BONNEYTLE PUBLIC CORPOSATION 1660 Lincoln Street, Ste 1800, Denver, CO 802	O. Box 1980, Hobbs, NM 88240 DISTRICT II DISTRICT III	_ 3 1997 2040 S. Sente Fe, New Me	TION DIVISION Pachego xico 87605-8429	DHC 1700 BLING	Form C-107-A New 3-12-96 APPROVAL PROCESS AdministrativeHearing EXISTING WELLBORN
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Yes Date: Production Marginel? (yes or no) Yes Date:	. Oil Gravity (*API) or Gas BTU Content	1198 BTU			1125 BTU est
If Shut-in, give date and oll/gea/ passes of last production passes: 12 MCF/D passes: 12 MC	. Producing or Shut-In?	Producing			Not Completed
Neter fetals of last production Otter for sheet speak speaks within the production of decident shifted and speaks of the control of the cont	Production Marginal? (yes or no)	Yes			-
If Producing, give date andoli/ges/ valer rates of production promises. Fixed Percentega Allocation Formula: % for each zone Oil: 50 % Ges: 7 % Oil: % Ges: % Oil: 50 % Ges: 93 · If allocation formula is based upon something other than current or past production, or is based upon some other membrals with supporting data and/or explaining method and providing rate projections or other required. Are all working, overriding, and royalty interests identical in all commingled zones? Are all working, overriding, and royalty interests identical in all commingled zones? If not, have all working, overriding, and royalty interests been notified by certified mail? Are all working, overriding, and royalty interests been notified by certified mail? Will cross-flow occur? Yes X No If yes, are fluids compatible, will the formations not be damaged, will any flowed production be recovered, and will the allocation formula be reliable. Yes No (If No, attach explain formula be reliable. Yes No (If No, attach explain formula be reliable. Yes No (If Yes, attach explaination) Will the value of production be decreased by commingling? Yes X No (If Yes, attach explaination) If this well is 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 Illo NMOCD Reference Cases for Rule 303(C) Exceptions: ORDER NO(S). 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 explaination.) For zones with no production history, estimated production rates and supporting data. Data to support allocation method or formula. Notification list of of all offset operators. Notification list of forwing, overriding, and royalty interests for uncommon interest cases. Any additional statements, data, or documents required to support commingling.	water rates of last production ote: For new zones with no production story, applicant shall be required to attach				•
If allocation formula is based upon something other than current or past production, or is based upon some other me submit attachments with supporting data and/or explaining method and providing rate projections or other required. Are all working, overriding, and royalty interests identical in all commingled zones? Are all working, overriding, and royalty interests been notified by certified mail? If not, have all working, overriding, and royalty interests been notified by certified mail? Will cross-flow occur? Yes X No If yes, are fluids compatible, will the formations not be damaged, will any flowed production be recovered, and will the allocation formula be reliable. Yes No (If No, attach explain the all produced fluids from all commingled zones compatible with each other? X Yes No Will the value of production be decreased by commingling? Yes X No (If Yes, attach explanation) If this well is 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. NMOCD Reference Cases for Rule 303(C) Exceptions: ORDER NO(S). 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 explaination.) 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 all offset operators. Any additional statements, data, or documents required to support commingling.	Il Producing, give date andoli/gas/ water rates of recent test	1		i i	31
Are all working, overriding, and royalty interests identical in all commingled zones? If not, have all working, overriding, and royalty interests been notified by certified mail? Have all offset operators been given written notice of the proposed downhole commingling? Will cross-flow occur? Yes X No If yes, are fluids compatible, will the formations not be damaged, will any flowed production be recovered, and will the allocation formula be reliable. Yes No (If No, attach explain the value of production be decreased by commingling? Will the value of production be decreased by commingling? Yes X No (If Yes, attach explanation) If this well is 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. NMOCD Reference Cases for Rule 303(C) Exceptions: ORDER NO(S). 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 explaination.) * For zones with no production history, estimated production rates and supporting data. * Notification list of working, overriding, and royalty interests for uncommon interest cases. * Any additional statements, data, or documents required to support commingling.	. Fixed Percentage Allocation Formula -% for each zone			% Oil:	50 % Ges: 93 %
* 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. reby certify that the information above is true and complete to the best of my knowledge and belief.	Are all working, overriding, ar If not, have all working, overr Have all offset operators been Will cross-flow occur? Y flowed production be recovered Are all produced fluids from all Will the value of production be all this well is on, or communit United States Bureau of Land NMOCD Reference Cases for ATTACHMENTS: * C-102 for each zon * Production curve fo * For zones with no reference with no reference with no reference with more production curve fo * For zones with no reference with more cases and working with more cases and working with more cases.	nd royalty interests identical in iding, and royalty interests bee given written notice of the project of the p	all commingled zones? In notified by certified in cosed downhole commitments of the formula be reliable. Yes X No S, either the Commission writing of this application. ORDER NO(S).	mail? ngling? nations not the No x Yes (If Yes, a oner of Publication. eage dedication.	X Yes No Yes No X Yes No X Yes No De damaged, will any cros (If No, attach explanation No Attach explanation) Itic Lands or the XYes Ito
TITLE Operations Engineer DATE 9/29/97	Notification list of a Notification list of was Any additional state	in above is true and complete t	interests for uncommodired to support commodired to support commodite the best of my know	on interest oningling.	cases. Delief.
PE OR PRINT NAME Alan L. Merrill TELEPHONE NO. (303) 863-1555					

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

State of New Mexico Energy, Minerals and Natural Resources Departme.

Form C-102 Revised 1-1-89

OIL CONSERVATION DIVISION P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT II P.O. Drawer DD, Artesia, NM 88210

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

DISTRICT 1 P.O. Box 1980, Hobbs, NM 88240

WELL LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

Operator					Lease				Well No.	
	nnev:	ille Fue	ls Corporat	tion	1	cott Fed	eral		Well 140.	9
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District I PO Box 1988, Hobbs, NM 88241-1988 District II PO Drawer DD, Artesia, NM \$8211-0719 District III 1000 Rio Brazos Rd., Aztec, NM 87410 District IV

State of New Mexico Energy, Minerals & Natural Resources Department

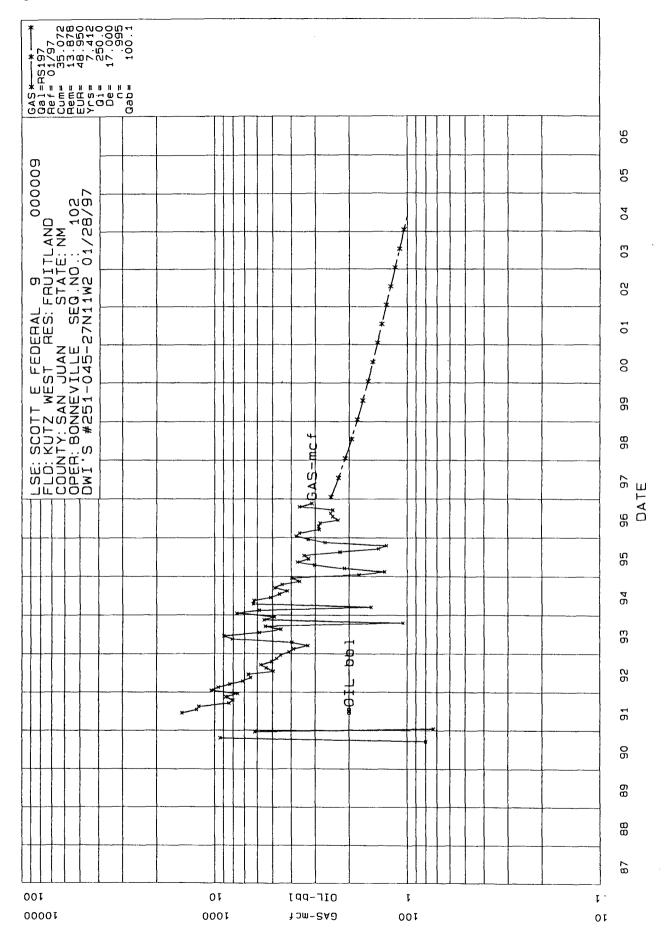
OIL CONSERVATION DIVISION PO Box 2088 Santa Fe, NM 87504-2088

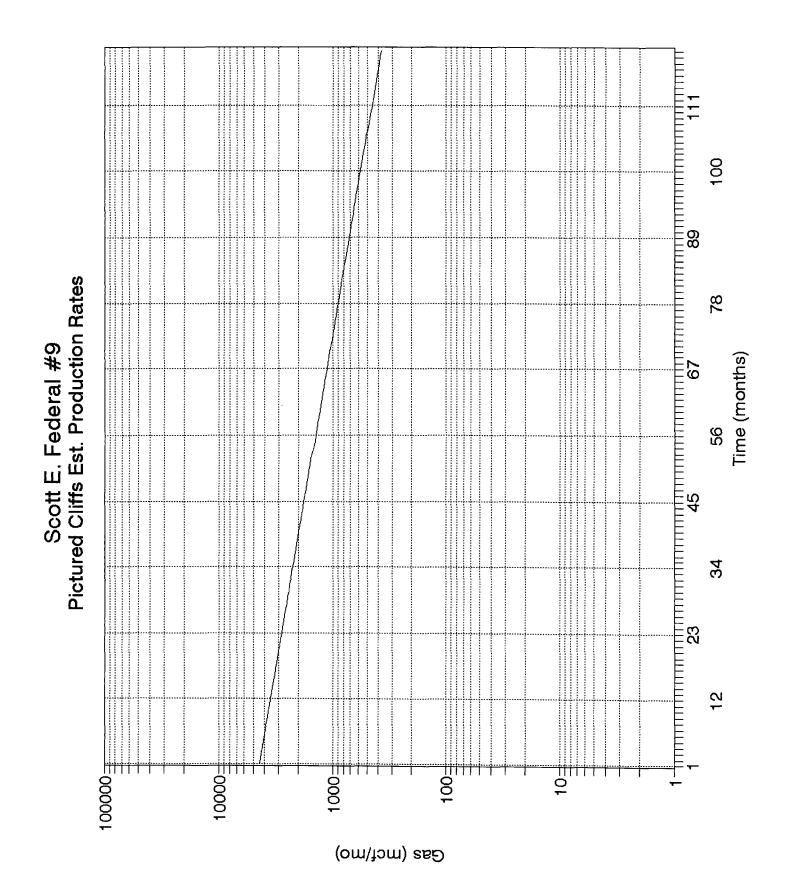
Form C-102 Revised February 10, 1994 Instructions on back Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

	er		1 Pool Coo	le	ACREAGE DEDICATION PLAT					
30-045-	06382		796	580		West Kutz	Pictured C			
⁴ Property Code					' Propert	y Name		' Well Number		
002161		E.	Scott 1	Federal				9		
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002678		BONN.	EATPPE	FUELS	CORPORATIO				6337	<u></u>
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Certificate Number

Fruitland Sand Decline Curve Scott#9





Allocation Method

Fruitland Sand/Pictured Cliffs Commingle Scott E. Federal #9 NW/4 Sec. 23-T27N-R11W San Juan Co., New Mexico

The allocation formula will be a fixed percentage allocation based on the estimated ultimate reserves (EUR) for the Pictured Cliffs and the estimated remaining reserves (ERR) in the Fruitland Sand.

The gas production allocation for the Scott E. Federal #9 will be based on the following information:

Pictured Cliffs Estimated Ultimate Reserves: .175 BCF

Fruitland Sand Estimated Remaining Reserves: .014 BCF

Total Estimated Reserves: .189 BCF

Decline curves for both zones are attached. The Pictured Cliffs EUR is based on an estimated decline curve based on the following:

IP = 150 MCF/D Exponential Decline = 25%/yr

Abandonment Rate = 30 MCF/D

The reserves estimate and the allocation may be modified after testing the Picutured Cliffs zone and establishing a production rate. The Fruitland Sand ERR is based on current production and reserves for the Scott E. Federal #9 which is currently producing from this zone. The reserves estimate for the Pictured Cliffs may be modified after testing the zone and establishing a production rate.

The allocation for the zones will be calculated by dividing the reserves for each zone by the total reserves.

Fruitland Sand Gas Allocation

.014 BCF/.189 BCF X 100 = 7%

Pictured Cliffs Gas Allocation

.175 BCF/.189 BCF X 100 = 93%

Oil Allocation

Oil production is expected to be negligible. If any oil is produced it will be allocated evenly between the two zones.

Notification of Offset Owners

Fruitland Sand/Pictured Cliffs Commingle Scott E. Federal #9 NW/4 Sec. 23-T27N-R11W San Juan Co., New Mexico

Bonneville Fuels Corporation is the operator of all offset spacing units in the Gallegos Fruitland Sand and West Kutz Pictured Cliffs. No notification of offset operators is required for this commingling application.