

DATE IN 3/23/05	SUSPENSE	ENGINEER jones	LOGGED IN 3-23-05	TYPE PC	APP NO. PSEM0508247583
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ABOVE THIS LINE FOR DIVISION USE ONLY

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



ADMINISTRATIVE APPLICATION CHECKLIST

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

Application Acronyms:

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

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
 [A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

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

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

- [D] Other: Specify _____

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

- [A] ☒ Working, Royalty or Overriding Royalty Interest Owners
 [B] ☐ Offset Operators, Leaseholders or Surface Owner
 [C] ☐ Application is One Which Requires Published Legal Notice
 [D] ☒ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
 [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
 [F] ☐ Waivers are Attached

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

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

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

William R. Huck

Print or Type Name

Signature

VP- Engr. & Operations

Title

3-22-05

Date

billh@pecosproduction.com
 e-mail Address

2005 MAR 23 PM 11 16



400 W. Illinois, Suite 1070, Midland, Texas 79701 | 432 620 8480 ofc | 432 682 219 / fax

April 12, 2005

State of New Mexico
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
William V. Jones
1220 South St. Francis Dr.
Santa Fe, NM 87505

Per Request Sent 4/14/05

Re: Surface Pool Commingling
Querecho Plains Unit
Lea Co., NM

Dear Mr. Jones,

Pursuant to the above referenced, located in Section 22, Township 18 South, Range 32 East of Lea County, New Mexico, the Working Interest, Royalty Interest and Overriding Royalty Interest are of identical ownership.

If you have any questions or concerns, please advise.

Sincerely,

A handwritten signature in cursive script, appearing to read 'W. Kirk Farquhar'.

W. Kirk Farquhar
Land Manager



400 W. Illinois, Suite 1070, Midland, Texas 79701 | 432-620-8480 ofc | 432-682-2197 fax

March 22, 2005

VIA OVERNIGHT MAIL

Oil Conversation Division
David Catanach / Engineering Bureau
1220 South St. Francis Dr.
Santa Fe, NM 87505

Re: Surface Pool Commingling
Querecho Plains Unit
Lea Co., NM

Dear Mr. Catanach,

Pecos Production Company hereby request administrative approval for Surface Pool Commingling of gas production from the Querecho Plains Unit No. 1, 2 and 3 wells. These three wells are located on the same lease and have same ownership.

Gas production from the three wells, after being measured seperately will be commingled at the Querecho Plains Unit No. 1 battery, then delivered to the sales point. The Querecho Plains Unit #1 is producing in the Lusk Morrow North Pool, the Querecho Plains Unit No. 2 is producing in the Querecho Plains Strawn Pool and the Querecho Plains Unit No. 3 is producing in the Querecho Plains Lower Bone Spring Pool. Gas production will be allocated at well level based on check meter. A lease facility diagram is attached.

If you have any questions or concerns, please advise.

Sincerely,

A handwritten signature in black ink, appearing to read 'William R. Huck'.

William R. Huck
VP- Engr. & Operations

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Ave, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-B
Revised June 10, 2003

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.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: PECOS PRODUCTION COMPANY
OPERATOR ADDRESS: 400 W. ILLINOIS, SUITE 1070, MIDLAND, TX 79701
APPLICATION TYPE:

☒ Pool Commingling ☐ Lease Commingling ☐ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☐ State ☒ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. _____
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
☒ Yes ☐ No

(A) POOL COMMINGLING

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes
QUERECHO PLAINS STRAWN	SEE ATTACHED				
QUERECHO PLAINS LOWER BS					
LUSK MORROW NORTH (GAS)					

- (2) Are any wells producing at top allowables? ☐ Yes ☒ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No.
(4) Measurement type: ☒ Metering ☐ Other (Specify)
(5) Will commingling decrease the value of production? ☐ Yes ☒ No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING

Please attach sheets with the following information

- (1) Pool Name and Code.
(2) Is all production from same source of supply? ☐ Yes ☐ No
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No
(4) Measurement type: ☐ Metering ☐ Other (Specify)

(C) POOL and LEASE COMMINGLING

Please attach sheets with the following information

- (1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT

Please attached sheets with the following information

- (1) Is all production from same source of supply? ☐ Yes ☐ No
(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)

Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location.
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers.

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

SIGNATURE: Dora Lara TITLE: ENGR ASST. DATE: 3-16-05

TYPE OR PRINT NAME Dora Lara TELEPHONE NO.: 432-620-8480

E-MAIL ADDRESS: dorab@pecosproduction.com

Frontier

Field Services, LLC

4200 E. Skelly Drive, Suite 700
Tulsa, OK 74135

OGRID: 221115

SETTLEMENT STATEMENT

Maljamar Gas Plant

PECOS PRODUCTION CO

January 2005 Production

Contract Number: 30025-A
Meter No: 6025008
Meter Name: QUERCHO PLAINS 1
Property No: 8000028001
Property Name: QUERCHO PLAINS UT 1

Plant Product %: 88.00%
Residue %: 88.00%
Pressure Base: 14.65
N2 - Mol%: 2.186
CO2 - Mol%: 0.344
Marketing Fee: \$0.0000

Field Volumes	Point of Receipt Volume		
	Mcf	BTU	MMBtu
Total System Volume	1,821,707	1.2452	2,268,469
100% Meter Volume	14,330	1.3490	19,331
Producer's Share	14,330	1.3490	19,331

#1 2263 16073.54
#2 11959 84941.87
#3 108 767.10
14330
Volume Value

Prices:	
Ethane:	\$0.4869644
Propane:	\$0.7209276
Iso Butane:	\$0.9398463
Normal But:	\$0.9069100
Pentanes+:	\$1.0315800
T & F:	\$0.0452510
Residue:	\$5.5964996

NGL Settlement	Ethane	Propane	Iso-But.	Normal But.	Nat. Gasoline	Total
Shrinkage MMBtus	3,192	2,809	436	1,125	1,072	8,634
Well GPMs	4.195	2.378	0.315	0.780	0.664	8.332
Theo. Gallons	60,114	34,077	4,514	11,177	9,515	119,398
Presumed Recoveries	80.00%	90.00%	97.00%	97.00%	99.00%	
Actual Allocated Gallons	48,091	30,669	4,379	10,842	9,420	103,401
Net Price per Gallon	\$0.4417134	\$0.6756766	\$0.8945953	\$0.8616590	\$0.9863290	
NGL Value	\$21,242.44	\$20,722.33	\$3,917.43	\$9,342.11	\$9,291.22	\$64,515.53
Producer's Value						\$56,773.67

#1 3053
#2 16132
#3 146
19331
MMBtus

Residue Settlement	Net Delivery MMBtu	Liquid Shrink MMBtu	Plant Fuel MMBtu	Residue Returned MMBtu	Residue MMBtu	Residue Mcf	Gas Price /MMBtu	Residue Value
Total Plant Volume	2,200,582	774,574	128,938	897	1,242,973	1,258,816		
Producer's Share	19,331	8,634	1,237	0	9,139	9,256	\$5.59650	\$45,008.84

Total Settlement	Producer's Total Value NGLs + Residue	Fees					Net Due Producer
		Low Meter	Gathering	Compression	Dehy	Taxes	
Rate			0.0000	0.0000	0.0000		
Volume			0	0	0		
Producer's Total Net Value	\$101,782.51 ÷ 14330 = 7.10275715282		\$0.00	\$0.00	\$0.00	\$8,207.39	\$93,575.12

X ind. well = value
for the well

#1 502-QPUN
#2 502-QPU2
#3 502-QPU3

CONTACT INFORMATION		Fax: 918-492-4701
GAS PAYMENTS:	Jim Coghill	(918) 388-8411
CONTRACTS:	Jeff Hull	(918) 388-8420
DOITAXES:	Dan Young	(918) 388-8414
OPERATIONS:	Mike Hicks	(918) 388-8417

PECOS PRODUCTION CO
ATTEN DEBBIE NEWCOMB
400 W. ILLINOIS SUITE 1070

MIDLAND, TX 7-9701

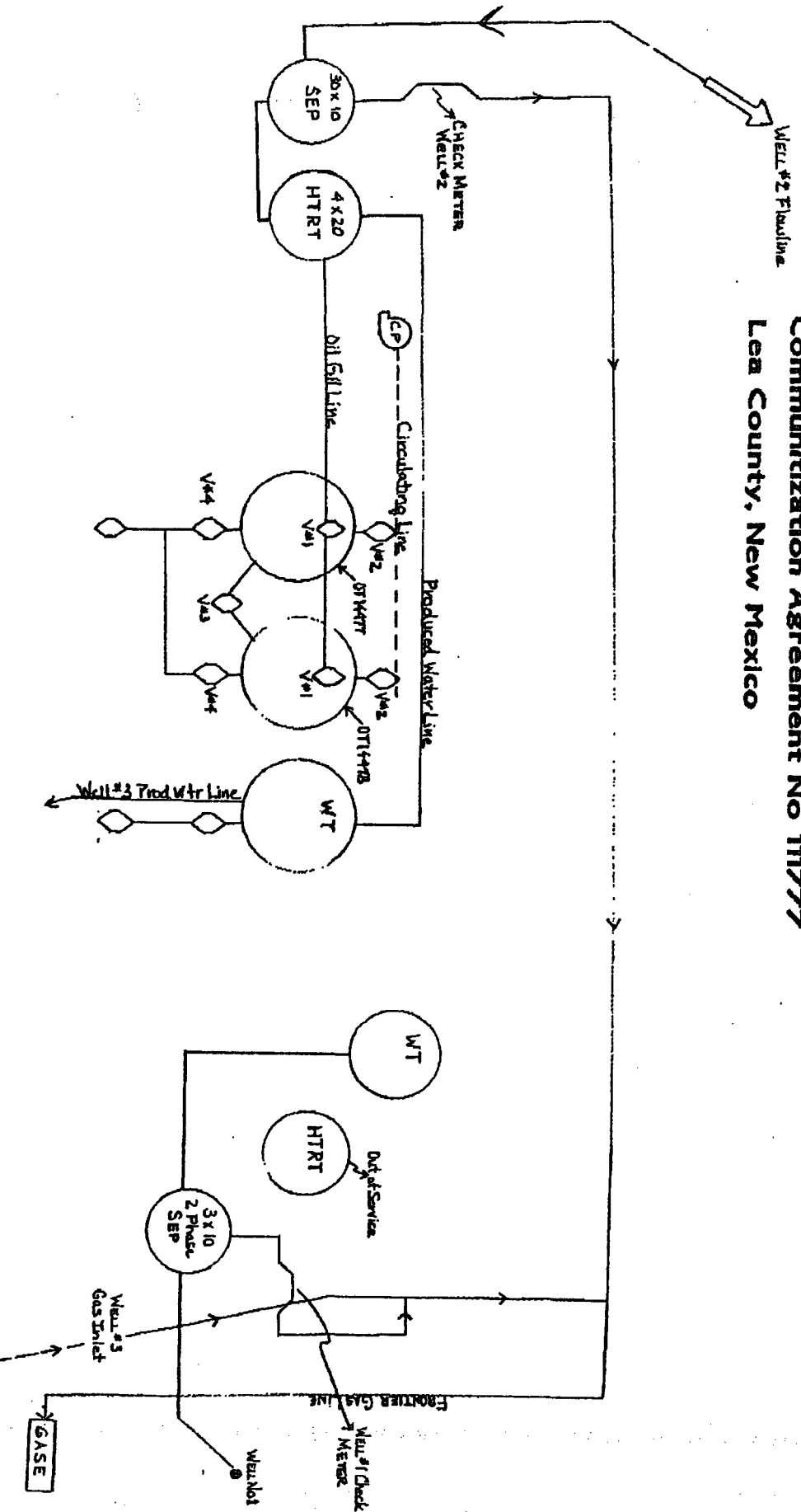
GPIS by eXigent

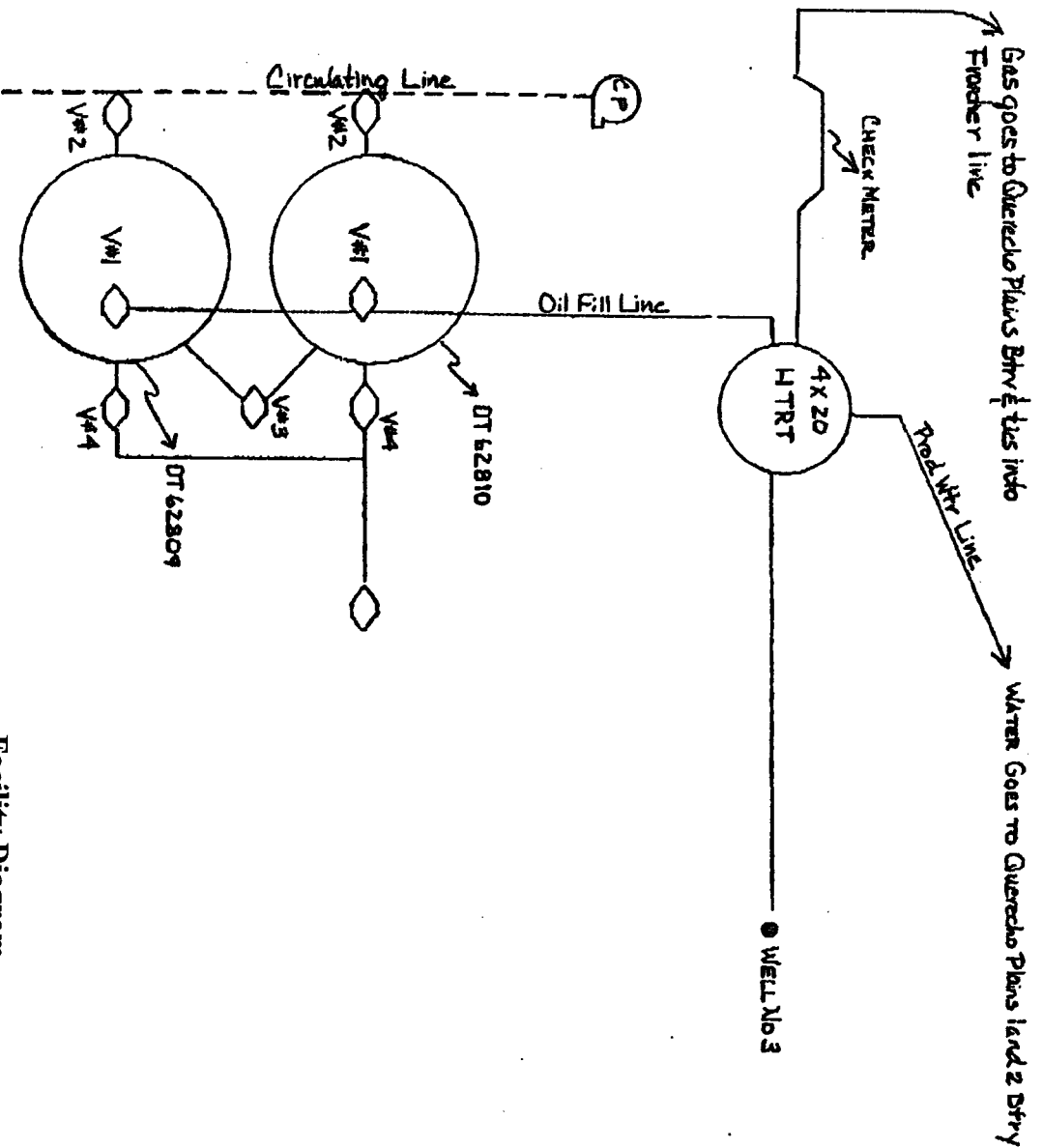
Date: February 14, 2005

Form C-107-B
Attachment (A)

Facility Diagram

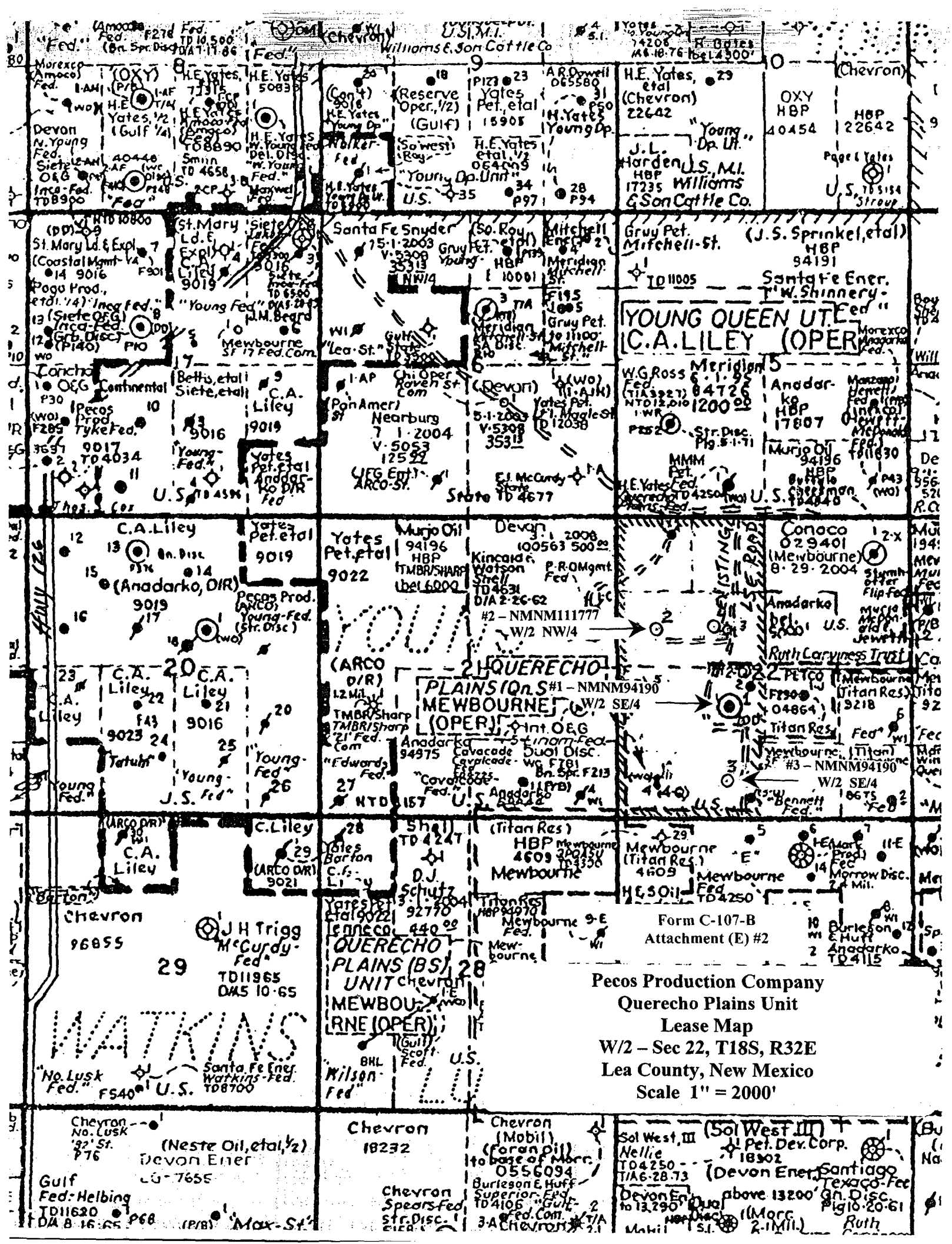
Pecos Production Company
Querecho Plains Unit Lease NM94967
UL K, Sec 22, T18S, R32E
Communitization Agreement No 111777
Lea County, New Mexico





Facility Diagram

Pecos Production Company
Quecheo Plains Unit No 3 NM 94190
Sec 22, T18S, R32E
La Grana, New Mexico



Pecos Production Company
Querecho Plains Unit
Lease Map
W/2 - Sec 22, T18S, R32E
Lea County, New Mexico
Scale 1" = 2000'

QUERECHO
PLAINS (BS)
UNIT
MEWBOU
RNE (OPER)

WATKINS

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

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 June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies
☐ AMENDED REPORT

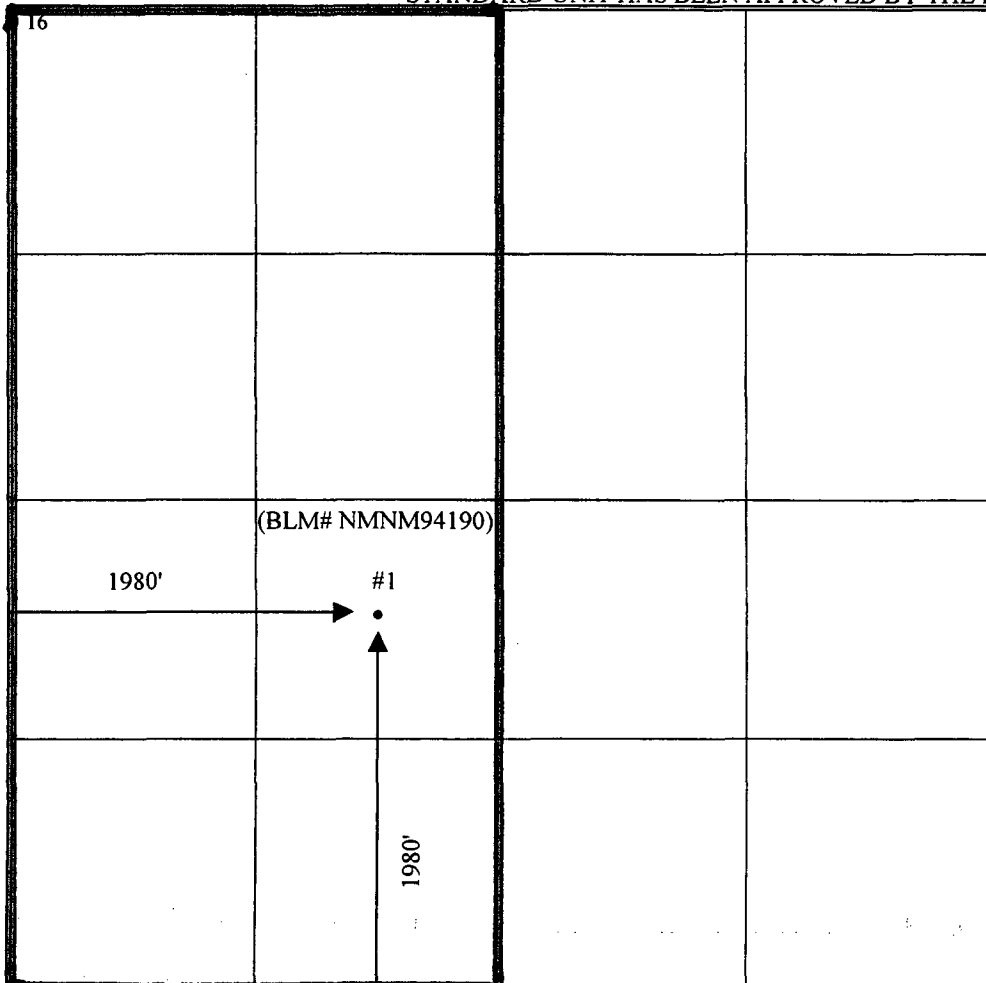
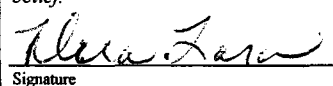
WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-00867	² Pool Code 80800	³ Pool Name Lusk;Morrow, North (Gas)
⁴ Property Code 32086	⁵ Property Name Querecho Plains Unit	⁶ Well Number 1
⁷ OGRID No. 215758	⁸ Operator Name Pecos Production Company	⁹ Elevation 3757'

¹⁰ Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	22	18S	32E		1980	FSL	1980	FWL	Lea

¹¹ Bottom Hole Location If Different From Surface									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 320	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

¹⁶ 	¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i>  Signature Dora Lara Printed Name dorab@pecosproduction.com Title and E-mail Address 9-17-04 Date
	¹⁸ SURVEYOR CERTIFICATION <i>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.</i> Refer To Original Plat On File Date of Survey Signature and Seal of Professional Surveyor:
	Certificate Number

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-102

Revised February 10, 1994

Submit to Appropriate District Office

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WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-36541	Pool Code 50540	Pool Name Querecho Plains Strawn
Property Code 32086	Property Name QUERECHO PLAINS UNIT Com	Well Number 2
OGRID No. 215758	Operator Name PECOS PRODUCTION COMPANY	Elevation 3773'

Surface Location

UL or lot No. E	Section 22	Township 18-S	Range 32-E	Lot Idn	Feet from the 1980'	North/South line NORTH	Feet from the 660'	East/West line WEST	County LEA
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Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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Dedicated Acres 80	Joint or Infill	Consolidation Code	Order No.
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>Diagram showing well location and acreage. The diagram includes dimensions: 1980' (vertical), 660' (horizontal), and 600' (horizontal). The well location is labeled #2. The diagram also shows the well location relative to the section corner. The well location is 3773.8' from the top corner, 3775.1' from the right corner, 3768.0' from the bottom corner, and 3767.0' from the left corner. The well location is 660' from the left corner and 600' from the bottom corner.</p>	<p>GEODETIC COORDINATES NAD 27 NME Y = 631464.9 N X = 676254.4 E LAT. = 32°44'04.85"N LONG. = 103°45'36.53"W</p> <p>(BLM# NMNM111777)</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p> Signature</p> <p>Dora Lara Printed Name</p> <p>Engr Asst. Title</p> <p>9-17-04 Date</p> <p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>November 14, 2003</p> <p>Date Surveyed Signature & Seal of Professional Surveyor Professional Surveyor GARY E. EDDSON 11/24/03 03.11.1267 Certificate No. GARY EDDSON 12641</p>
---	---	---

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

Form C-102

Revised February 10, 1994

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☒ AMENDED REPORT

API Number 30-025-36724	Pool Code 50510	Pool Name Querecho Plains-Lower Bone Spring
Property Code 32086	Property Name QUERECHO PLAINS UNIT	Well Number 3
OGRID No. 215758	Operator Name PECOS PRODUCTION COMPANY	Elevation 3757'

Surface Location

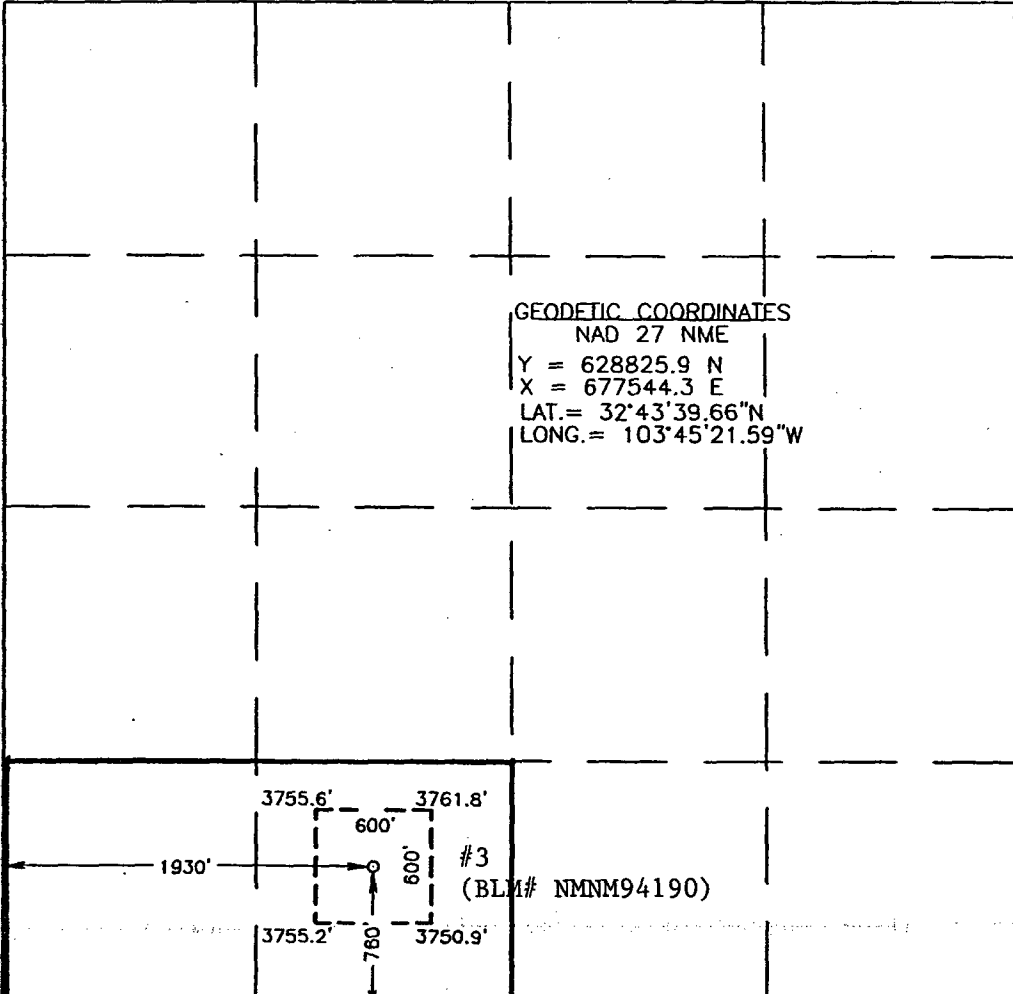

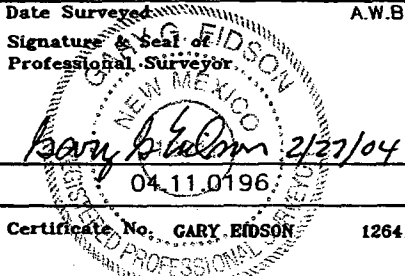
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	22	18-S	32-E		760'	SOUTH	1930'	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
80			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>GEODETIC COORDINATES NAD 27 NME Y = 628825.9 N X = 677544.3 E LAT. = 32°43'39.66"N LONG. = 103°45'21.59"W</p>
	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p> Signature</p> <p>William R. Huck Printed Name</p> <p>VP- Engr & Operations Title</p> <p>6-7-04 Date</p>
	<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.</p> <p>February 23, 2004</p> <p>Date Surveyed A.W.B</p> <p>Signature & Seal of Professional Surveyor </p> <p>Certificate No. GARY EDSON 12641</p>

PECOS PRODUCTION COMPANY

ATTACHMENT TO C-107-B

SECTION E- #3

<u>Property No.</u>	<u>Well Name</u>	<u>Pool Name</u>	<u>ULSTR</u>	<u>DESCRIPTION</u>	<u>API</u>	<u>Pool ID</u>
32086	QUERECHO PLAINS UNIT #001	LUSK;MORROW, NORTH (GAS)	K-22-18S-32E	1980' FSL & 1980' FWL	30-025-00867	80800
32086	QUERECHO PLAINS UNIT #002	QUERECHO PLAINS;STRAWN	E-22-18S-32E	1980' FNL & 660' FWL	30-025-36541	50540
32086	QUERECHO PLAINS UNIT #003	QUERECHO PLAINS;LOWER BONE SPRING	N-22-18S-32E	760' FSL & 1930' FWL	30-025-36724	50510