

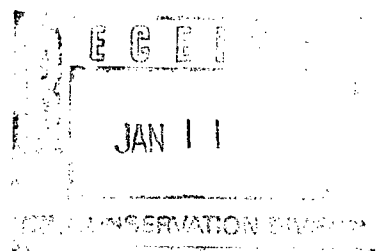


Cross Timbers Operating Company

AMEND DHC 1/31/01
1458 102248319

January 3, 2001

Ms. Lori Wrotenbery, Director
New Mexico Oil Conservation Division
2040 S. Pacheco Street
Santa Fe, New Mexico 87505



Application for Exception to Rule 303-C – Downhole Commingling
Florance D LS #14
Unit K, Section 21, T-27-N, R-8-W
South Blanco Pictured Cliffs (72439), Otero Chacra (82329) and
Blanco Mesaverde (72319)
San Juan County, New Mexico

Dear Ms. Wrotenbery,

Cross Timbers Operating Company (CTOC) hereby requests administrative approval to downhole commingle the above referenced pools in the Florance D LS #14. This well was drilled and originally completed as a dual completion in the South Blanco Pictured Cliffs and Blanco Mesaverde in 1958. Amoco completed the Otero Chacra and downhole commingled this zone, DHC-1458, with the existing Mesaverde completion in 1997. Cross Timbers Operating Company installed wellhead compression on the Chacra/Mesaverde completion in 1998. The well is still producing as dual completion.

To comply with New Mexico Conservation Rules, Cross Timbers Operating Company is submitting the following data for your approval of the proposed commingling:

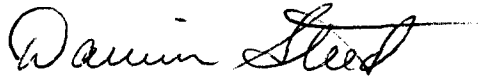
1. C-107A Application for Downhole Commingling.
2. C-102 Well Location & Acreage Dedication Plats.
3. Production data for the Pictured Cliffs, Chacra and Mesaverde pools.
4. List of offset operators notified via certified mail.

By copy of this application by certified mail, return receipt requested, CTOC is notifying all offset operators. The Division Director may approve the proposed downhole commingling in the absence of a valid objection from any offset operator or interest owner if, in their opinion, waste will not result by this action. As an offset operator, if you do not have any objections to this application, you do not have to respond to this notification.

C:\Work\Florance D LS #14\DHC Application1.doc

Should there be any questions concerning this matter, please contact me at (505) 324-1090.

Sincerely,
CROSS TIMBERS OPERATING COMPANY

A handwritten signature in cursive script, reading "Darrin Steed". The signature is written in black ink and is positioned above the printed name and title.

Darrin L. Steed
Operations Engineer

Enclosures

Cc: NMOCD – Aztec
BLM – Farmington
Offset Operators
Well File

Well Location and Acreage Dedication Plat

Section A.

Date FEBRUARY 6, 1958

Operator EL PASO NATURAL GAS COMPANY Lease FLORANCE NM 03380
 Well No. 14-D (PM) Unit Letter K Section 21 Township 27-N Range 8-W NM PM
 Located 1750 Feet From SOUTH Line; 1750 Feet From WEST Line
 County SAN JUAN G. L. Elevation 6230 Dedicated Acreage 320 & 160 Acres
 Name of Producing Formation MESA VERDE & PICTURED CLIFF Pool MV - BLANCO, SOUTH BLANCO P.C.

1. Is the Operator the only owner in the dedicated acreage outlined on the plat below?

Yes ☒ No ☐2. If the answer to question one is "no", have the interests of all the owners been consolidated by communization agreement or otherwise? Yes ☐ No ☐ If answer is "yes", Type of Consolidation.

3. If the answer to question two is "no", list all the owners and their respective interests below:

Owner

Land Description

RECEIVED

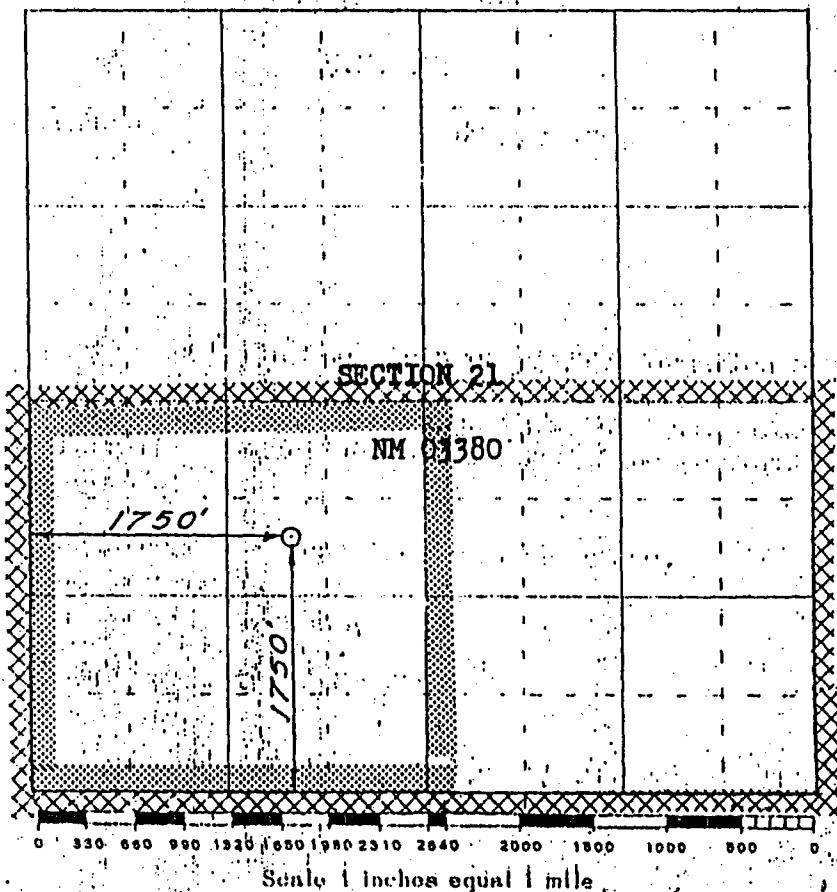
FEB 10 1958

U. S. GEOLOGICAL SURVEY
FARMINGTON, NEW MEXICO

Section B.

Note: All distances must be from outer boundaries of section.

This is to certify that the information
 in Section A above is true and complete
 to the best of my knowledge and belief.

El Paso Natural Gas Company(Operator)
Original Signed D. C. Johnston(Representative)Box 997(Address)Farmington, New Mexico

This is to certify that the above plat was prepared from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

(Seal)

Date Surveyed FEBRUARY 5, 1958

Daniel A. Wilson
 Registered Professional Engineer and/or Land Surveyor

Farmington, New Mexico

Box 1980, Hobbs, NM 88240

DISTRICT II
311 South First,, Artesia, NM 88210

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

DISTRICT IV
2040 South Pacheco, Sante Fe, NM 87505

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, New Mexico 87505

Revised October 10, 1989
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 3004506347	Pool Code 82329	Pool Name Otero Chacra
Property Code 000529	Property Name Florance D LS	Well Number 14
OGRID No. 000778	Operator Name AMOCO PRODUCTION COMPANY	Elevation 6230

Surface Location

UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West Line	County
UNIT K	21	27N	8W		1750	SOUTH	1750	WEST	San Juan

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 Acreage: 160	Joint or Infill	Consolidation Code	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**

	OPERATOR CERTIFICATION	
	I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief	
	Signature <i>Pat Archuleta</i>	
	Printed Name Pat Archuleta	
	Position Staff Assistant	
	Date 02/07/1997	
	SURVEY 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 knowledge and belief.	
	Date of Survey 02/05/1958	
	Signature & Seal of Professional Surveyor 	
Certificate No. NM03380		

Cross Timbers Oil Company

FLORANCE D 14

CROSS TIMBERS
BLANCO S (PICTURED CLIFFS)
SAN JUAN, NEW MEXICO

SAN JUAN
70298

21K 27N 8W
BGV

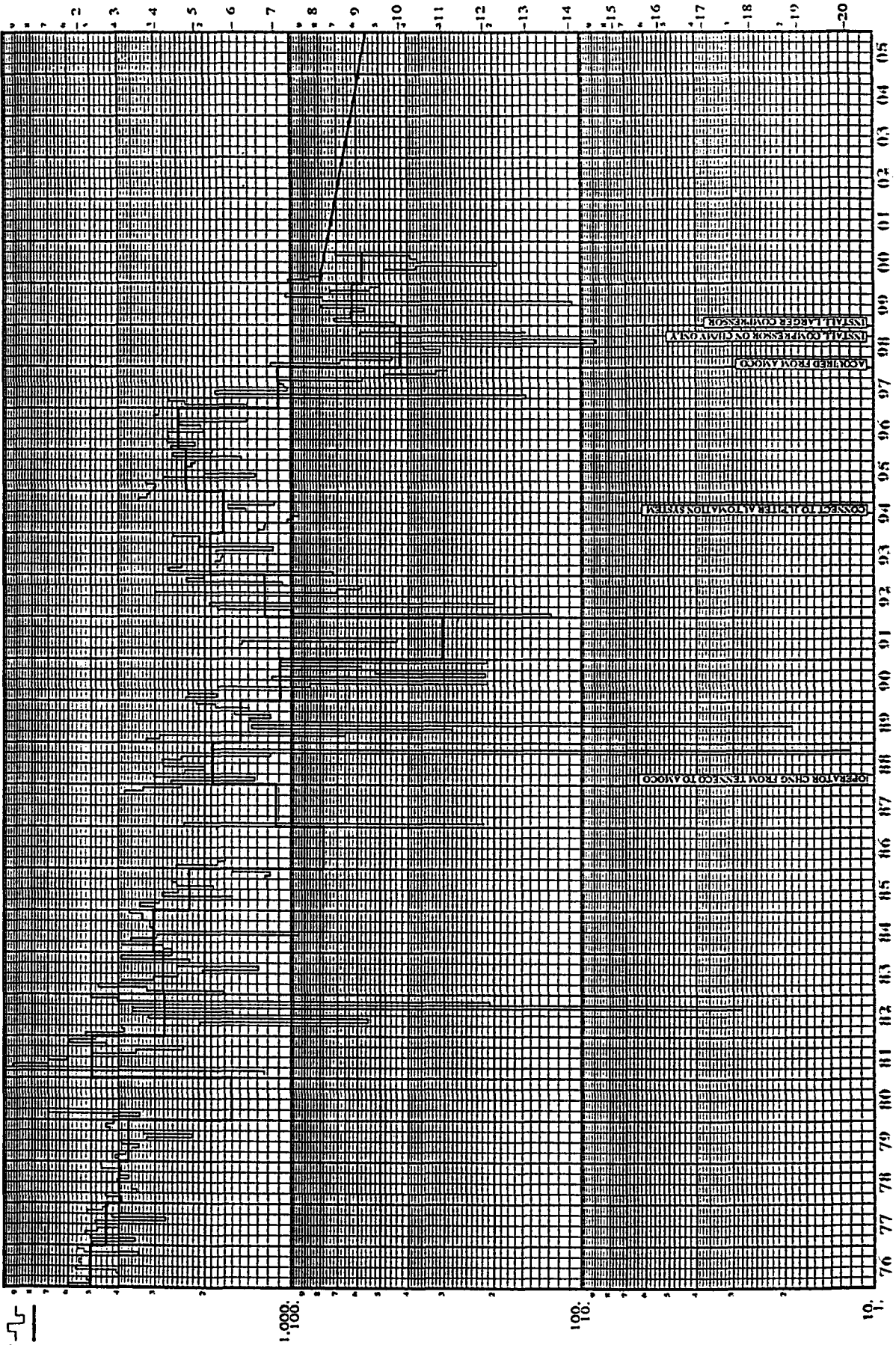
BASE
477243

DLS DLM BZE

M & L - 100 FORECAST

Run Date: 02/09/00
Run Time: 13:04:41

GAS (mcf/mo) ▽
OIL (bbl/mo) Δ



Cross Timbers Oil Company

FLORANCE D 14

CROSS TIMBERS
BLANCO (MESAVERDE)
SAN JUAN, NEW MEXICO
21K 27N 8W
BGV

BASE
506347

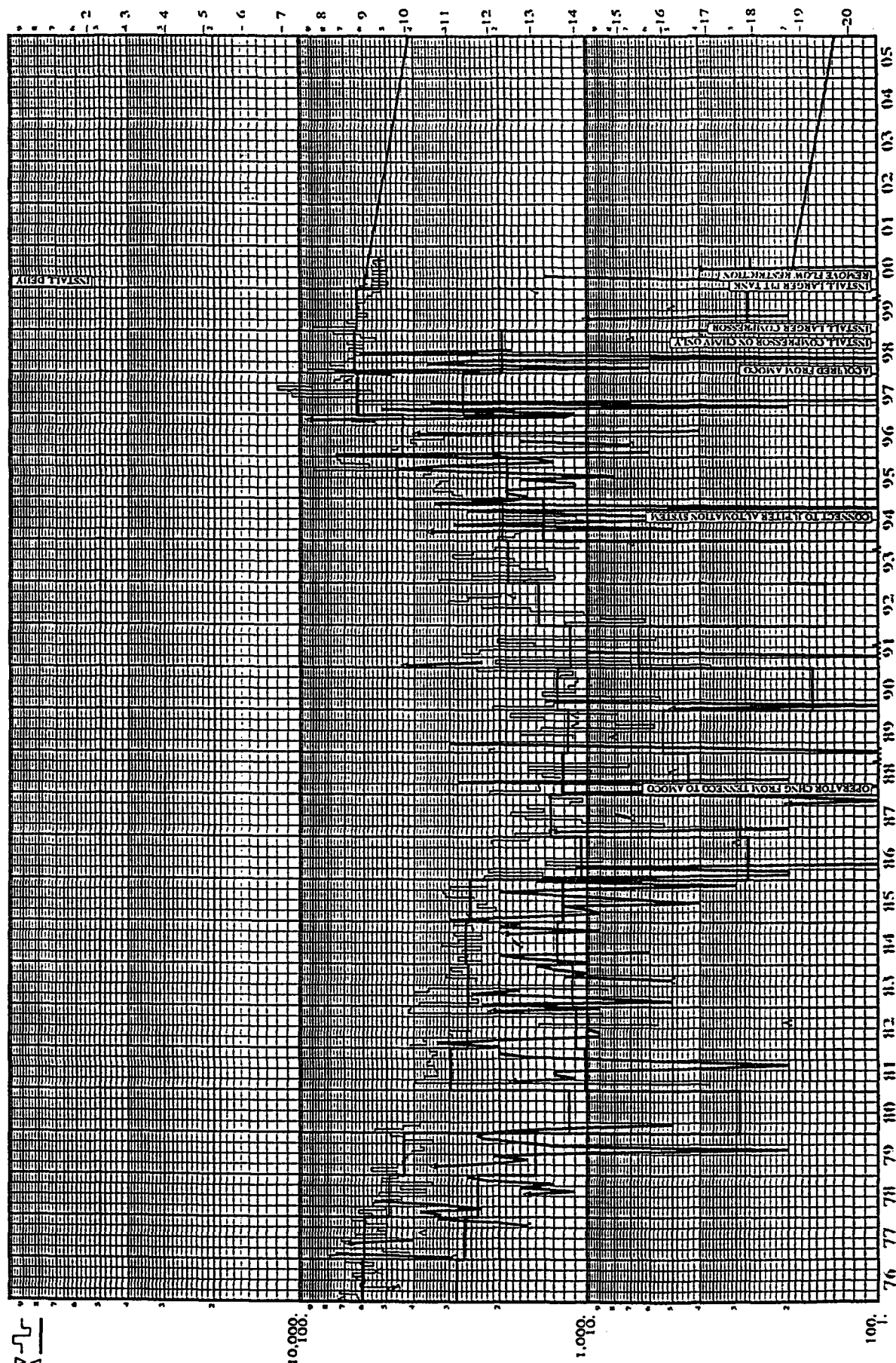
SAN JUAN
70297

M & L - 100 FORECAST

DLS DLM BZE

Run Date: 03/09/00
Run Time: 15:04:41

GAS (mcf/hr) ∇ $\square$
OIL (bbl/hr) Δ



Cross Timbers Oil Company

14

FLORANCED

CROSS TIMBERS
OTERO (CHACRA)
SAN JUAN, NEW MEXICO
21K 27N 8W
BGV

SAN JUAN
71706

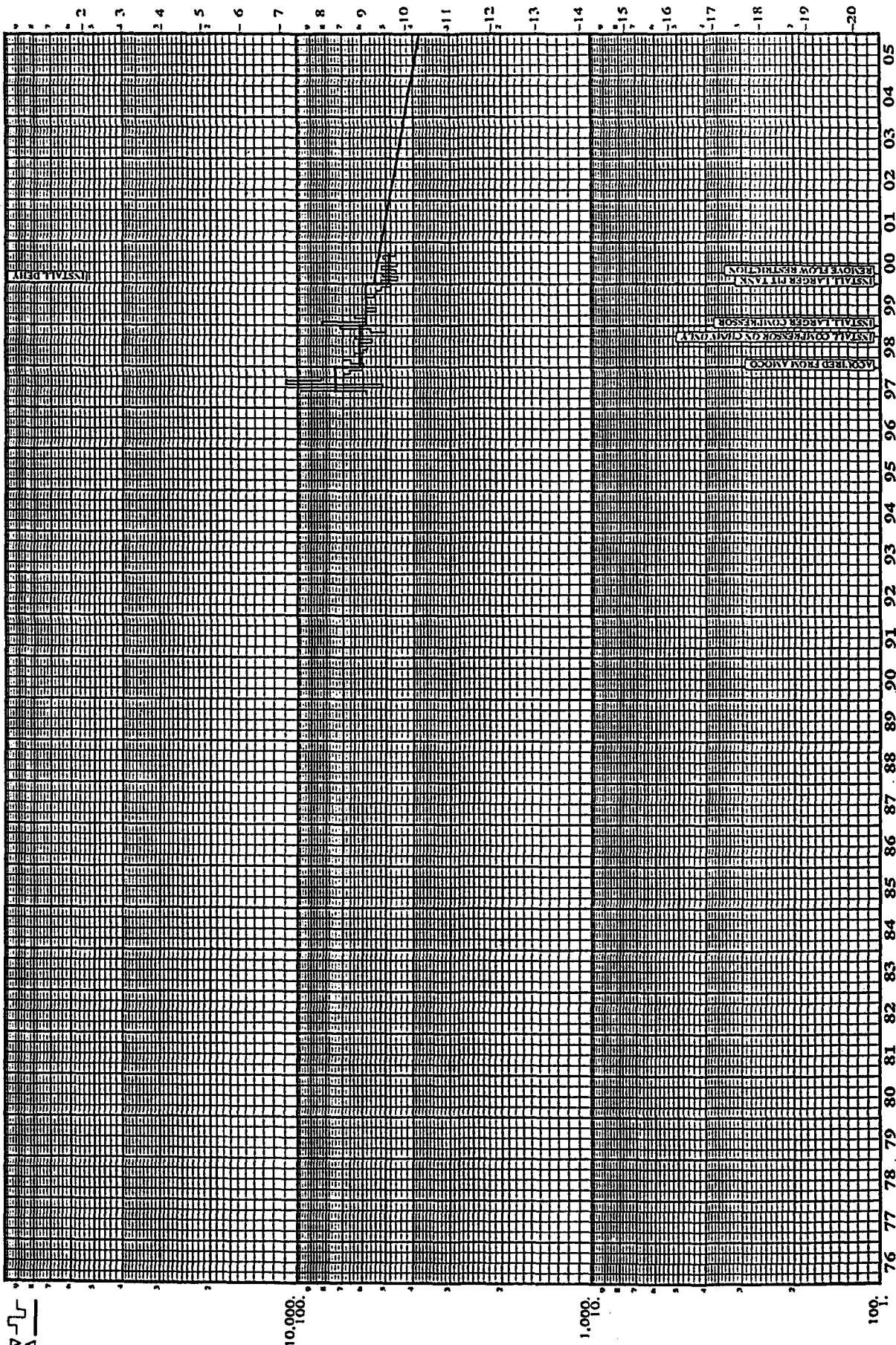
BASE
782329

M & L - 100 FORECAST

DLS DLM BZE

Run Date: 03/09/00
Run Time: 15:04:41

GAS (mcf/hr) ▽
OIL (bbl/hr) Δ



Florance D LS #14 Production History

Pictured Cliffs

	BOPM	BOPD	BWPM	BWPD	MCFPM	MCFPD	No. Days
Jan-00	0	0	0	0	1020	32.9	31
Feb-00	0	0	0	0	865	29.8	29
Mar-00	0	0	0	0	775	25.0	31
Apr-00	0	0	0	0	481	16.0	30
May-00	0	0	0	0	374	12.1	31
Jun-00	0	0	0	0	198	6.6	30
Jul-00	0	0	0	0	377	12.2	31
Aug-00	0	0	80	2.6	400	12.9	31
Average		0.0		0.3		18.4	

Chacra

	BOPM	BOPD	BWPM	BWPD	MCFPM	MCFPD	No. Days
Jan-00	0	0	0	0	5359	172.9	31
Feb-00	0	0	0	0	4540	156.6	29
Mar-00	0	0	0	0	5122	165.2	31
Apr-00	0	0	0	0	4618	159.2	29
May-00	0	0	0	0	5168	166.7	31
Jun-00	0	0	0	0	4653	155.1	30
Jul-00	0	0	0	0	5100	164.5	31
Aug-00	0	0	0	0	5209	168.0	31
Average		0.0		0.0		163.5	

Mesaverde

	BOPM	BOPD	BWPM	BWPD	MCFPM	MCFPD	No. Days
Jan-00	0	0.0	0	0	5807	187.3	31
Feb-00	2	0.1	0	0	4918	169.6	29
Mar-00	3	0.1	0	0	5548	179.0	31
Apr-00	14	0.5	0	0	5003	166.8	30
May-00	0	0.0	0	0	5598	180.6	31
Jun-00	4	0.1	80	2.7	5041	168.0	30
Jul-00	1	0.0	0	0	5525	178.2	31
Aug-00	0	0.0	0	0	5642	182.0	31
Average		0.1		0.3		176.4	

Proposed Pictured Cliffs/Chacra/Mesaverde Allocation

	BOPD	%	BWPD	%	MCFPD	%
Pictured Cliffs	0.0	0%	0.3	49%	18.4	5%
Chacra	0.0	0%	0.0	0%	163.5	46%
Mesaverde	0.1	100%	0.3	51%	176.4	49%
Total	0.1	100%	0.7	100%	358.4	100%

Offset Operators

Conoco, Inc.
10 Desta Dr., Ste. 100W
Midland, Texas 79705

Amoco Production Company
200 Amoco Ct
Farmington, New Mexico 87401

M & G Drilling Co, Inc.
C/O KM Production Co.
P. O. Box 2406
Farmington, New Mexico 87499

DISTRICT I

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

DISTRICT II

811 S. First St., Artesia, NM 88210-2835

DISTRICT III

1000 Rio Brazos Rd, Aztec, NM 87410-1693

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 875054-6429Form C-107-A
New 3-12-96

APPROVAL PROCESS:

☒ Administrative ☐ Hearing

EXISTING WELLBORE

☒ YES ☐ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Cross Timbers Operating Company 2700 Farmington Ave., Bldg. K. Ste 1 Farmington, NM 87401

Operator

Address

Florance D LS

14

Unit K Sec 21 T-27-N R-8-W San Juan

Lease

Well No.

Unit Ltr. - Sec - Twp - Rge

County

OGRID NO. 167067 Property Code 000529 API NO. 30-045-06347

Spacing Unit Lease Types: (check 1 or more)

Federal ☒ State ☐ (and/or) Fee ☐

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	South Blanco PC 72439	Otero Chacra 82329	Blanco Mesaverde 72319
2. Top and Bottom of Pay Section (Perforations)	2,320' - 2,360'	3,294' - 3,428'	4,606' - 4,680'
3. Type of production (Oil or Gas)	Gas	Gas	Gas
4. Method of Production (Flowing or Artificial Lift)	Flowing	Flowing	Flowing
5. Bottomhole Pressure	a. (Current)	a.	a.
Oil Zones - Artificial Lift: Estimated Current	150 psi (est)	170 psi (est)	200 psi (est)
Gas & Oil - Flowing: Measured Current	b. (Original)	b.	b.
All Gas Zones: Estimated Or Measured Original	1,200 psi (est)	1,050 psi (est)	1,250 psi (est)
6. Oil Gravity (^o API) or Gas BTU Content)	1,168 BTU	1,251 BTU	1,251 BTU
7. Producing or Shut-In?	Producing	Producing	Producing
Production Marginal? (yes or no)	Yes	Yes	Yes
* If Shut-In, give date and oil/gas/water rates of last production	Date:	Date:	Date:
	Rates:	Rates:	Rates:
Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data			
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: 1/3/01	Date: 1/3/01	Date: 1/3/01
	Rates:	Rates:	Rates:
	0 BO, 12 MCF, 0 BW	0 BO, 158 MCF, 0 BW	0.5 BO, 171 MCF, 0.3 BW
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 0 % Gas: 5 %	Oil: 0 % Gas: 46 %	Oil: 100 % Gas: 49 %

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.

10. Are all working, overriding, and royalty interests identical in all commingled zones? ☒ Yes ☐ No
If not, have all working, overriding, and royalty interests been notified by certified mail? ☒ Yes ☐ No
Have all offset operators been given written notice of the proposed downhole commingling? ☒ Yes ☐ No11. Will cross-flow occur? ☐ Yes ☒ No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. ☐ Yes ☐ No (If No, attach explanation)12. Are all produced fluids from all commingled zones compatible with each other? ☒ Yes ☐ No13. Will the value of production be decreased by commingling? ☐ Yes ☒ No (If Yes, attach explanation)14. If this well in on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. ☒ Yes ☐ No

15. NMOCD Reference Cases for Rule 303(D) Exceptions: ORDER NO(S) _____

16. 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 all offset operators.
- * Notification list of working, overriding, and royalty interests for uncommon interest cases.
- * Any additional statements, data, or documents required to support commingling.

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

SIGNATURE Darrin Steed TITLE Operations Engineer DATE 1/3/01TYPE OR PRINT NAME Darrin Steed TELEPHONE NO(505) 324-1090