REGINEER

2/27/2014 LOGGED IN

PMAM 1405860129

ABOVE THIS LINE FOR DIVISION USE ONLY

# NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau 1220 South St. Francis Drive, Santa Fe, NM 87505



		<b>ADMINISTRATIVE</b>	APPLICATION CHI	ECKLIST
TI	HIS CHECKLIST IS M		IVE APPLICATIONS FOR EXCEPTIONS TO	
Applic	cation Acronym		ESSING AT THE DIVISION LEVEL IN SAN	IA FE
	[DHC-Down	nhole Commingling] [CTB ool Commingling] [OLS - O [WFX-Waterflood Expansion	ff-Lease Storage] [OLM-Off-L ]  [PMX-Pressure Maintenanc sal] [IPI-Injection Pressure In	pol/Lease Commingling] ease Measurement] e Expansion] crease] Production Response]
[1]	TYPE OF AP [A]	PLICATION - Check Those Location - Spacing Unit - S NSL NSP	Simultaneous Dedication	-PLC ConozoPhillips Wells
	Check [B]	One Only for [B] or [C]  Commingling - Storage - M  DHC CTB		OLM Pools
	[C]	Injection - Disposal - Press  WFX PMX	ure Increase - Enhanced Oil Reco SWD IPI EOR	PPR DrinkAnd
	[D]	Other: Specify		- S KA995 Abo es Not Apply
[2]	NOTIFICAT [A]		eck Those Which Apply, or □ Do Overriding Royalty Interest Owne	
	[B]	Offset Operators, Leas	seholders or Surface Owner	
	[C]	Application is One W	nich Requires Published Legal N	otice - CASS's Studium
	[D]	Notification and/or Co U.S. Bureau of Land Management	ncurrent Approval by BLM or S - Commissioner of Public Lands, State Land Offic	.0 -Handy
	[E]	For all of the above, P	roof of Notification or Publicatio	n is Attached, and/or, BLinebny
	[F]	☐ Waivers are Attached		
[3]		CURATE AND COMPLET ATION INDICATED ABOV	TE INFORMATION REQUIR VE.	ED TO PROCESS THE TYPE
[4] approv applic	val is <mark>accurate</mark> a	nd complete to the best of my	he information submitted with the knowledge. I also understand to cations are submitted to the Divis	nat no action will be taken on this
	Note:	Statement must be completed by	an individual with managerial and/or	supervisory capacity.
	onda Rogers	- Market	5	ory Technician 1/21/2014
Print o	r Type Name	Signature	Title	Date
			<u>rogerrs@co</u> e-mail Addre	nocophilfips.com ss

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

E-MAIL ADDRESS: rogerrs@conocophillips.com

87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B Revised August 1, 2011

### OIL CONSERVATION DIVISION

1220 S. St Francis Drive Santa Fe, New Mexico 87505 Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

OPERATOR NAME:		COMMITTION	(DIAFU2	E OWNERSHIP)					
	ConocoPhillips Company P O Box 51810, Midland, TX 79710								
OPERATOR ADDRESS:									
APPLICATION TYPE:	_								
☑ Pool Commingling ☐ Lease	e Commingling Pool and Lease Co	ommingling Off-Lease	Storage and Mea	surement (Only if not Surfac	e Commingled)				
LEASE TYPE:									
Is this an Amendment to exi Have the Bureau of Land M ⊠Yes □No	sting Order? Yes No Is anagement (BLM) and State Lan	f "Yes", please include and office (SLO) been not	the appropriate tified in writin	e Order No ng of the proposed comm	ingling				
		OL COMMINGLIN ets with the following in							
(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production	Codes	Calculated Value of Commingled Production	Volumes				
Hardy; Tubb-Drinkard, North	38		96356		11 BOPD				
Skaggs; Abo, South	39	39	56650		15 BOPD				
Hardy; Strawn, North	39		96893		31 BOPD				
Cass; Strawn, South	39		10460		10 BOPD				
Hardy; Blinebry	38		29710		3 BOPD				
(3) Has all interest owners bee	ne source of supply? Yes No notified by certified mail of the productering Other (Specify)		□Yes □	]No					
(4) Measurement type: $\square M$	(G) POO!		GI DIG						
(4) Measurement type: M		I LEASE COMMIN			FC4				
(4) Measurement type: M	Please attach shee	LEASE COMMIN			top				
	Please attach shee	ts with the following in	formation						
	Please attach shee  E.  (D) OFF-LEASE ST	ts with the following in	oformation SUREMEN	T	A SALA				
(1) Complete Sections A and	Please attach shee  E.  (D) OFF-LEASE ST  Please attached she	TORAGE and MEA	oformation SUREMEN	T					
	Please attach shee  E.  (D) OFF-LEASE ST  Please attached she ne source of supply?	TORAGE and MEA	oformation SUREMEN	T	NAME OF THE PROPERTY OF THE PR				
(1) Complete Sections A and (1) Is all production from sam	Please attach shee  E.  (D) OFF-LEASE ST  Please attached she ne source of supply? Yes N all interest owners.	TORAGE and MEA ets with the following	SUREMEN information						
(1) Complete Sections A and (1) Is all production from sam (2) Include proof of notice to	Please attach shee  E.  (D) OFF-LEASE ST  Please attached she ne source of supply? Yes N all interest owners.  (E) ADDITIONAL INFO  Please attach shee	TORAGE and MEA	SUREMEN information						
(1) Complete Sections A and (1) Is all production from sam (2) Include proof of notice to (1) A schematic diagram of fa (2) A plat with lease boundary	Please attach shee  E.  (D) OFF-LEASE ST  Please attached she ne source of supply? Yes N all interest owners.	TORAGE and MEA ets with the following No  DRMATION (for all ts with the following in	SUREMEN information  application	types)					
(1) Complete Sections A and (1) Is all production from sam (2) Include proof of notice to (1) A schematic diagram of fa (2) A plat with lease boundary (3) Lease Names, Lease and V	Please attach shee  E.  (D) OFF-LEASE ST  Please attached she ne source of supply? Yes N all interest owners.  (E) ADDITIONAL INFO  Please attach shee acility, including legal location. ies showing all well and facility locat Well Numbers, and API Numbers.	TORAGE and MEA tets with the following No  DRMATION (for all ts with the following in	SUREMEN information  application application	types)					
(1) Complete Sections A and (1) Is all production from sam (2) Include proof of notice to (1) A schematic diagram of fa (2) A plat with lease boundary (3) Lease Names, Lease and V	Please attach shee  E.  (D) OFF-LEASE ST  Please attached she ne source of supply? Yes N all interest owners.  (E) ADDITIONAL INFO  Please attach shee acility, including legal location. ies showing all well and facility locat Well Numbers, and API Numbers.  tion above is true and complete to the	TORAGE and MEA tets with the following No  DRMATION (for all ts with the following in	SUREMEN information  application application of the street	types)					

Do abai	DE BU SUNDRY I not use this		FORM APPROVED OMB NO. 1004-0135 Expires: July 31, 2010  5. Lease Serial No. NMLC031696B  6. If Indian, Allottee or Tribe Name  7. If Unit or CA/Agreement, Name and/or No.						
SUB	MIT IN TRIF	PLICATE - Other instruc	tions on re	verse si	de.		7. If Ollit of CA/Agree	ment, Name and/or	NO.
Type of Well	Well   Oth	cr					8. Well Name and No. HARDY 36 STATE	≣ 1	
Name of Operator     CONOCOPHILLIP		Contact:	RHONDA Fonocophillips				9. API Well No.	-	
3a. Address P. O. BOX 51810 MIDLAND, TX 79	710		3b. Phone N Ph: 432-6				10. Field and Pool, or HARDY	Exploratory	
4. Location of Well (Fe	ootage, Sec., T.	, R., M., or Survey Description	)				11. County or Parish, a	and State	
Sec 36 T20S R378	E Mer NMP						LEA COUNTY,	NM	
12. CH	IECK APPR	OPRIATE BOX(ES) TO	) INDICAT	E NATU	RE OF N	OTICE, R	EPORT, OR OTHE	R DATA	
TYPE OF SUBMI	SSION				TYPE OF	ACTION			
T Nation of Intent		☐ Acidize	□ De	□ Deepen □		☐ Produc	tion (Start/Resume)	☐ Water Shut-	-Off
☑ Notice of Intent		☐ Alter Casing	☐ Fracture Treat		☐ Reclamation		■ Well Integri	ity	
☐ Subsequent Repo	rt	□ Casing Repair	□ No	ew Constr	uction	□ Recom	plete	Other	
☐ Final Abandonme	ent Notice	□ Change Plans	□ PI	ug and Ab	andon	☐ Tempo	rarily Abandon	Surface Comm	ningling
		□ Convert to Injection	□ Pl	ug Back		■ Water 1	Disposal		
If the proposal is to det Attach the Bond under following completion testing has been compl determined that the site	epen directiona which the work of the involved leted. Final Ab e is ready for fir	ration (clearly state all pertinct lly or recomplete horizontally, k will be performed or provide operations. If the operation re andonment Notices shall be fil nal inspection.) Id to surface comminings to	give subsurfacthe Bond No. sults in a multiced only after a	ce locations on file with iple comple il requirem	and measure BLM/BIA. etion or recore ents, including	ed and true von Required sumpletion in a ng reelamation	ertical depths of all pertin absequent reports shall be new interval, a Form 316 on, have been completed, a	cnt markers and zon filed within 30 days 0-4 shall be filed or	nes. s ncc
Hardy 36 State #2	8's meter is	in compliance with on shew Mexico C-107-B which	ore orders.						
NOI.			•				LIVI P	177	
Attached are the a	ittachments	required by the BLM for j	ustification (	of this su	rface comi	mingle.	, y and		
								-	
							ني		
								3	
							1	<i>y</i> 0	
14. I hereby certify that the	he foregoing is	true and correct. Electronic Submission # For CONOCO	249324 verif	ied by the	BLM Well	Informatione Hobbs	n System	,	
Namc (Printed/Typed)	RHONDA	ROGERS		Title	STAFF F	REGULATO	ORY TECHNICIAN		
Signature	(Electronic S	ubmission)		Date	06/11/20	14			
		THIS SPACE FO	OR FEDER	AL OR	STATE C	OFFICE U	ISE		

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

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

Approved By

Title

# Hardy 36 State Surface Commingle Proposal June 1, 2014

### Background:

Leases: Federal: NMNM – 002511

NMLC - 0 031696B

State: E 5376-1 B 2656

Communitization Agreement: NMNM – 111024

Wells Included in Request (map and spreadsheet are attached):

Hardy 36 State #1

Hardy 36 State #2

Hardy 36 State #4

Hardy 36 State #15

Hardy 36 State #18

Hardy 36 State #19

Hardy 36 State #21

Hardy 36 State #25

Hardy 36 State #26

Hardy 36 State #27

Hardy 36 State #28

Hardy 36 State #30

Hardy 36 State #31

- All wells are vertical.
- Production to be surface commingled after metering.
- Hardy 36 State #28, it is 1,598 BTU/cu. ft.
- Royalty rates are shown in the attached LR2000 form.
- State approval will be obtained following BLM approval (Surface Commingle request is attached).
- Metering is compliant with Onshore Order #5

### Proposal:

The Hardy 36 State #28 is the only well on the lease to contain BLM minerals due to a communitization agreement in the Strawn pool. The Hardy 36 State #28 has approval from 2008 to commingle this production. As such, the well has already been tied into the Hardy 36 State Battery. We request that the Abo production from the Hardy 36 State #1, New Mexico minerals, be commingled in this battery. Since the production from the Hardy 36 State #28 is being metered separately before being comingled in the battery, the royalty will not be significantly impacted (see attached schematics).

The 13 wells within the Hardy 36 boundary, including the Hardy 36 State #28, currently produce 58 BOPD, 66 BWPD, and 221 MCFD. The last well test shows the Hardy 36 State #28 produces 1.3 BOPD, 0 MCFD, and 0 BWPD. The expected production uplift from the

Hardy 36 State #1 is 17 BOPD, 44 BWPD, and 70 MCFD. Production is expected to continue from this field for another decade or more. As the well stands now, expected production is unable to support the construction of a separate facility for the oil and gas. No increase in BLM production is expected from this comingle.

### **Additional Discussion:**

All Hardy 36 State production is routed to a common production header in the Hardy 36 State Battery, located at T21S-R36E, Section 36, NESW. From this point, one well at a time is put on test, except for the casing gas for Hardy 36 State #18, #26, #27, and #30, and all of the production for the Hardy 36 State #28. The production for a given well is sent through an isolation line and the production routed through test equipment for measurement. Production testing is done at least once per quarter depending on availability of test equipment.

The production from the main header is sent through a two phase separator where the gas then flows into the main sales line and meter (#WAA01070). The oil and water is then sent through a heater treater. The produced water is sent to the water surge tank and through the water meter before going to the SEMU #95 SWD, which is hooked into the RICE disposal system in case of overflow. The oil production is sent to the sales tank and then through a LACT unit (#5086915) for sales metering before it enters the HollyFrontier oil transport line.

The production for the well which is on test is routed to a test treater (TT) where the gas then flows to the test meter (#12148007) which then flows into the main sales line and TARGA meter (#WAA01070). The water production is metered by the test treater and sent to the battery's water surge tank. It is then sent through the water meter before going to the SEMU #95 SWD. The oil production is metered by the test treater and sent to the sales tank. The production for each well is allocated by factoring the well tests and applying the factor to the sales tank production.

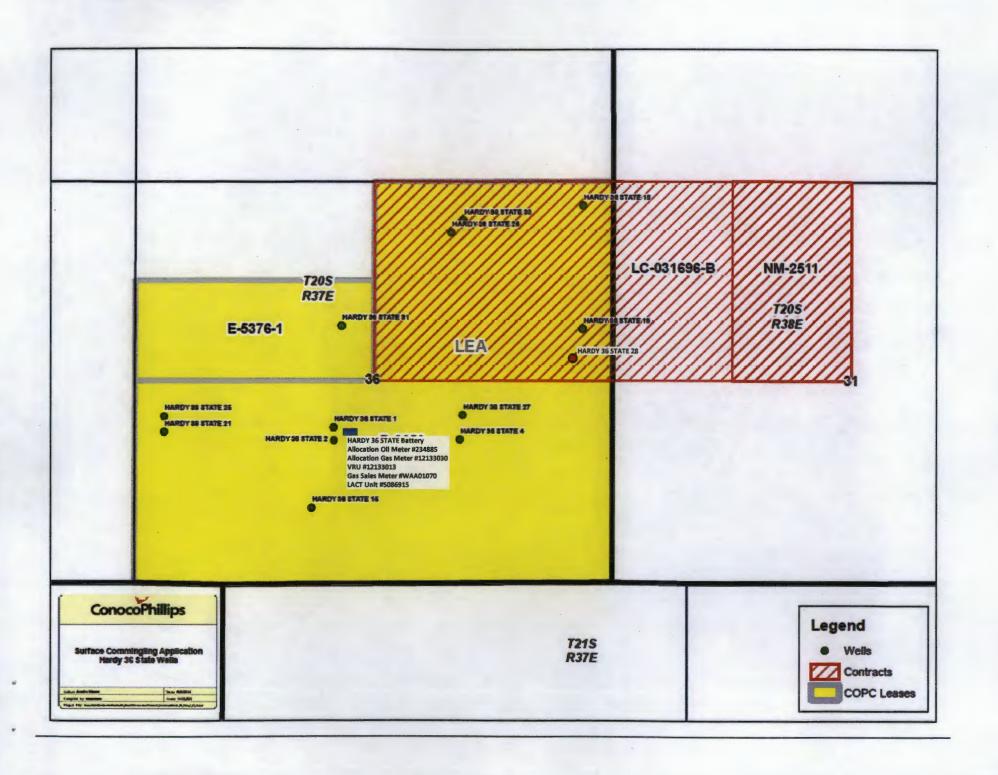
The casing gas for the Hardy 36 State #18, #26, #27, and #30 are routed to a low pressure separator at the battery. Any condensate from this gas is sent to a circulating tank. The water and oil is then routed to either the water surge tank or the oil sales tank. The gas is sent directly from the separator to the main gas line and meter (#WAA01070). Each well has its own gas meter at the well location, so when the wells are in test the gas is measured at these locations.

Since the Hardy 36 State #28 is producing under a communitization agreement, this production line has its own oil and gas meters. The production is sent through its own heater treater. The gas is routed from the heater treater to the gas meter (#12133030) for the Hardy 36 State #28 and then into the main gas sales line and meter (#WAA01070). The oil is routed from the heater treater to the oil meter (#234885) for the Hardy 36 State #28 and then into the sales tank. The production from the oil and

Rev 2: 6-04-14

gas meters for Hardy 36 State #28 is taken out of the production measured by the main gas meter (#WAA01070) and main LACT unit (#5086915).

To commingle the Abo production in the Hardy 36 State #1, it is recommended that the production line maintains its current configuration. The production will be allocated in a similar manner as described in paragraph 3.





# **HARDY 36 STATE**

P&A

A704940 7 LLQ PR 1892667 Oil

<u>Tank</u> 92501, 92503 & 92504 P/L

Holly Energy Partners Operating L.P.

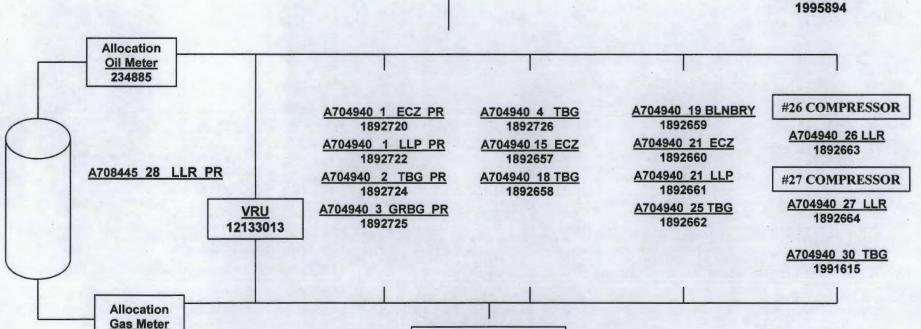
T&A

A704940 15 LLP PR 1892657

A704940 19 TBG PR

1892659

A704940 31 LLR



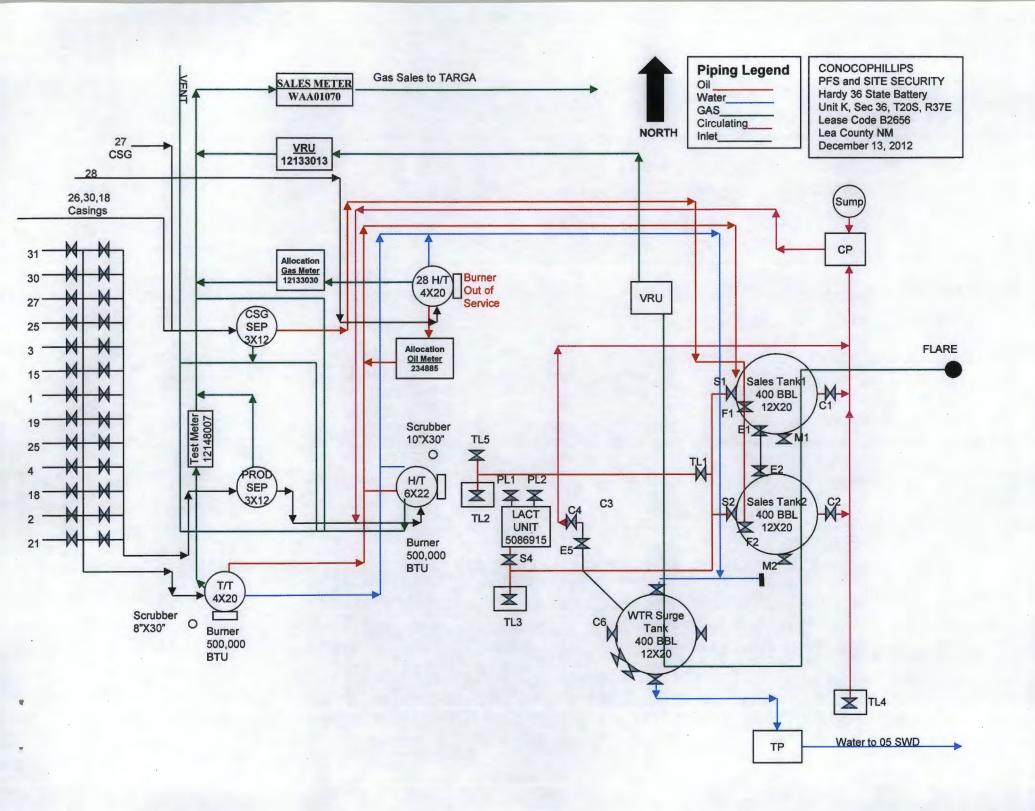
WAA - TARGA Pipeline of Oklahoma City - 1331657000

12133030

SALES METER WAA01070

**Heater Treater** 

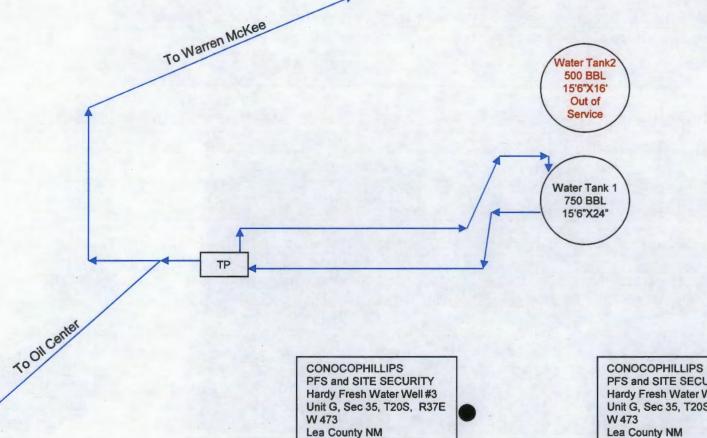
M. Allen 6/15/2011





### **Piping Legend** Oil Water GAS Circulating Inlet\_

CONOCOPHILLIPS PFS and SITE SECURITY Hardy Fresh Water Station Unit G, Sec 35, T20S, R37E W 473 Lea County NM December 13, 2012



December 13, 2012

PFS and SITE SECURITY Hardy Fresh Water Well #2 Unit G, Sec 35, T20S, R37E Lea County NM

December 13, 2012

# Hardy 36 State Battery

## General Sealing of Valves-Sales by LACT Unit

### **Production Phase**

Producing into Sales Tank 1 F1,S1,S4,C1,C2,E1,E2,E3,E5,M1,M2,M3 Sealed open F2,F3,S2,S3,C3,C4,C5,TL1,TL2,TL3,TL4,TL5,PL1,PL2Sealed Closed

Producing into sales tank 2 F2,S2,S4,C4,C2,E1,E2,E3,E5,M1,M2,M3 Sealed open F1,F3,S1,S3,C3,C1,C5,TL1,TL2,TL3,TL4,TL5,PL1,PL2Sealed Closed

Producing into Sales Tank 3
F3,S3,S4,C3,C2,E1,E2,E3,E5,M1,M2,M3 Sealed open
F1,F2,S1,S2,C4,C1,C5, TL1,TL2,TL3,TL4,TL5,PL1,PL2Sealed Closed

# Sales Phase

All valves remain sealed the same as production phase.

## **Drain Phase**

The tank being drained will be isolated by sealing sales valve, fill valve, equalizer valve and the drain valves on the other tanks.

### **On Going Activity**

The LACT unit sells from Sales Tank 1, Sales Tank 2 or Sales Tank 3. The Sales tank Being used is circulated daily.





Rhonda Rogers Staff Regulatory Technician Phone: (432) 688-9174 ConocoPhillips Company P.O. Box 51810 Midland, TX 79710-1810

June 11, 2014

State of New Mexico
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

SUBJECT: REQUEST FOR A SURFACE COMMINGLE FOR THE HARDY 36 STATE 1

Dear Sirs,

ConocoPhillips Company would like to report that we have diverse Working Interest ownership for the wells attached.

Enclosed are the following documents in support of this request.

- Administrative Application Checklist
- C-107-B
- · Interest owners letter from landman
- Letter to Interested Parties/list of interest owners
- Plat with Lease boundaries
- Schematic diagram of facility
- List of wells with production
- Federal surface commingle packet filed with BLM 06/11/2014
- Certified Mail for Receipt
- Certification of Notification to State Engineering Bureau

If you have questions regarding this request, I can be reached at 432-688-9174 or via email at <a href="mailto:rogerrs@conocophillips.com">rogerrs@conocophillips.com</a>.

Sincerely,

Rhonda Rogers

Staff Regulatory Technician ConocoPhillips Company



Thomas Scarbrough, CPL Mid-America – Permian P. O. Box 2197 PK10 - 5030 Houston, TX 77252-2197 Tel: 281-206-5352 Fax: 918-662-1956

February 25, 2014

RE:

Surface Commingling Application

Hardy 36 State Wells

ConocoPhillips Lease 013988-000 and 145554-000

Lea County, New Mexico

The following Hardy 36 State Wells are located on the E/2 and SW/4 of Section 36-T20S-R37E, (State Lease B-2656). The ownership for the working interest, overriding royalty interest and royalty interest owners is noted below:

Hardy 36 State Nos. 1, 2, 3, 4, 15, 18, 19, 21, 25, 26, 27 and 30. (The ownership is consistent for these wells).

Interest Owner	Working Interest	Net Revenue Interest	ORR Interest	Royalty Interest
ConocoPhillips Compa State of New Mexico	ny 100%	87.5%		12.5%.

The Hardy 36 State No. 31 is located on the SE/4NW/4 of Section 36-T20S-R37E (State Lease E-5376-1). The ownership is as follows:

Interest Owner	Working Interest	Net Revenue Interest	ORR Interest	Royalty Interest
ConocoPhillips Compa	any 100%	87.5%		12.5%.

The Hardy 36 State No. 28 well is subject to the Cooperative Well Agreement, C-200129 and Communitization Agreement C-200690 covering the Strawn formation. The ownership is as follows:

Interest Owner	Working Interest	Net Revenue Interest	ORR <u>Interest</u>	Royalty Interest
ConocoPhillips Compan BP America Production Chevron USA Inc.	y 74.98% 12.51% 12.51%	65.6075% 10.9463% 10.9462%		
State of New Mexico United States				6.24375% 6.25625%

I certify that the above information is true and correct.

Thomas Scarbrough, CPL
Staff Landman

ConocoPhillips Company



ConocoPhillips Company 3300 N "A" Street Midland, TX 79705

February 27, 2014

VIA CERTIFIED RETURN RECEIPT

ATTACHED LIST OF INTERESTED PARTIES

SUBJECT: APPLICATION FOR AUTHORIZATION TO SURFACE COMMINGLE THE HARDY 36 STATE 1 WELLS

Dear Sir or Madam:

You are receiving this package because you have been identified as having an interest in acreage near the vicinity of proposed activity. ConocoPhillips Company is seeking administrative approval from the New Mexico Oil Conservation Division to surface commingle production the Hardy 36 State 1. (Wells attached)

The wells are all located in Section 36, Township 20S, Range 37E, Lea County, NM.

According to Rule 19.15.12 (4): b, the State of New Mexico, Oil Conservation Division, Engineering Bureau (1220 South St. Francis Drive, Santa Fe, NM 87505): that objections must be filed in writing with the division's Santa Fe office within 20 days from the date the division receives the application.

If you have any questions regarding the enclosed application, I can be reached at the address above, phone number (432)688-9471,or email rogerrs@conocophillips.com.

Sincerely,

Rhonda Rogers

Staff Regulatory Technician

**Enclosures** 

## List Interest Parties:

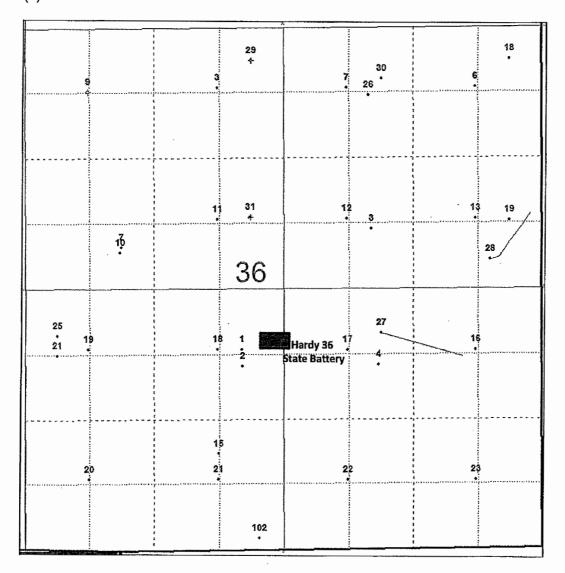
Carlsbad Field Office Bureau of Land Management 620 East Greene Street Carlsbad, NM 88220 BP America Production 501 Westlake Park Blvd, Houston, TX 77079

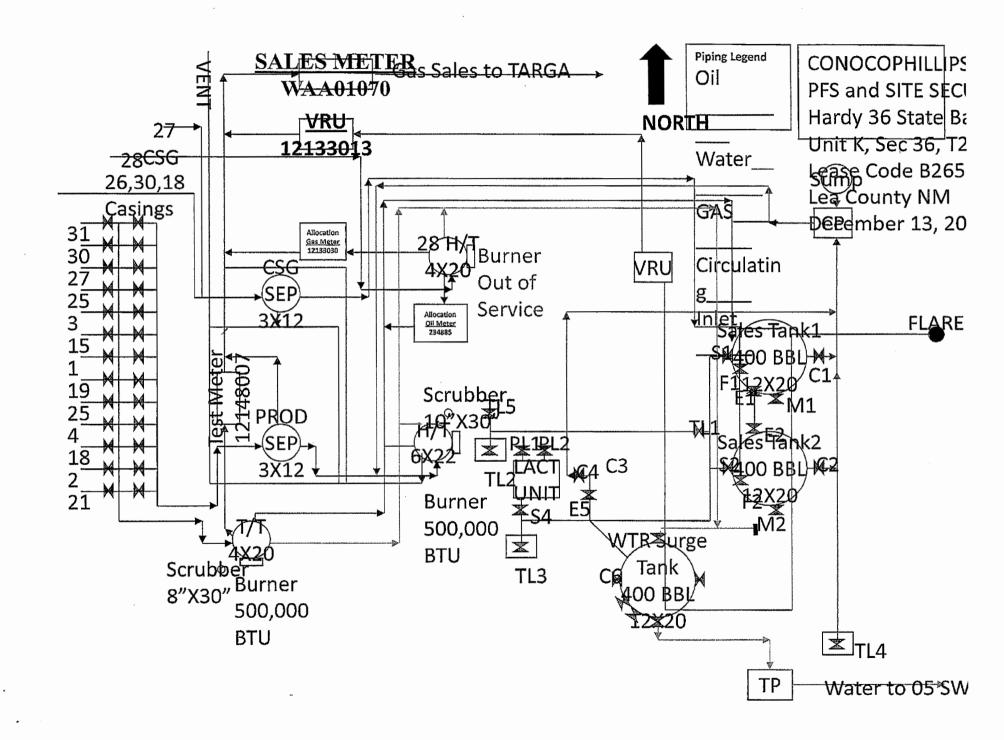
Chevron USA Inc. Land Department 15 RD, Midland, TX 79705-5423 New Mexico Oil Conservation Division Engineering Bureau 1220 south St. Francis Drive Santa Fe, NM 87505

# (E) ADDITIONAL INFORMATION (for all application types)

(1) See PowerPoint

(2)





					e de la companya de l									
APLVIALL®	Wal #	Pod	<b>ි</b> මන් මිමේල	ON BOPD		MAGNO) Geb	(1) (1) (1) (1) (1) (1) (1) (1) (1) (1)	WARE BWARD	Gas Miche	Daise	্র :(০):৭৮)	Wanter ByM(F(0)	<b>©</b> es Miciro	
30-025-32128-00-00	1	Skaggs; Abo, South	56650								17	44	70	
30-025-32473-00-00	2	Hardy; Tubb Drinkard, North	96356	2	1	68	2	2	79	10/29/2013				
30-025-32479-00-00	3	Skaggs; Grayburg	56650	С	Currently not producing: well's future being determined									
30-025-32513-00-00	4	Hardy; Tubb Drinkard, North	96356	2	1	11	2	1	13	8/28/2013				
30-025-33924-00-00	15	Cass; Strawn, South	56650	9	0	27	10	0	31	9/14/2013				
30-025-33027-00-00	18	Hardy; Tubb Drinkard, North	96356	3	1	10	3	1	12	10/2/2013				
30-025-33202-00-00	19	Hardy; Blinebry	29710	1	8	1	3	51	2	9/6/2013				
30-025-33028-00-00	21	Cass; Strawn, South	56650	10	2	14	11	2	16	9/21/2013				
30-025-34102-00-00	25	Hardy; Tubb Drinkard, North	96356	0.4	1	27	0.5	0.8	32	10/25/2013	MRE 11 U1			
30-025-34311-00-00	26	Hardy; Tubb Drinkard, North	96356	10	1	8	11	2	9	2/19/2013				
30-025-34794-00-00	27	Hardy; Tubb Drinkard, North	96356	8	0	24	9	0	28	8/17/2013				
30-025-35155-00-00	30	Hardy; Tubb Drinkard, North	96356	5	4	16	6	5	18	9/12/2013				
30-025-35485-00-00	31	Hardy; Tubb Drinkard, North	96356	1	37	3	0.7	27	2	4/18/2013				
30-025-36624-00-00	28	Hardy;Strawn, North	96893	0.8	0	1	1	0	0	8/21/2013				

30-025-33202-00-00-19 - should be Blinebry, not Tubb/Drinkard (recompletion) 30-025-35485-00-00-31 - should be Tubb/Drinkard, not Strawn (recompletion)

City, State, 2.