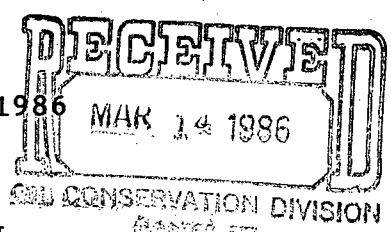


NMOC



Southland Royalty Company

February 25, 1986



CERTIFIED MAIL

El Paso Natural Gas Company
Tenneco Oil Company
Belco Petroleum
Texaco, Inc.
Mobil Producing TX & NM Inc.

Re: Whitley #7E
Unit F, Section 9, T-27-N, R-9-W
San Juan County, New Mexico

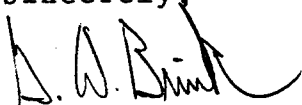
Gentlemen:

Southland Royalty Company has requested administrative approval to downhole commingle the production from the Otero Chacra and Blanco Mesa Verde pools in its Whitley #7E gas well. Southland Royalty feels that commingling production is the most efficient and economical manner to produce this well.

In compliance with New Mexico Oil Conservation Division rules, we are notifying you, as operator of an offsetting proration unit, of our application for administrative approval to downhole commingle the Whitley #7E. Enclosed are three copies of this letter. If there are no objections to this application, please sign and return one copy to the New Mexico Oil Conservation Division, Post Office Box 2088, Santa Fe, New Mexico 87501; one copy to Southland Royalty Company at the address below; and keep the remaining copy for your records.

A well location and offset ownership plats are enclosed.

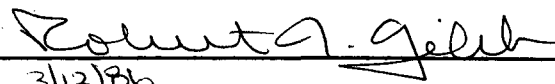
Sincerely,


G. W. Brink

GWB:pd

WAIVER

Tenneco Oil Company hereby waives objection to Southland Royalty Company's application for downhole commingling its Whitley #7E well as proposed above.

By: 
Date: 3/12/86

February 25, 1986

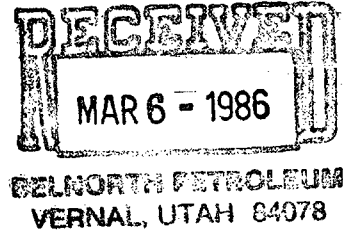
MAR 25 1986

Southland Royalty Company



CERTIFIED MAIL

El Paso Natural Gas Company
Tenneco Oil Company
Belco Petroleum
Texaco, Inc.
Mobil Producing TX & NM Inc.



Re: Whitley #7E
Unit F, Section 9, T-27-N, R-9-W
San Juan County, New Mexico

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Sincerely,

G. W. Brink

GWB:pd

WAIVER

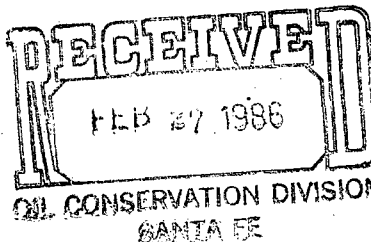
Belmont (Belco) Pet. hereby waives objection to Southland Royalty Company's application for downhole commingling its Whitley #7E well as proposed above.

By:

Date:

Joe Ball
3/21/86

February 25, 1986



Southland Royalty Company

CERTIFIED MAIL

El Paso Natural Gas Company
Tenneco Oil Company
Belco Petroleum
Texaco, Inc.
Mobil Producing TX & NM Inc.

Re: Whitley #7E
Unit F, Section 9, T-27-N, R-9-W
San Juan County, New Mexico

Gentlemen:

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A well location and offset ownership plats are enclosed.

Sincerely,

A handwritten signature in dark ink, appearing to read "G. W. Brink".

G. W. Brink

GWB:pd

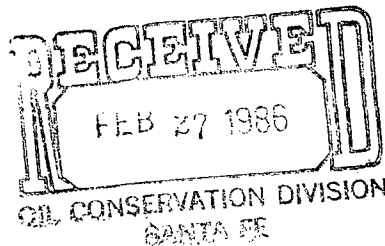
WAIVER

EL PASO NATURAL GAS hereby waives objection to Southland Royalty Company's application for downhole commingling its Whitley #7E well as proposed above.

By:

Date:

Donald R. Read
FEB. 25, 1986



Southland Royalty Company

February 25, 1986

Mr. Richard Stamets
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Subject: Whitley #7E
Unit F, Section 9, T-27-N, R-9-W
San Juan County, New Mexico

Dear Mr. Stamets:

Southland Royalty Company requests administrative approval to downhole commingle the production from its Whitley #7E gas well located in Unit F, Section 9, T-27-N, R-9-W, San Juan County, New Mexico. This well was drilled and logged in November, 1985, and it is currently waiting on completion. Logs were run across the Otero Chacra Pool, Blanco Mesa Verde Pool and Basin Dakota Pool. Southland Royalty Company is seeking permission to downhole commingle the production from the Otero Chacra and Blanco Mesa Verde formations, then dually complete it with the Basin Dakota. Southland Royalty Company owns 100% working interest in all three formations.

The attached nine-section plats show the Whitley #7E and surrounding existing Chacra and Mesa Verde wells with the original WHSIP, 1985 average MCF per day gas production, oil and gas cumulative production as of January 1, 1986, and the date of first delivery. The original WHSIP was taken from state deliverability tests. The Chacra averaged 831 psia and the Mesa Verde averaged 1009 psia, with difference between the average original shut-in pressure of 178 psia, which results in a ratio of 1 to 1.21. It is believed these reservoir characteristics will be compatible for both formations. The low pressure differential will prevent any gas or fluid migration from one formation to the other.

It is estimated that the stabilized flow rates for both the Chacra and Mesa Verde will be small. In this area the Chacra is averaging 23 MCF per day and the Mesa Verde is averaging 90 MCF per day. This well should have a stabilized flow rate of approximately 115 MCF per day. The Chacra formation in this area produces no oil or condensate and is relatively water free. The Mesa Verde formation should produce approximately 2.0 barrels of oil per day and very little

Mr. Richards Stamets
Page Two
February 25, 1986

water. The dry gas associated with the Chacra will help lift the Mesa Verde liquids and result in a more efficient and trouble-free gas flow. In addition, the minimum amounts of water produced from each formation should not result in any formation damage. Downhole commingling is considered by Southland the most efficient method to undertake due to the low productivity of both zones and it being uneconomical to drill a single Otero Chacra well in this area.

It is proposed that the production be allocated based on the calculated reserves. It is estimated by the Southland Reservoir Department that the Otero Chacra has approximately 248 MMCF of gas reserves and the Blanco Mesa Verde has approximately 380 MMCF of gas reserves, for a total of 628 MMCF of gas. Thus based on reserves, 40% of the well's gas production could be attributed to the Otero Chacra Pool and 60% to the Blanco Mesa Verde Pool. All condensate production would be attributed to the Blanco Mesa Verde Pool.

All offset operators of the proposed commingling application, including the Bureau of Land Management, have been notified by certified mail.

A well location plat, offset ownership plat and Chacra and Mesa Verde formation well location plat are attached.

Yours very truly,

SOUTHLAND ROYALTY COMPANY



G. W. Brink
Project Drilling Engineer

GWB:oh
Attachments

Blanco Mesas - 4652-4804
Otero Chacra - 3386-3408
Dakota - 6665-6852

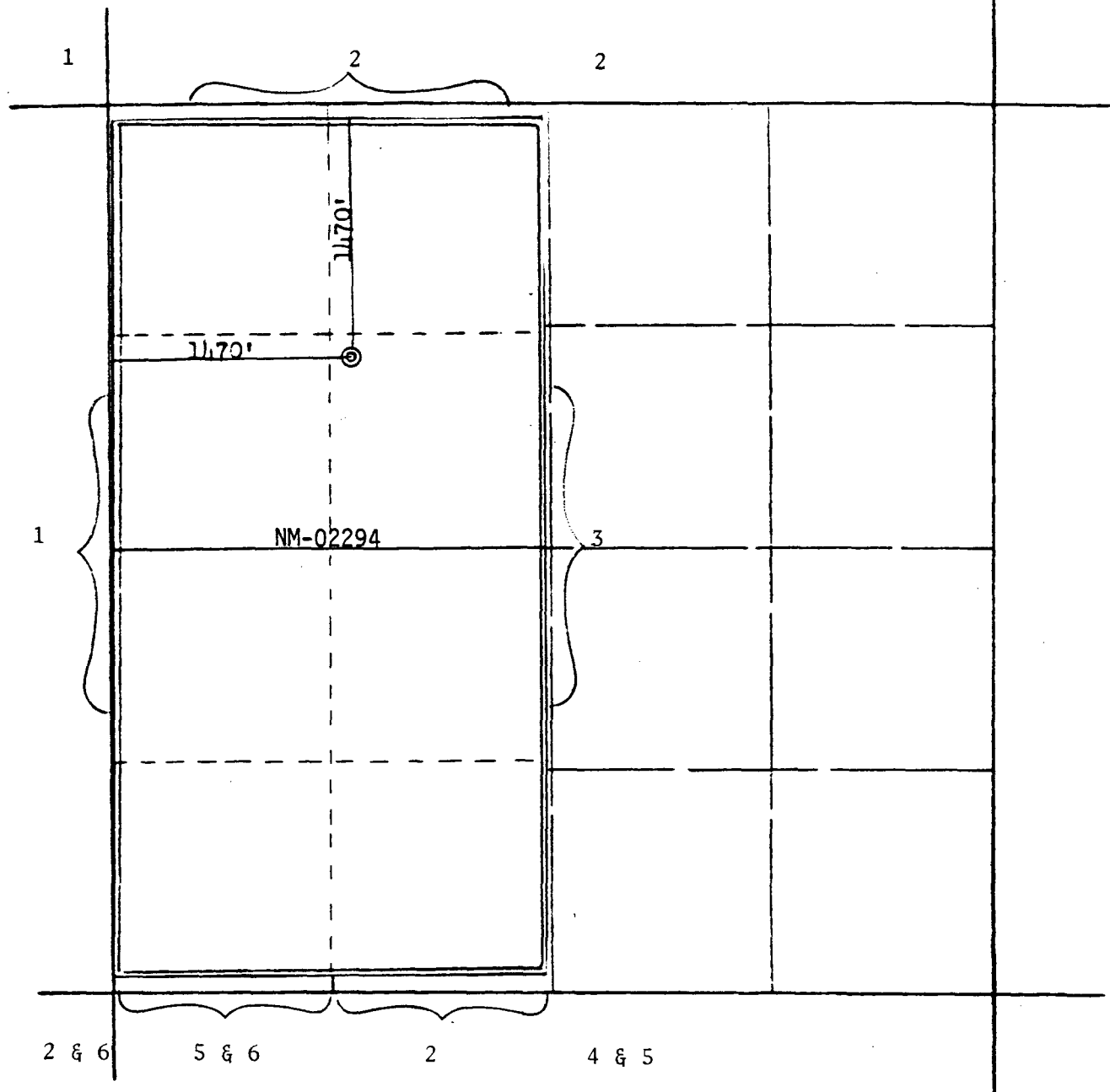
SOUTHLAND ROYALTY CO.

Well Name Whitley #7E, Otero Chacra/Blanco Mesaverde/Basin Dakota

Footage----- 1470' FNL, 1470' FWL

APPLICATION FOR COMMINGLING

County San Juan State New Mexico Section 9 Township 27N Range 9W



REMARKS:

- (1) Southland Royalty Company
- (2) El Paso Natural Gas Company
- (3) Tenneco Oil Company
- (4) Belco Petroleum
- (5) Texaco
- (6) Mobil Producing TX & NM Inc.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SUBMIT IN TRIPLICATE
(Other instructions
verse side)

Form approved.
Budget Bureau No. 1004-0135
Expires August 31, 1985

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals.)

OIL WELL ☐ GAS WELL ☒ OTHER

2. NAME OF OPERATOR

Southland Royalty Company

3. ADDRESS OF OPERATOR

P. O. Drawer 570, Farmington, New Mexico 87499

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.
See also space 17 below.)
At surface

(F) 1470' FNL & 1470' FWL

RECEIVED

FEB 13 1986

14. PERMIT NO.

15. ELEVATIONS (Show whether on top of, etc.)

6290' GL

BUREAU OF LAND MANAGEMENT
FARMINGTON RESOURCE AREA

5. LEASE DESIGNATION AND SERIAL NO.

NM-02294

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

Whitley

9. WELL NO.

7E

10. FIELD AND POOL, OR WILDCAT

Basin Dakota/Otero Chacra/
Blanco Mesaverte

11. SEC., T., R., or S.W. 1/4, and
SURVEY OR AREA

Section 9, T27N, R9W

12. COUNTY OR PARISH

San Juan

13. STATE

New Mexico

16.

Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

SUBSEQUENT REPORT OF:

TEST WATER SHUT-OFF

PULL OR ALTER CASING

WATER SHUT-OFF

REPAIRING WELL

FRACTURE TREAT

MULTIPLE COMPLETION

FRACTURE TREATMENT

ALTERING CASING

SHOOT OR ACIDIZE

ABANDON*

SHOOTING OR ACIDIZING

ABANDONMENT*

REPAIR WELL

CHANGE PLANS

(Other)

(NOTE: Report results of multiple completion on Well
Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

Please consider this notice of "Change of Well Name".

Original Well Name: Whitley #11

New Well Name: Whitley #7E

RECEIVED
FEB 21 1986
FARMINGTON DISTRICT

18. I hereby certify that the foregoing is true and correct

SIGNED

TITLE Petroleum Engineer

DATE 2-12-86

(This space for Federal or State office use)

ACCEPTED FOR RECORD

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

FEB 18 1986

*See Instructions on Reverse Side

OPERATOR

FARMINGTON RESOURCE AREA

BY

Sm

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

Operator: SOUTHLAND ROYALTY COMPANY			Lease: WHITLEY		Well No. 11
Unit Letter F	Section 9	Township 27N	Range 9W	County San Juan	
Actual Footage Location of Well: 1170 feet from the North line and 1170 feet from the West line					
Ground Level Elev: 6290' GL	Producing Formation Chacra/Mesaverde/Dakota		Pool Otero/Blanco/Basin		Dedicated Acreage: 320/160 Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure 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.

		<p style="text-align: center;">RECEIVED JUL 01 1985 BUREAU OF LAND MANAGEMENT FARMINGTON RESOURCE AREA</p>	
		<p style="text-align: center;">9</p>	

Scale: 1"=1000'

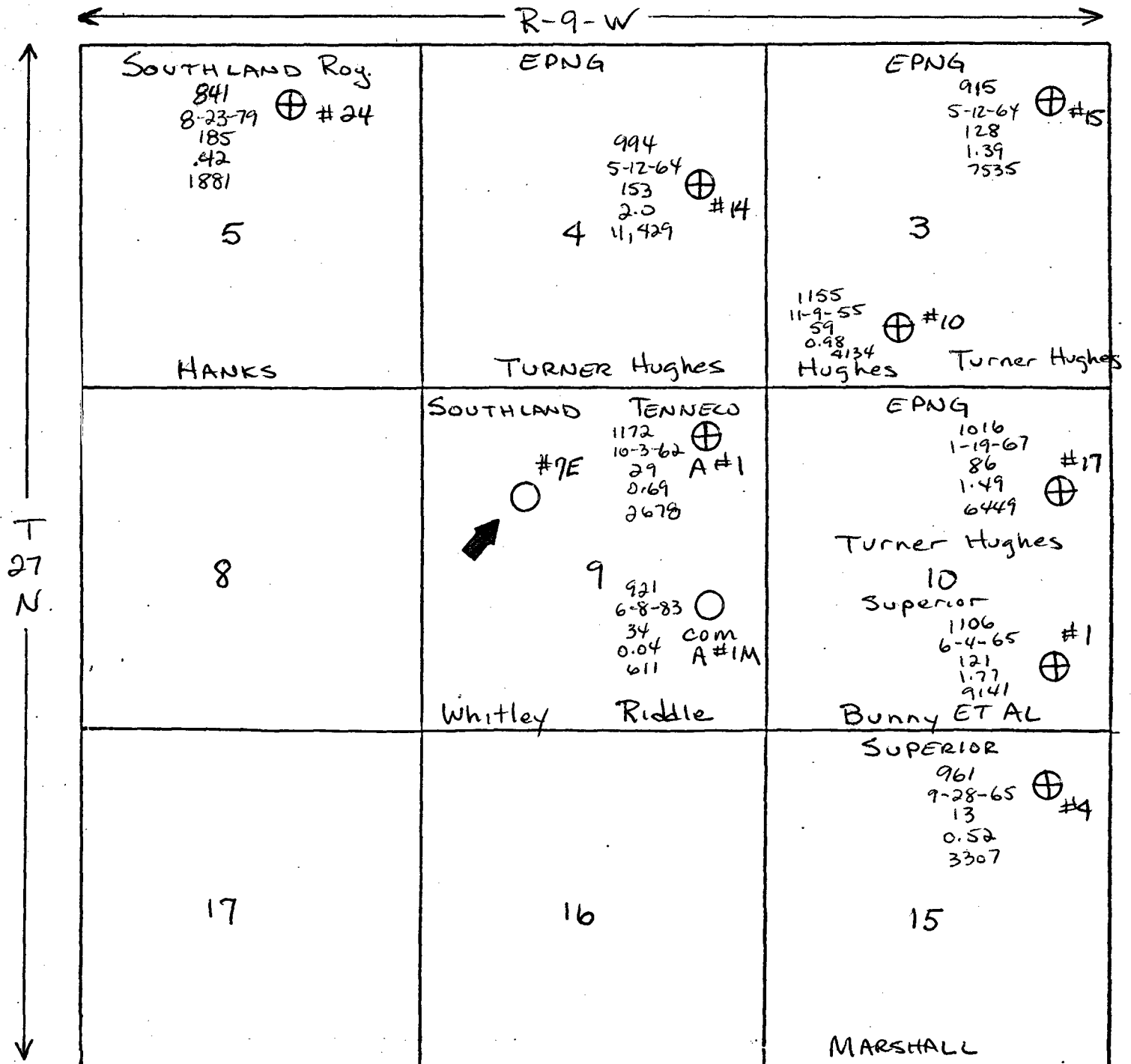
CERTIFICATION	
<p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p>	
<p><i>[Signature]</i> Name C. Terry Hobbs</p>	
<p>Position District Engineer</p>	
<p>Company Southland Royalty Company</p>	
<p>Date June 28, 1985</p>	
<p>I hereby 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 knowledge and belief.</p>	
<p>Date Surveyed December 11, 1983</p>	
<p>Registered Professional Engineer and Land Surveyor <i>[Signature]</i> Fred E. Kent Jr.</p>	
<p>Certificate No. 3950</p>	

Name Whitley #7E (MESA VERDE)

Date 14 Feb. 86

Location 1470 FNL, 1470 FWL, Sec. 9, T27N, R9W

original WH SIP
DATE of 1st Delivery
1985 avg. MCF/d gas production
gas cumulative (MMCF)
oil cumulative (bbbl's)



Name Whitley #7E (Chacra)

Date 14 Feb 86

Location 1470 FNL, 1470 FWL, Sec. 9, T27N, R9W

original WHSIP
date of 1st delivery
1985 avg. mcf/d gas prod.
gas cumulative (mmcf)
oil cumulative (bbbls)

← R - 9 - W →

↑	<p>Southland Roy. 914 8-23-79 ⊕ #24 27 0.07</p> <p>5</p> <p>HANKS</p>	<p>4</p>	<p>EPNG 749 6-5-75 ⊕ #19 19 0.16</p> <p>3</p> <p>TURNER Hughes</p>
T 27 N	<p>8</p>	<p>Southland</p> <p>○ #7E ↗ 9</p> <p>Whitley</p>	<p>10</p>
↓	<p>17</p>	<p>16</p>	<p>15</p>



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

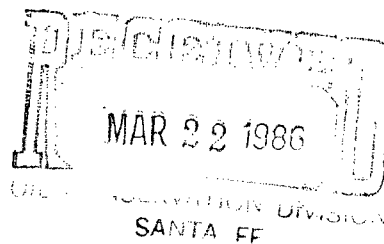
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

OIL CONSERVATION DIVISION
BOX 2088
SANTA FE, NEW MEXICO 87501

DATE March 20, 1986

RE: Proposed MC _____
Proposed DHC ☒ _____
Proposed NSL _____
Proposed SWD _____
Proposed WFX _____
Proposed PMX _____



Gentlemen:

I have examined the application dated February 26, 1986
for the Smith & Rogers Whitley #1E F-9-27N-9W
Operator Lease and Well No. Unit, S-T-R

and my recommendations are as follows:

Approve

Yours truly,

Frank J. Clay