

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

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

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

DISTRICT II
811 South First St., Artesia, NM 88210-2835

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

APPROVAL PROCESS:
☒ Administrative ☐ Hearing

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

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE
☒ YES ☐ NO

CENTRAL RESOURCES, INC., PO BOX 2810, FARMINGTON, NEW MEXICO 87499
Operator Address

SF 079161 CANDADO #24 M Sec. 9, T26N - R7W RIO ARRIBA
Lease Well No. Unit Ltr. - Sec - Twp - Rge County

OGRID NO. 003939 Property Code 014006 API NO. 30-039-22133 Federal ☒ State ☐ (and/or) Fee ☐
Spacing Unit Lease Type: (check 1 or more)

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	Otero Chaca		Mesaverde
2. Top and Bottom of Pay Section (Perforations)	3076' - 3172'		4124' - 4550'
3. Type of Production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated or Measured Original	(Current) a. 367 psia (shut in test 8/93) (Original) b. 1018 psig (8 day SI)		528 psia 5/27/97 1098 psig (16 day SI)
6. Oil Gravity (" API) or Gas BTU Content	1221 BTU		1200 BTU
7. Producing or Shut-in?	Shut-in		Producing
Production Marginal? (yes or 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 If Producing, give date and oil/gas/ water rates of recent test (within 60 days)	Yes Date: 9/94 Rates: 3 MCFD		No 4/30/97 25 MCFD
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 0 % Gas: 7.1 %	Oil: % Gas: %	Oil: 100 % Gas: 92.9 %

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 other? ☒ Yes ☐ No

13. Will the value of production be decreased by commingling? ☐ Yes ☒ No

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 Thomas W. DeLong TITLE Superintendent/Engineer DATE June 2, 1997
TYPE OR PRINT NAME: Thomas W. DeLong TELEPHONE NO. (505) 326-3325

All distances must be from the outer boundaries of the Section.

Operator BOLIN OIL COMPANY			Lease CANDADO			Well No. 24		
Unit Letter M	Section 9	Township 26N	Range 7W	County Rio Arriba				
Actual Footage Location of Well: 1070 feet from the South line and 830 feet from the West line								
Ground Level Elev. 6120	Producing Formation Chacra		Pool Otero		Dedicated Acreage: 160 Acres			

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.

Sec.		9
830'		
1070'		

RECEIVED
AUG 25 1980
GEOLOGICAL DEPT.

CERTIFICATION

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

Name
H. P. Crumley
Position
Geologist
Company
BOLIN OIL COMPANY
Date
8/20/80

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 knowledge and belief.

Date Surveyed
July 1980
Registered Professional Geologist
and/or Land Surveyor
1950
FRANK R. KENNEDY, JR.
Certificate No. **11**

All distances must be from the outer boundaries of the Section.

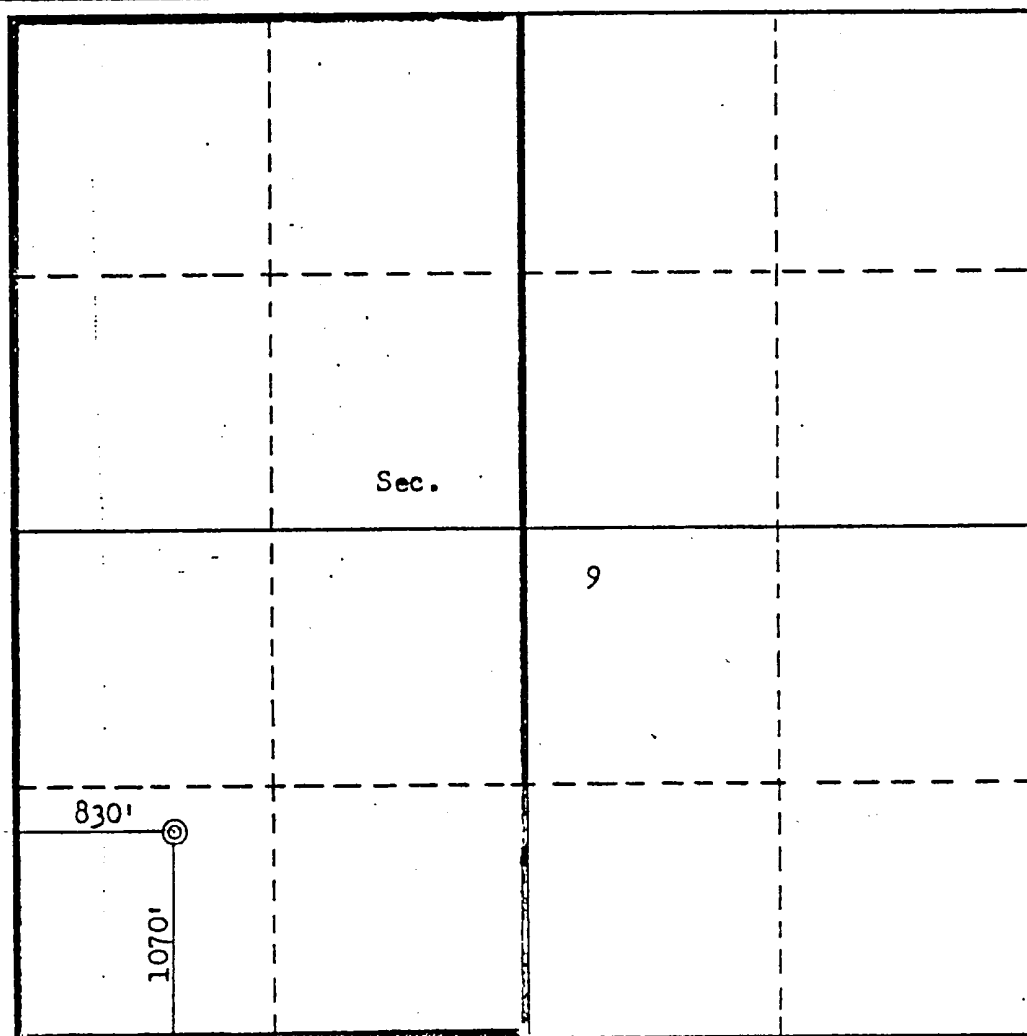
Operator BOLIN OIL COMPANY			Lease CANDADO		Well No. 24
Unit Letter M	Section 9	Township 26N	Range 7W	County Rio Arriba	
Actual Footage Location of Well: 1070 feet from the South line and 830 feet from the West line					
Ground Level Elev. 6120	Producing Formation Mesa Verde		Pool Blanco	Dedicated Acreage: 320 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Name
F. P. Crum Jr.

Position
Geologist

Company
BOLIN OIL COMPANY

Date
8/1/79

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 knowledge and belief.

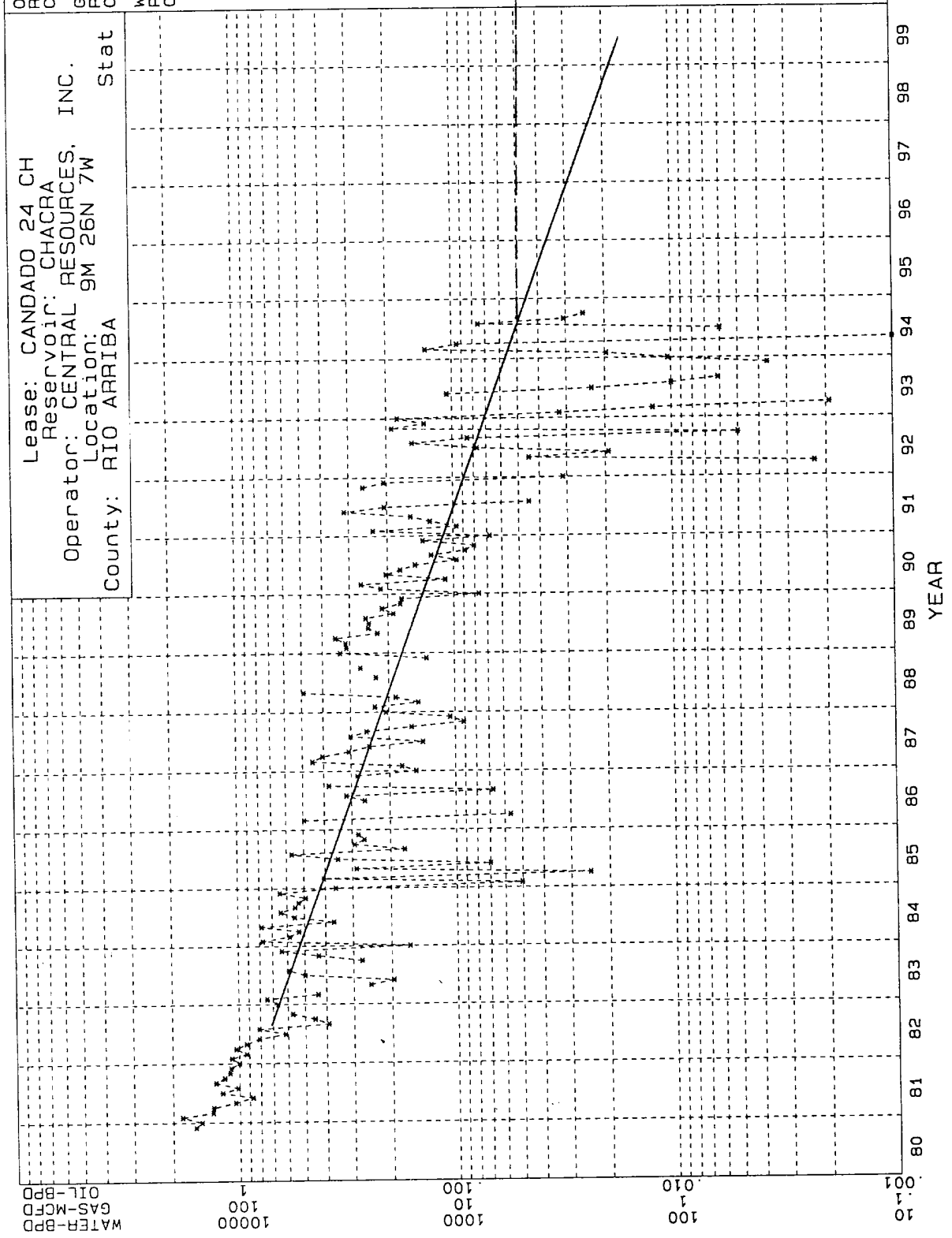
Date Surveyed
July 1979
Registered Professional Engineer and/or Land Surveyor
[Signature]
3950

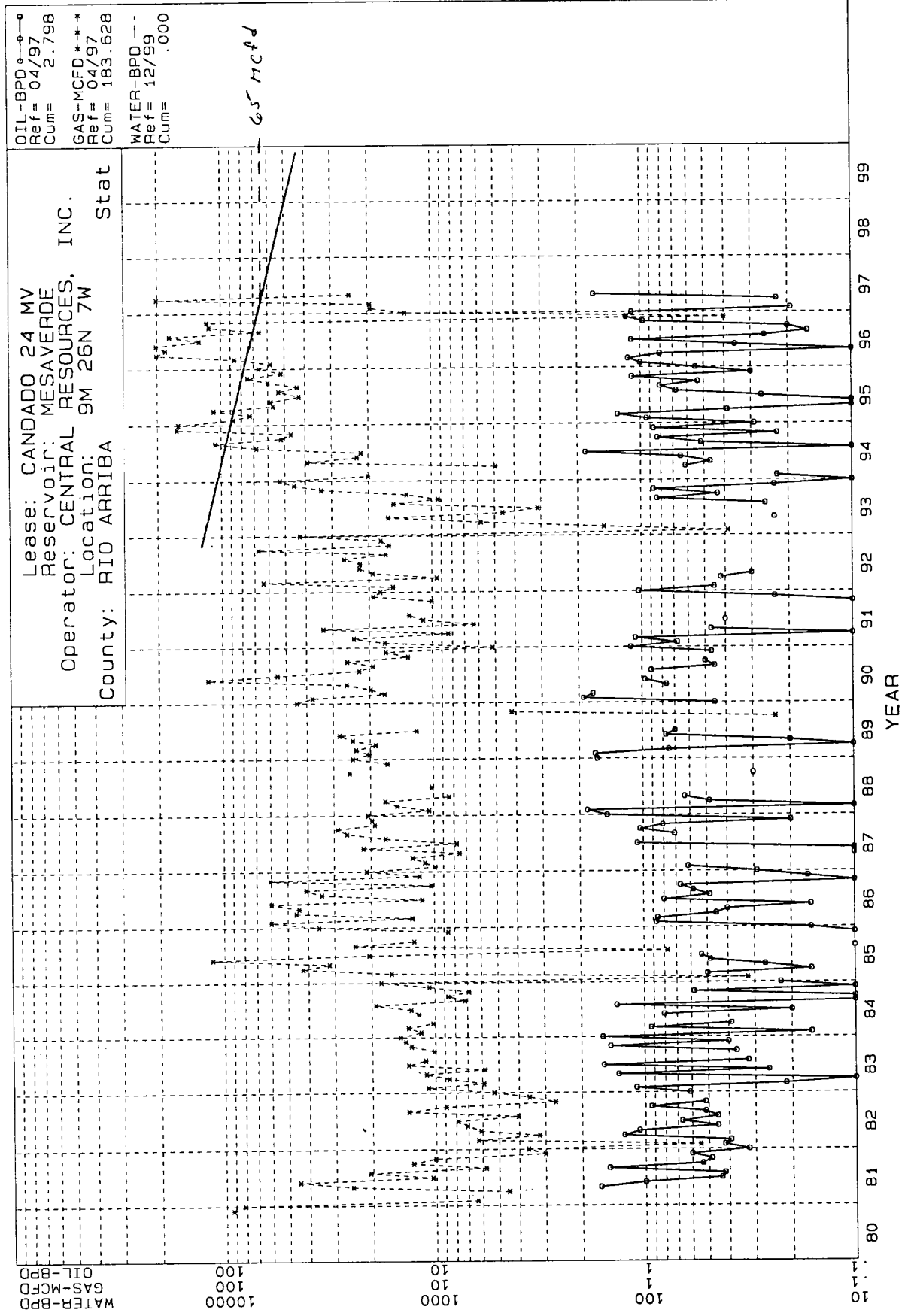
0 330 660 990 1320 1650 1980 2310 2640 2970 3300 3630 3960 4290 4620 4950 5280 5610 5940 6270 6600

OIL-BPD ---
 Ref= 12/99
 Cum= .000
 GAS-MCFD ---
 Ref= 12/95
 Cum= 153.456

Lease: CANDADO 24 CH
 Reservoir: CHACRA
 Operator: CENTRAL RESOURCES, INC.
 Location: 9M 26N 7W
 County: RIO ARriba
 Stat

WATER-BPD ---
 Ref= 12/99
 Cum= .000





Candado No. 24
Allocation Formula

The recommended allocation of production back to the Chacra and Mesaverde formations is based on the percentage of gas historically produced from each formation to the total amount of gas produced from the wellbore.

The monthly values were individually divided by the sum of the values and multiplied by 100 to get the percentage production for each formation. This procedure is outlined arithmetically below.

$$\text{Chacra Allocation} = \frac{\text{Chacra Prod.}}{\text{Chacra} + \text{Mesaverde Prod.}} \times 100\%$$

Referring to the performance curves for both zones and using the production values, the allocation factors are determined as follows:

$$\text{Mesaverde Allocation} = \frac{\text{Mesaverde Prod.}}{\text{Chacra} + \text{Mesaverde Prod.}} \times 100\%$$

$$\text{Chacra Allocation} = \frac{152 \text{ mcf/m}}{(152 + 1976) \text{ mcf/m}} \times 100\% = \underline{7.1 \%}$$

$$\text{Mesaverde Allocation} = \frac{1976 \text{ mcf/m}}{(1976 + 152) \text{ mcf/m}} \times 100\% = \underline{92.9 \%}$$

[illegible]

Acreage Dedication Plat Showing Offset Ownership

Unit M, Section 9, T26N, R7W

Rio Arriba County, New Mexico

Candado No. 24
OFFSET OPERATORS

Burlington Resources
W. B. Hamilton
Little Oil & Gas
Louis Dreyfus Gas Holdings Inc
Universal Resources Corp.

Candado No. 24
Mesaverde Formation

American West Oil & Gas
C. W. Bolin Properties, Ltd.
Dan H. Bolin
D. P. Bolin
Dolores Bolin Estate
Pat S. Bolin
R. L. Bolin
H. Kirk Brown, III
Central Resources, Inc.
Louis Dreyfus Gas Holdings Inc
Dugan Production Company
Minerals Managemnt Service
Petrox Resources, Inc.
RKC, Inc.
Tipperary Oil & Gas Corp.

Candado No. 24
Otera Chacra Formation

American West Oil & Gas
C. W. Bolin Properties, Ltd.
Dan H. Bolin
D. P. Bolin
Dolores Bolin Estate
Pat S. Bolin
R. L. Bolin
H. Kirk Brown, III
Central Resources, Inc.
Minerals Managemnt Service
Petrox Resources, Inc.
RKC, Inc.
Tipperary Oil & Gas Corp.