

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

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

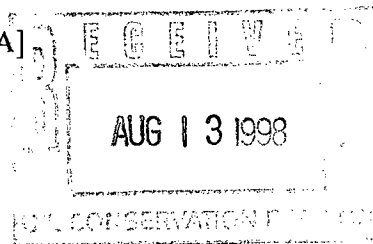
Check One Only for [B] and [C]

[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

8/11/98
 Date

DISTRICT I
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

DISTRICT II
811 South First St. Artesia NM 88210 2835

OIL CONSERVATION DIVISION

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

DISTRICT III
1000 Rio Brazos Rd. Aztec, NM 87410 1693

APPLICATION FOR DOWNHOLE COMMINGLING

APPROVAL PROCESS:
☒ Administrative ☐ Hearing
EXISTING WELLBORE
☒ YES ☐ NO

Operator Conoco Inc. Address 10 Desta Dr. Ste 100W, Midland, Tx. 79705-4500

Lease Buttram Well No #4 Section 23, T-26-N, R-6-W, 1 County Rio Arriba

OGRID NO. 005073 Property Code 003145 API NO. 30-039-06377 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 | Basin Fruitland Coal 71629 | | Blanco Pictured Cliffs South 72439 |
| 2. TOP and Bottom of Pay Section (Perforations) | 2410-2700' | | 2710-2800' |
| 3. Type of production (Oil or Gas) | Gas | | Gas |
| 4. Method of Production (Flowing or Artificial Lift) | To Flow | | Flowing |
| 5. Bottomhole Pressure | a. (Current) 1160 | a. | a. 301 |
| Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original | b.(Original) 1160 | b. | b. 1197 |
| 6. Oil Gravity (°API) or Gas BT Content | 1250 | | 1180 |
| 7. Producing or Shut-In? | To be completed | | Producing |
| Production Marginal? (yes or no) | Expected to be | | Yes |
| • 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 Incremental Prod by Subtraction - Estimated 1st year 135 MCFD, 0 BW, 0 BO | Date Rates | Date Rates Mid-Year Avg rates-See table - 6/98 12 MCFD, 0 BW, 0 BO |
| 8. Fixed Percentage Allocation Formula -% for each zone | oil: % Gas % | oil: % Gas % | oil: % Gas % |

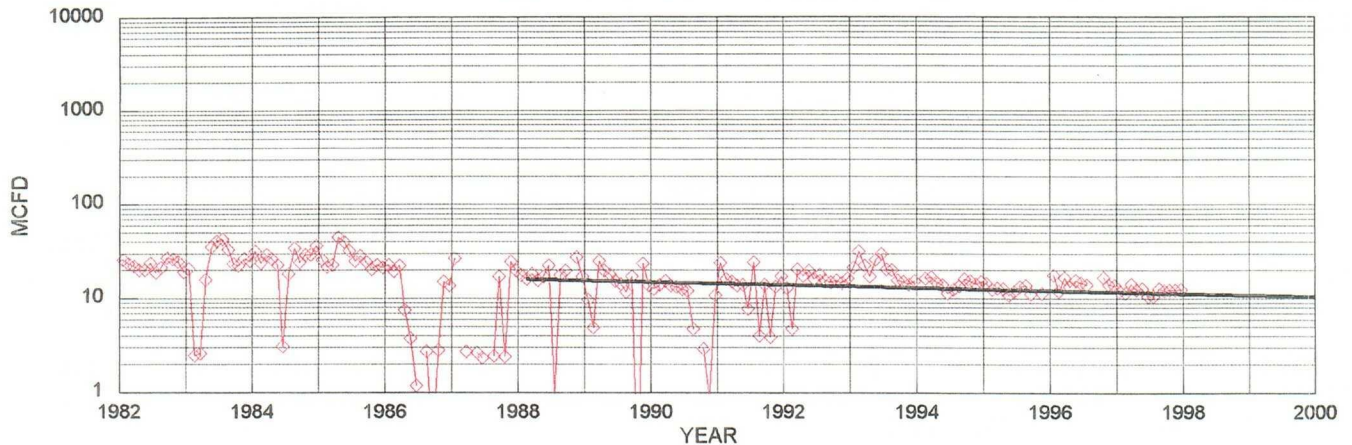
9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.
10. Are all working, overriding, and royalty interests identical in all commingled zones? ☒ 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 others ☒ 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(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 Kay Maddox TITLE Regulatory Agent DATE 8/11/98

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

BUTTRAM NO. 4 PICTURED CLIFFS PRODUCTION
SECTION 23I-26N-06W



◇ PICTURED CLIFFS MCFD — FIT MCFD

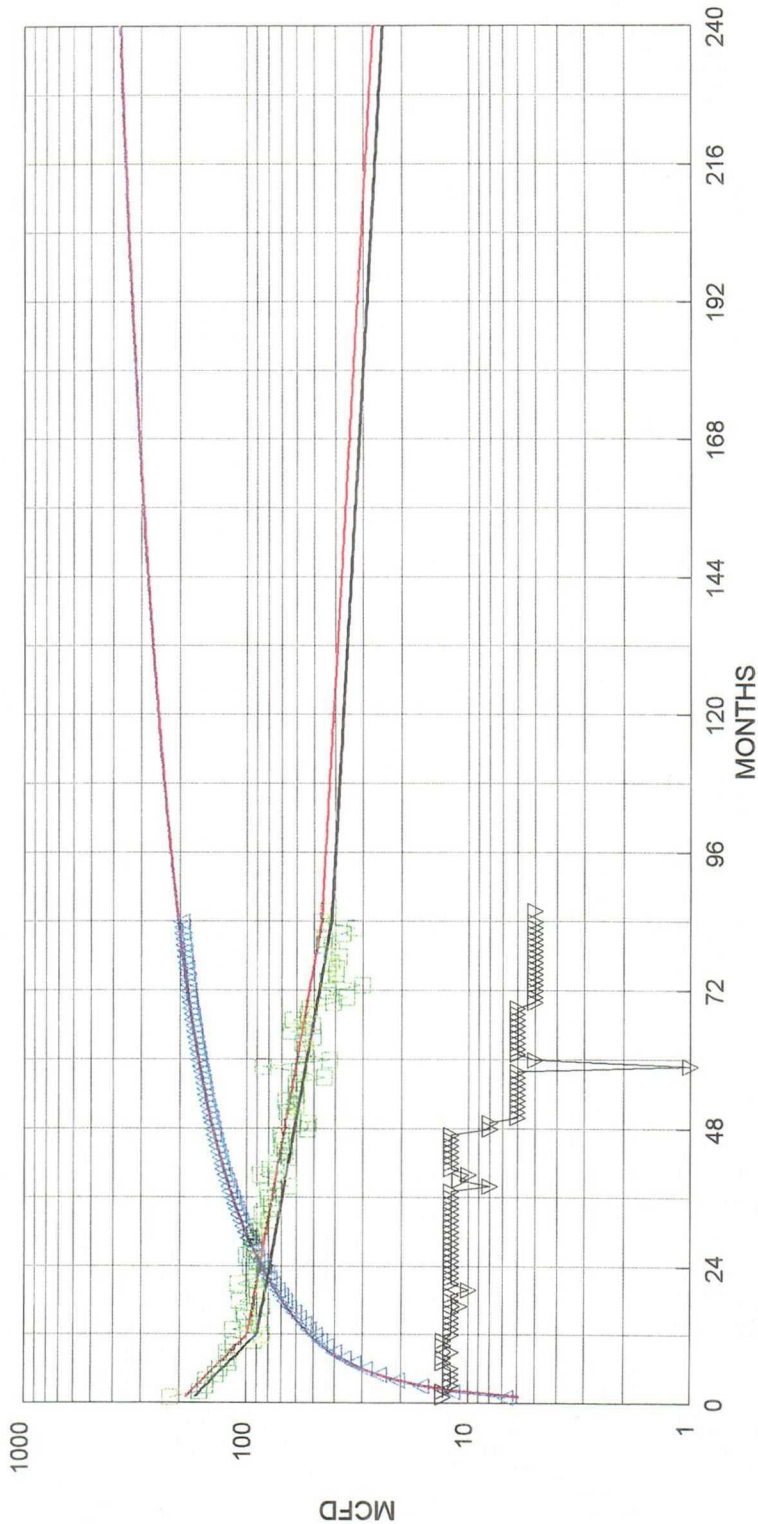
FIELD : BLANCO SOUTH (PICTURED CLIFFS)

| PC HISTORICAL DATA: | | 1ST PROD: 12/53 | PC PROJECTED DATA | |
|---------------------|--------|---------------------|-------------------|--------------------|
| OIL CUM: | 0.00 | MBO | 1/1/98 Qi: | 11.3 MCFD |
| GAS CUM: | 382.4 | MMCF (SINCE '70) | DECLINE RATE: | 3.5% (EXPONENTIAL) |
| CUM OIL YIELD: | 0.0000 | BBL/MCF | | |
| OIL YIELD: | 0.0000 | BBL/MCF, LAST 3 YRS | | |
| AVG. USED: | 0.0000 | BBL/MCF | | |
| GAS CUM: | 2167.6 | MMCF (SINCE '53) | | |

| YEAR | MID-YEAR | MID-YEAR |
|------|-----------|-----------|
| | AVG. MCFD | AVG. BOPD |
| 1998 | 11.1 | 0.0 |
| 1999 | 10.7 | 0.0 |
| 2000 | 10.3 | 0.0 |
| 2001 | 9.9 | 0.0 |
| 2002 | 9.6 | 0.0 |
| 2003 | 9.3 | 0.0 |
| 2004 | 8.9 | 0.0 |
| 2005 | 8.6 | 0.0 |
| 2006 | 8.3 | 0.0 |
| 2007 | 8.0 | 0.0 |
| 2008 | 7.7 | 0.0 |
| 2009 | 7.5 | 0.0 |
| 2010 | 7.2 | 0.0 |
| 2011 | 7.0 | 0.0 |
| 2012 | 6.7 | 0.0 |
| 2013 | 6.5 | 0.0 |
| 2014 | 6.3 | 0.0 |
| 2015 | 6.0 | 0.0 |
| 2016 | 5.8 | 0.0 |
| 2017 | 5.6 | 0.0 |
| 2018 | 5.4 | 0.0 |
| 2019 | 5.2 | 0.0 |
| 2020 | 5.1 | 0.0 |
| 2021 | 4.9 | 0.0 |
| 2022 | 4.7 | 0.0 |
| 2023 | 4.5 | 0.0 |
| 2024 | 4.4 | 0.0 |
| 2025 | 4.2 | 0.0 |
| 2026 | 4.1 | 0.0 |
| 2027 | 3.9 | 0.0 |
| 2028 | 3.8 | 0.0 |
| 2029 | 3.7 | 0.0 |
| 2030 | 3.6 | 0.0 |
| 2031 | 3.4 | 0.0 |
| 2032 | 3.3 | 0.0 |

PRODUCTION FORECAST FOR SUBTRACTION METHOD COMMINGLE ALLOCATION

NORMALIZED FRUITLAND COAL PRODUCTION
13 WELLS SINCE 1990; TOWNSHIP 26N RANGE 6&7 W



— FIT MCFD □ NORMALIZED MCFD ▲ NORM CUM MMCF
△ WELLS ON PRODUCTION — FIT CUM MMCF — RISKED MCFD

NORMALIZED AVG:

442 MMCF EUR
377 MMCF IN 20 YRS
20 MCFD E.L.
0.0000 bbl/mcf oil yield

200 MCFD IP
50% DECLINE, 1ST 12 MONTHS
12% DECLINE, NEXT 72 MONTHS
4% FINAL DECLINE

RISKED AVG:

380 MMCF EUR
340 MMCF IN 20 YRS
20 MCFD E.L.
0.0000 bbl/mcf oil yield

180 MCFD IP
50.0% DECLINE, 1ST 12 MONTHS
12.0% DECLINE, NEXT 72 MONTHS
4.0% FINAL DECLINE

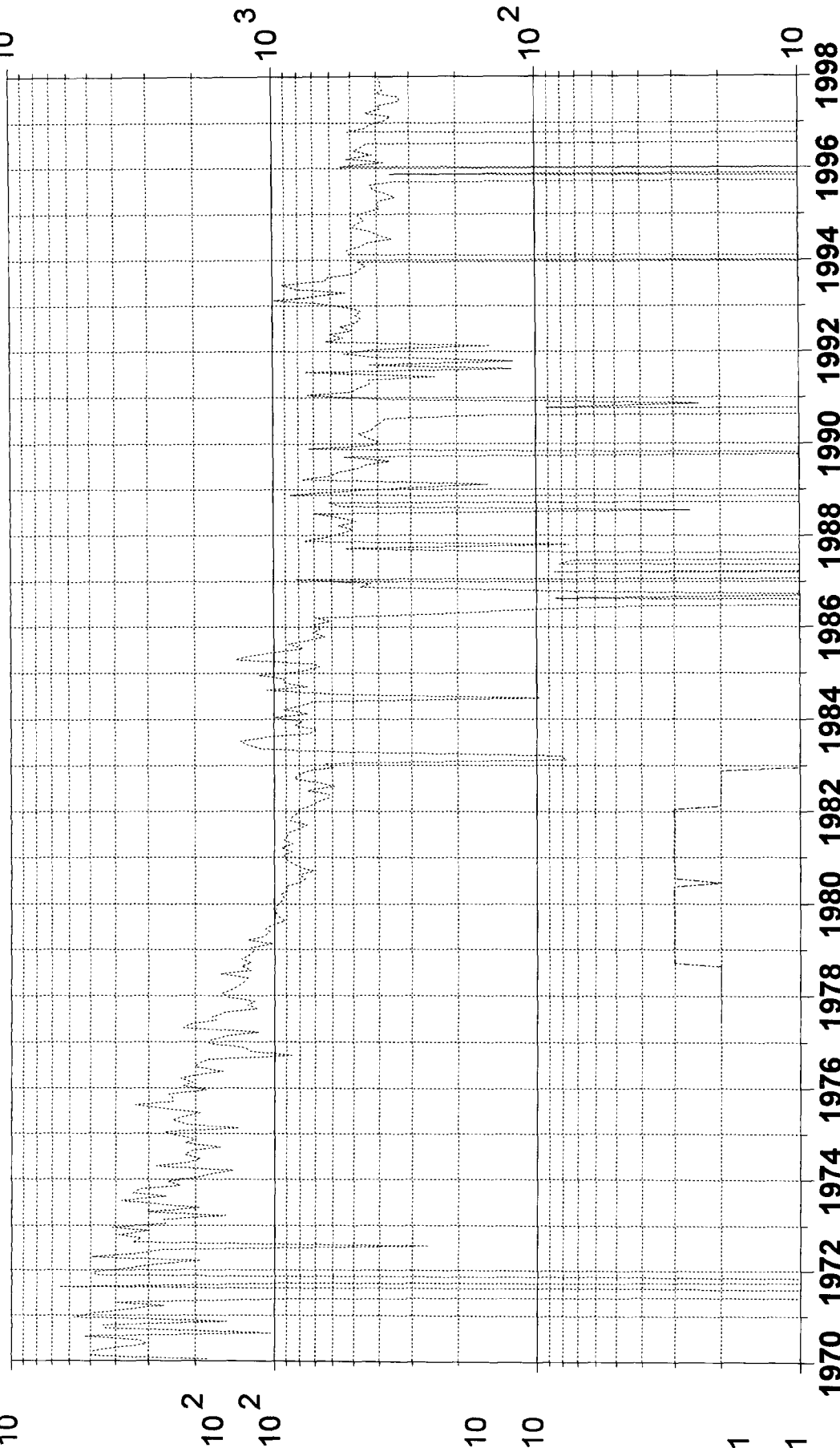
Dwights

Lease: BUTTRAM (4)

Retrieval Code: 251,039,26N06W23I00PC

07/24/98

10³
10³
10⁴



Oil (bbl/mo)

Water (bbl/mo)

Gas (mcf/mo)

County: RIO ARRIBA, NM F.P. Date: 12/53

Field: BLANCO SOUTH (PICTU Oil Cum: 0 bbl

Reservoir: PICTURE CLIFFS Gas Cum: 2168 mmcf

Operator: CONOCO INC Location: 23I 26N 6W

District I
PO Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

Revised February 21, 1994

instructions on back

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

OIL CONSERVATION DIVISION

Submit to Appropriate District Office

District III
1000 Rio Brazos Rd. Aztec, NM 87410

PO Box 2088

State Lease - 4 Copies

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

Santa Fe, NM 87504-2088

Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | | | |
|----------------------------|--|---|--|-------------------------------------|----------------------|
| API Number 30-039-06377 | | 2 Pool Code 71629 | | 3 Pool Name Basin Fruitland Coal | |
| 4 Property Code 003145 | | 5 Property Name Buttram | | | 6 Well Number #4 |
| 7 OGRID No. 005073 | | 8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500 | | | 9 Elevation 6372' |

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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|------------|
| I | 23 | 26N | 6W | | 1500' | South | 790' | 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 320 | 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

| | | | | |
|----|--|--|--|--|
| 16 | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

790'

O ←

↑ 1500'

17 OPERATOR CERTIFICATION

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

Kay Maddox
Signature
Kay Maddox
Printed Name
Regulatory Agent
Title
July 29, 1998
Date

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.

Date of Survey
Signature and Seal of Professional Surveyor:

Certificate Number

NEW MEXICO
OIL CONSERVATION COMMISSION

Gas Well Plat

Date March 16, 1954

~~Purco Development, Inc.~~ ~~Federal Buttram~~ ~~234~~
Operator Lease Well No. #4

Name of Producing Formation So. Blanco Pool Pictured Cliffs
~~Pictured Cliffs~~

No. Acres Dedicated to the Well 16
Indicate Land Ownership Status. (Federal, State, Patented)
~~Blanco~~

SECTION 23 TOWNSHIP 24N RANGE 6E

| | | | |
|--|--|--|--|
| | | | |
| | | | |
| | | | |
| | | | |

RECEIVED
MAR 29 1954
PUSCO DEVELOPMENT, INC.

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

Name W. E. Mulock
Position Asst. Prod. Mgr.
Representing Purco Development, Inc.
Address Box 34, Artes, New Mexico

(over)

Buttram #4
Section 23, T-26-N, R-6-W, I
Rio Arriba County, NM
API # 30-039 -06377

RE: Application to Downhole Commingle

Offset Operators:

Burlington Resources
PO Box 4289
Farmington, NM 87499

Little Oil & Gas
PO Box 258
Farmington, NM 87499-1258

Caulkins Oil Co.
1600 Broadway STE 1400
Denver, CO 80202-4927