

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

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

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

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APR 21 1998

OIL CON. DIV.

DIST. 3

State of New Mexico  
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

Operator Dugan Production Corp. Address P. O. Box 420, Farmington, NM 87499-0420

Lease Mona Lisa Well No. 2 Unit Ltr. - Sec - Twp - Rge J-14-26N-7W County Rio Arriba

OGRID NO. 006515 Property Code 21582 API NO. 30-039-25745 Spacing Unit Lease Types: (check 1 or more) Federal ☒ State ☐ Land/Orl Fee ☐

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
	DHC MV-R-10963	Subject Zone	DHC Dakota - R-10963
1. Pool Name and Pool Code	Blanco Mesaverde 72319	Ice Canyon Gallup 93235	Basin Dakota 71599
2. Top and Bottom of Pay Section (Perforations)	Approximately 4600'-4740'	Approximately 5730'-6000'	Approximately 6620'-6765'
3. Type of production (Oil or Gas)	Gas & Condensate	Gas & Condensate	Gas & Condensate
4. Method of Production (Flowing or Artificial Lift)	Flowing	Flowing	Flowing
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a. (Current) Not completed b. (Original) 1087 psia (est)	a. Not completed b. 1388 psia (est)	a. Not completed b. 2680 psia (est)
6. Oil Gravity (°API) or Gas BTU Content	1279 BTU/SCF (est)	1250 BTU/SCF (est)	1249 BTU/SCF (est)
7. Producing or Shut-In?	Not completed	Not completed	Not completed
Production Marginal? (yes or no)	Anticipated to be	Anticipated to be	Anticipated to be
• 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: See R-10963 Rates: 74 MCFD + 0.6 BCPD (est)	Date: See attached Rates: 63 MCFD + 0.6 BCPD (est)	Date: See R-10963 Rates: 118 MCFD + 0.9 BCPD (est)
• If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: Rates:	Date: Rates:	Date: Rates:
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 30 % Gas: 30 %	Oil: 25 % Gas: 25 %	Oil: 45 % Gas: 45 %

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 (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. NMOC Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). R-10963, R-10239

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 John Alexander TITLE Vice-President DATE 4/13/98

TYPE OR PRINT NAME John Alexander TELEPHONE NO. ( 505 ) 325-1821