

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240
DISTRICT II
811 South First St., Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

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

OIL CONSERVATION DIVISION

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

APPROVAL PROCESS:

Administrative Hearing

EXISTING WELLBORE

X YES NO

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Ronnerville Fuels Corporation Address 1660 Lincoln, Suite 1800 Denver CO 80264
Fullerton Federal Well No. 11 Unit Ltr. - Sec - Twp - Rge E-14-27N-11W County San Juan

OGRID NO. 2678 Property Code 2159 API NO. 300 45 13048 Federal X State (and/or) Fee

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zones	Lower Zone
1. Pool Name and Pool Code	<u>Kutz Gallup</u> <u>36550</u>		<u>Basin Dakota</u>
2. Top and Bottom of Pay Section (Perforations)	<u>5882'-5892'</u>	<u>DECLINED</u>	<u>6529'-6541'</u>
3. Type of production (Oil or Gas)	<u>Gas & Oil</u>	<u>JAN - 9 1997</u>	<u>Gas & Oil</u>
4. Method of Production (Flowing or Artificial Lift)	<u>Artificial Lift</u> <u>Gas/Plunger Lift</u>	<u>OIL CON. DIV.</u> <u>DIST. 3</u>	<u>Flowing</u>
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a. (Current) <u>12/19/96</u> <u>1069 psi (measured)</u> b. (Original) <u>12/19/96</u> <u>1069 psi (measured)</u>	a. b.	a. <u>9/15/94</u> <u>455 psi (measured)</u> b. <u>12/31/62</u> <u>1872 psi (measured)</u>
6. Oil Gravity (°API) or Gas BTU Content	<u>40°API</u> <u>1200 BTU</u>		<u>40°API</u> <u>1200 BTU</u>
7. Producing or Shut-In?	<u>Shut-In</u>		<u>Shut-In</u>
Production Marginal? (yes or no)	<u>yes</u>		<u>no</u>
• 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: <u>12/16/96</u> Rates: <u>8 BOPD (Swab Test)</u> <u>10 MCF/D</u>	Date: Rates:	Date: <u>11/30/96</u> Rates: <u>1/3 BOPD 60 MCF/D</u>
• 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: <u>94 %</u> Gas: <u>8 %</u>	Oil: % Gas: %	Oil: <u>6 %</u> Gas: <u>92 %</u>

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? X Yes No
If not, have all working, overriding, and royalty interests been notified by certified mail? X Yes No
Have all offset operators been given written notice of the proposed downhole commingling? X Yes No

11. Will cross-flow occur? Yes X 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? X Yes No

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

15. NMOCD Reference Cases for Rule 303(C) 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 Alan L. Merrill TITLE Operations Engineer DATE 1/3/96

TYPE OR PRINT NAME Alan L. Merrill TELEPHONE NO. (303) 863-1555

January 2, 1997

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Conoco, Inc.
10 Desta Drive, Suite 100 W
Midland, TX 79705

Amoco Production Company
200 Amoco Ct.
Farmington, NM 87401

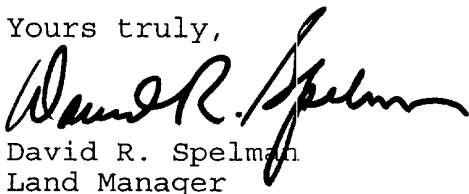
RE: Notice of Intent to Commingle
Kutz Area T27N-R11W
San Juan County, NM

Dear Offset Operators:

You do not hold an interest in the Fullerton Federal #11 Well located in the NW/4 Section 14, T27N-R11W, however, as an operator of production from an offset spacing unit for Dakota production, we are hereby advising you, pursuant to the State of New Mexico Oil Conservation Division regulations, that it is our intent to commingle production from the Gallup formation (5882'-5892') with the Dakota formation (6529'-6541').

Should you have any objections you should file such statements with the commission within 30 days. If you have any questions please feel free to contact us.

Yours truly,


David R. Spelman
Land Manager

AFFIDAVIT OF MAILING

STATE OF COLORADO

CITY & COUNTY OF DENVER

I, David R. Spelman, Land Manager, employed by Bonneville Fuels Corporation, being first duly sworn, deposes and says:

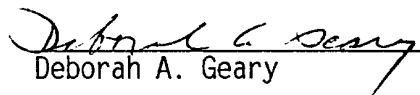
A Notice of intent to Commingle production from the Fullerton Federal #11 Well by Bonneville Fuels Corporation to the offsett Operators was deposited on January 2, 1997, in the U. S. Mail for delivery, as certified mail, to each of the following named parties at the addresses shown below:

1. Conoco, Inc.
10 Desta Drive, Suite 100 W
Midland, Texas 79705
2. Amoco Production Co.
200 Amoco Ct.
Farmington, NM 87401

Affiant Further Sayeth Not.


David R. Spelman, Land Manager

SUBSCRIBED AND SWORN TO BEFORE ME, IN MY PRESENCE, THIS 2nd day of January 1997, a Notary Public in and for the State of Colorado.


Deborah A. Geary

My Commission Expires: September 30, 2000.

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised October 18, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

Federal Lease ID SF078094

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 300 45 13049		Pool Code 36550	Pool Name KUTZ GALLUP	
Property Code 2159	Property Name FULLERTON FEDERAL			Well Number 11
OGRID No. 2678	Operator Name BONNEVILLE FUELS CORPORATION			Elevation 6247'

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
E	14	27N	11W		1650	NORTH	990	WEST	SAN JUAN

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

Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
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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>16</p>	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>R.A. Schwering</i> Signature R.A. Schwering, P.E. Printed Name OPERATIONS MANAGER NEW MEXICO Title NOVEMBER 15, 1996 Date</p>	
	<p>18 SURVEYOR CERTIFICATION</p> <p>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.</p> <p>Date of Survey Signature and Seal of Professional Surveyor: Certificate Number</p>	

NEW MEXICO OIL CONSERVATION COMMISSION
Well Location and Acreage Dedication Plat

Section A.

Date June 14, 1962

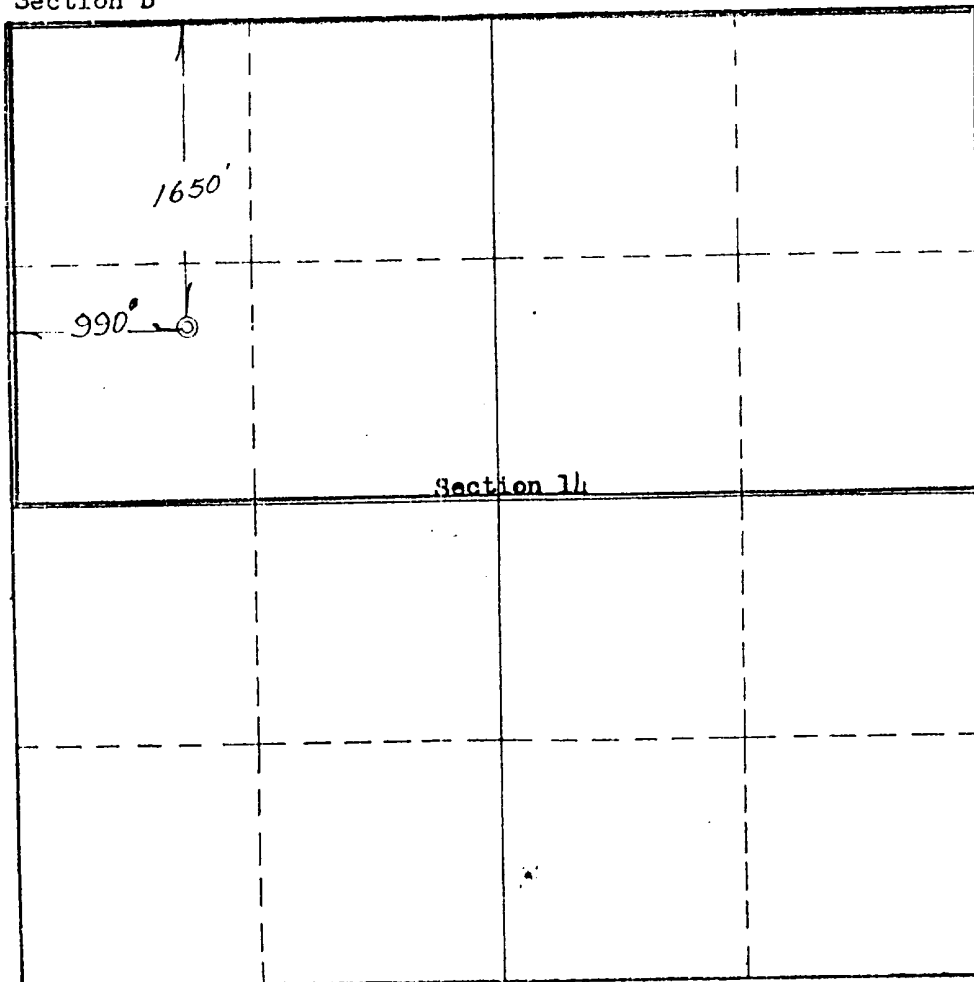
Operator British American Oil Producing Co. Lease Fed. Fullerton
Well No. 11 Unit Letter E Section 14 Township 27 North Range 11 West NMPM
Located 1650 Feet From North Line, 990 Feet From West Line
County San Juan G. L. Elevation 6247 Dedicated Acreage 320 Acres
Name of Producing Formation Dakota Pool Basin Dakota

1. Is the Operator the only owner* in the dedicated acreage outlined on the plat below?
Yes ☒ No ☐.
2. If the answer to question one is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? Yes ☐ No ☐. If answer is "yes," Type of Consolidation _____
3. If the answer to question two is "no," list all the owners and their respective interests below:

Owner

Land Description

Section B



This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

The British-American Oil Prod. Co.

(Operator)
Nae R. Stone

Nae R. Stone (Representative)

P.O. Drawer 330, Farmington, N.M.

Address

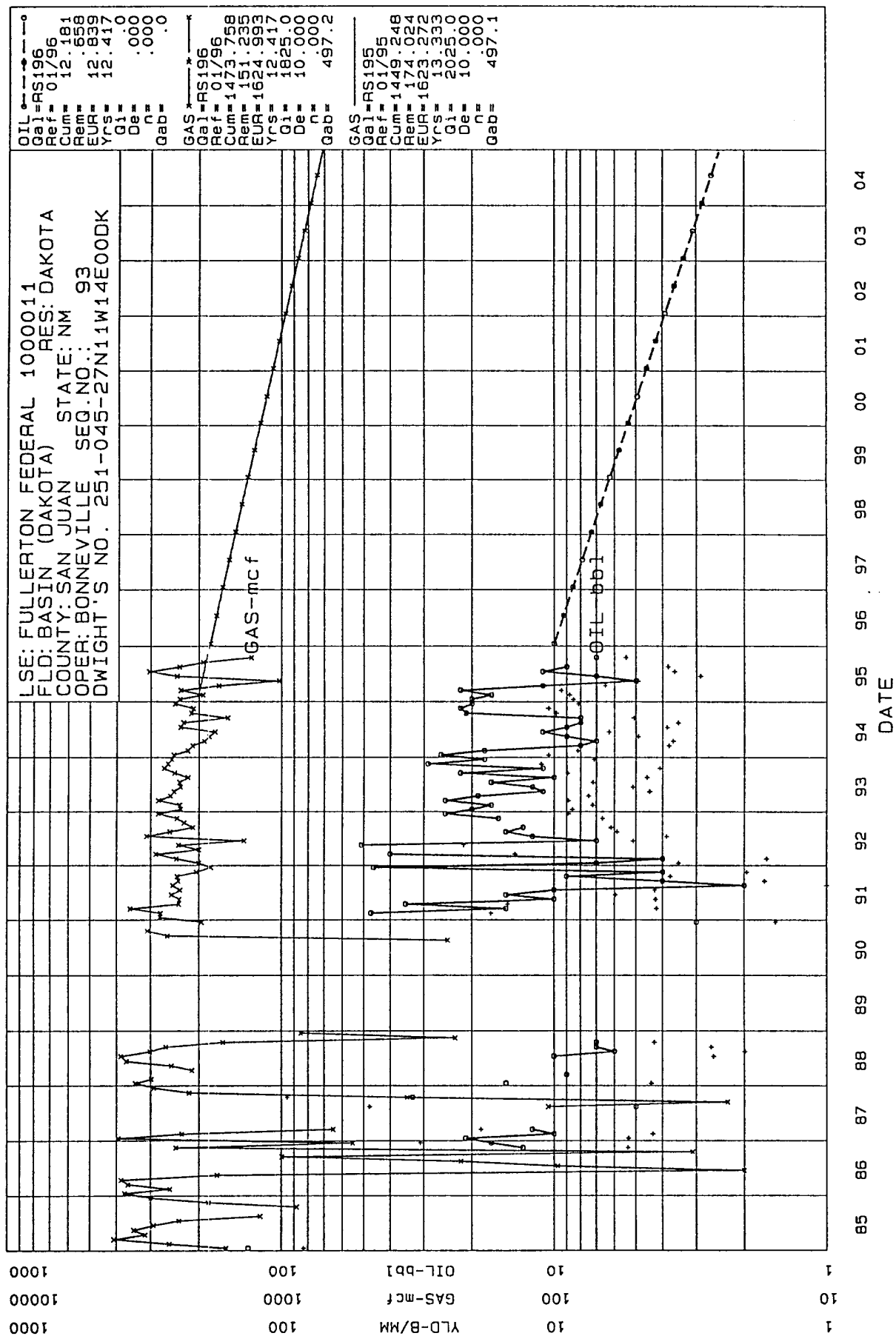
This is to certify that the well location shown on the plat in Section B was plotted from the notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed June 14, 1962

E. L. Poteet
Registered Professional
Engineer and Land Surveyor.

Certificate No. 3084

Fullerton Federal #11 - Dakota Production Curve



Attach II

ESTIMATED GALLUP ZONE PRODUCTION RATE

The Gallup formation (5882' - 5292') was fraced with 1190 bbls of fluid and 70,000# of 20/40 sand on 12/11/96.

The well was swab tested as follows:

<u>Date</u>	<u>Oil (bbls)</u>	<u>Water (bbls)</u>	<u>Gas</u>
12/12/96	0	50	slight blow
12/13/96	10	110	slight blow
12/14/96	7	48	slight blow
12/15/96	14	34	slight blow
12/16/96	7	38	slight blow
12/17/96	8	12	slight blow

Based on this information the Gallup zone is expected to have an initial production rate of 8 BOPD, 10 MCFGPD. The gas rate is based on an estimated GOR of 1250 scf/bbl.

ATTACH III

ALLOCATION METHOD

All working, overriding, and royalty interests are common in the Gallup zone (5882'- 5892') and the Dakota zone (6529'- 6541').

The production will be allocated based on the following estimated production rates from each zone.

Oil Allocation

<u>Zone</u>	<u>ESTIMATED</u> <u>Oil Rate (BOPD)</u>	<u>ALLOCATION</u> <u>% of Total Production</u>
Gallup	5	94
Dakota	1/3	6

Gas Allocation

<u>Zone</u>	<u>ESTIMATED</u> <u>Gas Rate (MCFD)</u>	<u>ALLOCATION</u> <u>% Total Production</u>
Gallup	5	8
Dakota	60	92

ATTACH IV

JUSTIFICATION FOR PROPOSED COMMINGLING

The Gallup zone (5882'-5892') was complected in the Fullerton Federal #11 on 12/11/96.

The initial reservoir pressure (1069 psi) was drastically lower than the expected 2000 psi.

The initial production rates of 8 BOPD, 10 MCFD from the Gallup would require a sucker rod pumping unit to produce. This would severely strain the economics of this marginal zone.

Bonneville Fuels proposes to commingle the Gallup and Dakota zones and produce the well using gas/plunger lift with the aid of a compressor. This will allow the Gallup zone to be produced economically.