

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.

Simon Martin
Print or Type Name

Simon Martin
Signature

Production Engineer
Title

1/28/16
Date

Simon Martin @chevron.com
e-mail Address

- DHL 2097-A
- Four Star Oil and Gas Co
131554
well
- Rincon Unit
1925
31-25060
30-085
PO4
- Largo Gallup (Associated Private Land)
8000
- Basin Dakota
71549
- Blanco
mesquite
72319



OIL & GAS COMPANY

332 Road 3100
Aztec, New Mexico 87410
Tel: 505-333-1941
Cell: 505-386-8074
Fax: 505-334-7134

RECEIVED OGD

2016 FEB -8 P 3:17

February 4, 2016

Sent by Certified Mail, Return Receipt Requested

New Mexico Oil Conservation Division
Engineering Bureau
1120 S St. Francis Drive
Santa Fe, NM 87505

Dear Sirs:

Enclosed is a tri-mingle request for a well that has a downhole completion with a single string. Four Star is requesting to combine all three zones into one production stream.

If you have further questions please call:

Simon Martin
Petroleum Engineer
1400 Smith St. Room 47120
Houston, TX 77002
713-372-3821

Thank you,

A handwritten signature in cursive script that reads "April E. Pohl".

April E. Pohl
Permitting Specialist
332 Road 3100
Aztec, New Mexico 87410
505-333-1941
April.Pohl@chevron.com

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

District II
811 S. First St., Artesia, NM 88210

District III
10401 Rm. Uteas 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

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

Form C-107A
Revised August 1, 2011

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

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Chevron Midcontinent L.P. Address 332 Road 3100 Aztec, NM 87410
Lease Rincon 192E Well No. 51 T26N R7W Unit Letter-Section-Township-Range Rio Arriba County
OGRID No. 241333 Property Code 011510 API No. 30-039-25060 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<u>Mesavode</u>	<u>Gallup</u>	<u>Dakota</u>
Pool Code	<u>72319</u>	<u>80000</u>	<u>71599</u>
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	<u>5115 - 5211</u>	<u>6312 - 6672</u>	<u>7142 - 7323</u>
Method of Production (Flowing or Artificial Lift)	<u>Plunger</u>	<u>Plunger</u>	<u>Plunger</u>
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)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	<u>1240</u>	<u>1230</u>	<u>1230</u>
Producing, Shut-In or New Zone	<u>Producing</u>	<u>Producing</u>	<u>Producing</u>
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: <u>12/17/15</u> Rates: <u>3 MCFD, 41 BOPD</u>	Date: <u>12/17/15</u> Rates: <u>32 MCFD, 41 BOPD</u> <u>41 BOPD</u>	Date: <u>12/17/15</u> Rates: <u>75 MCFD, 41 BOPD</u> <u>41 BOPD</u>
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil <u>0 %</u> Gas <u>3 %</u>	Oil <u>30 %</u> Gas <u>29 %</u>	Oil <u>70 %</u> Gas <u>68 %</u>

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes ☐ No ☒ R-9893
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: DHC # 2097 PC 788

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 Simon Martin TITLE Petroleum Engineer DATE 12/17/2015
TYPE OR PRINT NAME Simon Martin TELEPHONE NO. (713) 372-3821
E-MAIL ADDRESS Simon.martin@chevron.com

District I
1625 N. French Dr., Hobbs, NM 88240
Phone (575) 393-6161 Fax, (575) 393-0720
District II
811 S First St., Artesia, NM 88210
Phone (575) 748-1283 Fax (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone (505) 334-6178 Fax (505) 334-6170
District IV
1220 S St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3460 Fax (505) 476-3462

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 August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-25060	² Pool Code 72319	³ Pool Name Blanco Mesa Verde
⁴ Property Code 011510	⁵ Property Name Rincon Unit	
⁷ OGRID No. 241333	⁶ Well Number 192E	⁸ Operator Name Chevron Midcontinent L.P.
		⁹ Elevation 6536' GR

" Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	1	26N	7W		1020	North	970	West	Rio Arriba

" 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 320.60	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.

	<p>" OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature: <i>Simon Martin</i> Date: 12/17/15</p> <p>Printed Name: Simon Martin</p> <p>E-mail Address: Simon.martin@chevron.com</p>	
	<p>"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.</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p>	
	<p>Certificate Number</p>	

District I
1625 N French Dr., Hobbs, NM 88240
Phone (575) 393-6161 Fax (575) 393-0720
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811 S First St., Artesia, NM 88210
Phone (575) 748-1283 Fax (575) 748-9720
District III
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Phone (505) 334-6178 Fax (505) 334-6170
District IV
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1220 South St. Francis Dr.
Santa Fe, NM 87505

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Revised August 1, 2011
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-25060	² Pool Code 80000	³ Pool Name Largo Gallup
⁴ Property Code 011510	⁵ Property Name Rincon Unit	⁶ Well Number 192E
⁷ OGRID No. 241332	⁸ Operator Name Chevron Midcontinent L.P.	⁹ Elevation 6536'60"

* Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	1	26N	7W		1020	North	970	West	Rio Arriba

" 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 320-60	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.

	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division</p> <p>Signature: <u>Simon Martin</u> Date: <u>12/17/15</u></p> <p>Printed Name: <u>Simon Martin</u></p> <p>E-mail Address: <u>Simon.martin@chevron.com</u></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>Date of Survey: _____</p> <p>Signature and Seal of Professional Surveyor: _____</p> <p>Certificate Number: _____</p>	

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-25060	² Pool Code 71599	³ Pool Name Basin Dakota
⁴ Property Code 011510	⁵ Property Name Rincon Unit	⁶ Well Number 192E
⁷ OGRID No. 241333	⁸ Operator Name Chevron Midcontinent L.P.	⁹ Elevation 6536' 62

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
D	1	26N	7W		1020	North	970	West	Rio Arriba

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 320.60	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.

	<p>¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undrained mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature: <i>Simon Martin</i> Date: 12/17/15</p> <p>Printed Name: Simon Martin</p> <p>E-mail Address: simonmartin@chevron.com</p>	
	<p>¹⁸ 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.</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p>	
	<p>Certificate Number</p>	

Rincon 192E Downhole Commingling Application Additional Information

API: 3003925060

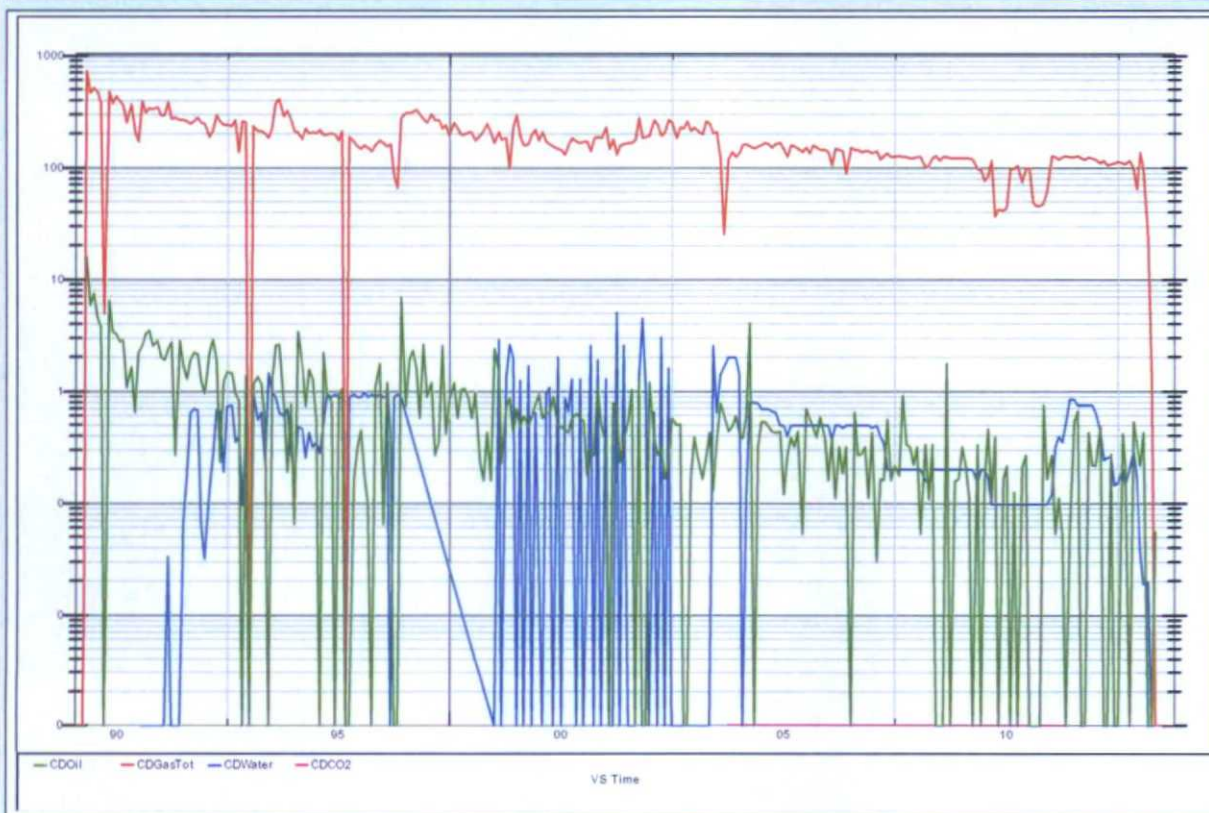
Well Status

The Rincon 192E well is currently producing as a dual string well producing the Mesa Verde via the short string and the Dakota and Gallup via the long string beneath a packer. In total the well is producing ~110 MCFD and trace oil. It is proposed to reconfigure the well in order to downhole commingle the Mesa Verde, Gallup, and Dakota zones and produce via a single string of tubing.

A. Total well production stream (from all zones)

Name: RINU 192E MVX ID: 3003925060 Type: Well Format: [p] Comp - CDProd vs Time

PID_API14:3003925060	WELL_LABEL:RINU 192E DK	FIELD_CODE:UL5	PROD_METH:FL
FIELD:FLD-RINCON	LEASE:RINCON UNIT	SAP_CODE:BCUL5D000	CC_NM:RINCON UNIT DAKOTA PA
COMP_NUM:01	SEC-T-R:1 - N026 - W007	RES:DAKOTA	LASTGCUM:1597.66500000



Proposed Allocation Factors

Since all zones have been producing, the allocation factors have been determined by the production history (see production charts C, D, & E below). The Dakota and Gallup production allocations honor the previously approved allocations calculated in 1998 when these zones were commingled and the Mesa Verde was completed as a separate zone. The Mesa Verde allocation comes directly from historical production rates.

Formation	Gas Rate	Gas Allocation	Oil Rate	Oil Allocation
Mesa Verde	3 MCFPD	3%	0	0%
Gallup	32 MCFPD	29%	<1 BOPD	30%
Dakota	75 MCFPD	68%	<1 BOPD	70%

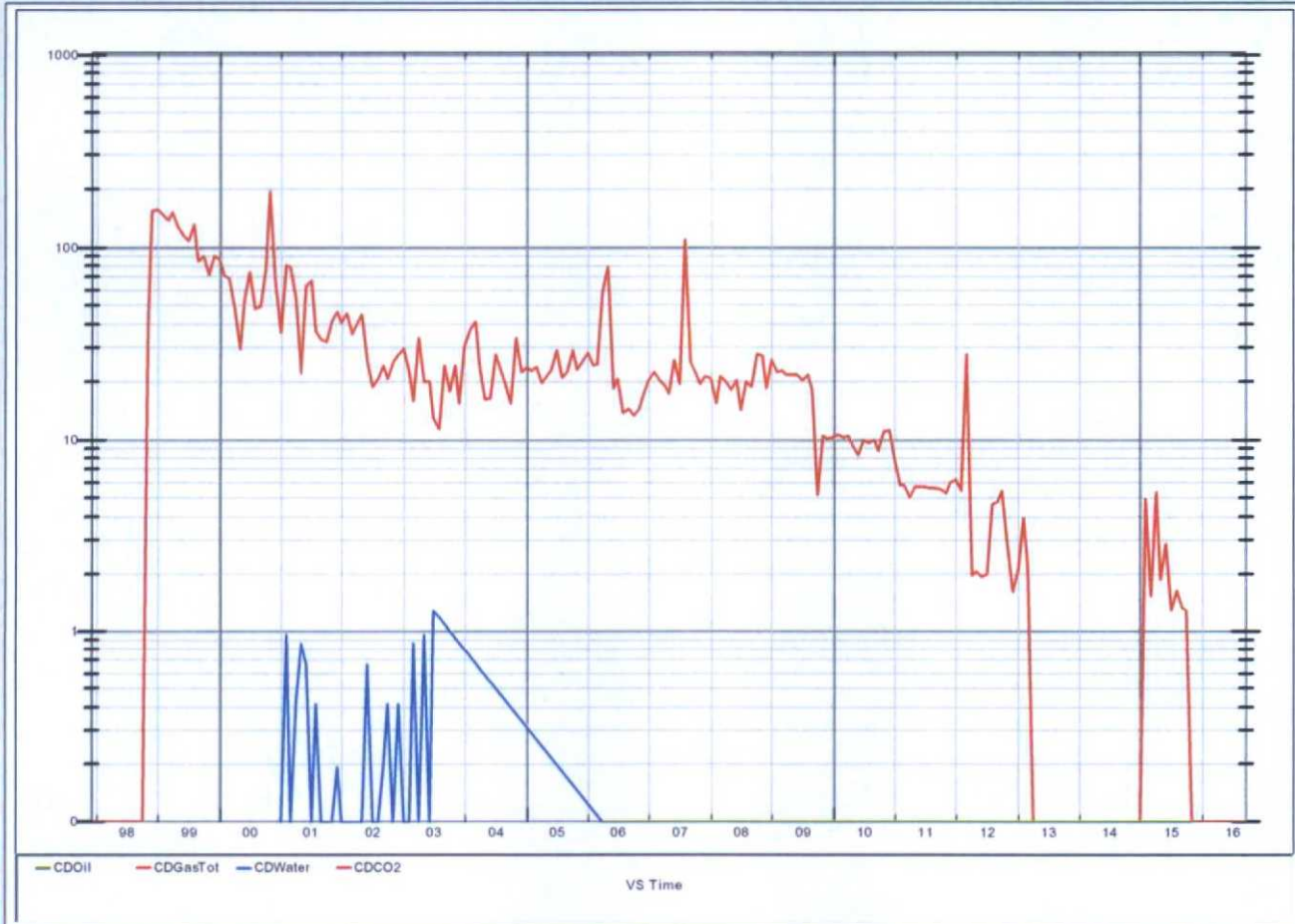
B. Previous Allocation Factors

Formation	Gas Allocation	Oil Allocation	Comments
Mesa Verde	N/A	N/A	Produced on separate string
Gallup	30%	30%	Previously approved based on production history prior to commingling.
Dakota	70%	70%	Previously approved based on production history prior to commingling.

C. Mesa Verde Production

Name: RINU 192E MVX ID: 30039250600003 Type: Completion Format: [p] Comp - CDProd vs Time

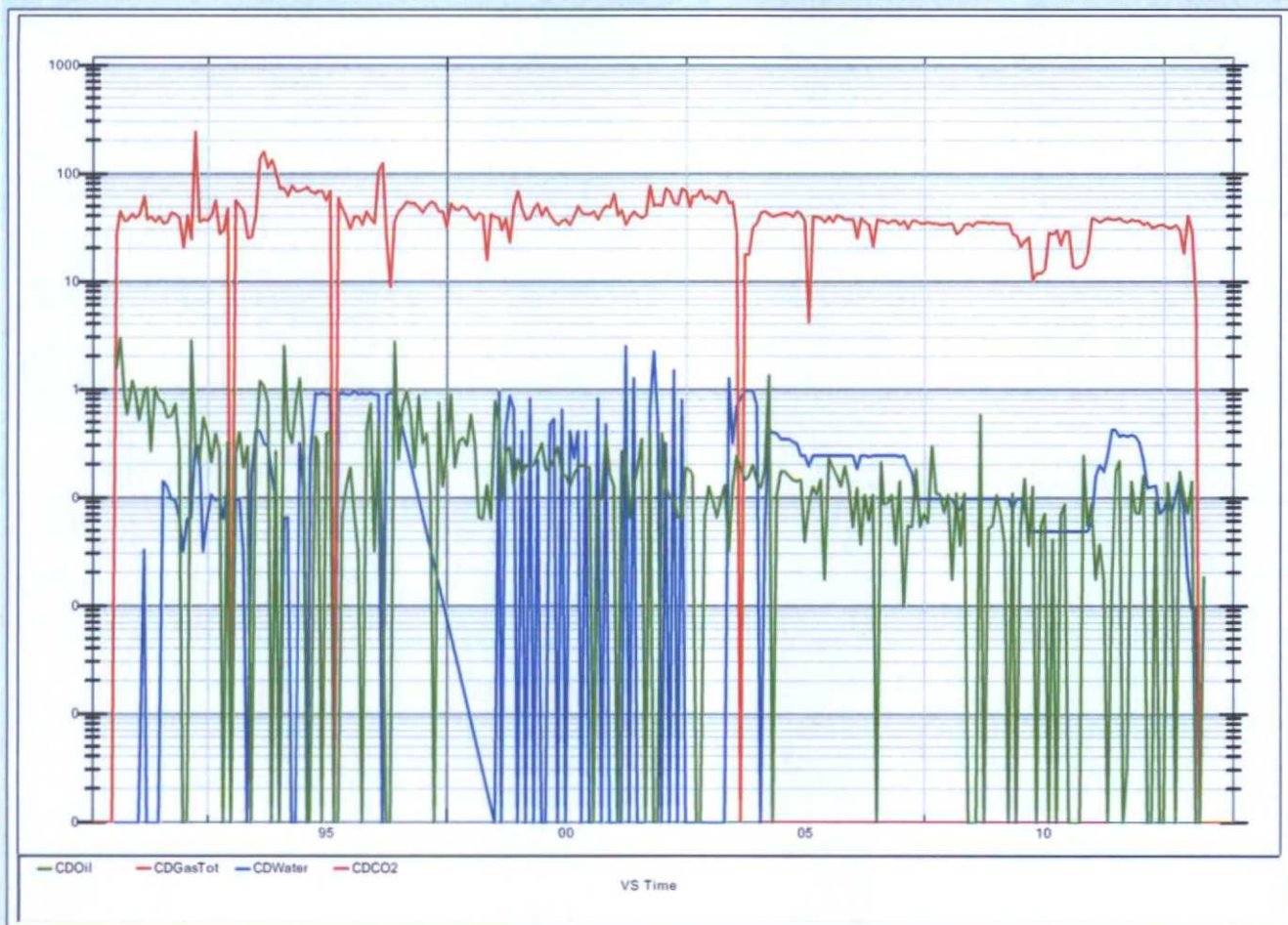
PID_API14:30039250600003	WELL_LABEL:RINU 192E MVX	FIELD_CODE:UL5	PROD_METH:FL
FIELD:FLD-RINCON	LEASE:RINCON UNIT	SAP_CODE:BCUL5M000	CC_NM:RINCON UNIT - MESA VERDE PA
COMP_NUM:03	SEC-T-R:1 - N026 - W007	RES:MESEVERDE	LASTGCUM:172.85700000



D. Gallup Production (Commingled with Dakota beginning 1998)

Name: RINU 192E GL ID: 30039250600002 Type: Completion Format: [p] Comp - CDProd vs Time

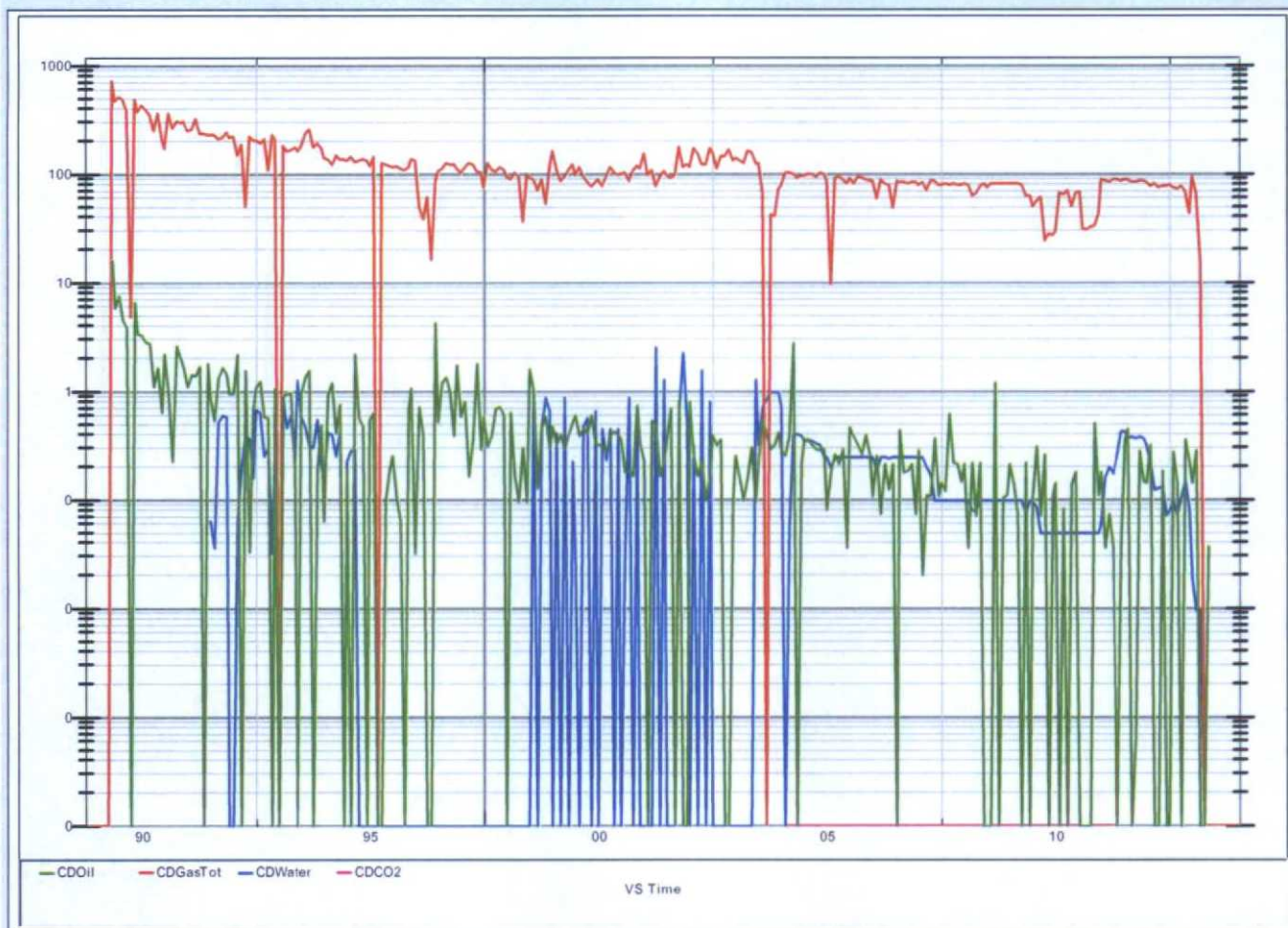
PID_API14:30039250600002	WELL_LABEL:RINU 192E GL	FIELD_CODE:UL5	PROD_METH:FL
FIELD:FLD-RINCON	LEASE:RINCON UNIT	SAP_CODE:BCUL5GE92	CC_NM:RINCON UNIT 192E GALLOP PAR
COMP_NUM:02	SEC-T-R:1 - N026 - W007	RES:GALLUP	LASTGCUM:349.76700000



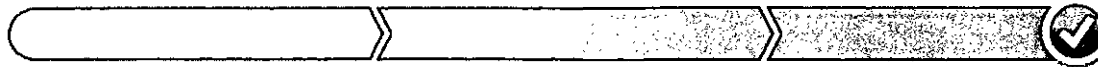
E. Dakota Production (Commingle with Gallup beginning 1998)

Name: RINU 192E DK ID: 30039250600001 Type: Completion Format: [p] Comp - CDPProd vs Time

PID_API14:30039250600001	WELL_LABEL:RINU 192E DK	FIELD_CODE:UL5	PROD_METH:FL
FIELD:FLD-RINCON	LEASE:RINCON UNIT	SAP_CODE:BCUL5D000	CC_NM:RINCON UNIT DAKOTA PA
COMP_NUM:01	SEC-T-R:1 - N026 - W007	RES:DAKOTA	LASTGCUM:1075.04100000



Tracking Number: 70132630000123274717



Delivered

Product & Tracking Information

Postal Product:

Features:
Certified Mail™

DATE & TIME	STATUS OF ITEM	LOCATION
January 8, 2016 , 11:18 am	Delivered	FORT WORTH, TX 76102

Your item was delivered at 11:18 am on January 8, 2016 in FORT WORTH, TX 76102.

January 7, 2016 , 11:25 pm	Departed USPS Facility	FORT WORTH, TX 76161
January 7, 2016 , 1:12 pm	Arrived at USPS Facility	FORT WORTH, TX 76161
January 6, 2016 , 10:20 pm	Arrived at USPS Facility	NORTH HOUSTON, TX 77315

Available Actions

Text Updates

Email Updates

Track Another Package

Tracking (or receipt) number

70132630000123274717

Track It

Manage Incoming Packages

Track all your packages from a dashboard.
No tracking numbers necessary.

Sign up for My USPS



Considerations

As evidenced by the low flow rates, bottomhole pressures of all producing zones are minimal. By plunger lifting the well, flowing pressures will be maintained lower than bottomhole pressure in order to direct flow up the tubing, thus limiting any crossflow potential. No fluid incompatibility is expected due to commingling – chemical programs throughout the Rincon Unit have successfully mitigated any operational issues associated with fluid incompatibility. Currently in the Rincon Unit there are at least 5 wells currently operating in the proposed manner without issues (RU 57E, RU 134R, RU 137E, RU 168E, RU 201E).

Conclusion

We respectfully submit for approval downhole commingling the Mesa Verde, Gallup, and Dakota using the aforementioned allocation factors. As evidenced by numerous wells with a similar configuration, this is an effective method to continue operation of the Rincon Unit 192E.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010**SUNDRY NOTICES AND REPORTS ON WELLS**
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.**SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NMSF079160
2. Name of Operator CHEVRON MIDCONTINENT		6. If Indian, Allottee or Tribe Name
Contact: APRIL E POHL E-Mail: APRIL.POHL@CHEVRON.COM		7. If Unit or CA/Agreement, Name and/or No.
3a. Address 332 ROAD 3200 AZTEC, NM 87410	3b. Phone No. (include area code) Ph: 505-333-1941 Fx: 505-334-7134	8. Well Name and No. RINCON UNIT 192E
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 1 T36N R7W NWNW 1020FNL 970FWL 36.518740 N Lat, 107.532592 W Lon		9. API Well No. 30-039-25060
		10. Field and Pool, or Exploratory BLANCO MESAVERDE
		11. County or Parish, and State RIO ARRIBA COUN COUNTY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Subsurface Commingling
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

CHEVRON MIDCONTINENT RESPECTFULLY SUBMITS THIS REQUEST TO DOWNHOLE TRIMMING THIS WELL. CURRENTLY THE WELL HAS DHC 2097 FOR THE MESAVERDE/BASIN DAKOTA (LONG STRING). THE LARGO GALLUP IS A DUAL COMPLETION IN THE WELL (SHORT STRING). A COMMINGLING WILL INCREASE THE PRODUCTIVITY AND BE AN EFFECTIVE WAY TO PRODUCE THE WELL.

14. I hereby certify that the foregoing is true and correct. Electronic Submission #331553 verified by the BLM Well Information System For CHEVRON MIDCONTINENT, sent to the Farmington	
Name (Printed/Typed) APRIL E POHL	Title PERMITTING SPECIALIST
Signature (Electronic Submission)	Date 02/15/2016

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By _____	Title _____	Date _____
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 _____

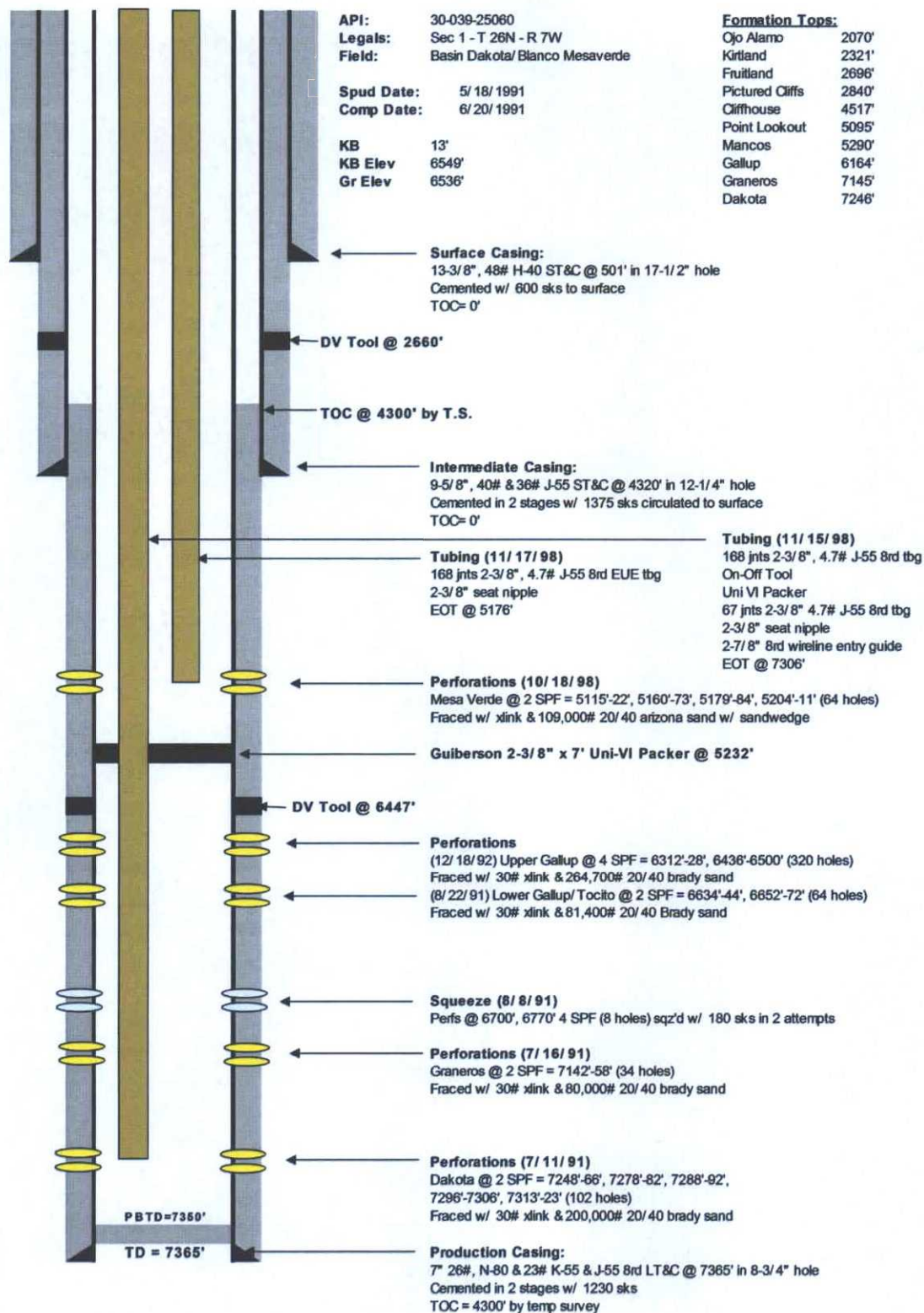
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ****

Current Wellbore Diagram



Rincon Unit Well #192E Rio Arriba County, New Mexico Current Wellbore Schematic as of 12-09-15 Well is Plunger Lifted



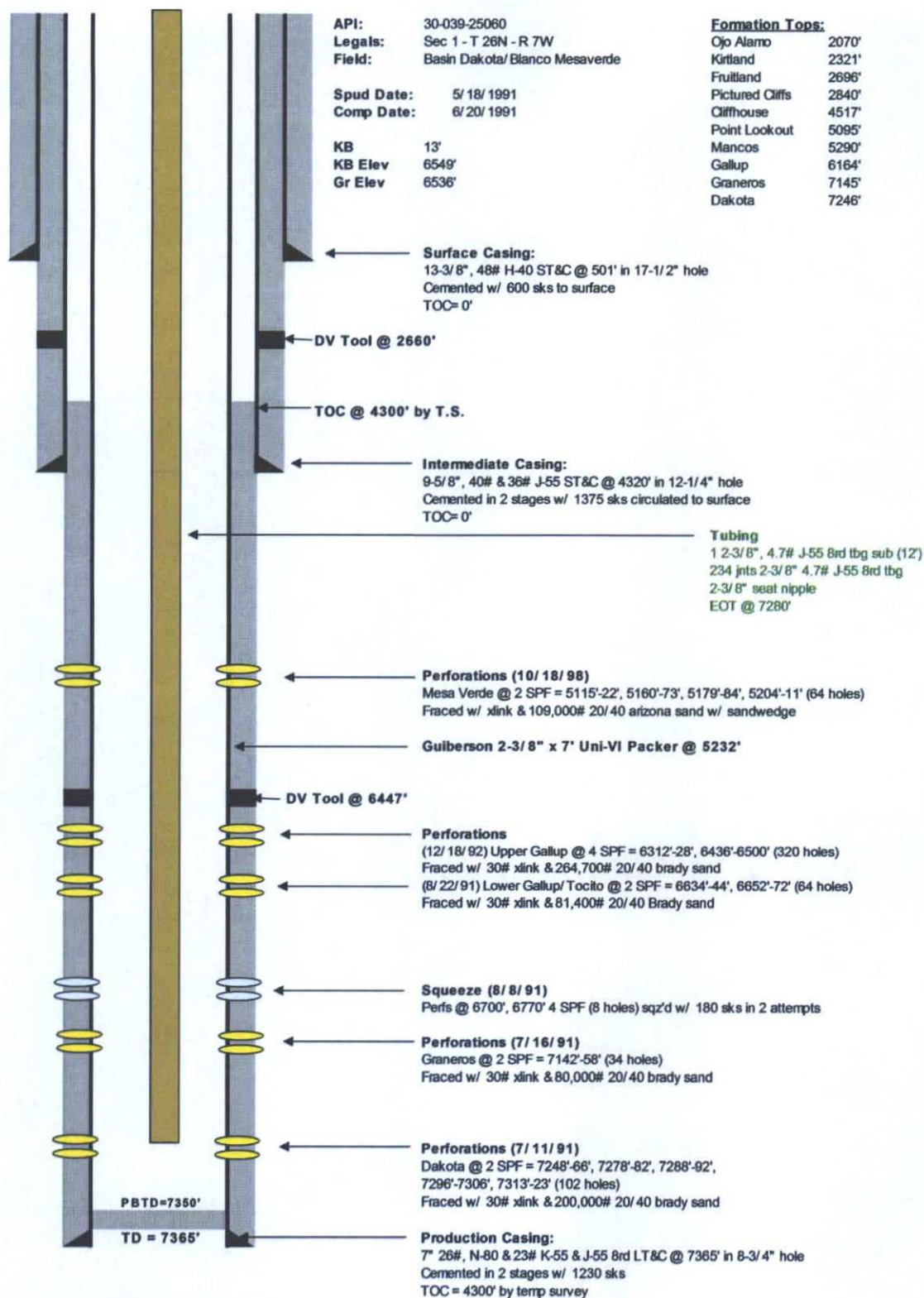
Prepared by: Simon Martin
 Date: 12/11/2015

Updated by:
 Date:

Proposed Wellbore Diagram



Rincon Unit Well #192E Rio Arriba County, New Mexico Proposed Wellbore Schematic Well is Plunger Lifted



Prepared by: Simon Martin
 Date: 12/11/2015

Updated by:
 Date:

McMillan, Michael, EMNRD

From: Pohl, April E <April.Pohl@chevron.com>
Sent: Monday, February 15, 2016 7:34 AM
To: McMillan, Michael, EMNRD
Subject: RE: Four Star Oil and Gas co. Rincon Unit 192E downhole commingle

MR McMillan:

The Rincon unit as a whole is a fixed working interest unit with Chevron having a 76% GWI in Gas and 92% GWI in Oil, for all depths.

April E Pohl

Permitting Specialist
332 Road 3100 Aztec, NM 87410
Office 505-333-1941 Cell 505-386-8074
April.Pohl@chevron.com



From: McMillan, Michael, EMNRD [mailto:Michael.McMillan@state.nm.us]
Sent: Friday, February 12, 2016 8:14 AM
To: Pohl, April E
Subject: [**EXTERNAL**] Four Star Oil and Gas co. Rincon Unit 192E downhole commingle

April:

Is the ownership identical between the three zones in the Rincon Unit 192E?

Thank You

Michael A. McMillan

Engineering and Geological Services Bureau, Oil Conservation Division
1220 South St. Francis Dr., Santa Fe NM 87505
O: 505.476.3448 F. 505.476.3462
Michael.mcmillan@state.nm.us



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

ADMINISTRATIVE ORDER DHC-2097

Union Oil Company of California
1004 North Big Spring
Midland, Texas 79702

Attention: Ms. Heather Dahlgren

*Rincon Unit No. 192E
API No. 30-039-25060
Unit D, Section 1, Township 26 North, Range 7 West, NMPM,
Rio Arriba County, New Mexico.
Largo-Gallup (Gas - 80000) and
Basin-Dakota (Prorated Gas - 71599) Pools*

Dear Ms. Dahlgren:

Reference is made to your recent application for an exception to Rule 303.A. of the Division Rules and Regulations to permit the above described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of Rule 303.C., and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion and required separation of the zones is hereby placed in abeyance.

The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule.

Assignment of allowable to the well and allocation of production from the well shall be on the following basis:

Largo-Gallup Gas Pool	Oil 30%	Gas 30%
Basin-Dakota Gas Pool	Oil 70%	Gas 70%

The allocation method established herein may be altered at some time subsequent to initiating downhole commingling operations upon request by the operator and for good cause shown.

REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 11th day of September, 1998.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery by DRC

LORI WROTENBERY
Director

S E A L

LW/DRC

cc: Oil Conservation Division - Aztec
Bureau of Land Management-Farmington

**STATE OF NEW MEXICO
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 10663
Order No. R-9893**

**APPLICATION OF UNION OIL COMPANY
OF CALIFORNIA d/b/a UNOCAL FOR AN
ADMINISTRATIVE DOWNHOLE COMMINGLING
PROCEDURE WITHIN THE RINCON UNIT
AREA, RIO ARriba COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 4, 1993, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 18th day of May, 1993, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) The applicant, Union Oil Company of California, d/b/a Unocal, seeks the adoption of an administrative procedure for authorizing the downhole commingling of Blanco-Mesaverde, Largo-Gallup, or Undesignated Gallup Pool production with production from the Basin-Dakota Gas Pool within certain existing and subsequently drilled wells in its Rincon Unit Area, Rio Arriba County, New Mexico, without additional notice to each affected interest owner within the Unit Area.

(3) The Rincon Unit is a Federal exploratory unit initially comprising some 20,643 acres in portions of Townships 26 and 27 North and Ranges 6 and 7 West, NMPM, Rio Arriba County, New Mexico. The unit was formed in 1952 and is currently operated by Union Oil Company of California.

(4) The evidence and testimony presented indicates that the Basin-Dakota Gas Pool has been fully developed on 320-acre spacing within the Rincon Unit and that approximately half of the Unit Area has been infill drilled in the Basin-Dakota Gas Pool on 160-acre spacing. The Dakota Participating Area (PA) currently comprises virtually the entire unit area.

(5) The applicant has identified approximately thirty-three (33) infill Basin-Dakota well locations within the Unit Area which may be subsequently drilled.

(6) Based upon historical production, the applicant expects Basin-Dakota initial production from infill drilling to be marginal in nature ranging from approximately 150-600 MCF gas per day per well.

(7) Testimony and evidence presented by the applicant indicates that gas reserves in the Dakota formation on an individual well basis are not sufficient to economically justify the drilling of new wells to produce such reserves.

(8) The current well economics and expected Dakota producing rates virtually assure that these wells will be candidates for downhole commingling with either the Mesaverde or Gallup zones.

(9) The applicant has also identified approximately forty-two (42) current Dakota producing wells, some recently drilled, which also by virtue of well economics and producing rates make them candidates for downhole commingling.

(10) The applicant expects initial producing rates from the Mesaverde and Gallup formation to be marginal in nature.

(11) The Gallup, Dakota and Mesaverde Participating Areas within the Rincon Unit are not common.

(12) According to applicant's evidence, the working interest ownership within the Rincon Unit is fixed and common among the various wells and zones and is not affected by participating areas.

(13) According to further testimony, the royalty and overriding royalty interest ownership within the Rincon Unit varies between participating areas established for different locations and pools.

(14) Applicant's Exhibit No. 6 in this case is a list of one hundred and twenty (120) royalty and overriding royalty interest owners in the Dakota, Gallup and Mesaverde Participating Areas within the Rincon Unit. All such royalty and overriding royalty interest owners, as well as working interest owners, were notified of the application in this case.

(15) Rule No. 303(C) of the Division Rules and Regulations provides that administrative approval for downhole commingling may be granted provided that the interest ownership, including working, royalty and overriding royalty interest, is common among the commingled zones.

(16) Applicant's proposed administrative procedure would provide for Division approval to downhole commingle wells in the Rincon Unit Area without hearing, and without the requirement that each interest owner in the Dakota, Mesaverde and/or Gallup Participating Areas be notified of such commingling.

(17) The downhole commingling of wells within the Rincon Unit Area will benefit working, royalty and overriding royalty interest owners. In addition, the downhole commingling of wells within the Rincon Unit Area should not violate the correlative rights of any interest owner.

(18) The evidence in this case indicates that notice to each interest owner within the Dakota, Mesaverde and/or Gallup Participating Areas of subsequent downhole comminglings within the Rincon Unit is unnecessary and is an excessive burden on the applicant.

(19) No interest owner and/or offset operator appeared at the hearing in opposition to the application.

(20) An administrative procedure should be established within the Rincon Unit for obtaining approval for subsequently downhole commingled wells without notice and hearing, provided however that, all provisions contained within Rule No. 303(C) of the Division Rules and Regulations, with the exception of Part 1 (b)(v), are fully complied with.

(21) The proposed administrative procedure for obtaining approval for downhole commingling will allow the applicant the opportunity to recover additional gas reserves from the Rincon Unit Area which may otherwise not be recovered, thereby preventing waste, and will not violate correlative rights.

IT IS THEREFORE ORDERED THAT:

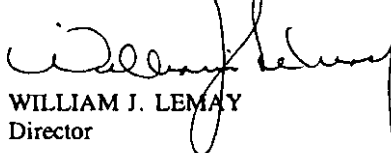
(1) An administrative procedure for obtaining approval to downhole commingle wells within the Rincon Unit, located in portions of Townships 26 and 27 North, Ranges 6 and 7 West, NMPM, Rio Arriba County, New Mexico, is hereby established.

(2) In order to obtain Division authorization to downhole commingle wells within the Rincon Unit, the applicant shall file an application with the Santa Fe and Aztec Offices of the Division. Such application shall contain all of the information required under Rule No. 303(C) of the Division Rules and Regulations, provided however that the applicant shall not be required to provide notice to all interest owners within the Dakota, Mesaverde and/or Gallup Participating Areas in the Rincon Unit of such proposed commingling. In addition, the application shall contain evidence that all offset operators and the United States Bureau of Land Management (BLM) have been notified of the proposed commingling.

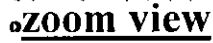
(3) Jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L



[Wells](#) [Operator Data](#) [OCD Review](#) [OCD Only](#) [Administration](#)

OCD Permitting

[Home](#) [Land Searches](#) [Land Details](#)

Section : 01-26N-07W

Type: Normal

Total Acres: 640.8

County: Rio Arriba (39)

D (4) Federal ¹ Federal ² (39) 40.35	C (3) Federal ¹ Federal ² (39) 40.25	B (2) Federal ¹ Federal ² (39) 40.15	A (1) Federal ¹ Federal ² (39) 40.05
E (E) Fee ¹ Federal ² (39) 40	F (F) Fee ¹ Federal ² (39) 40	G (G) Fee ¹ Federal ² (39) 40	H (H) Fee ¹ Federal ² (39) 40
L (L) Federal ¹ Federal ² (39) 40	K (K) Federal ¹ Federal ² (39) 40	J (J) Federal ¹ Federal ² (39) 40	I (I) Federal ¹ Federal ² (39) 40
M (M) Federal ¹ Federal ² (39) 40	N (N) Federal ¹ Federal ² (39) 40	O (O) Federal ¹ Federal ² (39) 40	P (P) Federal ¹ Federal ² (39) 40

Note ¹ = Surface Owner RightsNote ² = Sub-Surface Mineral Rights

Land Restrictions

No land restrictions found for this section.

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