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

State of New Mexico Energy, Minerals and Natural Resources Department Form C-107A Revised August 1, 2011

District II

District III

District IV

Operator USA SF 079364

Lease

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

Chevron Midcontinent, L.P.

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

APPLICATION TYPE X Single Well Establish Pre-Approved Pools
EXISTING WELLBORE

APPLICATION FOR	DOWNHOLE	COMMINGLING
-----------------	----------	-------------

Oil Conservation Division

APPLICA	X YesNo	
1400 Si	nith Street Houston Texas 77002	
	Address	
Rincon 183E	J-SE/4 Section 31-27N-6W	Rio Arriba
Well No.	Unit Letter Section Township Pance	County

OGRID No. 241333 Property C		39-25433 Lease Type: X I	
DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Blanco Mesaverde	Basin Mancos	Basin Dakota
Pool Code	72319	97323	71599 .
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	5312'-5366'	6803.5′-6819.5′	7271'-7487'
Method of Production (Flowing or Artificial Lift)	Artificial Lift	Future Artificial Lift	Artificial Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is	NA	NA	NA
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1195	1195	1195
Producing, Shut-In or New Zone	Producing	New Zone	Producing
Date and Oil/Gas/Water Rates of	Date: 1/1/14	Date:	Date:
Last Production. (Note: For new zones with no production history,	Rate:71 mcfpd	Rate:	1/1/14
applicant shall be required to attach production estimates and	.0248 bopd		Rate:56
Fixed Allocation Percentage (Note: If allocation is based upon something other	Oil: 93% Gas: 56%	Oil Gas	Oil: 7% Gas: 44%
than current or past production,			

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? See R-12984B	Yes Yes	No No	x
Are all produced fluids from all commingled zones compatible with each other?	Yesx_	No_	
Will commingling decrease the value of production?	Yes	No_	x
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_x	No_	
NMOCD Reference Case No. applicable to this well: 14862			
Attachments: C-102 for each zone to be commingled showing its spacing unit and acreage dedication.: PLEASE SEE ATTACHED	1		
Production curve for each zone for at least one year. (If not available, attach explanation.) PLEASE SEE ATTACHED			
For zones with no production history, estimated production rates and supporting data.			
Data to support allocation method or formula-INCREMENTAL METHOD-any production in addition to the product shown in the curves and reported will be attributed to the Basin Mancos. See attached production curves	ion		
Notification list of working, royalty and overriding royalty interests for uncommon interest cases. See attached			

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.

SIGNATURES - M S/2S/14	
TYPE OR PRINT NAME JONE Chapter TELEPHONE NO. (715) 372-9896	
E-MAIL ADDRESS OTH C Chouren Com	

District 1
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Face (575) 393-0720
District III
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Face (575) 748-9720
District III Prone: (3/3) /48-1283 Fax: (3/3) /48-9/20 District.III 1000 Rio Brazos Road. Aziec, 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

			² Pool	Cada	1 3 Da	I Nama				
'API Number			- P001		roc	³ Pool Name				
30	30-039-25433			97232 Basin Mancos			cos			
⁴ Property	Code				5 Property	Name		۱۰,	Vell Number	
302737	7				Rincon	Unit			183E	
'OGRID	No.				Operator	Name			Elevation	
241333	3				Chevron Midcon	ntinent, L.P.			6614'	
					" Surface	Location				
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	Count	
J	31	27N	6W		1880'	South	2080'	East	Rio Arriba	
	L	1	" Bo	ottom Ho	le Location I	f Different Fron	n Surface			
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	Count	
12 Dedicated Acres	s 13 Joint o	rinfill 14 (Consolidation	Code 15 Or	rder No.	1				
336.32ac S/2			U	Un	itization R-87					

division.

16	S 89° 17' W				"OPERATOR CERTIFICATION
					I hereby certify that the information contained herein is true and complete
					to the hest of my knowledge and belief, and that this organization either
					owns a working interest ar unleased mineral interest in the kand including
					the proposed hottom hole location or has a right to drill this well at this
					location parsuant to a contract with an owner of such a mineral or working
					interest, or to a voluntary pooling agreement or a compulsory pooling order
					heretafore entered by the division.
					1 /1/4 2/10/14
					Signature Date
					Signific / Date
					JAMIE ELKINGTON, Production Engineer
					Printed Name
	•				
					ELKi@chevron.com
					E-mail Address
		S 89° 4	4' 19" W		"SURVEYOR CERTIFICATION
					I hereby certify that the well location shown on this plat
				2080'	was plotted from field notes of actual surveys made by
		•	Lat/Long	2000	me or under my supervision, and that the same is true
N 09 02' E			36.5273461674	663 -	and correct to the best of my belief.
된			107.506936851	641	
2,					-
<u> </u>				5	Date of Survey
z		ć		7	Signature and Seal of Professional Surveyor:
		880,		1 ធំ	1
	i	_			
	1		[Basin Mancos —	
				/	
	S 84° 45' W				Certificate Number 9672
	3 04 43 W				l .

District I PO Box 1900, Hobbs, NM 88241-1960 District II PO Drawer 'DD, Artesia, NM 88211-0719 District III 1000 Rio Brasso Rd., Aztec, NM 87410 District IV State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION PO Box 2088 Santa Fe, NM 87504-2038 Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

District IV						41 07304-2030				Lease - 3 Copies
PO Box 2005, Santa Fc, NM 87504-2008								ENDED REPORT		
			LL LO			CREAGE DED	ICATION P	LAT		
1	API Numb		-	² Pool Cod	c		³ Poel N	ane.		
	-25433	[72319			BLANCO ME	SA VER	DE	
* Property					¹ Prope	rty Name			•	Well Number
011510					RINCON UN					183-E
' ogrid 023708					' Opera	ter Name				* Elevation
023700					UNOCAL					6614
					¹⁰ Surfac	e Location				
UL or lot no.	Section	Towaship	Range	Lot Ide	Feet from the	North/South line	Feet from the	East/West	t line	County
J	31	27N	6W		1880	SOUTH	2080	EAS	T	RIO ARRIBA
			11 Bot	tom Hol	e Location	If Different Fr	om Surface			
UL or let so.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West	line	County
⁽¹ Dedicated Acr	1000	7 57 144		0.146	<u> </u>			T- 73 T	757	de la
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	2652.	49	/		2640	32	N 18SUR	VEYOR	CERT	TIFICATION
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				+		1 /		18		100
							Cec	il Brown	Salony	
/ 2	682,	90	ິ <u>S 84°</u>	45' W	2653	20	Certificate N		672	
L		× ×	J 07	יו ליד	/I 20).	4 20				

Submit to Appropriate District Office State Lease - 4 copies Fee Lease - 3 copies

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-102 Revised 1-1-81

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

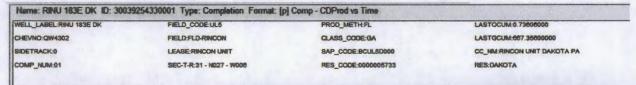
DISTRICT II P.O. Drawer DD. Artesia, NM \$8210

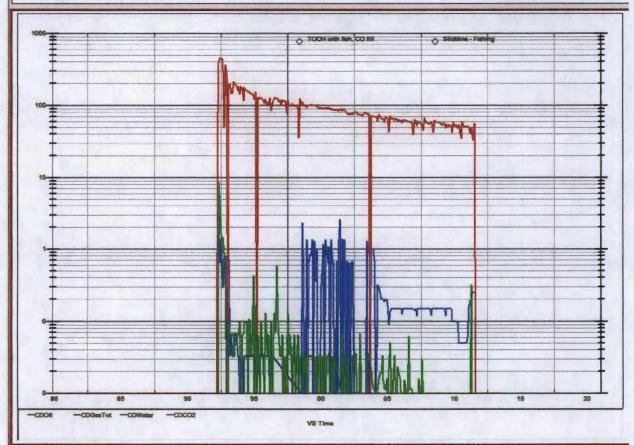
DISTRICT III

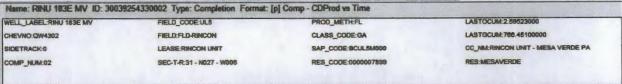
DISTRICT I

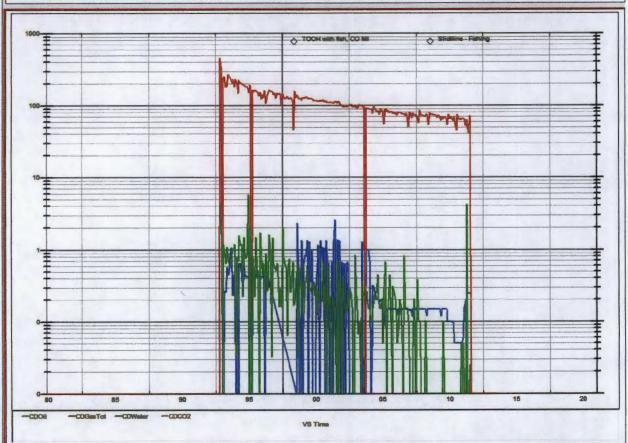
WELL LOCATION AND ACREAGE DEDICATION PLAT
All Distances must be from the outer boundaries of the section

Well No. Zinit 183-E RINCON UNOCAL County Range Township Section Usir Latter 27N NMPM Rio Arriba 6W Actual Focuses Location of Well: 2080 feet from the 1880 Dakota -320 336-3 Dakota/Tocito Basin / South Blanco 377 6614 1. Outline the screage dedicated to the subject well by colored pencil or hackure marks on the plat be Tocito -80 83.97 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). 2. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, maintention, force-pooling, etc.? Yes wer le "no" list th this form if seccessary. citization, unitization, forced pooling, or otherwise) or until a non-mendard unit, chiminating such interest, has been approved by the Division. N 85° 17' W OPERATOR CERTIFICATION 2641 4 98 264 2 26 I hereby sersify that the informat browledge and belief. Jim Benson Printed Name 3116 19 182.09 Drilling Superintendent **AC±** 2886. Union Oil Co. of Calif. 1/12/94 Date SURVEYOR CERTIFICATION S 89° 44' 19"W 2652. 2640 32 : I hereby certify that the well location sh on this plat was placed from field notes of 44.63 actual surveys made by me or under my 20801 correct to the best of my knowledge and 13 belief.::: 41.11 168.08 183.41 AC± 3116. စိ Z 2682. S 84° 5' W 20 •2653 9672 1900 2310 2440 1500 500 1330 1650 2000









Notification for Rincon 176: (300398237300): NE NE Section 31: 27N 6W—Basin Mancos completion

XTO/Cross Timbers:

Cross Timbers Energy LLC C/O Morningstar Partners, LP 400 West 7th Street Fort Worth, TX 76102

XTO Energy Inc. 810 Houston Street Fort Worth, TX 76102

McElvain Energy, Inc:

McElvain Energy, Inc. 150 17th St. #2500 Denver, CO 80265

Notification for Rincon 183E: (300392543300): NW SE Section 31: 27N 6W—Basin Mancos completion

XTO/Cross Timbers:

Cross Timbers Energy LLC C/O Morningstar Partners, LP 400 West 7th Street Fort Worth, TX 76102

XTO Energy Inc. 810 Houston Street Fort Worth, TX 76102

McElvain Energy, Inc:

McElvain Energy, Inc. 150 17th St. #2500 Denver, CO 80265

7006 0100 0005 5771 2298 7006 0100 0005 5771 2281 Restricted Delivery Fee (Endorsement Required) Return Receipt Fee (Endorsement Required) For delivery information visit our website at www CERTIFIED MAIL. RECEIP (Domestic Mail Only; No Insurance Covera U.S. Postal Service™ Restricted Delivery Fee (Endorsement Required) Return Receipt Fee (Endorsement Required) For delivery information visit our website at www Total Poslage & Fees \$ CERTIFIED MAIL RECEI Total Postage & Fees \$ U.S. Postal Service™ (Domestic Mail Only; No Insurance Cove. c/o Morningstar Partners, LP Cross Timbers Energy LLC 400 West 7th Street Fort Worth, TX 76102 Certified Fee Certified Fee Postage Postage 6.5 Museum 1 A 55 Sec. 6 0 <u>}:</u>

2. Article (Trans	810 For	1, Article Poetings 2000.	ge Provided) Lusps.coms So the Attace or or	SENDER:	(Transfer from s PS Form 3811,	Fort W	Postmark Cross Co Mo	SENDE Complete items 1, item 4 if Restricted Print your name are so that we can ret Attach this card to or on the front if sy
Article Number (Transfer from service label) 7006 0:	XTO Energy Inc. 810 Houston Street Fort Worth, TX 76102	1, Article Addressed to:	Complete items 1, 2, and 3. Also complete them 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits.	IN AT TOP OF ENVELOPE TO THE RIGHT JAN ADDRESS, FOLD AT BOTTED LINE THE HAT THE HAT THE THE THE THE THE THE THE THE THE TH	(Transfer from service label) 7006 0100 001 PS Form 3811, February 2004 Domestic Return Receipt	02	Cross Timbers Energy LLC c/o Morningstar Partners, LP 400 West 7th Street	In certification is assessed white Hard is a state of the travels of the reverse return the card to you. If the back of the mallpiece, if space permits.
0100 0005 5771 2281	3. Service Type Appentified Mail	If YES, enter delivery address below: No	A. Signature X Agent Addressee Addressee Addressee Addressee Addressee A N 2 7 2013	HABILLO NO NOITH TON ON DELIVERY	1 0005 5771 2298	Service Type Certified Mail Registered Insured Mail Restricted Delivery? (E		SECTION ON DELIVERY Agent X (A) C

PS Form 3811, February 2004

SAME SHAP MARKS HARE

Fort Worth, TX 76102 810 Houston Street

XTO Energy Inc.

Domestic Return Receipt

102585-02-M-1540

0100 0005 5771 2304 700h Restricted Delivery Fee (Endorsement Required) Return Receipt Fee (Endorsement Required) For delivery information visit our website at www.usps.com CERTIFIED MAIL... RECEIPT U.S. Postal Service... (Domestic Mail Only; No Insurance Coverage Provided) Total Postage & Fees McElvain Energy, Inc. Denver, Colorado 80265 150 17th Street #2500 Certified Fee Postage 64 2.55 ė なる Ringon Postmark Here

 Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse 	SENDER: COMPLETE OF 10 TO THE SENDER: COMPLETE OF THE
X Signature	40 S SECTION ON DELIVERY

item 4 if Restricted Delivery is desired.

Print your name and address on the reverse so that we can return the card to you.

Attach this card to the back of the maliplece,

or on the front if space permits.

is delivery address different from Item 17 If YES, enter delivery address below:

> 장 ☐ Yes

2 Date of Delivery

Article Addressed to:

McElvain Energy, Inc. 150 17th Street #2500 Denver, Colorado 80265	
 3	-

7006						
0100 0005	4. Restricted Delivery? (Extra Fee)	☐ Insured Mail	☐ Registered	Moentlied Mail	3. Service Type	
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PS Form 3811, February 2004

Article Number

(Transfer from service label)

Domestic Return Receipt

102585-02-M-1540

STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

CASE NO. 14862 ORDER NO. R-12984-B

APPLICATION OF CONOCOPHILLIPS COMPANY AND BURLINGTON RESOURCES OIL & GAS COMPANY FOR PRE-APPROVAL OF DOWNHOLE COMMINGLING OF PRODUCTION ON A POOL-WIDE BASIS FOR THE BASIN-MANCOS GAS POOL, SAN JUAN, RIO ARRIBA AND SANDOVAL COUNTIES, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on June 25, 2012, at Santa Fe, New Mexico, before Examiner David K. Brooks.

NOW, on this 15th day of August, 2012, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

- (1) Due notice has been given, and the Division has jurisdiction of the subject matter of this case.
- (2) ConocoPhillips Company and Burlington Resources Oil & Gas Company ("Applicant") filed this application pursuant to 19.15.12.11.D(2) NMAC seeking preapproval on a pool-wide basis for downhole commingling of production from the Mancos formation, within any and all wells now or hereafter completed in the Basin-Mancos Gas Pool, with production from the Blanco-Mesaverde Gas Pool, the Basin-Dakota Gas Pool, or both of said pools.
- (3) Applicant appeared at the hearing through counsel and presented evidence as follows:

Land

- (a) Applicant has given notice to all operators in the Basin-Mancos Gas Pool by certified mail.
- (b) The Division has previously issued orders pre-approving downhole commingling of production from various "Gallup" pools with production from the Mesaverde and Dakota.
- (c) In Order No. R-12991, issued in Case No. 14146 on September 5, 2008, the Division granted pre-approval for downhole commingling of Basin-Mancos production with Basin-Dakota and Blanco-Mesaverde production throughout the Rosa Unit, operated by WPX Energy Production, LLC ("WPX"), formerly known as Williams Production Company.
- (d) WPX and Energen Resources Corporation have furnished letters in support of this Application.

Geological:

- (e) The Mancos formation in the San Juan Basin is a marine deposit that exhibits a large degree of continuity across the Basin. Accordingly it is reasonable to infer that known data points are representative of a large area.
- (f) Specifically in regard to fluid compatibility, development in the San Juan Basin demonstrates compatibility of fluids within the pore space of different formations.
- (g) Downhole commingling between the Dakota formation and the Gallup member of the Mancos formation has occurred from the beginning of Gallup production in the area.
- (h) Experience with both Gallup wells pre-approved for commingling and other Mancos wells specifically approved for commingling indicates that there are no fluid incompatibility issues with either the Dakota or the Mesaverde.
- (i) In regard to pressure differentials, the stratigraphy of the Mesaverde, Mancos and Dakota are such that they get deeper together, so that one would not expect different gradients between them anywhere in the San Juan Basin.
- (j) Type logs presented in evidence from three selected areas in the Mancos dispersed around the basin confirm the consistency of the stratigraphy of these formations.

- (k) This consistency of stratigraphy makes it reasonable to estimate pressure in these formations based on interpolation from known data points even if the data points are a considerable distance apart.
- (1) Logs are available for more than 9,000 wells that penetrate the Mancos, affording a large number of data points.
- (m) Based on the available geologic evidence and well experience it is reasonable to conclude that neither fluid compatibility nor pressure differentials will be an issue between the Mancos, Mesaverde and Dakota formations.

Engineering

- (n) The Mancos formation is generally at or below hydrostatic pressure, so that it will not pose problems for the Mesaverde or Dakota in the event of a prolonged shut-in.
- (o) BTU content of gas is not greatly different between these formations; so there is no reason why commingling would adversely affect the value of gas produced.
- (p) BTU differences between the Mancos and the Mesaverde, and between the Mancos and the Dakota are less than expected between the Mesaverde and the Dakota, formations already pre-approved for downhole commingling.
- (q) Economic analysis of Mancos prospects indicates that stand-alone wells to produce the gas in the Mancos are not justified. Thus without commingling with other formations, this gas may be left in the ground.
- (4) No other person appeared at the hearing or otherwise communicated to the Division any opposition to this Application.
- (5) The Division concludes that (a) Applicant has satisfied all of the evidentiary requirements of 19.15.12.11.D(2) NMAC for pre-approval of downhole commingling, and (b) granting this Application will prevent waste by facilitating production of hydrocarbons which might otherwise be uneconomic, and will not impair correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The application of ConocoPhillips Company and Burlington Resources Oil & Gas Company for pre-approval on a pool-wide basis for downhole commingling of production from the Mancos formation, within any and all wells now or hereafter completed in the Basin-Mancos Gas Pool (Pool Code 97232), with production from the

Blanco-Mesaverde Gas Pool (Pool Code 72319), the Basin-Dakota Gas Pool(Pool Code 71599), or both of said pools, is hereby approved.

- (2) Any operator of any well completed in the Basin-Mancos Gas Pool may obtain approval to downhole commingle production from said pool in such well with production from the Blanco-Mesaverde Gas Pool, the Basin-Dakota Gas Pool, or both said pools without other formality than filing a Form C-103 with the Aztec District Office of the Division in accordance with 19.15.12.11.C(2) NMAC, and, if applicable, giving the notice provided in said rule.
- (3) As mandated by 19.15.12.11.D(3), the Division shall propose to the Oil Conservation Commission adoption of an amendment to 19.15.12.11.E NMAC to incorporate the pre-approval granted by this Order.
- (4) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

JAMI BAILEY Director



State of New Mexico ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT Santa Fig. New Mexico 87505

OIL CONSERVATION DIVISION



January 24, 1995

UNOCAL P. O. Box 2620 Casper, WY 82602-2620

Attention: Jim Benson

DECEIVED N. JAN 2 6 1995

OIL COM. DIV.

AMENDED
Administrative Order NSL-3412

Dear Mr. Benson:

Reference is made to your letter dated December 28, 1994 to amend Division Administrative Order NSL-3412, dated July 26, 1994, which order authorized UNOCAL's Rincon Unit Well No. 183-E (API No. 30-039-25433) to be drilled at an unorthodox infill gas well location in the Basin-Dakota Pool 1880 feet from the South line and 2080 feet from the East Line (Unit J) of Section 31, Township 27 North, Range 6 West, NMPM, Rio Arriba County, New Mexico, as to include the Blanco-Mesaverde Pool within the provisions of said order.

It is our understanding that this well was drilled in August 1994 to a total depth of 7750 feet. This well was originally to have been dually completed in the Basin-Dakota Pool and the South Blanco-Tocito Oil Pool, however, the Tocito interval tested "non-productive" and was subsequently "squeezed-off".

It is our understanding at this time that said well is to be dually completed in both the Basin-Dakota and Blanco-Mesaverde Pools, Lots 4, 13, 14, 15, and 16, the SE/4 SW/4, and the S/2 SE/4 (S/2 equivalent) of said Section 31 shall be dedicated to said well to form a 336.32-acre gas spacing and proration unit for the Blanco-Mesaverde Pool.

By the Authority granted me under the provisions of Rule 2(d) of the Special Rules and Regulations for the Blanco-Mesaverde Pool as promulgated by Divison Order No. R-8170, as

VILLAGRA BUILDING - 406 Galisto

Forestry and Resources Conservation Division P.O. Box 1948 87504-1948 827-5830 Park and Recreation Division P.O. Box 1147 87504-1147 827-7465 2040 South Pacheco

Office of the Secretary 827-5950

Administrative Services 827-5925

Energy Conservation & Management 827-5900

Mining and Minerals

Oil Conservation

amended, the above-described unorthodox gas well location is hereby approved. All provisions of the original Order NSL-3412 as it pertains to the Basin-Dakota Pool shall remain in full force and effect until further notice.

. \

William J. LeMay

Director

Sincerely,

WJL/MES/kv

cc: Oil Conservation Division - Aztec

US Bureau of Land Management - Farmington Melissa Osborne, UNOCAL - Bloomfield, NM

Form 3160-5 (March 2012)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

FORM APPROVED OMB No. 1004-0137 Expires: October 31, 2014

		TEREST.		Expires: October 31, 2014
BUR	EAU OF LAND MAN	AGEMENT	5, Lense Serial No. USA SF 078364	٥ĸ
	OTICES AND REPO		6. If Indian, Allottee	
	form for proposals to Use Form 3160-3 (Al			
	00070711101000777	b) for such proposi		
	T IN TRIPLICATE - Other	Instructions on page 2.	Rincon Unit	reement, Name and/or No
1. Type of Well Oil Well Gas W	Vell Other		8. Well Name and N	0,
	reii Li Other		Rincon 183 E	
2 Name of Operator Chevron Midcontinent, L.P.	and the same of th		9. API Wali No. 3003925433 DK	
3a. Address		3b Phone No (include area o	,	
1400 Smith Street, Houston, Taxas, 77002		(505) 334-7117	Basin Mancos Ga	
4 Location of Well (Foolage, Sec., T., SE 1/4 Section 31 T 27 N R 6 W	K., M., Or Survey Description)		11. County or Parish Rio Arriba County	• •
12. CHEC	K THE APPROPRIATE BO	K(ES) TO INDICATE NATU	RE OF NOTICE, REPORT OR OT	HER DATA
NCISSIMBUS TO STYT		'n	YPE OF ACTION	
Notice of Intent	Acidize	Deepen	Production (Start/Resume)	Water Shut-Off
	Alter Casing	Fracture Treat	Reclamation	Well integrity
Subsequent Report	Cusing Repair	New Construction	Recomplete	Other commingto
	Change Plans	Plug and Abandon	Temporarity Abandon	Basin Mancos prod. w/
Final Abandonment Notice	Convert to Injection	Plug Back	Water Disposel	existing production
See attachments for proposed operations. Note: Division Order R-12984-B pre-appro Completion of the Basin Mancos into The incremental allocation method of MCFPD and just under 1 BOPD. Ar BiA Bond Number: RLB0002077; Bi Spud Date: July 15, 2014	oves DHC of the Blanco-Me erval will not reduce the tot for the addition of the Basin ny additional production wil	saverde Gas Pool, the Bas al remaining production value Mancos will be used. Supp be allocated to the Basin M	ue, porting data attached (decline cu Mancos.	
14. I hereby certify that the foregoing is to April E fish! Signature April E f	BAI		ulatory Special 14/2014 TATE OFFICE USE	ist
Approved by				
gue Hewith		Title 6	eo	Date 1 - 29 - 14
Conditions of approval, if any, are attached that the applicant holds legal or equitable tile emitte the applicant to conduct operations to	tle to those rights in the subject		FFO	

(Instructions on page 2)

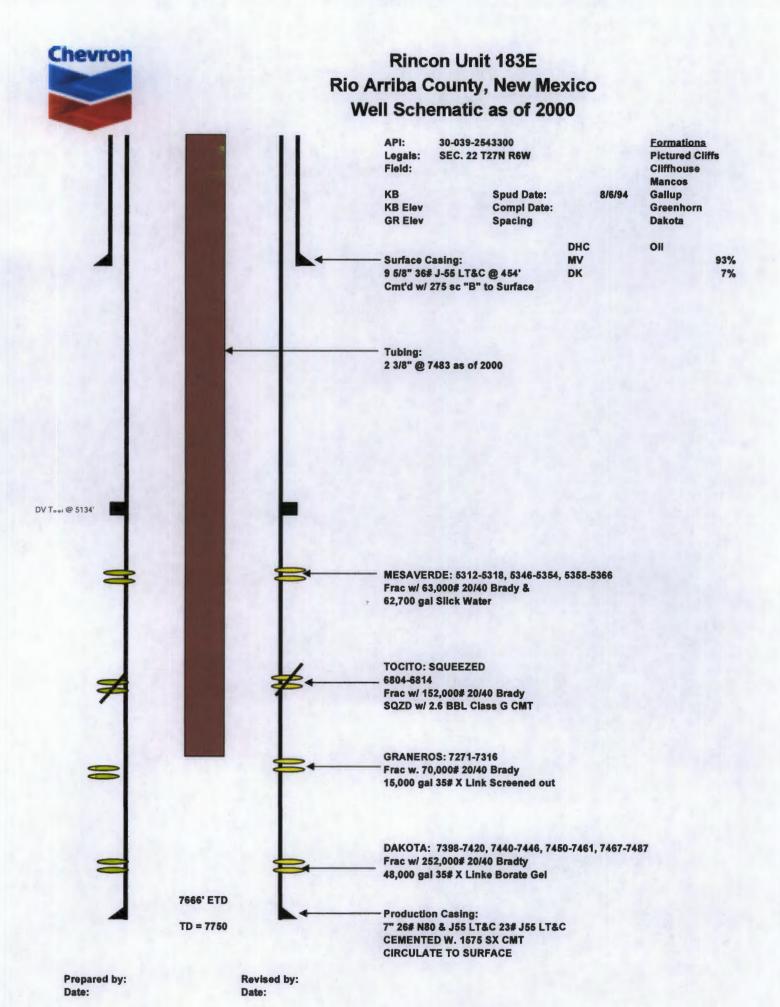
fictitious or fraudulent statements Or representations as to any matter within its jurisdiction

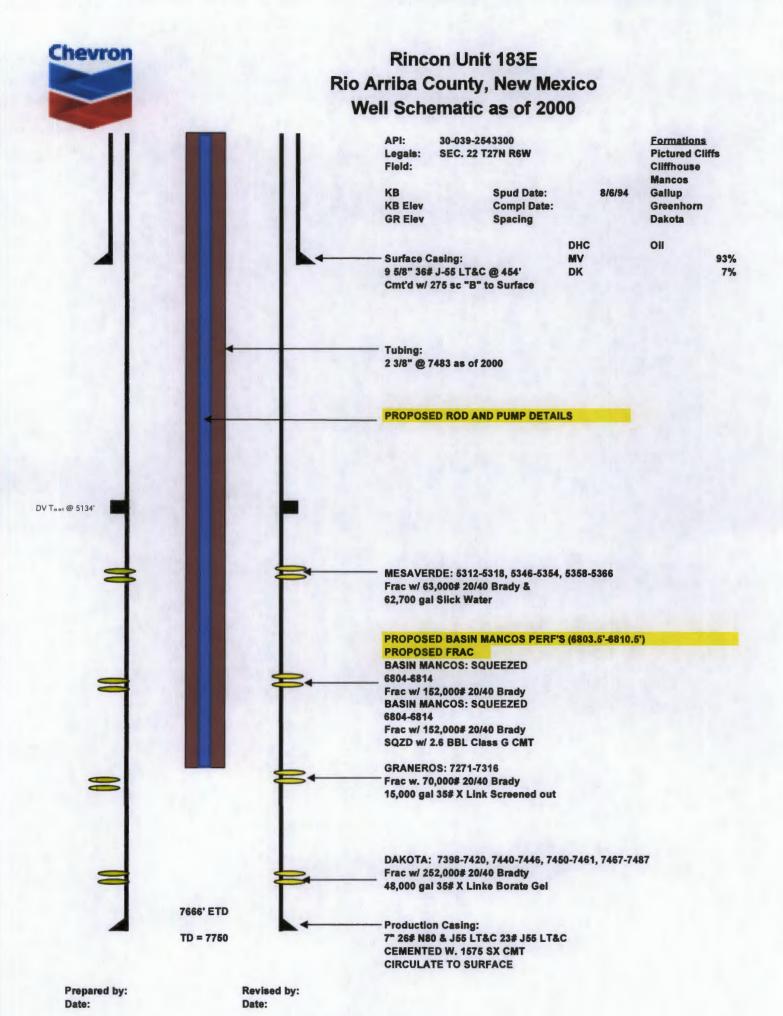
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false,

RINCON 183E PROCEDURE FOR BASIN MANCOS COMPLETION AND ARTIFICIAL LIFT INSTALLATION

- MIRU wokover rig and equipment
- N/D wellhead, N/U BOP's and test BOP's
- RU slick line and pull plunger and BHBS
- Tag for fill with slick line
- RD slick line
- RU tubing handling equipment
- POOH with tubing
- LD tubing string
- PU 2-7/8" workstring
- RIH with bit and scraper on 2-7/8" workstring and cleanout to 7666'
- POOH and lay down bit and scraper
- MIRU wirline and install text lubricator.
- PU and RIH with 7" CBP on wireline run CCl and set CBP @ 6903'
- POOH with wireline and setting tool
- PU and RIH with GR/CCL log. Log from 6903' (CBP) to 6300'
- POOH with logging equipment
- RIH with Perf guns and perforate (Proposed perforations 6803.5'-6810.5')
- RDMO wirline unit
- PU and RIH with 7" packer with two stage equalizing plug on 2-7/8" workstring set packer at 6700'
- Pressure text the workstring
- MIRU slick line unit. RIH and pull the equalizing prong and POOH.
- RiH and pull packer plug
- · RDMO slick line unit
- NU frac mandrel on BOP's, install frac head or Y
- MIRU flow back equipment
- MIRU Frac crew
- Frac down the workstring
- RDMO frac equipment
- Flow well back
- MIRU slick line unit
- P/U and RIH with pressure bombs on slick line for 24 hour shut in test
- Release packer and TOH. LD Packer
- MIRU airfoam until for cleanout
- Cleanout sand to CBP @ 6903'
- Drill out CBP and cleanout wellbore to PBTD ~ 7666'
- Continue to cleanout wellbore until returns clean up
- If scale is present during cleanout consider an acid treatment
- POOH with worksting, bit and bit sub, laying down
- RIH with 2-3/8" production tubing and BHA.
- ND BOP's NU wellhead
- Pump ½ drum of corrosion inhibitor down the tubing and ½ drum down CSG
- RIH with new pump on ¾" rod string
- Seat pump, load tubing and test

- RDMO workover rig
- Install pumping unit







Certified Mail:

Chevron Midcontinent, L.P. 332 Road 3100 Aztec, NM 87410

February 27, 2014

State of New Mexico Oil Conservation Division Attention: Leonard Lowe 1220 S. St. Francis Dr. Santa Fe, NM 87505

Re: Rincon Federal Unit: 201 API 30-039-20774

Dear Mr. Lowe:

Chevron would like to downhole commingle production from the Largo Gallup Gas Pool with existing Blanco Mesaverde and Basin Dakota production in the Rincon 201 well. Please find enclosed a completed C-107A Downhole Commingling application, a completed C-102 form for the new zone, and current production data. Also included are the C-102s for the currently producing zones as well as notification documents. Copies of Case 10663 and DHC 2355 are included. Lastly, a proposed procedure and wellbore diagrams show what is planned for the actual DHC.

Commingling of the zones should not reduce the total remaining production value of this well. Chevron plans to use the incremental allocation method to account for the additional production from the Largo Gallup. Any additional production to the current production will be attributed to the Largo Gallup.

Once the NMOCD has approved the DHC, Chevron Midcontinent will file a 3160-5 Notice of Intent to begin the actual work.

Sincerely,

April E. Pohl Regulatory Specialist 505-333-1941 office 505-386-8074 cell April.Pohl@chevron.com

State of New Mexico Energy, Minerals and Natural Resources Department

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

District III 1000 Rio Brazos Road, Azeoc, NM 87410

District IV

E-MAIL ADDRESS CIGO Chouren com

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

Form C-107A Revised August 1, 2011

APPLICATION TYPE

X Single Well
Establish Pre-Approved Pools
EXISTING WELLBORE

1220 S. St. Francis Dr., Santa Fc, NM 87505	APPLICATION FOR I	DOWNHOLE COMMINGLING	XYesNo
CHEVRON MIDCONTINENT, L.P.	1400 Smith Street/Houston	, Texas/77002	
Operator	Ad	dress	
E-291-3	Rincon 201 G: E 1/4 S	ection 2: 26N-7W	Rio Arriba
Lease	Well No. Unit Letter-	Section-Township-Range	County
OGRID No. 241333 Property Co	de302737 API No30-	-039-20774 Lease Type:F	ederal X State Fee
DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Blanco Mesaverde	Largo Gallup	Basin Dakota
Pool Code	72319	80000	71599
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	5213'-5315'	6760`-6775`	7267'-7456'
Method of Production (Flowing or Artificial Lift)	Current: Plunger Future: Beam Pump	Beam Pump	Current: Plunger Future: Beam Pump
Bottomhole Pressure	N/A	N/A	N/A
perforation in the lower zone is within 150% of the			
depth of the top perforation in the upper zone)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1315	1315	1315
Producing, Shut-In or New Zone	Producing	New Zone	Producing
Date and Oil/Gas/Water Rates of			
Last Production. (Note: For new zones with no production history.	Date: 11/1/13	Date: NA	Date: 11/1/13
applicant shall be required to attach production estimates and supporting data.)	D-1-1 C-1 26	Rates:	Batan Can III anafad
contracted and registering const.)	Rates: Gas-26 mcfpd Oil-0-35 bopd	Rates:	Rates: Gas-11 mcfpd Oil-0-3 bopd
Fixed Allocation Percentage (Note: If allocation is based upon something other	Oil Gas	Oil Gas	Oil Gas
than current or past production, supporting data or explanation will be required.)	54 % 30 %	% %	46 % 70 %
	ADDITION	NAL DATA	
Are all working, royalty and overriding PLEASE SEE ATTACHED ORDER NO.	royalty interests identical in all con R-9893: ADMINISTRATIVE PROC	mmingled zones? ZEDURE FOR NOTIFICATION	Yesx No
If not, have all working, royalty and ove PLEASE SEE ATTACHED ORDER NO.			YesNo
Are all produced fluids from all commit	ngled zones compatible with each o	other?	YesX No
Will commingling decrease the value of	f production?		Yes NoX
If this well is on, or communitized with or the United States Bureau of Land Ma			YesXNo
NMOCD Reference Case No. applicable	e to this well: Case	number 10663	
Production curve for each zone for For zones with no production histor Data to support allocation method o	at least one year. (If not available, y, estimated production rates and so r formula. SEE PRODUCTION Co. and overriding royalty interests for	URVE r uncommon interest cases. UNIFORM	TACHED
	PRE-APPRO	VED POOLS	
If application is	to establish Pre-Approved Pools, th	ne following additional information wil	l be required:
List of other orders approving downhole List of all operators within the proposed Proof that all operators within the propo- Bottomhole pressure data.	Pre-Approved Pools. sed Pre-Approved Pools were prov	rided notice of this application.	
I hereby certify that the information abo	ve is true and complete to the best	of my knowledge and belief.	h-1
SIGNATURE J~ UY	TITLE JEndo	n Cy DATE O	23.00.00
TYPE OR PRINT NAME	Clarat	_TELEPHONE NO. (15)	tr-1860

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

¹² Dedicated Acres

320.76 ac E/2

¹³ Joint or Infill

14 Consolidation Code

U

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	r		² Pool Code			³ Pool Nan	ne	
30-039-20774				80000	-	Largo Gailu	p Gas Pool		
4 Property	Code				⁵ Property N	ame		6 V	Vell Number
30273	7				Rincon Un	it			201
⁷ OGRID	No.				* Operator !	Vame		•	Devation
24133	3			C	HEVRON MIDCON	TINENT, LP.			6661' GL
	•				" Surface !	Location			
UL or lot no.	Section	Township	Range	Lot Idu	Feet from the	North/South line	Feet from the	East/West line	County
G	2	26N	26N 7W 1690' NORTH 1725' EAST R					Rio Arriba	
			" Bo	ttom Hol	e Location If	Different From	n Surface		
UL or lot no.	Section	Township	Range	Lot ldn	Feet from the	North/South line	Feet from the	East/West line	County

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.

Unitization R-87

16	1690'		17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and helief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed huttom 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 arder heretofore.
		1725'	entered by the division //
	Lat/Long: 107.54116		Signature Date
	Largo	Gallup	Jamie Eikington, Production Engineer Printed Name ELKI@chevron.com E-mail Address
			"SURVEYOR CERTIFICATION 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. August 27, 1973 / on file @ NMOCD Date of Survey
			of file @ NMOCD Certificate Number 3950

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

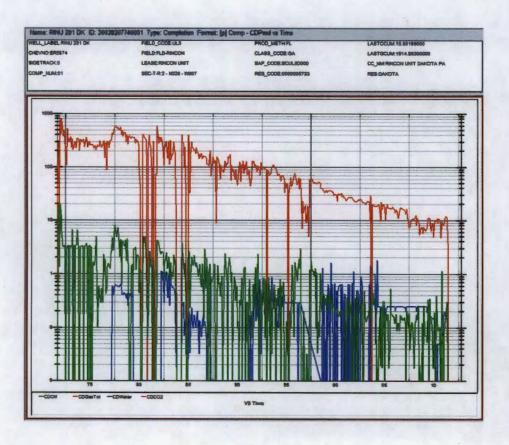
		WE	LL LO	CATION	AND A	CRE	EAGE DEDIC	ATION PLA	T		
	API Number -039-2077	4		₂ Pool Code 72319		Blar	nco Mesa Verde	aPool Na	me		
₄Property 0		Blanco M	esa Verd	e	sРто	perty N	ame			6	Well Number 201
OGRID 02370		Union Oil	Compan	y of Califor	-	erator N	lame		•		•Elevation 6661
<u> </u>		· · · · · · · · · · · · · · · · · · ·			"Surfa	ce L	ocation				
UL or lot no.	Section	Township	Range	Lot Idn	Feet from		North/South line	Feet from the	l	est Line	County
G	2	26N	7W		169		north	1725	ea	st	Rio Arriba
	, . · ·		····		,		Different From	,	·		
UL or lot no.	Section	Township	Range	Lot idn	Feet from	n the	North/South line	Feet from the	East/W	est Line	County
12Dedicated A 320:00	321.3		-Consolidati	on Code	15Order No.		,		<u></u>		
		ILL BE AS					ON UNTIL ALL I			EN CO	SOLIDATED
					160 1.00			hereby certify	that the Infebruary L Beeson	ormation co est of my k	IFICATION ontained herein is nowledge and belief
								I hereby certify was plotted fro	that the wearn field notes in field notes ipervision, a nest of my be	il location s s of actual nd that the pilef.	TFICATION thown on this plat surveys made by me same is true and

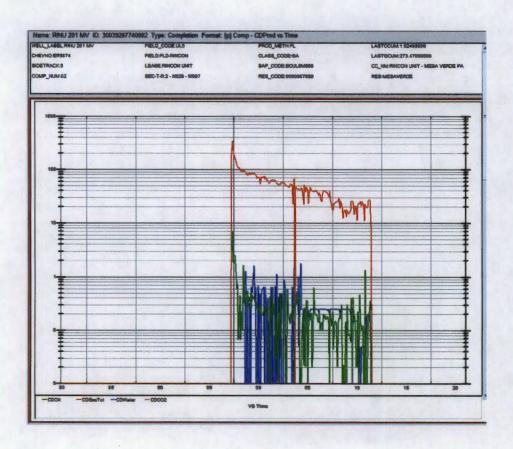
Certificate Number

NET MEXICO OIL CONSERVATION COMMISSIC WELL JCATION AND ACREAGE DEDICATION AT

Form C-102 . Supersedes C-128 Effective 14-65

All distances must be from the outer boundaries of the Section. Well No. Operator (E-291-3) Rincon Unit 201 El Paso Natural Gas Company Unit Letter Section County 26N Rio Arriba Actual Footage Location of Well: line and 1725 North feet from the East feet from the Ground Level Elev. Producing Formation Dedicated Acreage; 320.76 Basin Dakota 6661 Dáköta 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? Unitization 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 Commis-CERTIFICATION I hereby certify that the Information contained herein is true and complete to the best of my knowledge and belief. Ocioinal Signed by Position El Parro Natural Gas Co. 17251 Californiber 11, 1973 E-291-3 I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or my supervision, and that the same knowledge and belief. OL GON COM DIST. 3 August 27, 1973 Registered Professional Engl Fred B. Certificate No. 3950 1650 1980 2310





RINCON 201 OFFSETTING OPERATORS

Elm Ridge Exploration:

Elm Ridge Exploration Co. 12225 Greenville Ave Ste. 950 Dallas, TX 75243

Questar Exploration

Questar Exploration QEP Attn: Land Department 1050 17th Street Ste. 950 Denver, CO 80265

Dugan Production

Dugan Production Co. 709 E. Murray Dr. Farmington, NM 87499

XTO Energy Inc.

XTO Energy Inc. 810 Houston Street Fort Worth, TX 76102

0100 0005 5771 2403 7006 7006 0100 0005 5771 For delivery informati Restricted Delivery Fee (Endorsement Required) Return Receipt Fee (Endorsement Required) For delivery informati CERTIFIED (Domestic Mail Onl. Return Receipt Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required) U.S. Rostal S Total Postago & Fees \$ 6.31 Total Postage & Fees CERTIFIE (Domestic Mail O U.S. Postal S Dugan Production Co. Dallas, TX 9 Suite 950 Elm Ridge l 709 E. Murray Dr. AND SUDE JOOKS THE 12225 Green Certified Fee Certified Fee Postage Postage

3 Form 3800, June 2002

See Reverse for instructions

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

4. Restricted Delivery? (Extra Fee)

□ Yes

Service Type

ALCordified Mail

Registered

Insured Mail

PReturn Receipt for Merchandise

(Transfer from service label)

2. Article Number

Farmington, NM 87499

Farmington, NM 87499

2.55 Postmark A.55 Postmark 709 E. Murray Dr.	1. Article Addressed to:	ion visit our website at www.uspeccome so that we can return the card to you. Attach this card to the back of the malipiece or on the front if space permits.	■ Complete Items 1, 2, and 3. Also complete Item 4 If Restricted Delivery is desired. ■ Print your name and address on the reverse	SENDER: COMPLET	PS Form 3811, February 2004	2. Article Number (Transfer from service label)	aville Ave.	Bxploration Co. Dallas, TX 95243	2-\$5 Elm Ridge Exploration Co. 12225 Greenville Ave. Suite 950	3.60 1. Article Addressed to:	nce Coverage Provided) absite at www.usps.com Con 2013 320	
on Co.	If YES, enter delivery address below:	B. Received by (Printed Name) C. D. HAITH SULANSON /-	nd 3. Also complete A. Signature very is desired. X. M. D. D. Addressee	FLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS, FOLD AT DOTTED LINE	2004 Domestic Return Receipt 102595-02-M-1540	2004 0100 0005 5771 2403	4. Restricted Delivery? (Extra Fee)	3. Service Type Certified Mail Hegistered Theservice Mail	oration Co.	# YES, enter delivery address below:	B. Received by (Printed Name) C. D.	SENDER: COMPLETE INIS SECURIOR MONDELIVERY Complete items 1, 2, and 3, Also complete A. Signature

0100 0005 5771 2410 7006 Den PS Form 38 Restricted I (Endorsemer Rejum (Endorseme) Total Post For delivery info CERTIFIED MAIL. RECEIPT (Domestic Mail Only; No Insurance Coverage Provided) U.S. Postal Service™ Que Attr 105

rn Receipt 102595-02-M-1540	PS Form 3811, February 2004 Domestic Return Receipt	Fort Worth, TX 76102
0 0005 5771 2434	2. Article Number (Transfer from service label) 7006 0100	Attn: Patrick Kunc 810 Houston Street
3		XTO Energy Inc.
Control type Control type	Fort Worth, TX 76102	Restricted Delivery Fee (Endorsement Required) Total Postage & Fees \$ 1.3
11	810 Houston Street	
	XTO Energy Inc.	Certified Fee 3.10
If YES, enter delivery address below:	1. Article Addressed to:	Ve as
B. Received by (Printed Name) AN 2 7 2014 C. Date of Delivery AN 2 7 2014		(Domestic Mail Only; No Insurance Coverage Provided) For delivery information visit our website at www.usps.com,
A Signature	 Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse 	U.S. Postal Service RECEIPT
PLACEST OF THE	TICKER AT TOP OF EWEL OPE TO THE RIGHT RETURN ADDRESS, FOLD AT DOTTED LINE RETURN ADDRESS, FOLD AT DOTTED LINE	
m Receipt 102595-02-M-1540	PS Form 3811, February 2004 Domestic Return Receipt	PS Form 3800, June 2002
0 0005 5771 2410	2. Article Number (Transfer from service label) 7006 0100	80265
4. Restricted Delivery? (Extra Fee) ☐ Yes		1050 17th Street Suits 050
Certified Mail	Denver, CO 80265	Questar Exploration QEP
3. Service Type	uite 950	
	Questar Exploration QEP Attn: Land Department	Resurcted Delivery Fee Resurcted Delivery Fee
U. is delivery address different from Item 17. Lifes If YES, enter delivery address below:	1. Article Addressed to:	69
	so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits.	CFFC Romination
A Signature X Agent	 Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse 	(Domestic Mail Only; No Insurance Coverage Provided)

COMPLETE THIS SECTION ON DELIVERY

SENDER: COMPLETE THIS SECTION

A. Signature ☐ Agent ☐ Addressee

7006 0100 0005

See Reverse for Instructions

5771 2434

102595-02-M-1540

STATE OF NEW MEXICO ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

> CASE NO. 10663 Order No. R-9893

APPLICATION OF UNION OIL COMPANY OF CALIFORNIA d/b/a UNOCAL FOR AN ADMINISTRATIVE DOWNHOLE COMMINGLING PROCEDURE WITHIN THE RINCON UNIT AREA, RIO ARRIBA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 4, 1993, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 18th day of May, 1993, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) The applicant, Union Oil Company of California, d/b/a Unocal, seeks the adoption of an administrative procedure for authorizing the downhole commingling of Blanco-Mesaverde, Largo-Gallup, or Undesignated Gallup Pool production with production from the Basin-Dakota Gas Pool within certain existing and subsequently drilled wells in its Rincon Unit Area, Rio Arriba County, New Mexico, without additional notice to each affected interest owner within the Unit Area.
- (3) The Rincon Unit is a Federal exploratory unit initially comprising some 20,643 acres in portions of Townships 26 and 27 North and Ranges 6 and 7 West, NMPM, Rio Arriba County, New Mexico. The unit was formed in 1952 and is currently operated by Union Oil Company of California.

- (4) The evidence and testimony presented indicates that the Basin-Dakota Gas Pool has been fully developed on 320-acre spacing within the Rincon Unit and that approximately half of the Unit Area has been infill drilled in the Basin-Dakota Gas Pool on 160-acre spacing. The Dakota Participating Area (PA) currently comprises virtually the entire unit area.
- (5) The applicant has identified approximately thirty-three (33) infill Basin-Dakota well locations within the Unit Area which may be subsequently drilled.
- (6) Based upon historical production, the applicant expects Basin-Dakota initial production from infill drilling to be marginal in nature ranging from approximately 150-600 MCF gas per day per well.
- (7) Testimony and evidence presented by the applicant indicates that gas reserves in the Dakota formation on an individual well basis are not sufficient to economically justify the drilling of new wells to produce such reserves.
- (8) The current well economics and expected Dakota producing rates virtually assure that these wells will be candidates for downhole commingling with either the Mesaverde or Gallup zones.
- (9) The applicant has also identified approximately forty-two (42) current Dakota producing wells, some recently drilled, which also by virtue of well economics and producing rates make them candidates for downhole commingling.
- (10) The applicant expects initial producing rates from the Mesaverde and Gallup formation to be marginal in nature.
- (11) The Gallup, Dakota and Mesaverde Participating Areas within the Rincon Unit are not common.
- (12) According to applicant's evidence, the working interest ownership within the Rincon Unit is fixed and common among the various wells and zones and is not affected by participating areas.
- (13) According to further testimony, the royalty and overriding royalty interest ownership within the Rincon Unit varies between participating areas established for different locations and pools.

- (14) Applicant's Exhibit No. 6 in this case is a list of one hundred and twenty (120) royalty and overriding royalty interest owners in the Dakota, Gallup and Mesaverde Participating Areas within the Rincon Unit. All such royalty and overriding royalty interest owners, as well as working interest owners, were notified of the application in this case.
- (15) Rule No. 303(C) of the Division Rules and Regulations provides that administrative approval for downhole commingling may be granted provided that the interest ownership, including working, royalty and overriding royalty interest, is common among the commingled zones.
- (16) Applicant's proposed administrative procedure would provide for Division approval to downhole commingle wells in the Rincon Unit Area without hearing, and without the requirement that each interest owner in the Dakota, Mesaverde and/or Gallup Participating Areas be notified of such commingling.
- (17) The downhole commingling of wells within the Rincon Unit Area will benefit working, royalty and overriding royalty interest owners. In addition, the downhole commingling of wells within the Rincon Unit Area should not violate the correlative rights of any interest owner.
- (18) The evidence in this case indicates that notice to each interest owner within the Dakota, Mesaverde and/or Gallup Participating Areas of subsequent downhole comminglings within the Rincon Unit is unnecessary and is an excessive burden on the applicant.
- (19) No interest owner and/or offset operator appeared at the hearing in opposition to the application.
- (20) An administrative procedure should be established within the Rincon Unit for obtaining approval for subsequently downhole commingled wells without notice and hearing, provided however that, all provisions contained within Rule No. 303(C) of the Division Rules and Regulations, with the exception of Part 1 (b)(v), are fully complied with.
- (21) The proposed administrative procedure for obtaining approval for downhole commingling will allow the applicant the opportunity to recover additional gas reserves from the Rincon Unit Area which may otherwise not be recovered, thereby preventing waste, and will not violate correlative rights.

IT IS THEREFORE ORDERED THAT:

- (1) An administrative procedure for obtaining approval to downhole commingle wells within the Rincon Unit, located in portions of Townships 26 and 27 North, Ranges 6 and 7 West, NMPM, Rio Arriba County, New Mexico, is hereby established.
- (2) In order to obtain Division authorization to downhole commingle wells within the Rincon Unit, the applicant shall file an application with the Santa Fe and Aztec Offices of the Division. Such application shall contain all of the information required under Rule No. 303(C) of the Division Rules and Regulations, provided however that the applicant shall not be required to provide notice to all interest owners within the Dakota, Mesaverde and/or Gallup Participating Areas in the Rincon Unit of such proposed commingling. In addition, the application shall contain evidence that all offset operators and the United States Bureau of Land Management (BLM) have been notified of the proposed commingling.
- (3) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

WILLIAM J. LEMA

Director

SEAL



NEW MEXICO ENERGY, MINERALS & NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION 2040 South Paneco Street Santa Fe, New Mexico 87505 (505) 8227131

ADMINISTRATIVE ORDER DHC-2355

(G)

Union oil Co.

Spirit Energy 76 1004 North Big Spring Midland, Texas. 79702

Attention: Ms. Heather Dahlgren

Rincon Unit No. 201

API No. 30-039-20774

Unit G, Section 2, Township 26 North, Range 7 West, NMPM, Rio Arriba County, New Mexico.

Blanco-Mesaverde (Prorated Gas - 72319) and

Basin-Dakota (Prorated Gas - 71599) Pools

Dear Ms. Dahlgren:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule.

Production from the well shall be allocated as follows:

Oil and gas production from the Basin-Dakota Gas Pool shall be determined by utilizing the production forecast submitted as an attachment to the downhole commingling application. Oil and gas production from the Blanco-Mesaverde Gas Pool shall be determined by subtracting Basin-Dakota Gas Pool production from the well's total monthly oil and gas production.

The allocation method established herein may be altered at some time subsequent to initiating downhole commingling operations upon request by the operator and for good cause shown.

Administrative Order DHC-2355 Spirit Energy 76 June 10, 1999 Page 2

REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 10th day of June, 1999.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

LORI WROTENBERY

Director

SEAL

LW/MWA/kv

cc: Oil Conservation Division - Aztec

Bureau of Land Management-Farmington State Land Office-Oil & Gas Division

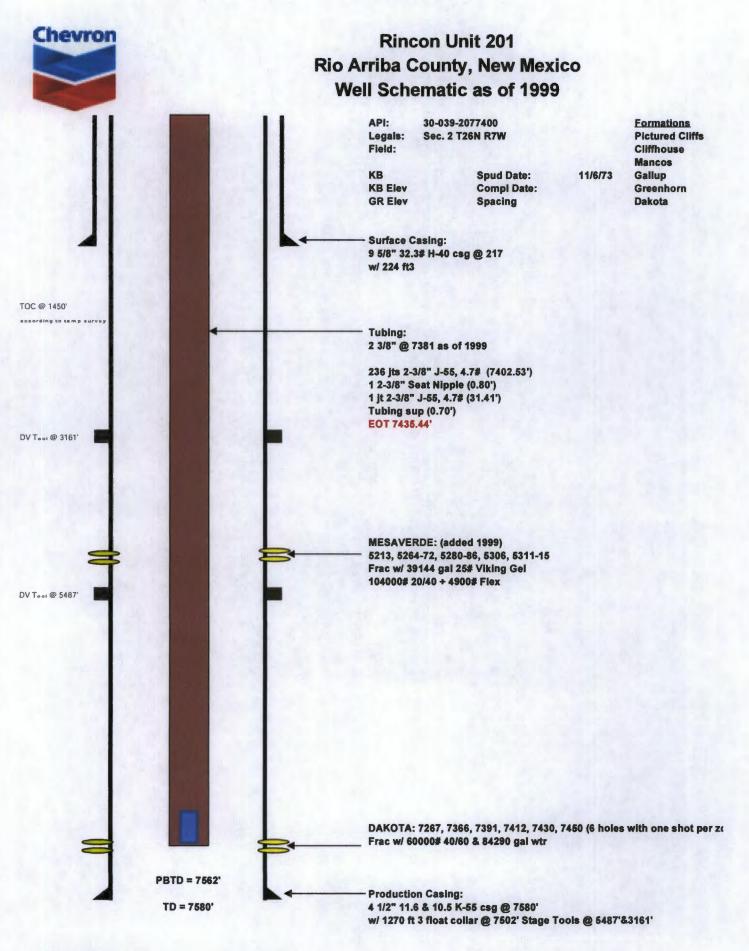
Rincon 201 Procedure

Job Scope - Complete the Largo Gallup and Install Artificial Lift

Procedure

- MIRU workover rig
- MIRU BOP tester. Test BOP's.
- Spot and fill frac tanks
- ND wellhead.
- NU BOP's
- Tag for fill with worksting
- POOH with tubing
- Lay down tubing order out new or yellow band 2-3/8" to be used as production string
- PU workstring
- · PU and RIH with bit and watermelon mill on workstring.
- CO to 7562'. Proposed perforations are 6760'-6775'
- POOH and lay down bit and watermelon mill
- MIRU wireline unit.
- · PU and RIH with CBP on wireline
- Run CCL and set CBP @ ~ 6860' (100' below proposed perforations)
- Correlate to GR/CCL logs
- Perforate proposed perforations 6760'-6775'
- RDMO wireline unit
- TIH with 2-7/8' frac liner and set from 5163'-5365'
- NU frac ma drel and install frac head or Y
- MIRU flow back equipment
- MIRU Frac company
- Frac
- RDMO frac equipment
- Flow well back for 24 hrs or until well dies
- MIRU slick line
- . PU and RIH with pressure bombs on slick line for 24 hr test.
- SI well for 24hrs
- TIH with workstring and release frac liner
- POOH with frac liner
- MIRU air/foam unit for cleanout
- Clean out to CBP, drill out CBP and attempt to cleanout to PBTD of 7562'
- · If scale is present during cleanout out consider an acid treatment
- POOH with worksting
- RIH with production tubing and BHA

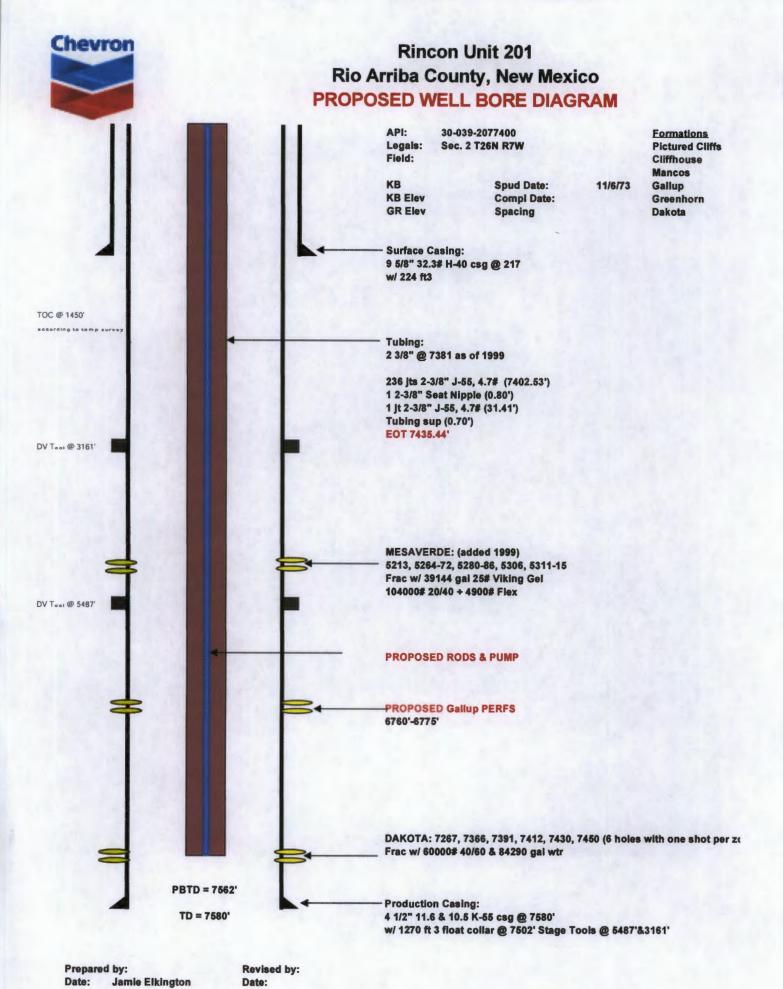
- ND BOP and NU wellhead
- Rig up Rig up Baker and pump ½ drum of corrosion inhibitor down the tubing and ½ drum of corrosion inhibitor down the casing chase each with 5 bbls of water.
- RIH with pump on rod string
- Space out pump
- Seat pump, load tubing and test
- RDMO workover rig and clean location
- Install pumping unit
- Turn well over to production



Prepared by:

Jamie Elkington

Revised by: Date:





Certified Mail:

Chevron Midcontinent, L.P. 332 Road 3100 Aztec, NM 87410

February 27, 2014

State of New Mexico Oil Conservation Division Attention: Leonard Lowe 1220 S. St. Francis Dr. Santa Fe, NM 87505

Re: Rincon Federal Unit: 183E API 30-039-25433

Dear Mr. Lowe:

Chevron would like to downhole commingle production from the Largo Gallup Gas Pool with existing Blanco Mesaverde and Basin Dakota production in the Rincon 183E well. Please find enclosed a completed C-107A Downhole Commingling application, a completed C-102 form for the new zone, and current production data. Also included are the C-102s for the currently producing zones as well as notification documents. A copy of R-19284 and NSL 3412 are included. This particular well has been approved for a DHC by the BLM, a copy of the 3160-5 is included. Lastly, a proposed procedure and wellbore diagrams show what is planned for the actual DHC.

Commingling of the zones should not reduce the total remaining production value of this well. Chevron plans to use the incremental allocation method to account for the additional production from the Largo Gallup. Any additional production to the current production will be attributed to the Largo Gallup.

Once the NMOCD has approved the DHC, Chevron Midcontinent will file a 3160-5 Notice of Intent to begin the actual work.

Sincerely,

April E. Pohl Regulatory Specialist 505-333-1941 office 505-386-8074 cell April.Pohl@chevron.com