

DISTRICT I
P.O. Box 1980 Hobbs, NM 88241-1980

DISTRICT II
1111 South First St. Artesia NM 88210-2535

DISTRICT III
1000 Rio Brazos Rd. Aztec, NM 87410-1693

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

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

Form C-107-A
New 3-12-96

APPROVAL PROCESS

☒ Administrative ☐ Hearing

EXISTING WELLBORE

☒ YES ☐ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Conoco Inc.

10 Desta Dr. Ste 100W, Midland, Tx. 79705-4500

Operator

Address

Buttram

#3

Section 23, T-26-N, R-6-W, C

Rio Arriba

Lease

Well No

UNIT LTR Sec Two Hge

County

OGRID NO 005073

Property Code 003145

API NO

30-039-06426

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 | Basin Fruitland Coal 71629 | | Blanco Pictured Cliffs South 72439 |
| 2 TOP and Bottom of Pay Section (Perforations) | 2858-3148' | | 3155-3242 |
| 3 Type of production (Oil or Gas) | Gas | | Gas |
| 4 Method of Production (Flowing or Artificial Lift) | To Flow | | Flowing |
| 5 Bottomhole Pressure | a (Current) | | |
| Oil Zones - Artificial Lift | 1160 | | 301 |
| Gas & Oil - Flowing | | | |
| All Gas Zones | b (Original) | | 1197 |
| Estimated Or Measured Original | 1160 | | |
| 6 Oil Gravity (°API) or Gas BT Content | 1250 | | 1180 |
| 7 Producing or Shut-In? | To be completed | | Producing |
| Production Marginal? (yes or no) | Expected to be | | Yes |
| • If Shut-In give date and oil/gas/water rates of last production | Date Rates | Date Rates | Date Rates |
| Note: For new zones with no production history applicant shall be required to attach production estimates and supporting data. | | | |
| • If Producing, date and oil/gas/water rates of recent test (within 60 days) | Date Rates | Date Rates | Date Rates |
| | Incremental Prod by Subtraction - Estimated 1st year 135 MCFD, 0 BW, 0 BO | | Mid-Year Avg rates-See table - 6.98 14 MCFD, 0 BW, 0 BO |
| 8 Fixed Percentage Allocation Formula - % for each zone | % Gas | % Gas | % Gas |

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
Have all offset operators been given written notice of the proposed downhole commingling? ☒ 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 others ☒ 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 all offset operators.
- 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

Kay Maddox

TITLE Regulatory Agent

DATE

8/11/98

TYPE OR PRINT NAME

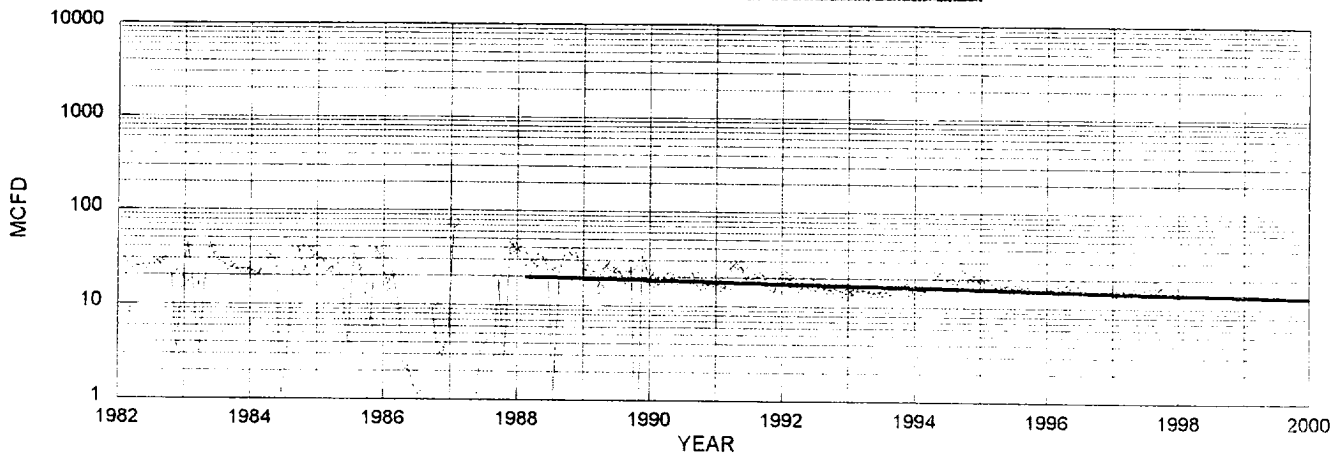
Kay Maddox

TELEPHONE NO

(915)

686-5798

**BUTTRAM NO. 3 PICTURED CLIFFS PRODUCTION
SECTION 23C-26N-06W**



— PICTURED CLIFFS MCFD — FIT MCFD

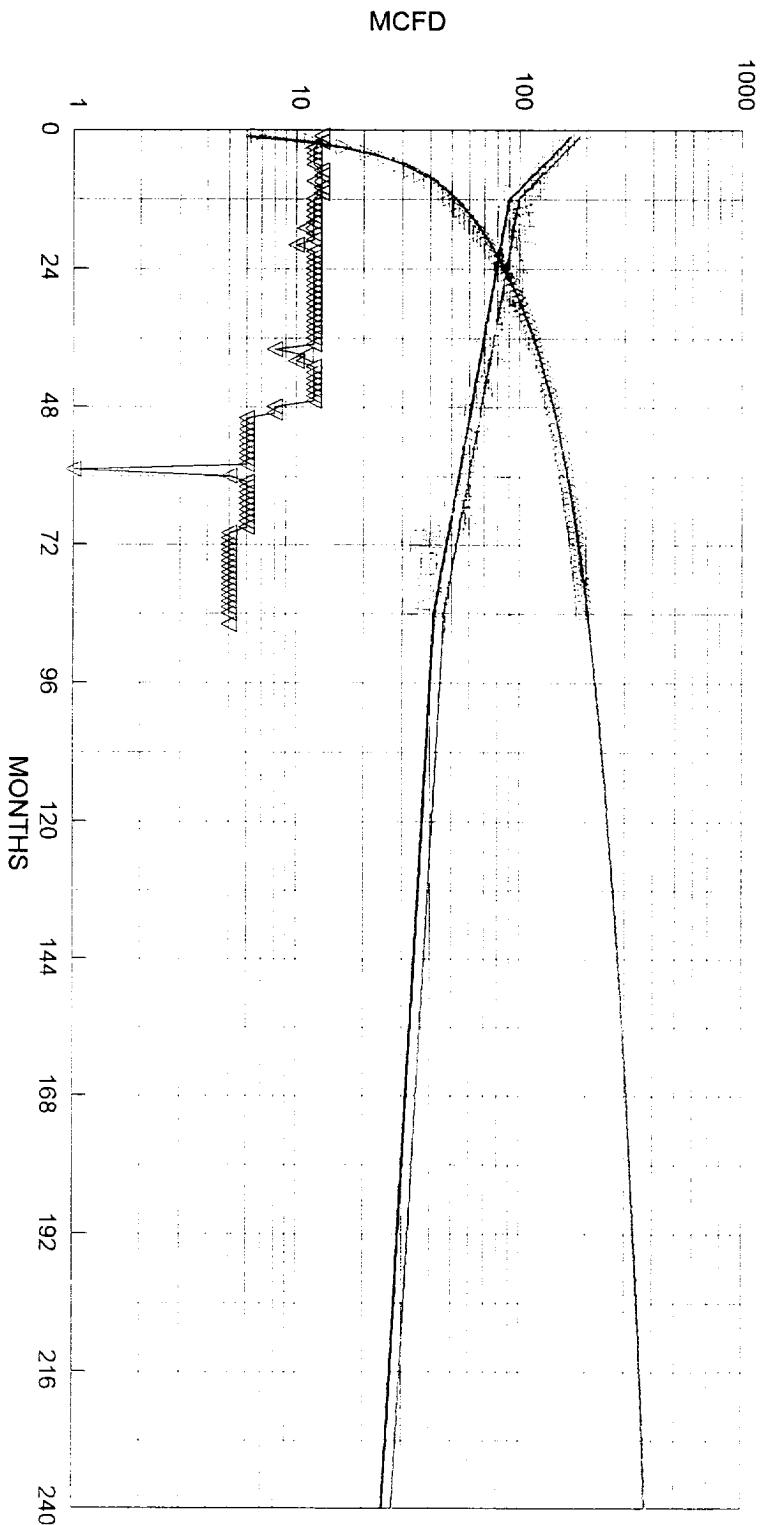
FIELD : BLANCO SOUTH (PICTURED CLIFFS)

| PC HISTORICAL DATA: | | PC PROJECTED DATA | |
|---------------------|----------------------------|-------------------|--------------------|
| OIL CUM: | 0.00 MBO | 1/1/98 Q1: | 14 MCFD |
| GAS CUM: | 355.6 MMCF (SINCE '70) | DECLINE RATE: | 3.5% (EXPONENTIAL) |
| CUM OIL YIELD: | 0.0000 BBL/MCF | | |
| OIL YIELD: | 0.0000 BBL/MCF, LAST 3 YRS | | |
| AVG. USED: | 0.0000 BBL/MCF | | |
| GAS CUM: | 1205.5 MMCF (SINCE '53) | | |

PRODUCTION FORECAST FOR SUBTRACTION METHOD COMMINGLE ALLOCATION

| YEAR | MID-YEAR | MID-YEAR |
|------|-----------|-----------|
| | AVG. MCFD | AVG. BOPD |
| 1998 | 13.8 | 0.0 |
| 1999 | 13.3 | 0.0 |
| 2000 | 12.8 | 0.0 |
| 2001 | 12.4 | 0.0 |
| 2002 | 12.0 | 0.0 |
| 2003 | 11.5 | 0.0 |
| 2004 | 11.1 | 0.0 |
| 2005 | 10.7 | 0.0 |
| 2006 | 10.4 | 0.0 |
| 2007 | 10.0 | 0.0 |
| 2008 | 9.7 | 0.0 |
| 2009 | 9.3 | 0.0 |
| 2010 | 9.0 | 0.0 |
| 2011 | 8.7 | 0.0 |
| 2012 | 8.4 | 0.0 |
| 2013 | 8.1 | 0.0 |
| 2014 | 7.8 | 0.0 |
| 2015 | 7.5 | 0.0 |
| 2016 | 7.3 | 0.0 |
| 2017 | 7.0 | 0.0 |
| 2018 | 6.8 | 0.0 |
| 2019 | 6.5 | 0.0 |
| 2020 | 6.3 | 0.0 |
| 2021 | 6.1 | 0.0 |
| 2022 | 5.9 | 0.0 |
| 2023 | 5.7 | 0.0 |
| 2024 | 5.5 | 0.0 |
| 2025 | 5.3 | 0.0 |
| 2026 | 5.1 | 0.0 |
| 2027 | 4.9 | 0.0 |
| 2028 | 4.7 | 0.0 |
| 2029 | 4.6 | 0.0 |
| 2030 | 4.4 | 0.0 |
| 2031 | 4.3 | 0.0 |
| 2032 | 4.1 | 0.0 |

NORMALIZED FRUITLAND COAL PRODUCTION
13 WELLS SINCE 1990; TOWNSHIP 26N RANGE 6&7 W



— FIT MCFD NORMALIZED MCFD NORM CUM MMCF
 ▨ WELLS ON PRODUCTION — FIT CUM MMCF — RISKED MCFD

NORMALIZED AVG:

442 MMCF EUR
 377 MMCF IN 20 YRS
 20 MCFD E.L.
 0.0000 bbl/mcf oil yield

RISKED AVG:

10% RISK

380 MMCF EUR
 340 MMCF IN 20 YRS
 20 MCFD E.L.
 0.0000 bbl/mcf oil yield

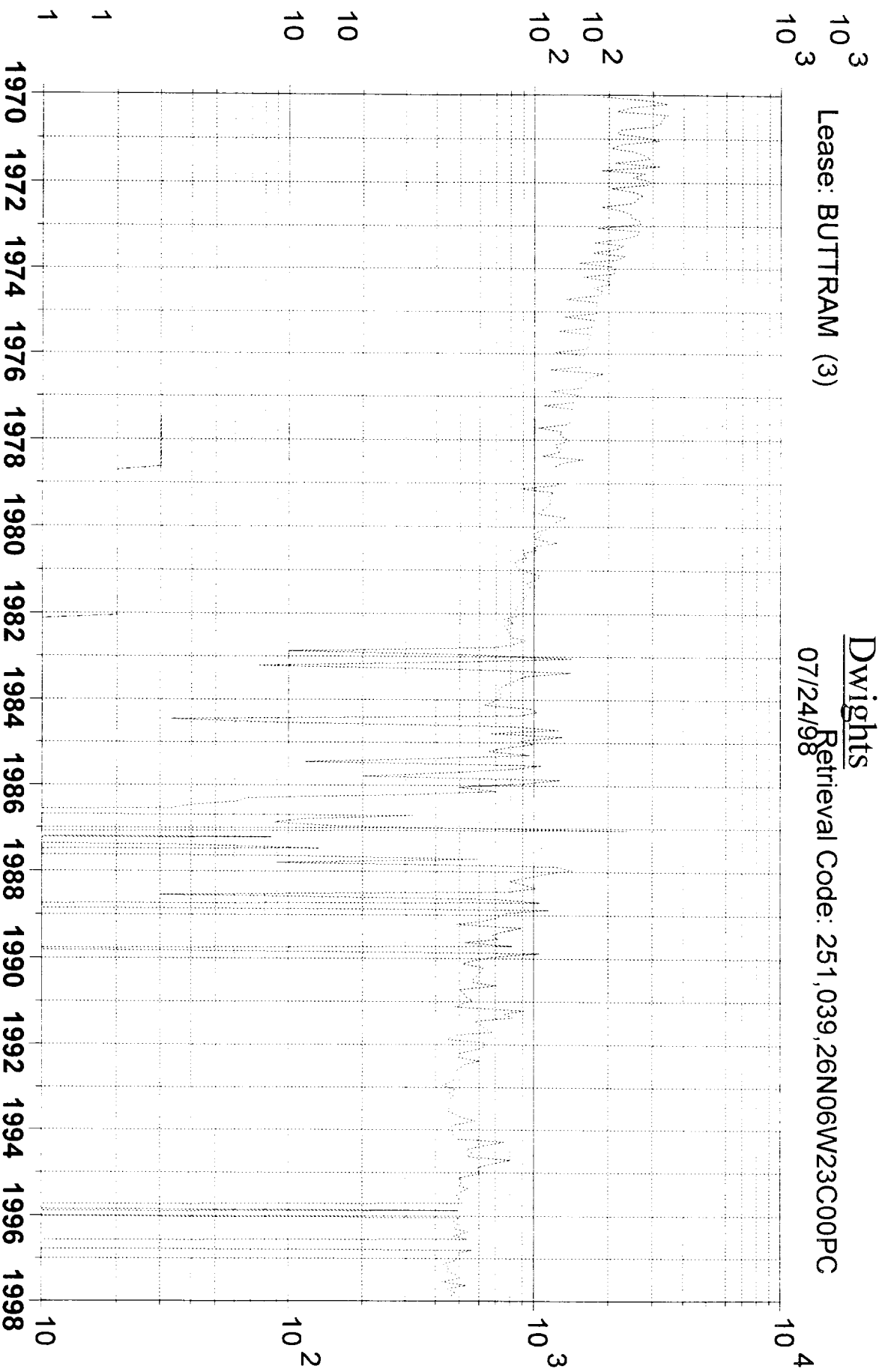
180 MCFD IP

50.0% DECLINE, 1ST 12 MONTHS
 12.0% DECLINE, NEXT 72 MONTHS
 4.0% FINAL DECLINE

Dwights

Retrieval Code: 251,039,26N06W23C00PC
07/24/98

Lease: BUTTRAM (3)



Oil (bbl/mo)

Water (bbl/mo)

County: RIO ARRIBA, NM

F.P. Date: 12/53

Gas (mcf/mo)

Field: BLANCO SOUTH (PICTU Oil Cum: 0 bbl

Reservoir: PICTURE CLIFFS

Gas Cum: 1205 mmcf

Operator: CONOCO INC

Location: 23C 26N 6W

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer DD, Artesia, NM 88211-0719

District III
1900 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 21, 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 30-039-06426 | | 2 Pool Code 71629 | 3 Pool Name Basin Fruitland Coal |
| 4 Property Code 003145 | 5 Property Name Buttram | | 6 Well Number #3 |
| 7 OGRID No. 005073 | 8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500 | | 9 Elevation DF 6809' |

10 Surface Location

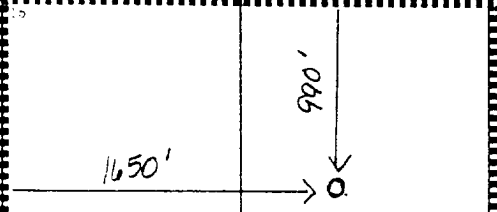

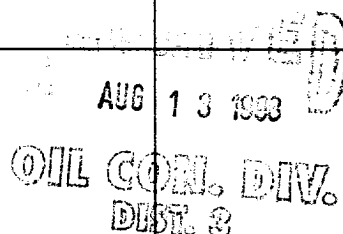
| | | | | | | | | | |
|--------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|------------|
| UL or lot no | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| C | 23 | 26N | 6W | | 990' | North | 1650' | West | Rio Arriba |

11 Bottom Hole Location If Different From Surface

| | | | | | | | | | |
|--------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot no | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| | | | | | | | | | |

| | | | |
|---------------------------|--------------------|-----------------------|--------------|
| 12 Dedicated Acres 320 | 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

| | | | | | |
|--|--|--|--|---|--|
|  <p>1650'</p> <p>990'</p> | | | | 17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature Kay Maddox Printed Name Regulatory Agent Title July 29, 1998 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 | |

NEW MEXICO
OIL CONSERVATION COMMISSION

Gas Well Plat

Date ~~March 16, 1934~~

~~Pubco Development, Inc.~~ ~~Federal Buttram~~ ~~21-2~~
Operator Lease Well No. #3

Name of Producing Formation ~~So. Blanco~~ ~~Pictured Cliffs~~ Pool ~~Pictured Cliffs~~

No. Acres Dedicated to the Well 1.60

Indicate Land Ownership Status. (Federal, State, Patented)

SECTION 22 TOWNSHIP 26.3 RANGE 6N

| | | | |
|--|--|--|--|
| | | | |
| | | | |
| | | | |
| | | | |

RECEIVED
AUG 10 1933
OIL CON. DIV.
BOL. 6

RECEIVED
MAR 28 1934
PUBCO DEVELOPMENT

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

Name M. E. Maxwell Jr.
Position Supt. Prod. Dept.
Representing Pubco Development, Inc.
Address Box 344, Aztec, New Mexico

Buttram #3
Section 23, T-26-N, r-6-W, C
Rio Arriba County, NM
API # 30-039-06426

RE: Application to Downhole Commingle

Offset Operators:

Burlington Resources
PO Box 4289
Farmington, NM 87499

Little Oil & Gas
PO Box 258
Farmington, NM 87499-1258

Caulkins Oil Co.
1600 Broadway STE 1400
Denver, CO 80202-4927