DISTRICT I
1425 N. French Dr., Hobbs, NM 88240
DISTRICT II
811 South First St., Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
DISTRICT IV
2040 S. Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department
OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

APPLICATION FOR DOWNHOLE COMMINGLING

Form C-107-A
Revised August 1999

APPROVAL PROCESS:

☐ Administrative
☐ Hearing

EXISTING WELLBORE

☒ YES ☐ NO

Operator CHI OPERATING, INC Address P.O. Box 1799 MIDLAND, TX 79702

Lease REMINGTON FED #3 Well No. UNIT N-SEC 3-T205-R28E County EDDY

OGRID No. 04378 Property Code 002753 API No. 30-D15-27967 Spacing Unit Lease Types: (check 1 or more)
Federal ☒ State ☐ (and/or) Fee ☐

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	DELAWARE		OLD MILLMAN RANCH BONESPRING 48035
2. Top and Bottom of Pay Section (Perforations)	3570-3580' 3890-3900'		6230-6463'
3. Type of production (Oil or Gas)	OIL		OIL
4. Method of Production (Flowing or Artificial Lift)	AL		AL
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a. (Current) EST. 1500 b. (Original)	a. b.	a. 1000 EST. b.
6. Oil Gravity (EAPI) or Gas BTU Content	44 API		44 API
7. Producing or Shut-in?	BEHIND PIPE		PRODUCING
Production Marginal? (yes or no)	UNKNOWN		NO
* If Shut-In, give 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:
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: BEHIND PIPE Rates: (SEE ATTACHED)	Date: Rates:	Date: 8/2001 Rates: 18 BOPD, 85 WPD, 85 MCFPD
8. Fixed Percentage Allocation Formula - % for each zone (total of %'s to equal 100%)	Oil: 77% Gas: 59%	Oil: % Gas: %	Oil: 23% Gas: 41%

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.

10. Are all working, overriding, and royalty interests identical in all commingled zones? ☒ Yes ☐ No
If not, have all working, overriding, and royalty interests been notified by certified mail? ☐ Yes ☐ No

11. Will cross-flow occur? ☐ Yes ☒ No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. ☒ Yes ☐ No (If No, attach explanation)

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

13. Will the value of production be decreased by commingling? ☐ Yes ☒ No (If Yes, attach explanation)

14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. ☒ Yes ☐ No

15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). _____

16. 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, overriding, and royalty interests for uncommon interest cases.
- * Any additional statements, data, or documents required to support commingling.

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

SIGNATURE John W. Wolf TITLE SE DATE 10/31/01
TYPE OR PRINT NAME JOHN W. WOLF TELEPHONE NO. (505) 685-5001

District I
PO Box 1988, Hobbs, NM 88241-1988
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-27947		Pool Code 48035		Range 11		Pool Name BOWE SPRING	
Property Code 002753		Property Name REMINGTON FLD				Well Number 3	
OGRID No. 004378		Operator Name CIN OPERATING, INC				Elevation 3274 6N	

¹⁰ Surface Location

UL or lot no. N	Section 3	Township 20S	Range 28E	Lot Ida	Feet from the 6660	North/South line FSL	Feet from the 1980	East/West line FWL	County EMERY
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¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
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¹² Dedications 40	¹³ Acres	¹⁴ Joint or Infill	¹⁵ Consolidation Code	¹⁶ Order No.
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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. Signature DAVID H. HARRISON Printed Name PRESIDENT Title 4/25/95 Date
					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. Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

1980'

6660'

EXISTING BOWE SPRING

District I
PO Box 1988, Hobbs, NM 88241-1988
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-29967		Pool Code	Pool Name DELAWARE
Property Code 002753	Property Name REMINGTON FED		Well Number #3
OGRID No. 04378	Operator Name CHI OPERATING INC		Elevation 3274.61

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
N	3	28S	28E		660	FSL	1980	FWL	Fddy

205 11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

Dudley 40	Acres	Joint or Infill	Consolidation Code	Order No.
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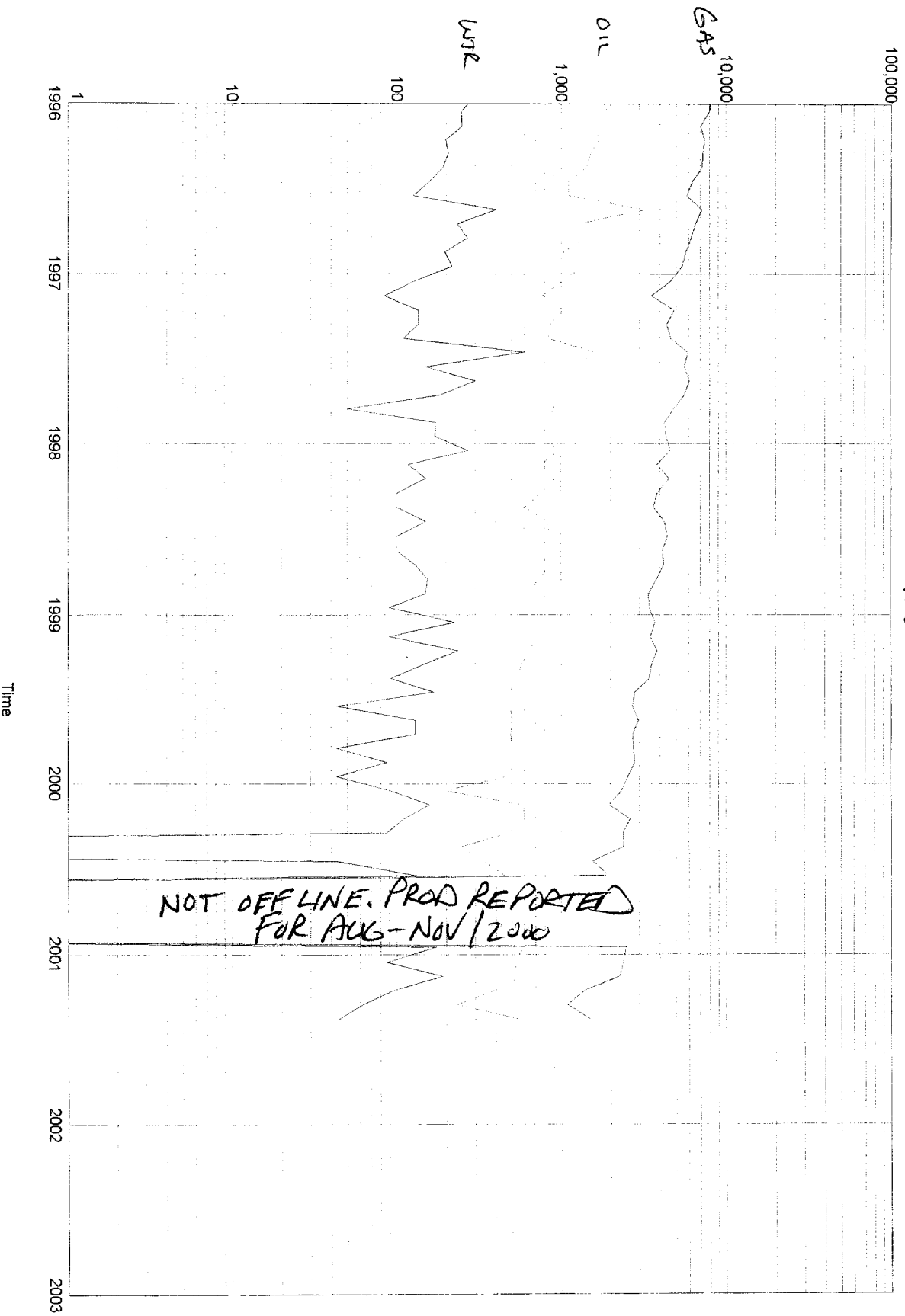
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					18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey Signature and Seal of Professional Surveyer: Certificate Number

PROPOSED DELAWARE

Lease Name: REMINGTON FEDERAL
County, State: EDDY, NM
Operator: CHI OPERATING INCORPORATED
Field: OLD MILLMAN RANCH
Reservoir: BONE SPRING
Location:

REMINGTON FEDERAL - OLD MILLMAN RANCH
#3



Chi Operating, Inc

Remington Federal #3

Sec. 3, T20S, R28E

660' FSL, 1980FWL

Eddy Co., N.M.

KB -'

GL - 3274'

17½" hole set 13 3/8" 48# @ 350'
Cmtd w/400 sks, circ. 75sks.

TOC - 2600' CBL

12¼" hole set 8 5/8" - 32# & 24# @ 3000'.
Cmtd w/1830 sks. Circ. 15 sks.

Delaware
Perfs to be added: 3570-3580'.

Delaware
Perfs to be added: 3890-3900'.

Perfs: 6230-6463' - 17 Holes
BHT - 118 deg.

Presently producing 18 bopd, 8 bwdp, 85 mcfpd from the 1st Bone Spring Sand (6230-463'). We request adding the Delaware Zones (3565-3605', 3890-3920') and commingle with Bone Spring. An exam of the offset logs shows no development of these Delaware Sands, thus no production. Based on Delaware logs with like neutron/density/lateral log characteristics, it is our estimate these sands will contribute an additional ±60 bopd, 120 mcfpd & 60 bwdp. The Delaware BHP is est. at a gradient of .4 psi/ft, GOR of 2:1, and an API gravity of 44, which is the same or very similar to the Bone Spring. (See attached production curve on Bone Spring).

Tubing: 2 3/8" 4.7#

PBTD-6655'

TD-6700' - 4 1/2" 10.5# J-55