

2/15/2015 DATE IN	SUSPENSE	WAM ENGINEER	2/15/2015 LOGGED IN	NSZ TYPE	PMAM1504359742 APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

[2] NOTIFICATION REQUIRED TO: - Check Those Which Apply, or X Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☐ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

[4] CERTIFICATION: I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Jeanie McMillan

Print or Type Name

Jeanie McMillan
Signature

Regulatory Manager

Title

Feb. 5, 2015

Date

Jeanie.McMillan@Breitburn.com

e-mail Address

- DHC 4734
- Breitburn Operating, LD
W 370080
- Enconem State #17
30-025-42393
Pool
- Wanz, 460
62700
- DUNKAND
19190
- Blinabny
Oil and Gas
(oil)
6660



RECEIVED
2015 FEB 11 AM 9:56

February 5, 2015

New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505
Attention: Mr. David Catanach
Division Director

Re: Form C-107A: Application for Downhole Commingling
Breitburn Operating LP
Encore M State No. 17
API No. (30-025-42393)
1840' FNL & 2145' FWL
Section 29, T-22 South, R-37 East, NMPM
Lea County, New Mexico

Dear Mr. Catanach:

Attached is a C-107A application to downhole commingle the Blinebry Oil & Gas (Oil-06660), Drinkard (19190), and Wantz-Abo (62700) Pools within Breitburn's Encore M State Well No. 17.

Breitburn proposes that the allocation of production for the Encore M State No. 17 be based upon the 2014 average well production from six offset wells. Attached is a table showing 2014 average production from six wells operated by Breitburn that currently produce by downhole commingling in the Blinebry Oil & Gas, Drinkard and Wantz-Abo Pools. This data indicates that the average oil and gas production for 2014 for these wells is as follows:

	<u>OIL (B/D)</u>	<u>GAS (MCF/D)</u>	<u>WATER (B/D)</u>
Blinebry Oil & Gas Pool	11.73	61	48
Drinkard Pool	11.73	61	58
Wantz;Abo Pool	11.73	61	48

Based upon this production data, Breitburn requests that productions be allocated as follows:

	<u>OIL</u>	<u>GAS</u>	<u>WATER</u>
Blinebry Oil & Gas Pool	33 1/3%	33 1/3%	31%
Drinkard Pool	33 1/3%	33 1/3%	38%
Wantz;Abo Pool	33 1/3%	33 1/3%	31%

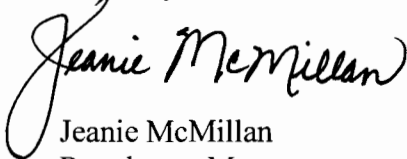
Breitburn Operating LP
Application for Downhole Commingling
Encore M State No. 17
Page 2

Please note that the working, royalty and overriding royalty interest ownership in this well is common throughout. Consequently, notice of this application is not required to any interest owner.

Approval of this application will afford Breitburn the opportunity to recover additional oil and gas reserves from the Blinbry Oil & Gas, Drinkard and Wants;Abo Pools within the Encore M State No.17 that may otherwise not be recovered, thereby preventing waste, and will not violate correlative rights.

If there should be any questions, please call me at (713) 634-4696 or via email @
Jeanie.mcmillan@breitburn.com

Sincerely,

A handwritten signature in black ink that reads "Jeanie McMillan". The signature is written in a cursive, flowing style with a large initial "J".

Jeanie McMillan
Regulatory Manager
600 Travis Street, Suite 4800
Houston, TX 77002

District I
1625 N. French Drive, Hobbs, NM 88240

District II
811 S. First St., Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-107A
Revised August 1, 2011

APPLICATION TYPE
☒ Single Well
☐ Establish Pre-Approved Pools
EXISTING WELLBORE
☐ Yes ☒ No

APPLICATION FOR DOWNHOLE COMMINGLING

Breitburn Operating LP

600 Travis Street, Suite 4800, Houston, TX 77002

Operator

Address

Encore M State

17

Unit F, Section 29, T-22 South, R-37 East

LEA

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 370080 Property Code 314022 API No. 30-025-42393 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Blinbry Oil & Gas (Oil)	Drinkard	Wantz-Abo
Pool Code	06660	19190	62700
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	5,465' - 6101' (Formation) Perfs. TBD	6,230' - 6,650' (Formation) Perfs. TBD	6,650 - 7100 Formation (top to TD) Perfs. TBD
Method of Production (Flowing or Artificial Lift)	Artificial Lift	Artificial Lift	Artificial Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	Not Required	Not Required	Not Required
Oil Gravity or Gas BTU (Degree API or Gas BTU)	38 Deg. API 1342 BTU	38 Deg. API 1342 BTU	38 Deg. API 1342 BTU
Producing, Shut-In or New Zone	New Zone	New Zone	New Zone
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: November 2014 Rates: 11.1 BOPD 63.3 MCFGD 48.0 BWPD	Date: November 2014 Rates: 11.1 BOPD 64.0 MCFGD 58.0 BWPD	Date: November 2014 Rates: 11.1 BOPD 63.7 MCFGD 48.0 BWPD
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas Water 33 1/3% 33 1/3% 31%	Oil Gas Water 33 1/3% 33 1/3% 38%	Oil Gas Water 33 1/3% 33 1/3% 31%

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes ☒ No ☐
Yes ☐ No ☐

Are all produced fluids from all commingled zones compatible with each other?

Yes ☒ No ☐

Will commingling decrease the value of production?

Yes ☐ No ☒

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application?

Yes ☒ No ☐

NMOCD Reference Case No. applicable to this well: _____

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 working, royalty and overriding royalty interests for uncommon interest cases.
Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

List of other orders approving downhole commingling within the proposed Pre-Approved Pools
List of all operators within the proposed Pre-Approved Pools
Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
Bottomhole pressure data.

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

SIGNATURE

Jeanie McMillan

TITLE: Regulatory Manager

DATE: February 5, 2015

TYPE OR PRINT NAME: Jeanie McMillan

TELEPHONE NO: (713)634-4696

E-MAIL ADDRESS jeanie.mcmillan@breitburn.com

**Breitburn Operating, LP
Form C-107A**

**Encore M State No. 17
Offset Well Production**

Off set Well Name & Number	Well Location	2014 Blinebry Oil Prod BOPD	2014 Blinebry Gas Prod MCFGD	2014 Drinkard Oil Prod BOPD	2014 Drinkard Gas Prod MCFGD	2014 Abo Oil Prod BOPD	2014 Abo Gas Prod MCFGD
Encore M State 3	C-19-22S-37E	5.2	21.5	5.2	21.5	5.2	21.5
Encore M State 5	A-19-22S-37E	5.2	24.9	5.2	24.9	5.2	24.9
Encore M State 6	I-19-22S-37E	4.9	32.1	4.9	32.1	5.0	30.6
Encore M State 7	B-19-22S-37E	4.5	26.7	4.5	29.0	4.5	29.1
Encore M State 9	D-20-22S-37E	23.7	101.3	23.7	103.2	23.7	103.2
Encore M State 12	K-20-22S-37E	23.1	173.2	23.1	173.2	23.1	173.1
Well (s) Average		11.1	63.3	11.1	64.0	11.1	63.7
Recommended Allocation		33.33%	33.33%	33.33%	33.33%	33.33%	33.33%

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-42393		² Pool Code 6660	³ Pool Name BLINEBRY OIL AND GAS (OIL)
⁴ Property Code 314022	⁵ Property Name M State		⁶ Well Number 17
⁷ GRID No. 370080	⁸ Operator Name Breitburn Operating LP		⁹ Elevation 3373'

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	29	22 S	37 E		1840'	North	2145'	West	Lea

¹¹Bottom 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

¹² Dedicated Acres 40	¹³ Joint or Infill Y	¹⁴ Consolidation Code	¹⁵ 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>¹⁷OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Jeanie McMillan</i> 2/5/15 Signature Date</p> <p>Jeanie McMillan Printed Name</p> <p>jeanie.mcmillan@breitburn.com E-mail Address</p>
	<p>¹⁸SURVEYOR 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>12-17-2014 Date of Survey</p> <p>Signature and Seal of Professional Surveyor</p> <p><i>Michael L. Stanford</i> 10324 Certificate Number</p>
	<p>M STATE 17 Elev. 3373' NAD 83 NM East N = 498425' E = 895387' Lat. = 32°21'54.10" Long. = 103°11'11.98"</p>
	<p>5.3 Miles SW of Eunice, New Mexico.</p>

File No. A-10009

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
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1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-42393		² Pool Code 191900	³ Pool Name DRINKARD
⁴ Property Code 314022	⁵ Property Name M State		⁶ Well Number 17
⁷ OGRID No. 370080	⁸ Operator Name Breitburn Operating LP		⁹ Elevation 3373'

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	29	22 S	37 E		1840'	North	2145'	West	Lea

¹¹Bottom 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

¹² Dedicated Acres 40	¹³ Joint or Infill N	¹⁴ Consolidation Code	¹⁵ 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>¹⁷OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Jeanie McMillan</i> 2/5/15 Signature Date</p> <p>Jeanie McMillan Printed Name</p> <p>jeanie.mcmillan@breitburn.com E-mail Address</p>
	<p>¹⁸SURVEYOR 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>12-17-2014 Date of Survey</p> <p><i>Michael L. Stanford</i> Signature and Seal of Professional Surveyor</p> <p>10324 Certificate Number</p>

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Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-42393		² Pool Code 62700		³ Pool Name WANTZ; ABO	
⁴ Property Code 314022		⁵ Property Name M State			⁶ Well Number 17
⁷ OGRID No. 370080		⁸ Operator Name Breitburn Operating LP			⁹ Elevation 3373'

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	29	22 S	37 E		1840'	North	2145'	West	Lea

¹¹Bottom 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

¹² Dedicated Acres 4.0	¹³ Joint or Infill N	¹⁴ Consolidation Code	¹⁵ 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>¹⁷OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Jeanie McMillan</i> 2/5/15 Signature Date</p> <p>Jeanie McMillan Printed Name</p> <p>jeanie.mcmillan@breitburn.com E-mail Address</p>
	<p>¹⁸SURVEYOR 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>12-17-2014 Date of Survey</p> <p><i>Michael L. Stanford</i> Signature and Seal of Professional Surveyor</p> <p>10324 Certificate Number</p>
	<p>5.3 Miles SW of Eunice, New Mexico.</p>
	<p>File No. A-10009</p>



February 17, 2014

New Mexico Oil Conservation Division
Attn: Mr. Michael McMillan
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Re: DHC: Encore M State No. 17 and No. 18 wells
Ownership

Dear Mr. McMillan:

This letter is to clarify ownership in the referenced wells and should be included in the down hole commingle application for the above wells.

The ownership is identical for all of the pools (zones) to be commingled: (Blinbry Oil & Gas (oil) (#6660); Drinkard (#19190) & Wantz; Abo (#62700).

Thank you for your assistance in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Paul Aguirre', is written over a horizontal line.

Paul Aguirre
Landman
Breitburn Operating LP
600 Travis St., Suite 4800
Houston, TX 77002