

# EXHIBIT "B" - CASE NO. 11353, ORDER NO. R-10470-A

## DISTRICT I

P.O. Box 1980, Hobbs, NM 85240

## 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

## 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

LOUIS DREYFUS NATURAL GAS CORP. 14000 Quail Springs Parkway, Suite 600, Oklahoma City, OK  
Operator Address

FEDERAL 33 24 N Sec. 33-T27N-R11W San Juan  
Lease Well No. Unit Ltr. - Sec - Twp - Rge County

OGRID NO. 025773 Property Code API NO. 30-045-24978 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 Zones	Lower Zone
1. Pool Name and Pool Code	Basin Fruitland Coal, 71629		Kutz Pictured Cliffs, West 79680
2. Top and Bottom of Pay Section (Perforations)	1602'-1652'		1688'-1715'
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
5. Bottomhole Pressure	a. (Current)	a.	a.
Oil Zones - Artificial Lift: Estimated Current	170		120
Gas & Oil - Flowing: Measured Current	b. (Original)	b.	b.
All Gas Zones: Estimated Or Measured Original			438
6. Oil Gravity (°API) or Gas BTU Content	1.200		1.203
7. Producing or Shut-in?	Producing		Shut-in
Production Marginal? (yes or no)	No		Yes
* If Shut-in, give date and oil/gas/water rates of last production	Date:	Date:	Date: 3/99
Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data	Rates:	Rates:	Rates: 43 MCF/D, 0 BOPD 3 1/2 BWPD
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: 5/99	Date:	Date:
	Rates: 151 MCF/D, 0 BOPD 3 BWPD	Rates:	Rates:
8. Fixed Percentage Allocation Formula - % for each zone	Oil: % Gas: 85 %	Oil: % Gas: %	Oil: % Gas: 15 %

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?  
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. 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 Terrye D. Bryant TITLE Regulatory Tech. DATE 6/4/99

TYPE OR PRINT NAME Terrye D. Bryant TELEPHONE NO. ( 405 ) 749-5287

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

☒ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number 30-045-24978		<sup>2</sup> Pool Code 71629		<sup>3</sup> Pool Name Basin Fruitland Coal	
<sup>4</sup> Property Code 005956		<sup>5</sup> Property Name Federal 33			<sup>6</sup> Well Number 24
<sup>7</sup> OGRID No. 025773		<sup>8</sup> Operator Name Louis Dreyfus Natural Gas Corp.			<sup>9</sup> Elevation 6183'

**<sup>10</sup> Surface Location**

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	33	27N	11W		1190	South	1450	West	San Juan

**<sup>11</sup> 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
---------------	---------	----------	-------	---------	---------------	------------------	---------------	----------------	--------

<sup>12</sup> Dedicated Acres 320	<sup>13</sup> Joint or Infill N	<sup>14</sup> Consolidation Code	<sup>15</sup> 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><b><sup>17</sup> OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p>Original Form C102 on file with OCD.</p> <p><i>Terrye D. Bryant</i> Signature</p> <p>Terrye D. Bryant Printed Name</p> <p>Regulatory Technician Title</p> <p>5/5/99 Date</p>	
	<p><b><sup>18</sup> SURVEYOR CERTIFICATION</b></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</p> <p>_____ Signature and Seal of Professional Surveyer</p> <p>_____ Certificate Number</p>	

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

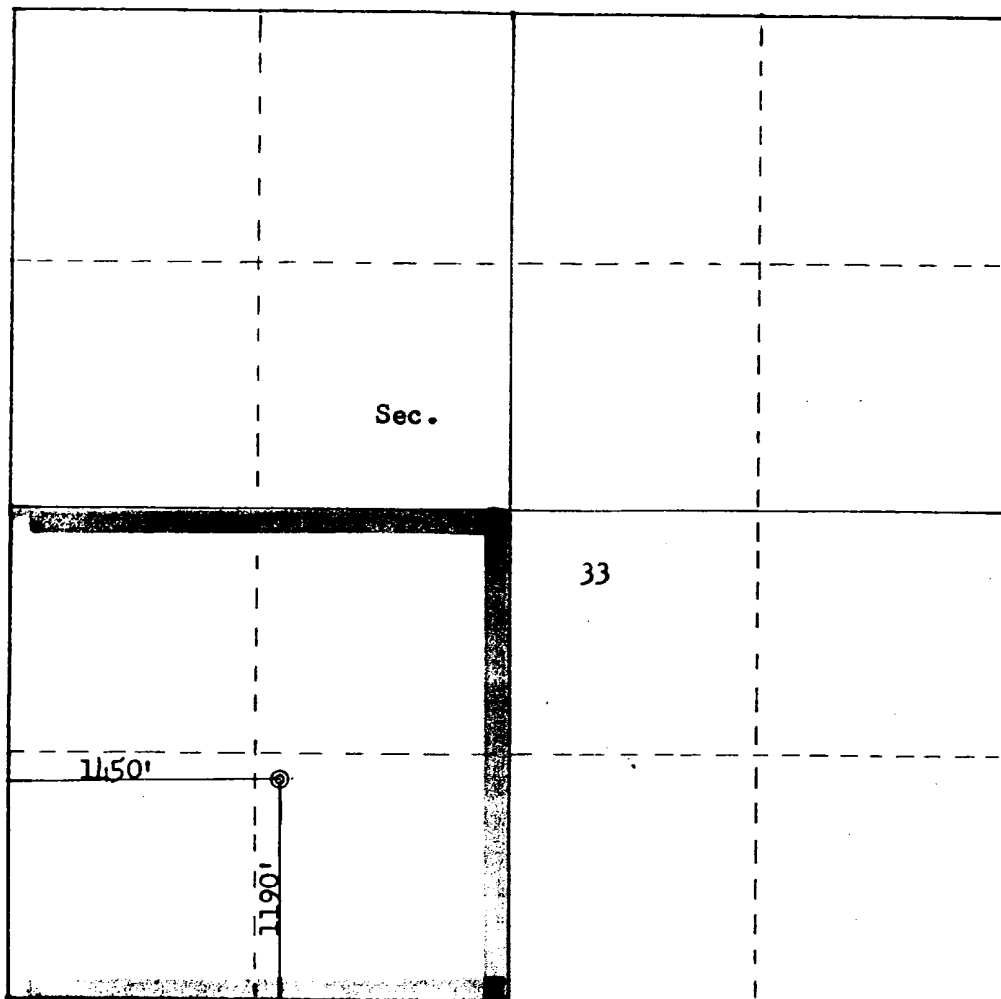
Operator <b>DEPCO, INCORPORATED</b>		Lease <b>FEDERAL 33</b>		Well No. <b>24</b>	
Unit Letter <b>N</b>	Section <b>33</b>	Township <b>27N</b>	Range <b>11W</b>	County <b>San Juan</b>	
Actual Footage Location of Well: <b>1190</b> feet from the <b>South</b> line and <b>1150</b> feet from the <b>West</b> line					
Ground Level Elev: <b>6183</b>	Producing Formation <b>Pictured Cliffs</b>		Pool <b>West Kutz</b>		Dedicated Acreage: <b>160</b> 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.

*W. F. Schwenn*

Name

W. F. Schwenn

Position

Supt. - So. Rockies

Company

DEPCO, Inc.

Date

3/2/81

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

February 19, 1981

Registered Professional Engineer  
and Land Surveyor

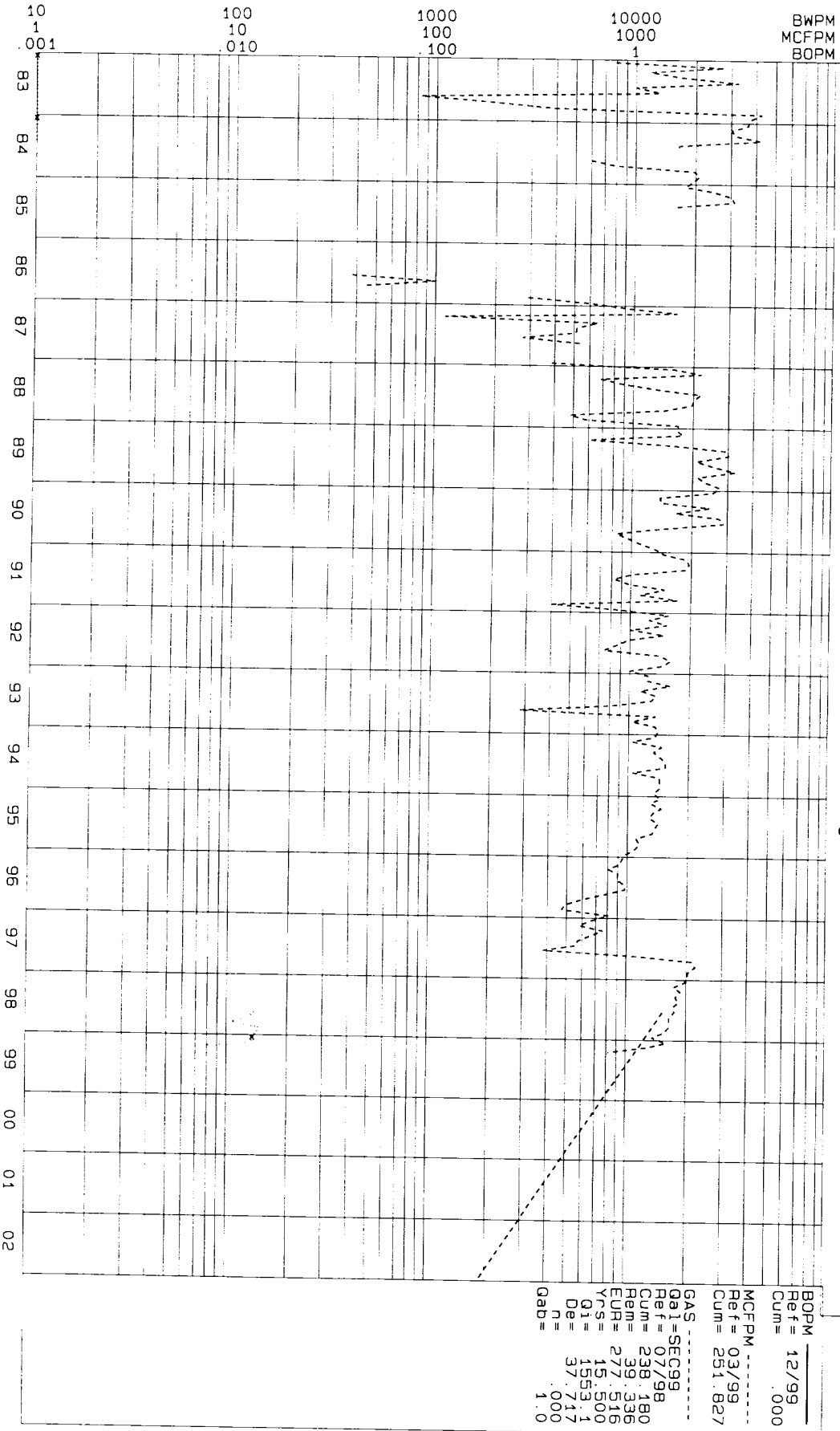
*Fred B. Kert, Jr.*  
Fred B. Kert, Jr.

Certificate No. 1488

# LOUIS DREYFUS NATURAL GAS CORP

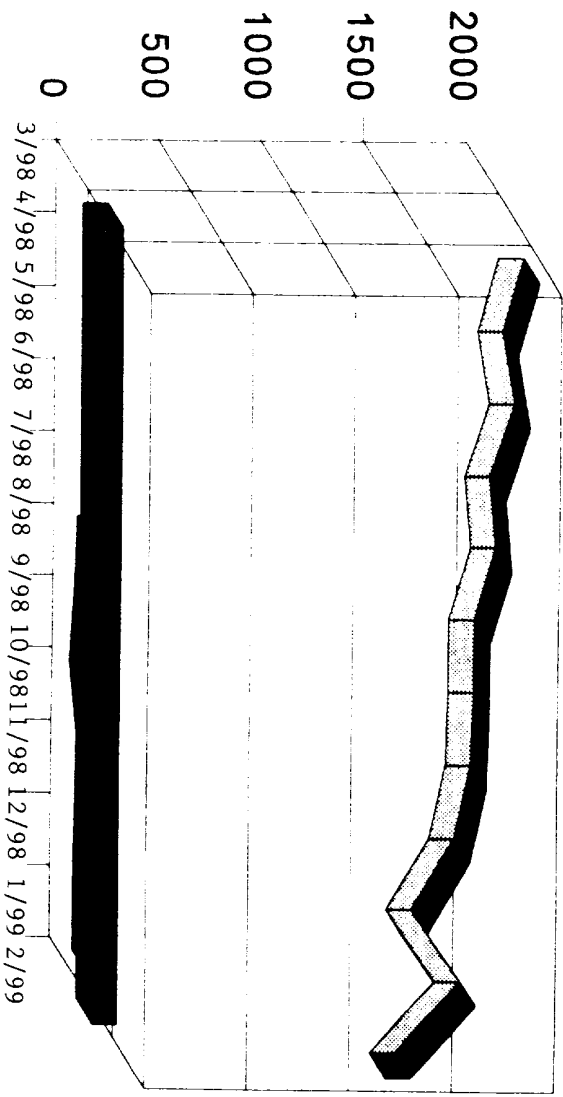
WELL : FEDERAL 33-24 (PCCF)  
 OPER : LDNGC  
 ZONE : PICTURED CLIFFS  
 CO : SAN JUAN  
 RCAT : PNPS

LOC : 33-27N-11W  
 API : 30045249780000  
 FIELD : KUTZ W.  
 STATE : NM  
 PERFS : 0 - 0



# Federal 33-24 Production

Pictured Cliffs, West Kutz



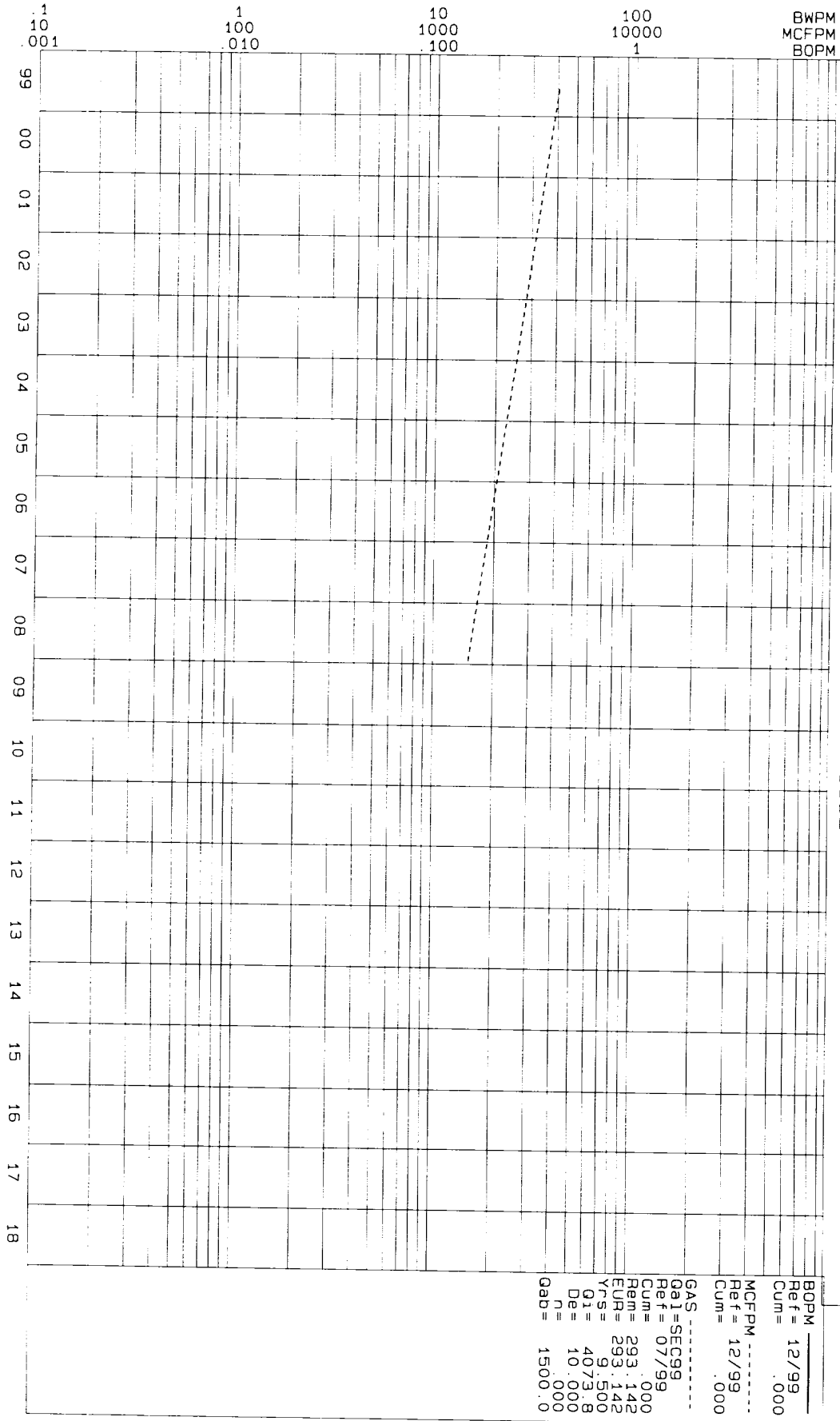
Gas Oil Water

Month	Oil Produced	Oil Sold	Gas Produced	Gas Sold	Water Produced
3/98	-0-	-0-	1870	1870	-0-
4/98	-0-	-0-	1770	1770	-0-
5/98	-0-	-0-	1831	1831	-0-
6/98	-0-	-0-	1713	1713	-0-
7/98	-0-	-0-	1746	1746	-0-
8/98	-0-	-0-	1644	1644	-0-
9/98	-0-	-0-	1646	1646	-0-
10/98	-0-	-0-	1635	1635	-0-
11/98	-0-	-0-	1557	1557	-0-
12/98	-0-	-0-	1352	1352	-0-
1/99	-0-	-0-	1590	1590	-0-
2/99	-0-	-0-	1279	1279	-0-

# LOUIS DREYFUS NATURAL GAS CORP

WELL : FEDERAL 33-24 (FRLD)  
 OPER : LDNGC  
 ZONE : FRUITLAND COAL  
 CO : SAN JUAN  
 RCAT : PDP

LOC : 33-27N-11W  
 API : 30045249780000  
 FIELD : BASIN  
 STATE : NM  
 PERFS : 1602 - 1652



BOPM  
 Ref = 12/99  
 Cum = .000  
 MCFPM  
 Ref = 12/99  
 Cum = .000  
 GAS  
 Ga1 = SEC99  
 Ref = 07/99  
 Cum = 293.142  
 Rem = 293.142  
 EUR = 293.142  
 YFS = 9.500  
 Q1 = 4073.8  
 De = 10.000  
 n = .000  
 Gab = 1500.0

## **Offset Operators**

PRO Management, Inc.  
9400 N. Central Expressway, Suite 1313  
LB 158  
Dallas, Texas 75231

Marathon Oil Company  
P.O. Box 552  
Midland, Texas 79702

M&G Drilling Company, Inc.  
P.O. Box 2506  
Farmington, New Mexico 87499

Dugan Production Company  
P.O. Box 420  
Farmington, New Mexico 87499

Merrion Oil & Gas Corp.  
610 Reilly Avenue  
Farmington, New Mexico 87401

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