

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

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107A  
Revised June 10, 2003

District II  
1301 W. Grand Avenue, Artesia, NM 88210

District III  
1000 Rio Brazos Road, Aztec, NM 87410

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

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

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

APPLICATION FOR DOWNHOLE COMMINGLING

DHC-3483

Burlington Resources Oil & Gas Company LP P.O. Box 4289 Farmington, NM 87499  
Operator Address

HANLEY 3 Unit N, Sec. 18, T29N, R10W San Juan  
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No: 14538 Property Code 007083 API No. 30-045-25038 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	BASIN FRUITLAND <i>Col</i>		AZTEC FRUITLAND SAND
Pool Code	71629 ✓		71200 ✓
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	1568-1630' and 1686-1855' (Estimated)		1654-1674'
Method of Production (Flowing or Artificial Lift)	NEW ZONE		FLOWING
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	N/A - 150% Rule		N/A - 150% Rule
Oil Gravity or Gas BTU (Degree API or Gas BTU)	BTU 1057 From Hubbell #8 offset		BTU 1057
Producing, Shut-In or New Zone	NEW ZONE		PRODUCING
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: N/A Rates: see attachment	Date: Rates:	Date: 03/31/05 Rates: 46 Mcf/d
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil <i>NA</i> Gas <i>74%</i> Prelim allocation attached	Oil Gas %	Oil <i>NA</i> Gas <i>26%</i> Prelim allocation attached

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes ☒ No ☒  
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes ☒ No ☐

Are all produced fluids from all commingled zones compatible with each other? Yes ☒ No ☐

Will commingling decrease the value of production? Yes ☐ No ☒

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands  
or the United States Bureau of Land Management been notified in writing of this application? Yes ☒ No ☐

NMOCD Reference Case No. applicable to this well: \_\_\_\_\_

Attachments:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

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


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

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

SIGNATURE *Ken Collins* <sup>4/4/05</sup> TITLE Engineer DATE 5/31/05

TYPE OR PRINT NAME Ken Collins TELEPHONE NO. (505) 326-9700

E-MAIL ADDRESS <mailto:KCollins@br-inc.com>

 You replied on 6/14/2005 7:45 AM.

**Jones, William V.**

**From:** Collins Kenneth [KCollins@br-inc.com]  
**To:** Jones, William V.  
**Cc:** Clugston Patsy L  
**Subject:** RE: DHC Hanley #3  
**Attachments:**

**Sent:** Mon 6/13/2005 5:28 PM

Mr. Jones,

After your last email, we verified that this well had identical ownership in all zones. If you'd like a copy of that, I can easily fax it to you. I made the assumption that since it was common, you did not want to see it. But if I'm mistaken, again, I can quickly fax you the data that you need, just let me know,

Thanks,

Ken Collins  
x - 9718

-----Original Message-----

**From:** Jones, William V. [mailto:william.jones1@state.nm.us]  
**Sent:** Monday, June 13, 2005 5:03 PM  
**To:** Collins Kenneth  
**Subject:** DHC Hanley #3

Hello Ken:

Please send me a list of the interest owners you notified for this application and a copy of the cover letter you sent.

Thanks,

Will Jones

This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error please notify the system manager. This message contains confidential information and is intended only for the individual named. If you are not the named addressee you should not disseminate, distribute or copy this e-mail.

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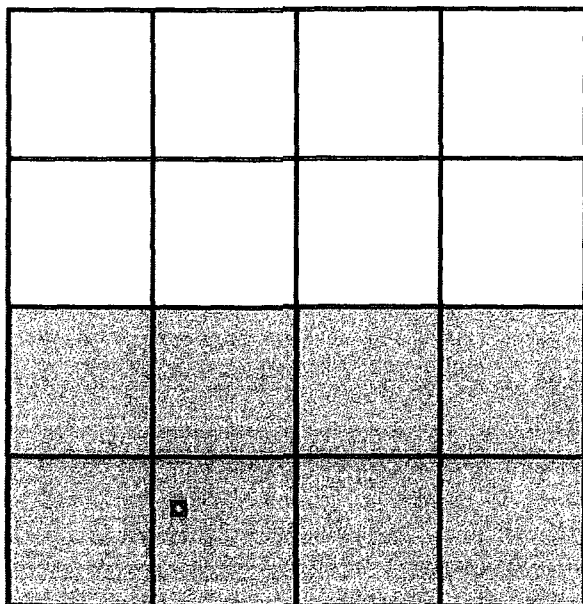
Form C-102  
Permit 11080

### WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number <b>30-045-25038</b>	Pool Name BASIN FRUITLAND COAL (GAS)	Pool Code 71629
Property Code 7083	Property Name HANLEY	Well No. 003
OGRID No. 14538	Operator Name BURLINGTON RESOURCES OIL & GAS COMPANY LP	Elevation 5552

### Surface And Bottom Hole Location

UL or Lot N	Section 18	Township 29N	Range 10W	Lot Idn -	Feet From 870	N/S Line S	Feet From 1550	E/W Line W	County San Juan
Dedicated Acres 317.85		Joint or Infill		Consolidation Code		Order No.			



#### OPERATOR CERTIFICATION

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

Electronically Signed By: *Melanie Thompson*  
Title: *Regulatory Associate*  
Date: *5/18/05*

#### 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.

Surveyed By: Fred Kerr Jr.  
Date of Survey: 05/05/1981  
Certificate Number: 3950

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

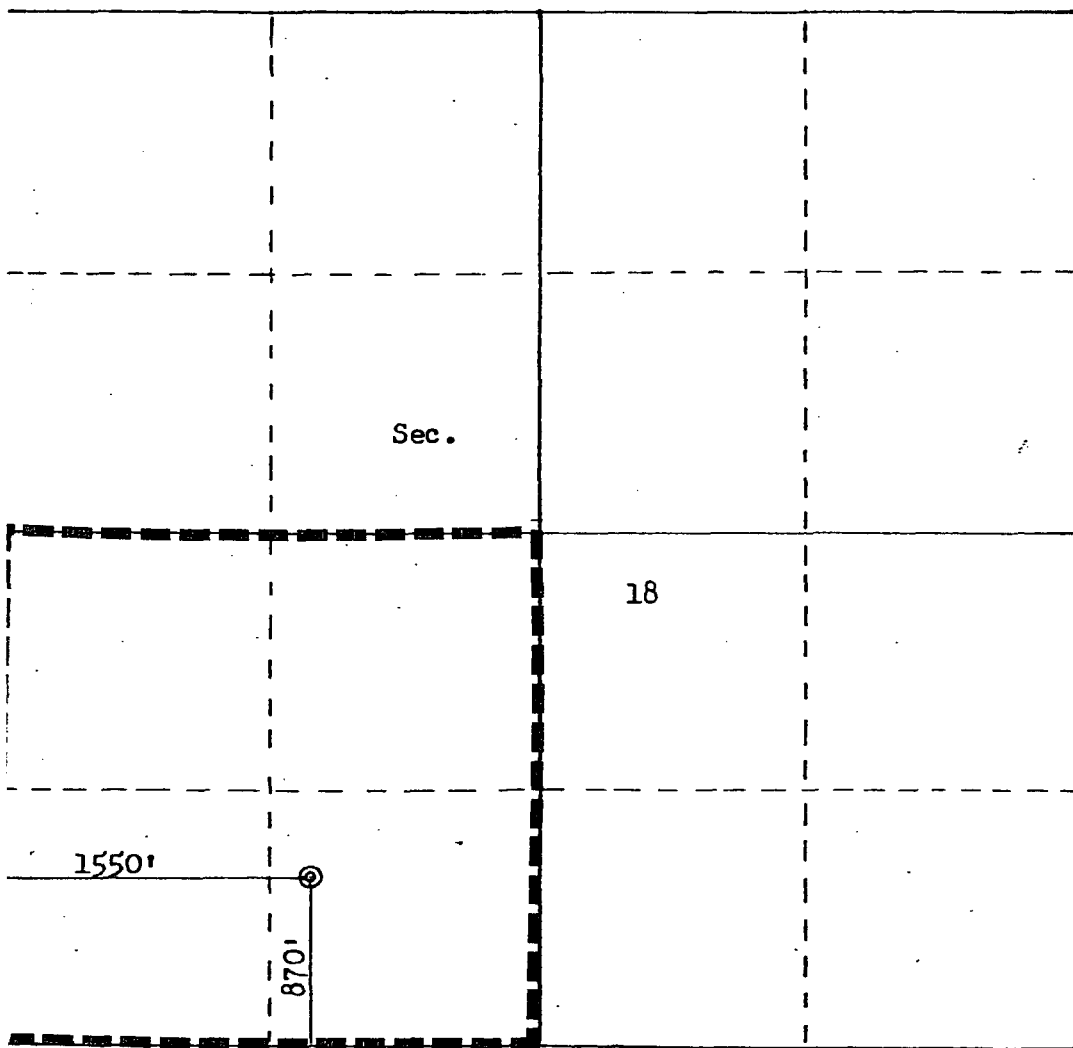
Operator <b>PETROLEUM CORPORATION OF TEXAS</b>			Lease <b>HANLEY</b>		Well No. <b>3</b>
Unit Letter <b>N</b>	Section <b>18</b>	Township <b>29N</b>	Range <b>10W</b>	County <b>San Juan</b>	
Actual Footage Location of Well: <b>870</b> feet from the <b>South</b> line and <b>1550</b> feet from the <b>West</b> line					
Ground Level Elev. <b>5552</b>	Producing Formation <b>Fruitland</b>		Pool <b>Aztec Fruitland</b>		Dedicated Acreage: <b>160</b> Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation \_\_\_\_\_

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



Scale: 1"=1000'

## CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  
FOR: PETROLEUM CORP. OF TEXAS  
ORIGINAL SIGNED BY

Name **EWELL N. WALSH**  
**Ewell N. Walsh, P.E.**

Position  
**President**

Company  
**Walsh Engr. & Prod. Corp.**

Date  
**5/14/81**

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

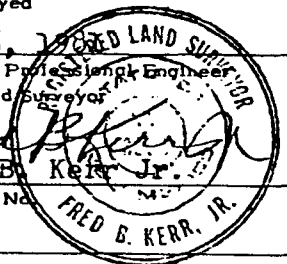
May 5, 1981

Registered Professional Engineer  
and Land Surveyor

**Fred B. Kerr, Jr.**

Certificate No.

3950



Fryland Coal

HUBBELL 8 4420302 (69981111496.4703) Data: Apr.2002-Apr.2005

Cal Day Gas1 - mcf/d

Cal Day Condensate - Bbl/d

10

10

100

100

1000

1000

2002

2003

2004  
Year

2005

2006

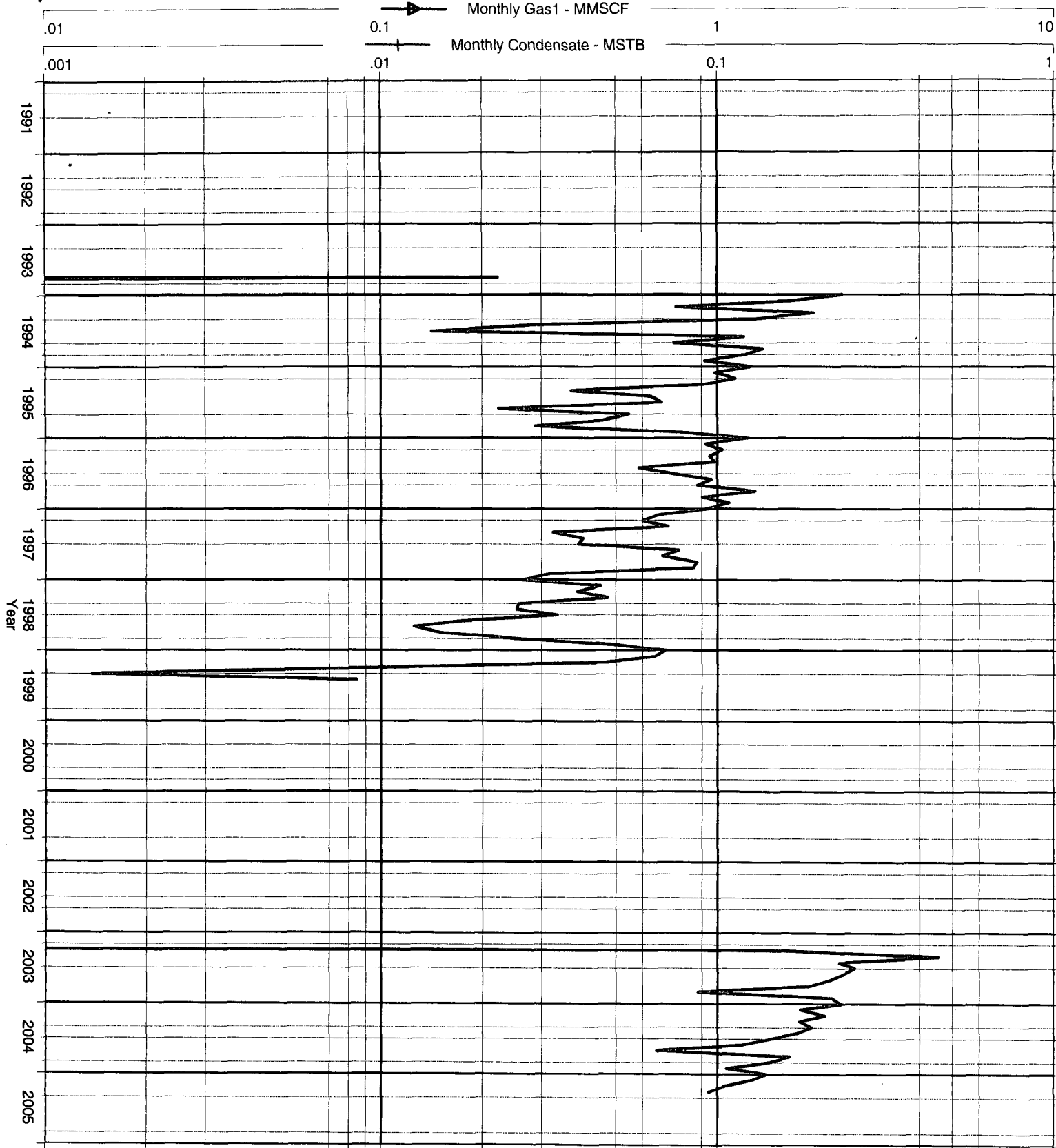
Cal Day Gas1 - mcf/d  
Cum: 90.82 MMSCF  
Cal Day Condensate - Bbl/d  
Cum: 0.00 MSTB

Fruitland Sand

HANLEY 3 3722901

(307997636041.963)

Data: Oct.1981-Apr.2005



Monthly Gas1 - MMSCF

Cum: 243.50 MMSCF

Monthly Condensate - MSTB

Cum: 0.00 MSTB

# BURLINGTON RESOURCES

## PRODUCTION ALLOCATION FORM

Distribution:  
Regulatory  
Accounting  
Well File

Original: August 1, 2003

Status

PRELIMINARY ☒

FINAL ☐

Type of Completion

NEW DRILL ☐ RECOMPLETION ☒ PAYADD ☐ COMMINGLE ☐

Date: 6/2/2005

API No.

30-045-25038

Well Name

HANLEY

Well No.

#3

Unit Letter

N

Section

18

Township

T29N

Range

R10W

Footage

870' FSL & 1550' FWL

County, State

San Juan County, New Mexico

Completion Date

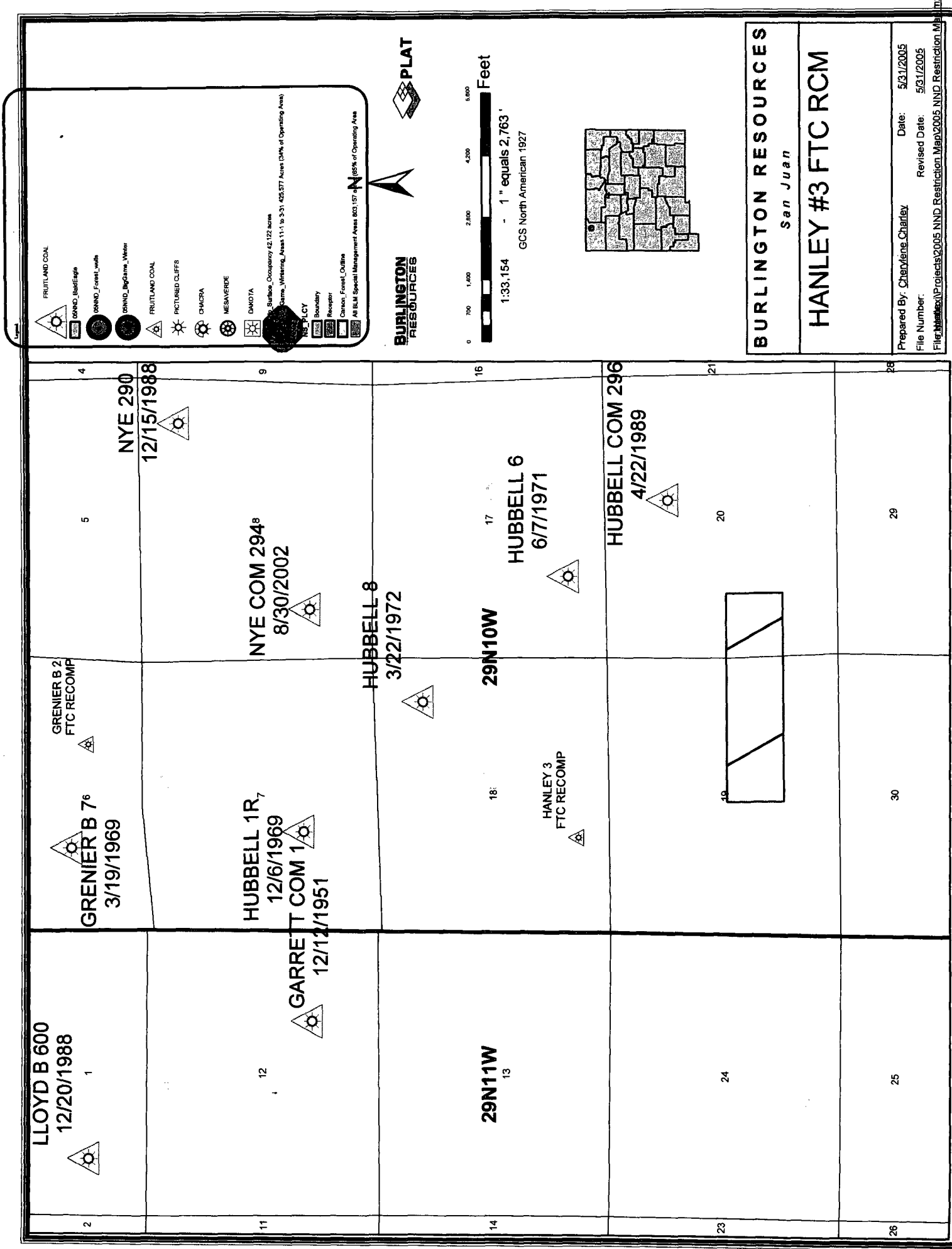
Test Method

HISTORICAL ☐ FIELD TEST ☐ PROJECTED ☒ OTHER ☐

FORMATION	GAS	PERCENT	CONDENSATE	PERCENT
FRUITLAND SAND	214 MMCF	26%		0%
FRUITLAND COAL	620 MMCF	74%		0%
	834			

JUSTIFICATION OF ALLOCATION: Preliminary allocation for the Fruitland coal Recompletion: Gas percentages are based on remaining reserves for the existing Fruitland Sand formation and estimated reserves for the Fruitland Coal formation. This well does not produce oil, therefore has no oil allocation.

APPROVED BY	TITLE	DATE
X	Engineer	6/2/05
Ken Collins		
X	Engineering Tech.	6/2/05
Cherylene Charley		



**BURLINGTON  
RESOURCES**

**BURLINGTON RESOURCES**  
*San Juan*  
**HANLEY #3 FTC RCM**

Prepared By: Cherylene Charley Date: 5/31/2005  
File Number: 5/31/2005  
File Name: \Projects\2005 NND Restriction Map\2005 NND Restriction Map.dwg



# ***GAS ANALYSIS (for BHP\_Specific Gravity Calc's)***

<i>AIN</i>	<i>METER</i>	<i>WELLNAME</i>	<i>NO</i>	<i>FRM</i>	<i>POOL</i>	<i>Spud dt</i>	<i>1st Del</i>
3722901	94196	HANLEY	3	FRS	AZTEC FRUITLAND (GAS)	6/19/1981	5/1/1993

<i>SAMPLE_DATE</i>	<i>7/14/1998</i>	<i>ORIGINAL</i>	<i>CURRENT</i>
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<i>BTU</i>	1.182	<i>Lease Operator:</i> GERALD GONZALES	
<i>C1</i>	0.8649		
<i>C2</i>	0.0729		
<i>C3</i>	0.03		
<i>iC4</i>	0.0059		
<i>nC4</i>	0.0085		
<i>iC5</i>	0.0032		
<i>nC5</i>	0.0023		
<i>C6</i>	0.0056		
<i>H2</i>	0		
<i>He</i>	0		
<i>N2</i>	0.0023		
<i>H2S</i>	0		
<i>CO2</i>	0.0044		

<i>SPECIFIC_GRAVITY</i>	0.672
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<i>AIN</i>	<i>METER</i>	<i>WELLNAME</i>	<i>NO</i>	<i>FRM</i>	<i>POOL</i>	<i>Spud dt</i>	<i>1st Del</i>
3722901	94196	HANLEY	3	FRS	AZTEC FRUITLAND (GAS)	6/19/1981	5/1/1993

<i>SAMPLE_DATE</i>	<i>9/27/2004</i>	<i>ORIGINAL</i>	<i>CURRENT</i>
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<i>BTU</i>	1.147	<i>Lease Operator:</i> GERALD GONZALES	
<i>C1</i>	0.8859		
<i>C2</i>	0.0665		
<i>C3</i>	0.022		
<i>iC4</i>	0.0046		
<i>nC4</i>	0.0057		
<i>iC5</i>	0.0022		
<i>nC5</i>	0.0015		
<i>C6</i>	0.0045		
<i>H2</i>	0		
<i>He</i>	0		
<i>N2</i>	0.0015		
<i>H2S</i>	0		
<i>CO2</i>	0.005		

<i>SPECIFIC_GRAVITY</i>	0.649
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# ***GAS ANALYSIS (for BHP\_Specific Gravity Calc's)***

<b>AIN</b>	<b>METER</b>	<b>WELLNAME</b>	<b>NO</b>	<b>FRM</b>	<b>POOL</b>	<b>Spud dt</b>	<b>1st Del</b>
4420302	87398	HUBBELL	8	FRC	BASIN (FRUITLAND COAL)	3/22/1972	4/6/2002

<b>SAMPLE_DATE</b>	<b>10/9/1995</b>	<b>ORIGINAL</b>	<b>CURRENT</b>
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<b>BTU</b>	1.121	<b>Lease Operator:</b> GERALD GONZALES	
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<b>C1</b>	0.91		
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<b>C2</b>	0.042		
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<b>C3</b>	0.0173		
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<b>iC4</b>	0.0034		
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<b>nC4</b>	0.0049		
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<b>iC5</b>	0.0021		
------------	--------	--	--

<b>nC5</b>	0.0016		
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<b>C6</b>	0		
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<b>H2</b>	0		
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<b>He</b>	0		
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<b>N2</b>	0.0021		
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<b>H2S</b>	0		
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<b>CO2</b>	0.0089		
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<b>SPECIFIC_GRAVITY</b>	0.64		
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<b>AIN</b>	<b>METER</b>	<b>WELLNAME</b>	<b>NO</b>	<b>FRM</b>	<b>POOL</b>	<b>Spud dt</b>	<b>1st Del</b>
4420302	87398	HUBBELL	8	FRC	BASIN (FRUITLAND COAL)	3/22/1972	4/6/2002

<b>SAMPLE_DATE</b>	<b>11/11/2004</b>	<b>ORIGINAL</b>	<b>CURRENT</b>
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<b>BTU</b>	1.057	<b>Lease Operator:</b> GERALD GONZALES	
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<b>C1</b>	0.9411		
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<b>C2</b>	0.0278		
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<b>C3</b>	0.0089		
-----------	--------	--	--

<b>iC4</b>	0.0017		
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<b>nC4</b>	0.002		
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<b>iC5</b>	0.0008		
------------	--------	--	--

<b>nC5</b>	0.0006		
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<b>C6</b>	0.0022		
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<b>H2</b>	0		
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<b>He</b>	0		
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<b>N2</b>	0.0013		
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<b>H2S</b>	0		
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<b>CO2</b>	0.0132		
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<b>SPECIFIC_GRAVITY</b>	0.605		
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6-10-05 | SUSPENSE | ENGINEER Jones | 6-13-05 | LOGGED IN | TYPE DHC | 3483 | APP NO. DEM0516450921

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.

Print or Type Name

Signature

Title

Date

e-mail Address