

ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting Lease Management Contract Pumping

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

June 1, 2001

Ms. Lori Wrotenbery NM Oil and Gas Conservation Division 1220 South St. Francis Dr. Santa Fe, NM 87505

Re:

Surface Commingling

Breck Operating Company

Marshall B #1 - I-14-27 Marshall B #1J _0_14 27

SE/4 Section 14, T27N, R9W



Dear Ms. Wrotenbery,

Breck Operating requests permission to surface commingle the gas production from the above mentioned South Blanco Pictured Cliffs wells.

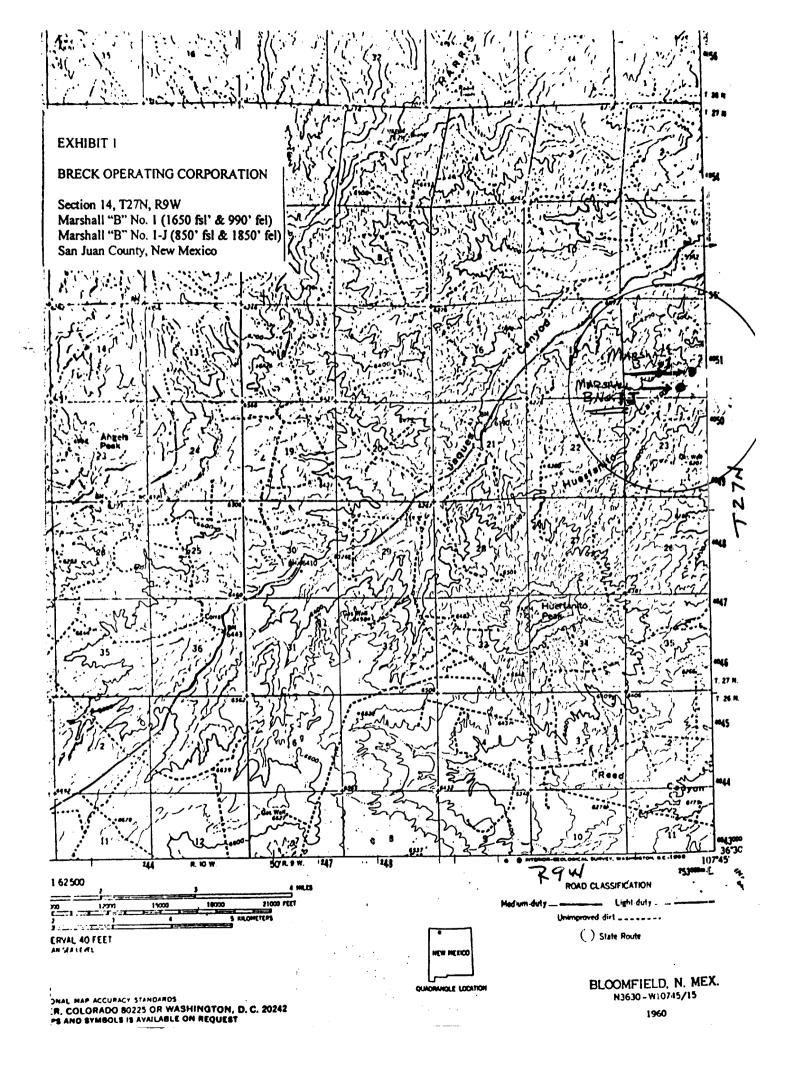
- 1. Proposed System: The wells are to be commingled upstream from a CPD meter so they can utilize a common compressor. The CPD meter will be on the Marshall B #1J location and an allocation meter will be on the Marshall #1 location. The gas flows into El Paso Field Services' gathering system and they will maintain the CPD meter. The wells do not produce any liquid hydrocarbons. The working and revenue interests are common between the two wells. The actual commercial value of the commingled production will not be less than the sum of the values of the production from each well.
- 2. Location Map: Exhibit 1 is a topographic map showing the location of the two wells.
- 3. Wells, Locations, and Lease numbers: Exhibit 2 is a form C-102 for each well. Both 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 and given their approval.
- Exhibit 3 is a schematic diagram of the proposed facilities. 4. Schematic Diagram:



- 5. 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. The separator on the Marshall B #1J uses approximately 0.5 MCFD of fuel for the heater and dump controls.
- 6. Mechanical Integrity: The flow line from the Marshall B #1 to the compressor will be a 2" poly line with a pressure rating of 250 psig. The pipeline will be tested to the maximum wellhead pressure of either well.
- 7. Production Gravity/BTU: A table of the wells actual production is attached as Exhibit #4. A gas analysis showing the wells gas gravity and BTU content is shown in Exhibit #5.
- 8. Allocation Formula: The Marshall B #1 well will have an allocation meter. The production assigned to this well will be the integrated volume from the allocation meter minus one-half of the compressor fuel gas and one-half of any purge gas. The volume allocated to the Marshall B #1J will be the integrated volume from the CPD meter minus the volume allocated to the Marshall B #1, plus one half of the compressor fuel gas usage, one-half of any purge gas, and all of the separator fuel.
- 9. Line Purging: We do not anticipate purging the line very often, but when we do the lost gas will be allocated between the two wells.
- 10. Purged Fluids: We do not anticipate having to purge the system, however any fluids purged will be natural gas, condensate, and produced water. If at all possible, any line purging will be done to the pit.
- 11. Meter Calibration: The allocation and CPD meters will be calibrated once each quarter. El Paso Field Services will maintain and calibrate the CPD meter.
- 12. Gas Analysis Schedule: El Paso will analyze the gas from both wells twice a year.
- 13. 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.



District I PO Box 1900, Bobbs, NM 80341-1900 District II PO Drewer DD, Artesia, NM 80211-0719 District III 1000 Rio Brame Rd., Aster, NM 87416

State of New Mexico Energy, Macrole & Natural Reservos Department

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

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

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NM -011808

Certificate Number

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State of New Mexico Energy, Macrale & Natural Resources Department

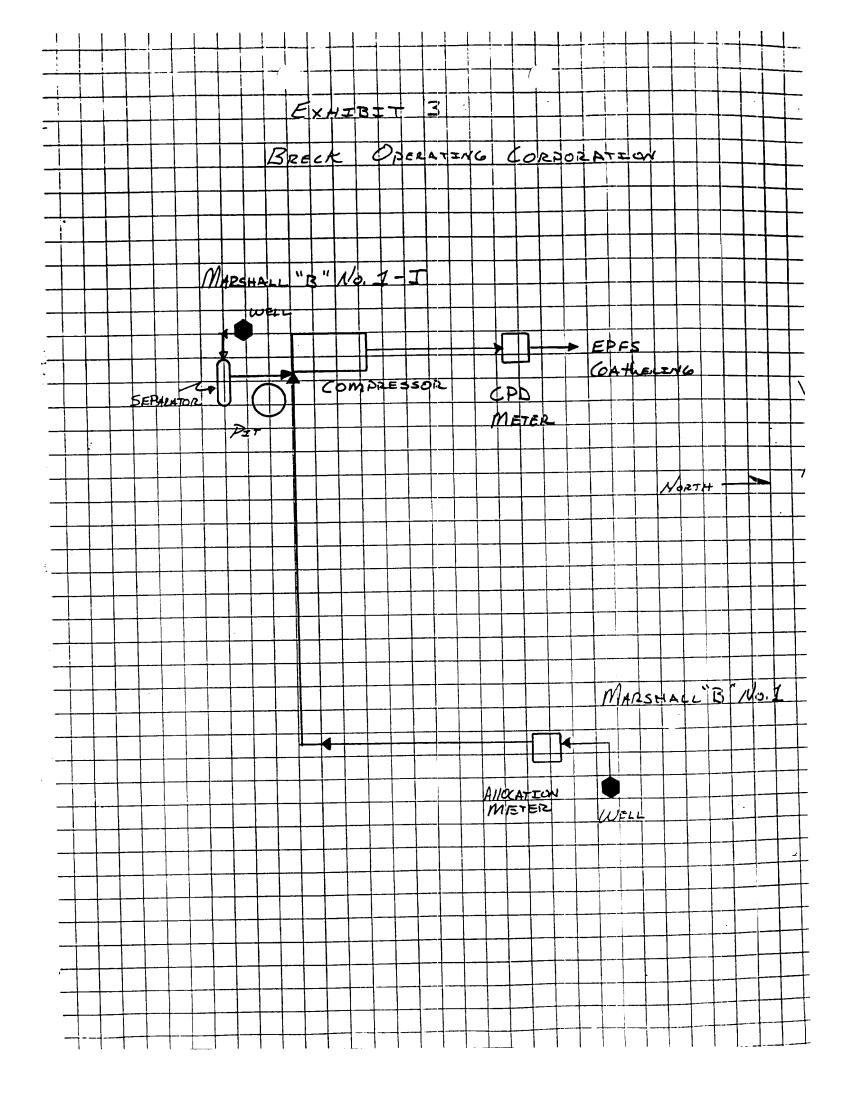
OIL CONSERVATION DIVISION

Form C-102 Revised February 10, 1994 lastructions on back

Submit to Appropriate District Office

District III 1000 Rio Brusso Rd., Astoc, NM 97410 District IV		PO Box 2088 Santa Fe, NM 87504-2088					оши ю <i>л</i>	State Lease • 4 Copies Fee Lease • 3 Copies				
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Certificate Number



SAN JUAN NM MARSHALL B 1 BRECK OPERATING CORPORATION **ACTIVE**

NOV 1957

FEB 2001

SW NE SE

1

571,430

Production Report

MARSHALL B Lease Name: Lease Number: 2225 BRECK OPERATING CORPORAT Operator Name: State: **NEW MEXICO** County: SAN JUAN **BLANCO SOUTH** Field: Sec Twn Rng: 14 27N 9W Latitude/Longitude: Regulatory #: 2225 API: 30045064830000 Production ID: 2300430450648372439 Reservoir Name:

Prod Zone: Prod Zone Code:

Basin Name: Gas Gatherer:

Liquid Gatherer:

Status:

1992

1993

PICTURED CLIFFS PICTURED CLIFFS

604PCCF SAN JUAN BASIN

ELPS

GAS **ACTIVE**

Well Number:

Cum Oil: Cum Gas:

Cum Water:

First Production Date: Last Production Date:

Spot:

Lat/Long Source: Completion Date:

Total Depth: 2178 2064 Upper Perforation: Lower Perforation: 2122

Gas Gravity: Oil Gravity: Temp Gradient: N Factor: GOR:

(32 years) **Annual Production** Oil Gas Water Year

MCF BBLS BBLS

2,587

2,884

Beginning 396,993 Cum: 21,777 1970 19,241 1971 18,084 1972 1973 15,117 15,065 1974 9,187 1975 7,596 1976 1977 6,070 6,711 1978 5,356 1979 4,442 1980 1981 4,390 3,307 1982 1983 2,333 3,032 1984 1985 4,060 1,160 1986 1,199 1987 981 1988 1989 2,343 1990 3,446 984 1991

1 of 3

1994	2,462	
1995	1,864	
1996	1,455	
1997	1,532	
1998	1,498	
1999	1,867	
2000	2,074	
2001	333	
Totals:	 	
	571,430	

Monthly Prod	uction (Mos	st recent 48 of 374	4 months)				
Date MO/YR	Oil BBLS	Gas MCF	Water BBLS	Cond Yld BBLS/MCF	% Water	# of Wells	Days on
FEB 1997		119				1	27
MAR 1997		144				1	30
APR 1997		128				1	24
MAY 1997		126				1	26
JUN 1997		75				1	17
JUL 1997		126				1	19
AUG 1997		173				1	23
SEP 1997		101				1	20
OCT 1997		149				1	24
NOV 1997		133				1	23
DEC 1997		103				1	20
Totals:							
1997		1,532					
JAN 1998		97				1	20
FEB 1998		118				1	22
MAR 1998		93				1	25
APR 1998		133				1	24
MAY 1998		109				1	30
JUN 1998		117				1	27
JUL 1998		109				1	28
AUG 1998		71				1	21
SEP 1998		115				1	26
OCT 1998		157				1	31
NOV 1998		190				1	28 30
DEC_1998		189				1	30
Totals: 1998		1,498					
						1	20
JAN 1999		162				1	29 24
FEB 1999		115				1 1	28
MAR 1999		133					2.6 27
APR 1999		127				1 1	30
MAY 1999		146				1	29
JUN 1999		134				1	25
JUL 1999		96 328				1	24
AUG 1999		170				1	29
SEP 1999 OCT 1999		179				1	31
NOV 1999		128				1	26
DEC 1999		149				1	26
Totals:		177				_	
i Otais.				2 -62			

2 of 3

	1999	1,867		
JAN	2000	251	1	31
FEB	2000	206	1	29
MAR	2000	197	1	30
APR	2000	159	1 -	27
MAY	2000	143	1	30
JUN	2000	119	1	24
JUL	2000	179	1	30
AUG	2000	132	1	29
SEP	2000	171	1	30
OCT	2000	163	1	30
	2000	187	1	30
	2000	167	1	28
	otals:			
	2000	2,074		
JAN	2001	159	1	30
FEB	2001	174	1	28
7	Totals:			
	2001	333		

Production Report

MARSHALL B Well Number: **1**J Lease Name:

Cum Oil: Lease Number: 2225

BRECK OPERATING CORPORAT Cum Gas: 340,285 Operator Name:

NEW MEXICO Cum Water: State:

First Production Date **AUG 1974** County: SAN JUAN **BLANCO SOUTH** Last Production Date: FEB 2001 Field: 14 27N 9W Spot: NE SW SE

Sec Twn Rng: Lat/Long Source: Latitude/Longitude:

Completion Date: Regulatory #: 2225

Total Depth: 2192 API: 30045213720000 Upper Perforation: 2054 Production ID: 2300430452137272439

2096 Reservoir Name: PICTURED CLIFFS Lower Perforation: Gas Gravity: Prod Zone: PICTURED CLIFFS

Prod Zone Code: 604PCCF Oil Gravity:

Temp Gradient: Basin Name: SAN JUAN BASIN N Factor: Gas Gatherer: **ELPS**

ACTIVE GAS Status:

GOR:

Annual Production (28 years) Water Oil Gas Year **MCF BBLS BBLS**

Beginning Cum: 1974 20,489 33,242 1975 25,133 1976 1977 20,702 18,383 1978 1979 17,026 1980 13,365 13,939 1981 11,023 1982 6,504 1983 8,737 1984 13,956 1985 4,535 1986

1988 4,113 9,331 1989 9,471 1990 2,551 1991 10,982 1992 12,304 1993

1994 13,435 1995 11,254 7,210 1996

Liquid Gatherer:

1987

1997 1 of 3

12,290

3,752

1998	7,569	
1999	10,905	
2000	15,885	
2001	2,199	
Totals:		
	340,285	

Monthly Prod	uction	(Most recent 48 of 3	(10 months)				
Date	Oil	Gas	Water	Cond Yld	% Water	# of	Days
MO/YR	BBLS	MCF	BBLS	BBLS/MCF	70 Water	Wells	on
							~
FEB 1997		1,043				1	27
MAR 1997		1,129				1	30
APR 1997		938				1	21
MAY 1997		1,130				1	30
JUN 1997		612				1	14
JUL 1997		736				1	16
AUG 1997		939				1	18
SEP 1997		1,094				1	21
OCT 1997		1,236				1	22
NOV 1997		1,114				1	22
DEC 1997		1,158				1	21
Totals:							
1997	·	12,290					
1431 1000		1.020				1	2.1
JAN 1998		1,038				1	21
FEB 1998		324				1	9
MAR 1998		720				1	16
APR 1998		760				1	21
MAY 1998		840				1	21
JUN 1998		860				1	18
JUL 1998		695				1	15
AUG 1998		232				1	5
SEP 1998		316				1	9
OCT 1998		92				1	2
NOV 1998		861				1	17
DEC 1998		831				1	19
Totals: 1998		7,569					
JAN 1999		735				1	22
FEB 1999		473				1	14
MAR 1999		351				1	11
APR 1999		223				1	9
MAY 1999		200				1	9
JUN 1999		90				1	3
JUL 1999		49				1	2
AUG 1999		871				1	4
SEP 1999		2,022				1	19
OCT 1999		2,250				1	25
NOV 1999		2,055				1	30
DEC 1999		1,586				1	21
Totals:							
1999		10,905					
JAN 2000		1,802				1	29
FEB 2000		1,448				1	24
122 2000		1,1.0		2 06 2			

2 of 3

MAR 2000 APR 2000 MAY 2000 JUN 2000 JUL 2000 AUG 2000 SEP 2000 OCT 2000	964 1,603 1,616 1,380 1,428 1,375 1,294	1 1 1 1 1 1	20 28 31 28 31 31 30 28
NOV 2000 DEC 2000	1,035 666	1 1	21 12
Totals: 2000	15,885		
JAN 2001 FEB 2001 Totals:	1,041 1,158	1 1	18 25
2001	2,199		

CO.CD 23 EL PASO NATURA AS CUSTOMER ACCOUNTING SERVICES DEPARTMENT VOLUME CALCULATION DIVISION POST OFFICE BOX 1492 EL PASO, TEXAS 79978

EXHIBIT #5

CONTACTS: EL PASO FIELD SERVICE: (713) 757-5953 EL PASO MAINLINE (915) 496-2595

DATE 10/06/98

CHROMATOGRAPHIC GAS ANALYSIS REPORT

TO

MAILEE 18600

BRECK OPERATING CORPORATION P O BOX 911 BRECKENRIDGE, TX 76024-0911

METER NUMBER OPERATOR

71990 - MARSHALL B #1 0834 - BRECK OPERATING CORP

ANALYSIS DATE SAMPLE DATE EFFECTIVE DATE EFFECTIVE FOR

8/31/98 8/27/98 9/01/98 6 MONTHS TYPE CODE H2S GRAINS LOCATION

2 - ACTUAL

- FARM BECK

COMPONENTS	NORMALIZED MOL %	GPM
CO2	.36	.000
H2S	.00	.000
N2	.25	.000
METHANE	92.11	.000
ETHANE	4.57	1.222
PROPANE	1.63	.449
ISO-BUTANE	.37	.121
norm-butane	.30	.095
ISO-PENTANE	.12	.044
NORM-PENTANE	.07	.025
HEXANE PLUS	22	096
	100.00	2.052

SPECIFIC GRAVITY .617

MIXTURE HEATING VALUE (BTU @ 14.73 DRY)

1098

RATIO OF SPECIFIC HEATS

.000

NO TEST SECURED FOR H2S CONTENT

MAR-16-2001 14:11 FROM BRECK CPERATING CORP.

CO.CD 23 BL PASO NATURA COUSTONER ACCOUNTING SERV SVOLUME CALCULATION DIVISION POST OFFICE BOX 1492 EL PASO, TEXAS 79978 S DEPARTMENT

EXHBIT \$5

CONTACTS: EL PASO FIELD SERVICES (713) 757-5953 EL PASO MAINLINE (915) 496-2595

DATE 1/07/99

CHROMATOGRAPHIC GAS ANALYSIS REPORT

MAILEE 18600

BRECK OPERATING CORPORATION P O BOX 911 BRECKENRÍDGE, TX 76024-0911

> MARSHALL B #1-J BRECK OPERATING CORP 89039 METER NUMBER **OPERATOR** 0834

11/23/98 11/22/98 12/01/98 ANALYSIS DATE SAMPLE DATE EFFECTIVE DATE EFFECTIVE FOR 6 MONTHS

2 - ACTUAL TYPE CODE H2S GRAINS F - FARM BECK LOCATION

CAMBANDIES	NORMALIZED MOL Z	GPM
COMPONENTS		.000
CO2	.15	
H2S	.00	.000
N2	.37	.000
METHANE	89.08	.000
ETHANE	5.48	1.466
PROPANE	2.73	.752
ISO-BUTANE	.59	.193
norm-butane	.67	.211
ISO-PENTANE	.27	.099
norm-pentane	.18	. 065
HEXANE PLUS	48	209
2002	100.00	2.995

.652 SPECIFIC GRAVITY MIXTURE HEATING VALUE (BTU @ 14.73 DRY) 1155 .000 RATIO OF SPECIFIC HEATS NO TEST SECURED FOR H2S CONTENT