

DISTRICT I

P.O. Box 1880, Hobbs, NM 88240

DISTRICT II

811 South First St., Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-8428

APPLICATION FOR DOWNHOLE COMMINGLING

RECEIVED

JUL 31 1998

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

APPROVAL PROCESS:

Administrative ☐ Hearing ☐

EXISTING WELLBORE

YES ☐ NO ☐

BONNEVILLE FUELS CORPORATION

1660 Lincoln Street Denver, CO 80264

Operator

Fullerton Federal

3

L -14-27N-11W

San Juan

Case

Well No.

Unit ID: 888-1WP-118

County

OGRID NO. 0278

Property Code

002159

API NO.

30-045-06479

Spacing Unit Lease Types: (check 1 or more)
Federal ☒ State ☐ Land/Lease Fee ☐

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zones	Lower Zone
1. Pool Name and Pool Code	Gallegos Fruitland SD 77280		Basin Fruitland Coal 71629
2. Top and Bottom of Pay Section (Perforations)	1693'-1705'		1902'-1966'
3. Type of production (Oil or Gas)	GAS		GAS
4. Method of Production (Flowing or Artificial Lift)	Flowing w/compressor		Flowing w/compressor
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: Estimated Current All Gas Zones: Measured Current Estimated Or Measured Original	a. (Current) (est) 400 psi b. (Original) (est) 450 psi	a. b.	a. (est) 75 psi b. (est) 200 psi
6. Oil Gravity (°API) or Gas BTU Content	(est) 1150 BTU		1070 BTU
7. Producing or Shut-In?	Not Completed		Producing
Production Marginal? (yes or no)	Not Available		NO
* If Shut-In, give 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: Rates: N/A	Date: Rates:	Date: Rates: N/A
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: Rates: N/A	Date: Rates:	Date: Rates: N/A
8. Fixed Percentage Allocation Formula - % for each zone	Oil: N/A % Gas: 50 %	Oil: % Gas: %	Oil: N/A % Gas: 50 %

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

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 other? ☒ Yes ☐ No

13. Will the value of production be decreased by commingling? ☐ Yes ☒ 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(C) Exceptions: ORDER NO(S).

16. ATTACHMENTS:

- 1 +/A * C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- 2 * Production curve for each zone for at least one year. (If not available, attach explanation.)
- 3 * For zones with no production history, estimated production rates and supporting data.
- 4 { * 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 Robert A. Schwering TITLE Operations Manager DATE 7/10/98

TYPE OR PRINT NAME Robert A. Schwering, P.E. TELEPHONE NO. (303) 863-1555 x225
For Alan L. Merrill

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised 1-1-89

OIL CONSERVATION DIVISION RECEIVED

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

BLM

92 DEC 14 AM 11:50

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

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

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

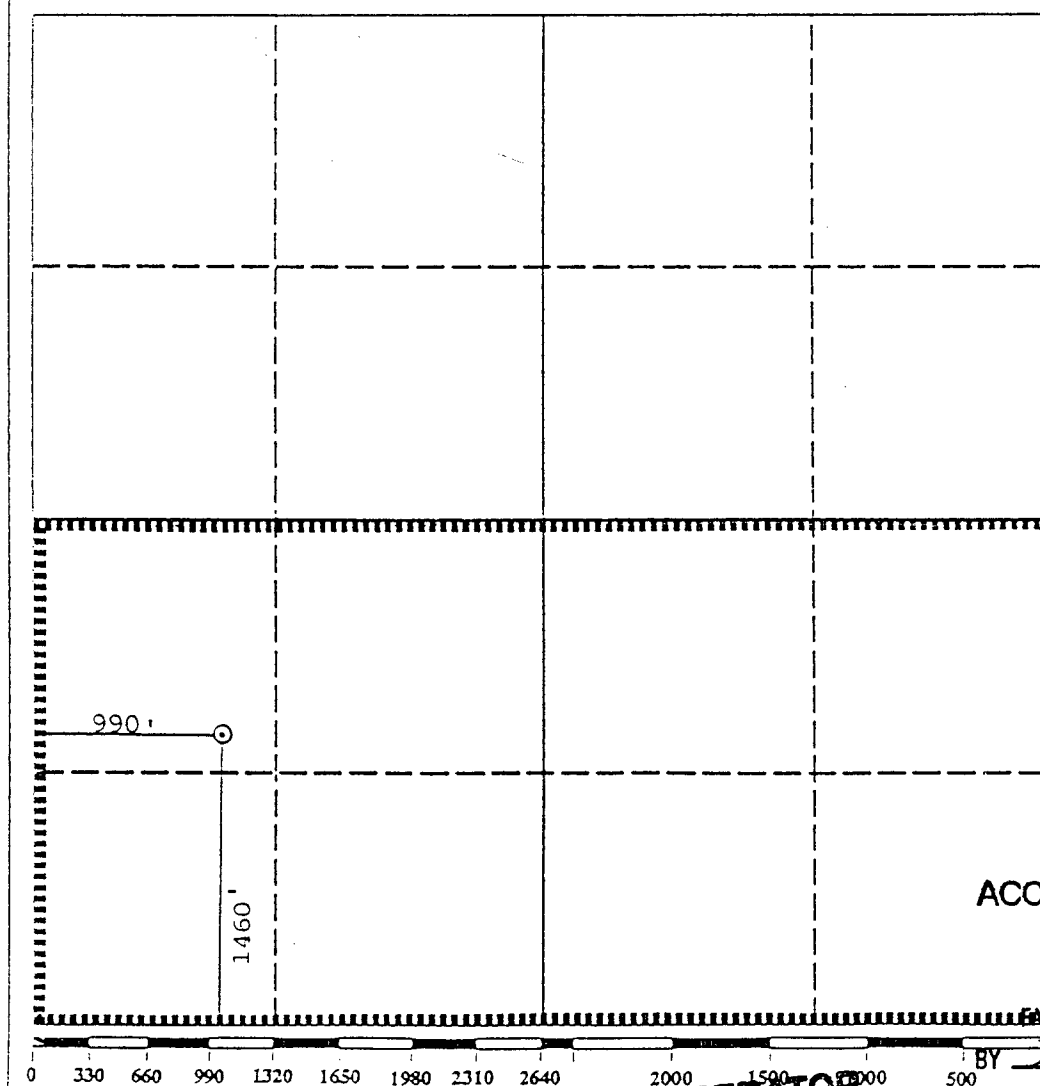
WELL LOCATION AND ACREAGE DEDICATION PLAT
All Distances must be from the outer boundaries of the section

Operator Bonneville Fuels Corporation			Lease SF-078094		Well No. Fullerton Fed #3
Unit Letter L	Section 14	Township 27 North	Range 11 West	County NMPM San Juan	
Actual Footage Location of Well: 1460 feet from the South line and 990 feet from the West line					
Ground level Elev. 6257	Producing Formation Basin Fruitland Coal		Pool Basin Fruitland Coal	Dedicated Acreage: S/2 320 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure 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). N/A
3. If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communization, unitization, force-pooling, etc.? N/A
☐ 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 communization, unitization, force-pooling, or otherwise) or until a non-standard unit, eliminating such interest, 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 *Lawrence D. Billo*

Printed Name Lawrence D. Billo

Position Land Manager

Company Bonneville Fuels Corporation

Date September 29, 1992

Signature & Seal of Professional Surveyor

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 knowledge and belief.

Date Surveyed

Signature & Seal of Professional Surveyor

ACCEPTED FOR RECORD

DEC 17 1992

Certificate No.

MININGTON RESOURCE AREA

BY

OPERATOR

Attachment 1A

Rate/Time Graph

Project: L:\DWIGHTS\PTPROJ\KUTZ.MDB

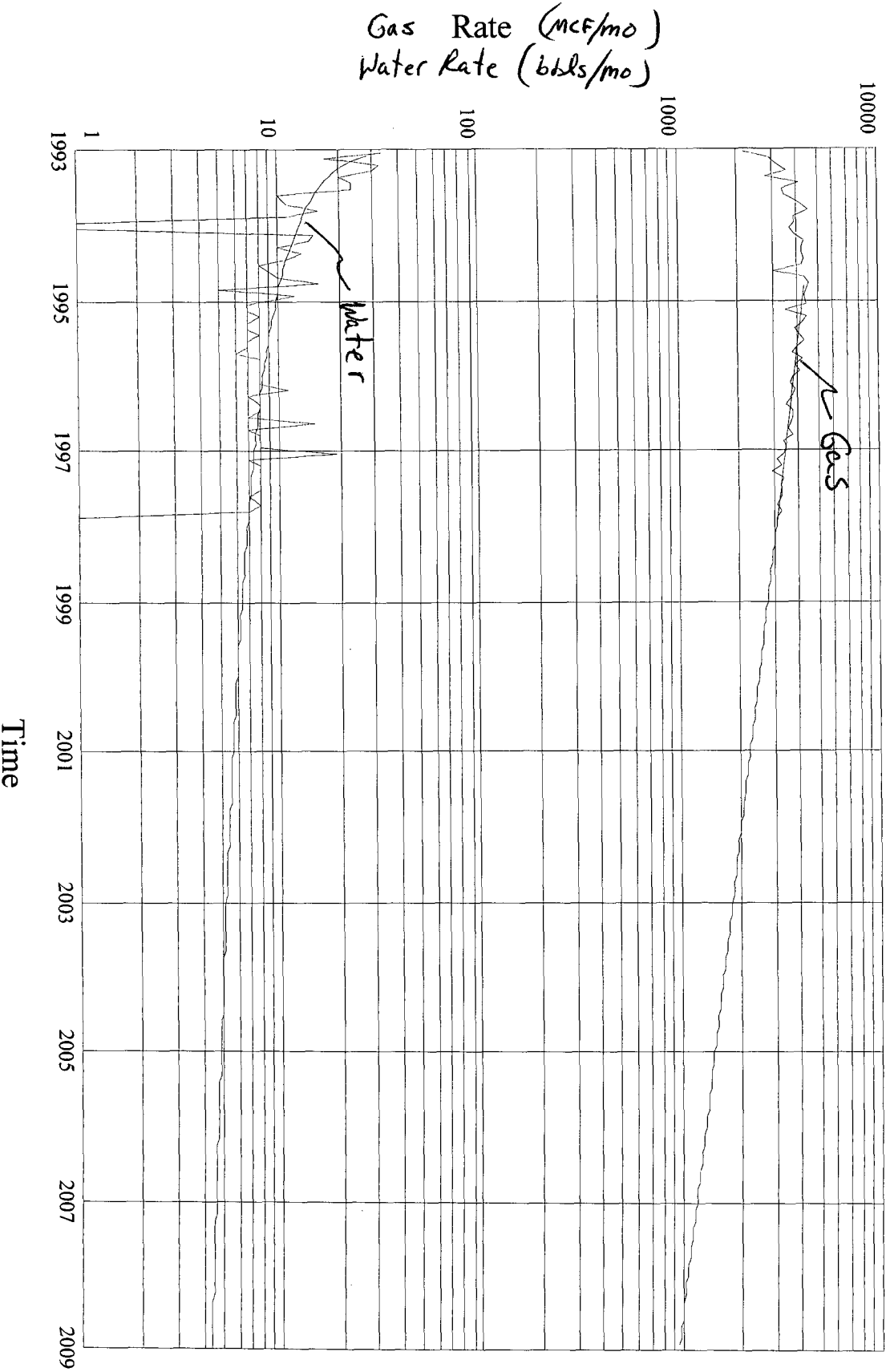
Date: 7/8/1998
Time: 10:58 AM

Lease Name:
County, ST:
Location:

FULLERTON FEDERAL (3)
SAN JUAN, NM
27N-11W-14

Field Name:
Operator:

BASIN (FRUITLAND COAL) FT
BONNEVILLE FUELS CORP



Attachment 2

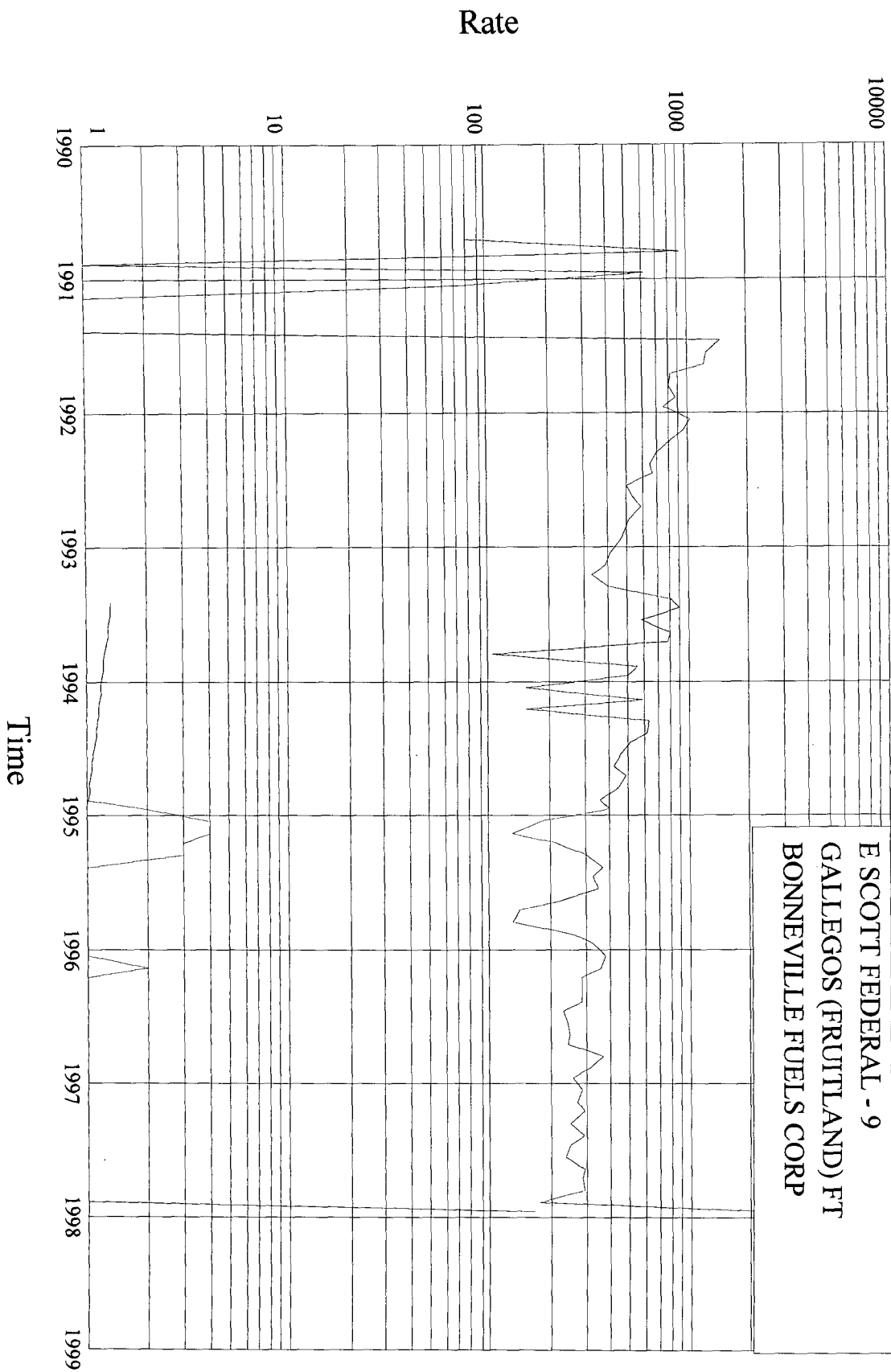
Rate/Time Graph

Project: L:\DWIGHTS\PTPROJ\KUTZ.MDB

Date: 7/9/1998
Time: 4:02 PM

Lease Name: E SCOTT FEDERAL (9)
County, ST: SAN JUAN, NM
Location: 27N-11W-23

Field Name: GALLEGOS (FRUITLAND) FT
Operator: BONNEVILLE FUELS CORP



Allocation Method

Gallegos Fruitland Sand/Basin Fruitland Coal Commingle
Fullerton Federal #3
1460' FSL 990' FWL Sec. 14-T27N-R11W
San Juan Co., New Mexico

The allocation formula will be a varying percentage allocation that will change each month based on the gas production forecast for the Fruitland Coal zone and the total measured production from both zones each month.

Gas Allocation

The gas production allocation for the Fullerton Federal #3 will be performed as follows:

1. Production will be allocated monthly to the Basin Fruitland Coal according to a baseline production forecast schedule extrapolated from historical production data (See decline curve and production table).
2. Any gas production over and above the baseline production forecast established for the Basin Fruitland Coal will be attributed to Gallegos Fruitland Sand on a monthly basis. If monthly gas production falls below the baseline forecast for the Basin Fruitland Coal, all production will be attributed to the Basin Fruitland Coal for that month.

Decline curves for both zones are attached. The Fruitland Sand EUR is based on production and reserves for the Scott E. Fed. #9. This well, located in Sec. 23, T27N, R11W is the nearest Fruitland Sand producing offset.

Oil Allocation

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

Fullerton Federal # 3
PROJECTED PRODUCTION RATES

Date	Gas
(MM/YR)	(mscf/mo)
Jan-98	3062
Feb-98	3037
Mar-98	3011
Apr-98	2986
May-98	2961
Jun-98	2936
Jul-98	2912
Aug-98	2887
Sep-98	2863
Oct-98	2839
Nov-98	2815
Dec-98	2792
Jan-99	2768
Feb-99	2745
Mar-99	2722
Apr-99	2699
May-99	2677
Jun-99	2654
Jul-99	2632
Aug-99	2610
Sep-99	2588
Oct-99	2567
Nov-99	2545
Dec-99	2524
Jan-2000	2503
Feb-2000	2482
Mar-2000	2461
Apr-2000	2440
May-2000	2420
Jun-2000	2400
Jul-2000	2380
Aug-2000	2360
Sep-2000	2340
Oct-2000	2320
Nov-2000	2301
Dec-2000	2282
Jan-2001	2263
Feb-2001	2244
Mar-2001	2225
Apr-2001	2206
May-2001	2188
Jun-2001	2170
Jul-2001	2151

Fullerton Federal # 3
PROJECTED PRODUCTION RATES

Date	Gas
(MM/YR)	(mscf/mo)
Aug-2001	2133
Sep-2001	2116
Oct-2001	2098
Nov-2001	2080
Dec-2001	2063
Jan-2002	2046
Feb-2002	2028
Mar-2002	2011
Apr-2002	1995
May-2002	1978
Jun-2002	1961
Jul-2002	1945
Aug-2002	1929
Sep-2002	1913
Oct-2002	1897
Nov-2002	1881
Dec-2002	1865
Jan-2003	1849
Feb-2003	1834
Mar-2003	1818
Apr-2003	1803
May-2003	1788
Jun-2003	1773
Jul-2003	1758
Aug-2003	1744
Sep-2003	1729
Oct-2003	1715
Nov-2003	1700
Dec-2003	1686
Jan-2004	1672
Feb-2004	1658
Mar-2004	1644
Apr-2004	1630
May-2004	1617
Jun-2004	1603
Jul-2004	1590
Aug-2004	1576
Sep-2004	1563
Oct-2004	1550
Nov-2004	1537
Dec-2004	1524
Jan-2005	1511
Feb-2005	1499

Fullerton Federal # 3
PROJECTED PRODUCTION RATES

Date	Gas
(MM/YR)	(mscf/mo)
Mar-2005	1486
Apr-2005	1474
May-2005	1461
Jun-2005	1449
Jul-2005	1437
Aug-2005	1425
Sep-2005	1413
Oct-2005	1401
Nov-2005	1390
Dec-2005	1378
Jan-2006	1366
Feb-2006	1355
Mar-2006	1344
Apr-2006	1332
May-2006	1321
Jun-2006	1310
Jul-2006	1299
Aug-2006	1288
Sep-2006	1278
Oct-2006	1267
Nov-2006	1256
Dec-2006	1246
Jan-2007	1235
Feb-2007	1225
Mar-2007	1215
Apr-2007	1205
May-2007	1194
Jun-2007	1184
Jul-2007	1175
Aug-2007	1165
Sep-2007	1155
Oct-2007	1145
Nov-2007	1136
Dec-2007	1126
Jan-2008	1117
Feb-2008	1107
Mar-2008	1098
Apr-2008	1089
May-2008	1080
Jun-2008	1071
Jul-2008	1062
Aug-2008	1053
Sep-2008	1044

Fullerton Federal # 3**PROJECTED PRODUCTION RATES**

Date	Gas
(MM/YR)	(mscf/mo)
Oct-2008	1035
Nov-2008	1027
Dec-2008	1018
Jan-2009	1010
Feb-2009	1001
Mar-2009	993
Apr-2009	985
May-2009	976
Jun-2009	968
Jul-2009	960
Aug-2009	952
Sep-2009	944
Oct-2009	936
Nov-2009	928
Dec-2009	920
Jan-2010	913
Feb-2010	905
Mar-2010	898
Apr-2010	890
May-2010	883
Jun-2010	875
Jul-2010	868
Aug-2010	861
Sep-2010	853
Oct-2010	846
Nov-2010	839
Dec-2010	832
Jan-2011	825
Feb-2011	818
Mar-2011	811
Apr-2011	805
May-2011	798
Jun-2011	791
Jul-2011	785
Aug-2011	778
Sep-2011	772
Oct-2011	765
Nov-2011	759

Bonneville Fuels Corporation

Attachment 4 Application For Downhole Commingling Fullerton Federal #3

Notification list of offset interest owners:

**Marathon Oil Company
Box 120
Casper, WY 82002**

**Louis Dreyfus Gas Holding Inc.
14000 Quail Springs Parkway #600
Oklahoma City, OK 73134**

**Celsius Energy Co.
79 So State Street
Salt Lake City, UT 84111**

**LDNGC Series 1998-A Traust
C/o Louis Dreyfus Nat. Gas Corp
14000 Quail Springs Parkway, # 600
Oklahoma City, OK 73134:**