

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

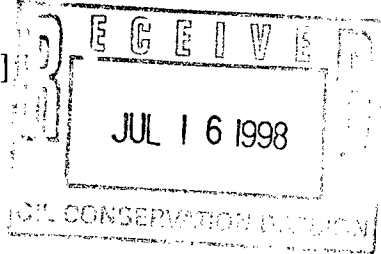
2073

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
 [DD-Directional Drilling] [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 - Directional Drilling

☐ NSL ☐ NSP ☐ DD ☐ SD

Check One Only for [B] and [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

[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] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

Kay Maddox
 Print or Type Name

Kay Maddox
 Signature

Regulatory Agent
 Title

7/14/98
 Date

P O Box 1980, Hobbs, NM 88241 1980

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-A
New 3-12-96

811 Southl First St. Artesia NM 88210 2835

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

- APPROVAL PROCESS:

☒ Administrative ☐ Hearing

DISTRICT III

1000 Rio Brazos Rd. Aztec, NM 87410 1693

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE

☐ YES ☒ NO

Conoco Inc.

10 Desta Dr. Ste 100W, Midland, Tx. 79705-4500

Operator

Address

Scott Federal

#6M

Section 17, T-26-N, R-6-W, J

Rio Arriba

Lease

Well	No
------	----

Section 1				
Unit	Ltr	Sec	Twp	Rge

County

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 005073

Property Code 03244

API NO.

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	Blanco Meaverde 72319		Basin Dakota 71599
2. TOP and Bottom of Pay Section (Perforations)	5240-5591'		7296-7637'
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	To Flow		To Flow
5. Bottomhole Pressure	a (Current)	a.	a.
Oil Zones - Artificial Lift: Estimated Current	742		853
Gas & Oil - Flowing: Measured Current	b(Original)	b.	b.
All Gas Zones: Estimated Or Measured Original	1337		2930
6. Oil Gravity (°API) or Gas BT Content	1314		1262
7. Producing or Shut-In?	To be Completed		To be Completed
Production Marginal? (yes or no)	Yes(Expected)		Yes (Expected)
• If Shut-In give date and oil/gas/ water rates of last production	Date Rates	Date Rates:	Date Rates
Note For new zones with no production history applicant shall be required to attach production estimates and supporting data			
• If Producing, date and oil/gas/ water rates of recent test (within 60 days)	Date Rates Anticipated 1st Year Average 133 MCFD, 2.3 BOPD	Date Rates	Date Rates Anticipated 1st Year Average 266 MCFD, 2.3 BOPD
8. Fixed Percentage Allocation Formula -% or each zone	Oil: Gas %	Oil: Gas %	Oil: Gas %

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? X 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? y Yes No

11. 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 others ☒ Yes ☐ No

13. Will the value of production be decreased by commingling? Yes x No (If Yes, attach explanation)

14. 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 ☐ 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 *Ken Medd* TITLE Regulatory Agent DATE July 14, 1998

TYPE OR PRINT NAME Kay Maddox TELEPHONE NO. (915) 686-5798

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

DISTRICT II
811 South 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
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Form C-107-A
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10 Desta Dr. Ste 100W, Midland, Tx. 79705-4500

Scott Federal

#6M

Section 17, T-26-N, R-6-W, J

Rio Arriba

Lease

Well No

Unit Ltr Sec Twp R G S

County

OGRID NO. 005073 Property Code 03244 API NO.

Spacing Unit Lease Types: (check 1 or more)

Federal ☒ State ☐ (and/or) Fee ☐

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5. Bottomhole Pressure	a. (Current)	a.	a.
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Gas & Oil - Flowing:	b. (Original)	b.	b.
All Gas Zones:	1337		2930
Estimated Or Measured Original			
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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 ☐ No

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TYPE OR PRINT NAME Kay Maddox TELEPHONE NO. (915) 686-5798

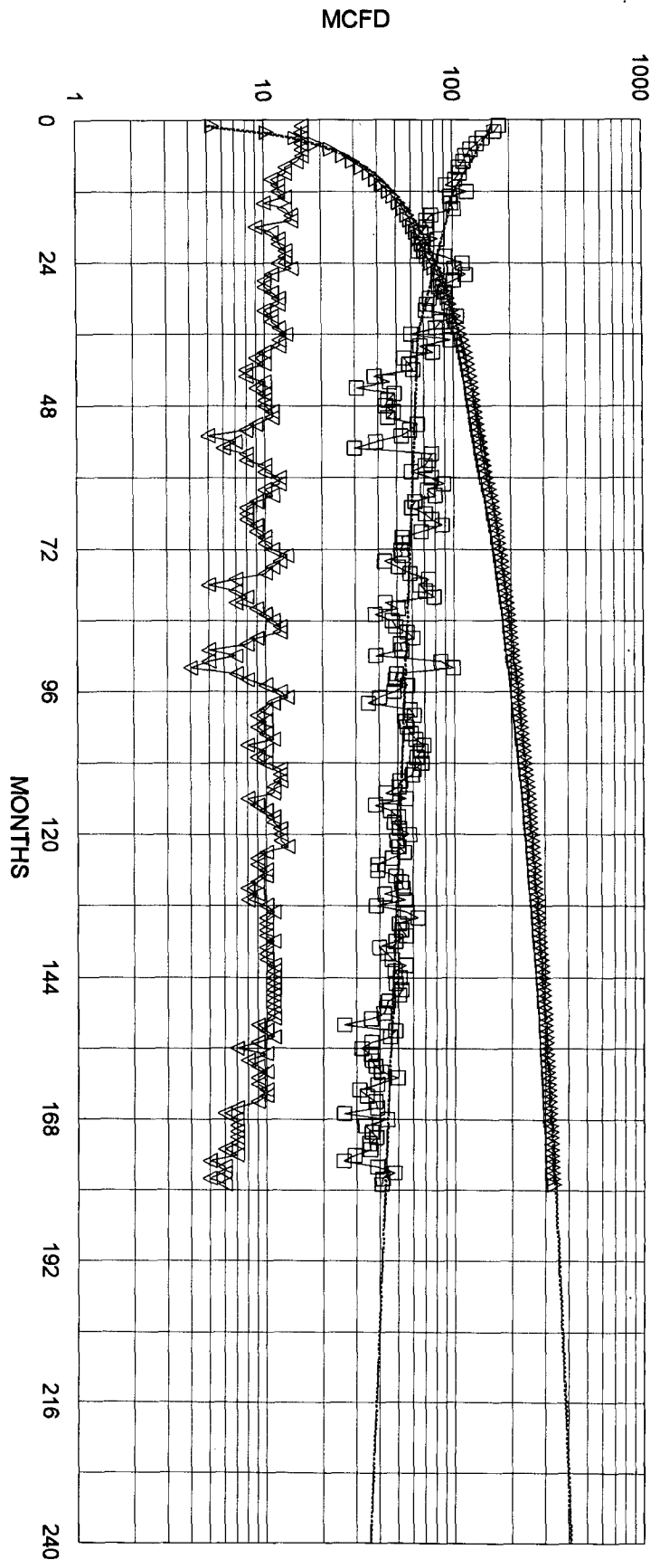
APPLICATION FOR DOWNHOLE COMMINGLING

Scott Federal 6M, Unit Letter J, Section 17-T26N-R6W

Rio Arriba County, New Mexico

As shown in the attached production plot for offsets to the Scott Federal 6M, estimated ultimate recoveries and initial production rates from infill wells to the Dakota and Mesaverde formations are clearly marginal in this area. Mesaverde estimated recoveries in particular do not justify drilling stand alone wells (414 MMCF recovery in 20 years, 573 MMCF ultimate recovery). Furthermore, production plots from each zone indicate a similar decline profile and a fixed allocation formula can be utilized. Upon completion, both zones will be tested and stabilized flow rates will be used to allocate production from each zone. This procedure is common practice in Conoco's 28-7 Unit and reference is made to Order R-10476-B as it applies to downhole commingling of marginal zones and the allocation of production between such zones.

NORMALIZED MESAVERDE PRODUCTION; REAMS COM 3R, SCOTT FED 6M AREA
16 WELLS SINCE 1980; 9 SECTION OFFSET WELL AREA AROUND 17-26N-06W



— FIT MCFD □ NORMALIZED MCFD ▴ NORM CUM MCMF
▽ WELLS ON PRODUCTION - - - FIT CUM MCMF

NORMALIZED AVG:

573 MMCF EUR
414 MMCF IN 20 YRS
20 MCFD E.L.
0.0175 bbl/mcf oil yield

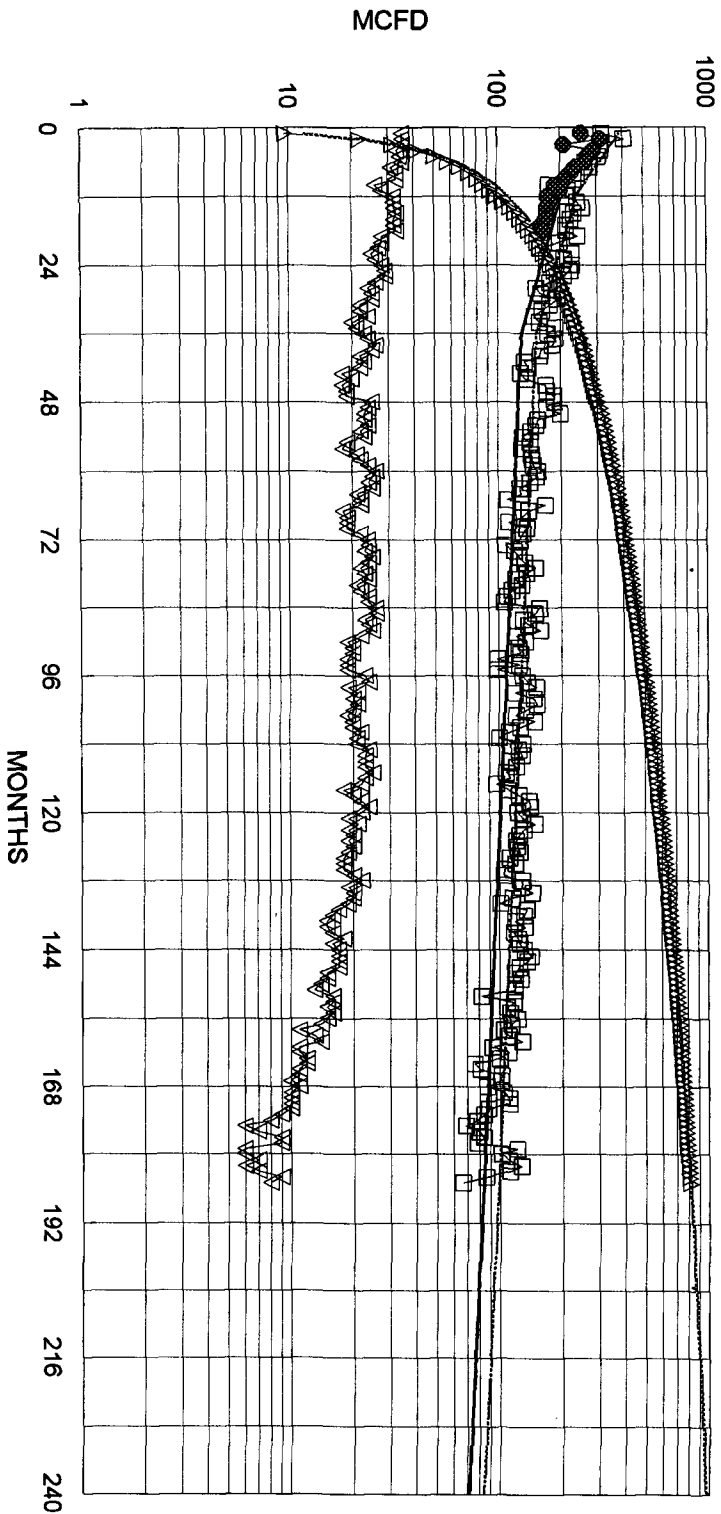
170 MCFD IP
40% DECLINE, 1ST 12 MONTHS
20% DECLINE, NEXT 72 MONTHS
4% FINAL DECLINE

EXPECTED NEW COMPLETION AVERAGE:

573 MMCF EUR
414 MMCF IN 20 YR
20 MCFD E.L.
0.0175 bbl/mcf oil yield

170 MCFD IP
40.0% DECLINE, 1ST 12 MONTHS
20.0% DECLINE, NEXT 72 MONTHS
3.5% FINAL DECLINE

NORMALIZED DAKOTA PRODUCTION OFFSET TO REAMES COM LEASE; 19-26-6
25 SECTION AREA; 35 WELLS SINCE 1980; 5 WELLS SINCE 1994



— FIT MCFD □ NORMALIZED MCFD △ NORM CUM MMCF ▽ WELLS ON PRODUCTIO
--- FIT CUM MMCF — RISKED MCFD ◆ 5 NEW WELLS (>94)

NORMALIZED AVG:

1624 MMCF EUR
973 MMCF IN 20 YRS
20 MCFD E.L.
0.0088 bbl/mcf oil yield

400 MCFD IP
40% DECLINE, 1ST 12 MONTHS
20% DECLINE, NEXT 24 MONTHS
3.5% FINAL DECLINE

RISKED AVG:

15% RISK (DEPLETION); EXPECTED NEW WELL RATE

1350 MMCF EUR
827 MMCF IN 20 YR
20 MCFD E.L.
0.0088 bbl/mcf oil yield

340 MCFD IP
40.0% DECLINE, 1ST 12 MONTHS
20.0% DECLINE, NEXT 24 MONTHS
3.5% FINAL DECLINE

Scott Federal # 6M
Section 17, T-26-N, R-6-W, J
Rio Arriba, New Mexico

RE: Downhole Commingle C107A Application

Notification of Offset Operators:

Caulkins Oil Co
1600 Broadway STE 2100
Denver, CO 80202

Burlington Resources
PO Box 4289
Farmington, NM 87499

A copy of the C-107A has been sent to the above listed party/parties.

District I
Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 21, 1994

District II
PO Drawer DD, Artesia, NM 88211-0719

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

Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

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

District IV
PO Box 2088, Santa Fe, NM 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number		*Pool Code	*Pool Name
		72319/71599	Blanco Mesaverde/Basin Dakota
*Property Code	*Property Name		*Well Number
003244	SCOTT FEDERAL		6M
*GRID No.	*Operator Name		*Elevation
005073	CONOCO, INC.		6724'

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
J	17	26N	6W		1475	South	1820	East	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		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.			
320		Y		C					

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	5314.32'	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <i>Jo Ann Johnson</i> Signature Jo Ann Johnson Printed Name Property Analyst Title 2-24-98 Date
532.58'		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. NOVEMBER 10, 1997 Date of Survey Signature and Seal NEALE C. EDWARDS NEW MEXICO 6857 REGISTERED PROFESSIONAL SURVEYOR Certificate Number
	1820'	
	1475'	
	5292.54'	