Form 3,160-5 august 1999)

U ED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

SUNDRY NOTICES AND REPORTS ON WELLS

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

5	Lease	Serial	No

wv	DOLLAR	410.	

SF 077382

	s form for proposals to o Use Form 3160-3 (APD) fo		HEUEIV	6. [lf]Indian, Allo	ttee or Tribe Name
SUBMIT IN TRIPL	CATE—Other instruc		e side		Agreement, Name and/or No.
Oil Well Gas Well	Other		•	8. Well Name an	id No.
2. Name of Operator				Kutz Governn	nent #6S
Breck Operating Co. c/o Walsi				9. API Well No.	,
3a. Address		3b. Phone No. (include 505-327-4892	area code)	30-045-31726	
7415 E. Main, Farmington, NM, 87402 505 4. Location of Well (Footage, Sec., T., R., M., or Survey Description)		303-327-4092	327-4892 10. Field and Pool, or Exploratory Area Basin Fruitland Coal		
660' FSL and 1980' FEL, Sec.	- · · · · · · · · · · · · · · · · · · ·			11. County or Par	
	,		·	San Juan, NN	Л
12. CHECK API	PROPRIATE BOX(ES) TO IN	DICATE NATURE OF	F NOTICE, REPO	ORT, OR OTHER	DATA
TYPE OF SUBMISSION		TYP	E OF ACTION		
Notice of Intent	Acidize Alter Casing	Deepen Fracture Treat	Production	(Start/Resume)	Water Shut-Off Well Integrity
Subsequent Report	Casing Repair	New Construction	Recomplete		Other Surface Commingle
Final Abandonment Notice	Change Plans Convert to Injection	Plug and Abandon Plug Back	Temporarily Water Dispo		Commingie
13. Describe Proposed or Completed Oper If the proposal is to deepen directions Attach the Bond under which the won Following completion of the involved Testing has been completed. Final A determined that the site is ready for final Breck Operating propose with the Kutz Government	s to surface comming t #7 and #7J so they	gle the gas prod	uction from t	the Kutz Go	
14. I hereby certify that the foregoing is	true and correct				1. S. C.
	ompson, P.E.	Title		Agent	
Signature Land C. Thom		Date	Date November 25, 2003		
Approved by	THIS SPACE	FOR FEDERAL OR ST	ATE USE	Date	1.1
Conditions of approval, if any, are altached certify that the applicant holds legal or equivalent would entitle the applicant to dondure	itable title to those rights in the sub	warrant or Office oject lease	-bng.		((04
Title 18 U.S.C. Section 1001, make false, fictitious or fraudulent statement	it a crime for any person know	ingly and willfully to my matter within its juris	nake to any depart diction.	ment or agency o	f the United States any

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 #7
Kutz Government #7
Kutz Government #6S
Section 3, T27N, R10W

Dear Ms. Wrotenbery,

Breck Operating requests administrative approval to surface commingle the gas production from the above mentioned wells. The Kutz Government #7 and #7J wells were approved for commingling in Order R-10080. The Kutz Government #7 and #6S are both Basin Fruitland Coal wells and the Kutz Government #7J is a Fulcher Kutz Pictured Cliffs well.

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 #7. Allocation meters will be on all three wells. 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

The interests in the three wells are not identical. The revenue owners and their addresses are listed in Exhibit #1. A sample letter of the certified letter that was sent to each owner is attached at Exhibit #6.

2. Wells, Locations, and Lease numbers: Exhibit 2 is a plat showing the lease numbers for each well. All of the wells are on a Federal Mineral leases and on lands administrated by the Bureau of Land Management. The BLM has received a copy of this application. Please refer to Exhibit #7 for a copy of the Sundry Notice.

- 3. Schematic Diagram: Exhibit 3 is a schematic diagram of the proposed facilities.
- **4. 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. None of the wells have any heated surface production equipment.
- 5. Mechanical Integrity: The flow line from the Kutz Government #6S to the compressor will be approximately 2241' 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.
- 6. Production Gravity/BTU: A table of the actual production from the Kutz Government #7 and #7J is attached as Exhibit #4. The Kutz Government #6S 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 #7 and #7J is shown in Exhibit #5.
- 7. Allocation Formula: Since all three wells will have allocation meters, the production assigned to these wells will be the integrated volume from the allocation meter minus one-third of the compressor fuel gas and one-third of any purge gas.
- 8. Line Purging: We do not anticipate purging the line very often, but when we do the lost gas will be allocated equally between the wells.
- **9. 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 a tank.
- **10. Meter Calibration:** The allocation and CPD meters will be calibrated once each quarter. Williams Services will maintain and calibrate the CPD meter.
- 11. Gas Analysis Schedule: Williams will analyze the gas from the CPD meter twice a year.
- **12. Effective date:** The pipeline system will be put into service as soon as approval is received.

Sincerely,

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

Paul C. Thorn-

EXHIBIT 1 REVENUE INTEREST KUTZ GOVERNMENT 7 FRUITLAND COAL

3BL, LTD O BOX 911 3RECKENRIDGE TX 76424 CRANBERRY METHANE CORP 511 16TH 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
3RIDGETON 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 15TH ST AMARILLO TX 79102

JACK TURPIN 8600 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

EXHIBIT 1 REVENUE INTEREST KUTZ GOVERNMENT 7J PICTURE CLIFFS

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

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EXHIBIT 1 REVENUE INTEREST BRECK KUTZ GOVERNMENT 6S 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 O BOX 1600 AN ANTONIO TX 78296

BBL, LTD PO BOX 911 BRECKENRIDGE TX 76424 CONOCO INC. PO BOX 201940 HOUSTON TX 77216

CRANBERRY METHANE CORP 511 16TH 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 # Z SURFACE COMMINGLING KUTZ GOVERNMENT # 7, #75, \$ #65

E/2 Comm. AGREEMENT PC- Commings 14-08-001-4703-(Terminals)

	14-08-001-4703-(
5F-077	382
	5F-046563
Kutz Gout #75 30-045-21210	
# 7808 GDE -02223 FULCHER KUTZ PC	
SW/4 DEDICATION	
Kutz Gout #7 * 30-045-06915	Kutz Gout #65 30-045-31726
790 FSL \$ 1650 FWL PROP GOVE - 02223 BASIN FT GAL SF-0	\$ 660 FSL \$ 1980 FEL \$ ASIN FT GAL 177382 E/Z DEDICATION
W/Z DEDICATION	C/2 - C0)-C11111

SECTION 3, TZTH, RIOW

142 100 SHEETS

AMPALI

Cum Oil:

Cum Gas:

Kutz Gov'T #7\$75

Cum Water:

First Production Date:

Last Production Date:



Summary Production Report

Lease Name:

KUTZ GOVT

Lease Number:

002223

Operator Name:

BRECK OPERATING CORPORATI

10 2,583,859

AUG 1992

JUN 2003

State:

County: Field:

Status:

NEW MEXICO

SAN JUAN MULTIPLE

SUM0430452121077200

Production ID: Reservoir Name:

MULTIPLE **MULTIPLE**

Prod Zone: Basin Name:

SAN JUAN BASIN

ACTIVE GAS

Annual Production Year

Oil **BBLS**

Gas **MCF**

3,143

4,048

(34 years) Water

BBLS

1984

1989

10 943,999 39,112 57,529 50,262 44,161 45,683 26,078

24,311 17,308 16,840 1979 15,587

1980 12,565 1981 13,056 1982 4,889 1983 2,246

1985 4,782 1986 3,944 1987 5,450 1988 5,073

1990 2,833 1991 2,856 1992 56,937 1993 124,633

1994 101,160 1995 99,541 1996 145,608

1997 154,696 1998 142,167 1999 112,647

2000 98,774 2001 84,965 2002 80,474

1 of 9

TORRE ALTA EXHIBIT #5

Williams Energy Services Tulsa, Oklahoma CERTIFICATE OF ANALYSIS For production month 11/03

11/12/03 10:26:49

Analyzed Date: 11/20/02

P.02

000860

310738

505 632 4405

Operator:

Analysis ID:

PAGE

Station ID:

35521

Station Name: (47477) KUTZ GOVERNMENT #7 CDP

Analysis Source: 35521

Lab Indentifier: K487

Effective Date: 11/22/02

Sample On Date: 11/19/02 Sample Off Date: 11/19/02

Sample Type:

Component		Mol %	GPM
Helium		^	
CO		0.0000	
· ·		0.000	
C02		3.2570	
N2		0.2040	
Hydrogen Sulfide	(H2S)	0.0000	
Methane	(C1)	87.9910	
Ethane	(C2)	6.2270	1,664
Propane	(C3)	1.1770	0.324
I-butane	(IC4)	0.2540	0.083
N-butane	(NC4)	0.2860	
I-pentane	(IC5)		0.090
N-pentane		0.1290	0.047
	(NC5)	0.0970	0.035
Hexanes	(C6)	0.3780	0.165
Heptanes	(C7)		
Octanes	(C8)		
Nonanes	(C9)		
Decanes	(C10)		

TOTAL

100,0000

2.408

Calculation Parameters:

Specific Gravity @ 60 deg.F (AIR=1)

Ideal Gravity:

0.6501 0.6515

Sample Gravity:

Z Factor:

0.9974

BTU Calculated/cubic ft @ 60 deg.F Ideal BTU:

1077,0387

Dry BTU @ 14.730: 1079.8573

Remark: C6





ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting Lease Management Contract Pumping

January 9, 2004

7415 East Main Farmington, New Mexico 87402 (505) 327-4892 • Fax: (505) 327-9834

CERTIFIED - RETURN RECEIPT

Kukui Operating Co. PO Box 737 Ignacio CO 81137

Re:

Surface Commingling Application

Breck Operating Corp.

Kutz Government #7, #7J and #6S

Section 20, T28N R10W San Juan County, NM

Dear Mr. Hara,

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

Sincerely,

Paul C. Thompson, P.E.

Paul C. Thorse-

Agent for Breck Operating Co.

Conditions of Approval for Surface Commingling

- 1) Authorization is given for Surface Commingling only, a separate application must be filed for the pipeline connection.
- 2) Allocation Methodology must be done on an MMBTU basis.
- 3) Measurement of gas must be conducted in accordance with the requirements outlined in Onshore Order No. 3, Site Security and Onshore Order No. 5, Gas Measurement.
- 4) In order to prevent waste and conserve natural gas, periodic review of each well's venting procedures must be conducted in accordance with the requirements outlined in NTL-ADO-93-1.
- 5) No other wells can be added to this system without the prior approval of this office.
- 6) Contact this office in the event of any lost hydrocarbons between the wells and Central Delivery Point (CDP).