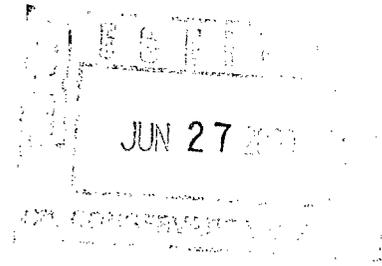


DHC 7/17/00

*Horace F. McKay Jr.*  
6012 Royal Oak St. N.E.  
P.O. Box 14738  
Albuquerque, New Mexico 87191-4738



June 26, 2000

2778

State of New Mexico Energy and Minerals  
Oil conservation Division  
2040 S. Pacheco  
Santa Fe, New Mexico 87505-6429

Attn: Lori Wrotenbery, Director

Ladies and Gentlemen:

Enclosed are 2 completed C-107-A forms. If you need any further information, please call me at 505-296-5508.

Very truly yours,

*Bill Mayhew*

William J. Mayhew

WJM:mm  
Encls.

DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240  
DISTRICT II  
811 South First St., Artesia, NM 88210  
DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410  
DISTRICT IV  
2040 S. Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department  
**OIL CONSERVATION DIVISION**  
2040 S. Pacheco  
Santa Fe, New Mexico 87505-6429

Form C-107-A  
Revised August 1999

APPROVAL PROCESS:

Administrative  
 Hearing

EXISTING WELLBORE

YES  NO

APPLICATION FOR DOWNHOLE COMMINGLING

Operator: Horace F. McKay, Jr. Address: P.O. Box 14738 Albuquerque, NM 87191  
 Operator: Maxwell Well No.: 1 Unit Ltr. - Sec - Twp - Rge: F Sec. 1 Twp.30N, Rge 23W County: San Juan  
 Lease: 010715 Well No.: 30-045-09918 Spacing Unit Lease Types: (check 1 or more)  
 OGRID NO. 010715 Property Code 30-045-09918 API NO. 30-045-09918 Federal      State      (under) Fee X

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	Flora Vista FR Sand 76600		Aztec PC 71280
2. Top and Bottom of Pay Section (Perforations)	1931-38		2210-2228
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a. (Current) 290 (est)	a.	a. 210 (est)
	b. (Original) 600 (est)	b.	b. 750 (est)
6. Oil Gravity (EAPI) or Gas BTU Content	1200 (est.)		1190
7. Producing or Shut-In?	Shut-In		producing
Production Marginal? (yes or 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  * If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Yes		Yes
	Date: see attached Rates: 120 MCFD 10 BWD	Date: Rates:	Date: Rates:
	Date: Rates:	Date: Rates:	Date: April 1-May 31, 2000 Rates: 40 MCFD 3 BWD
8. Fixed Percentage Allocation Formula - % for each zone (total of %'s to equal 100%)	Oil: % Gas: 75 %	Oil: % Gas: %	Oil: % Gas: 25 %

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
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(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 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 William J. Mayhew TITLE Gen. Mgr. DATE 6/26/00  
 TYPE OR PRINT NAME William J. Mayhew TELEPHONE NO. (505) 296-5508

*Horace F. McKay Jr.*  
*6012 Royal Oak St. N.E.*  
*P.O. Box 14738*  
*Albuquerque, New Mexico 87191-4738*

ATTACHMENT  
C-107-A - Maxwell # 1 Well  
NW 1/4 Section 1, Twp. 30N, Rge 12W, San Juan County, New Mexico

#7 The Maxwell # 1 is a Pictured Cliff well drilled in 1958. We recently put a compressor on the well to overcome high line pressures and production increased significantly and has settled in around 30-40 MCFD.

There are two Fruitland sand wells in the area. One drilled in the late 1950's which is producing about 30 MCFD now. The Uptegrove IR was drilled and completed in Section 2 and is currently producing about 180-200 MCFD. The Uptegrove IR has a much thicker section and therefore we estimate the Maxwell # 1 will produce about 120 MCFD.

16. C-102's Attached  
Production Curve Attached

16. I am allocating 25% Pictured Cliffs and 75% Fruitland sand based on current production from the Pictured Cliffs and estimated production from 2 Fruitland sand wells in the area as stated above.

All working royalty and overriding royalty interests are common.

NEW MEXICO OIL CONSERVATION COMMISSION

Well Location and Acreage Dedication Plat

Section A.

Date May 16, 1958

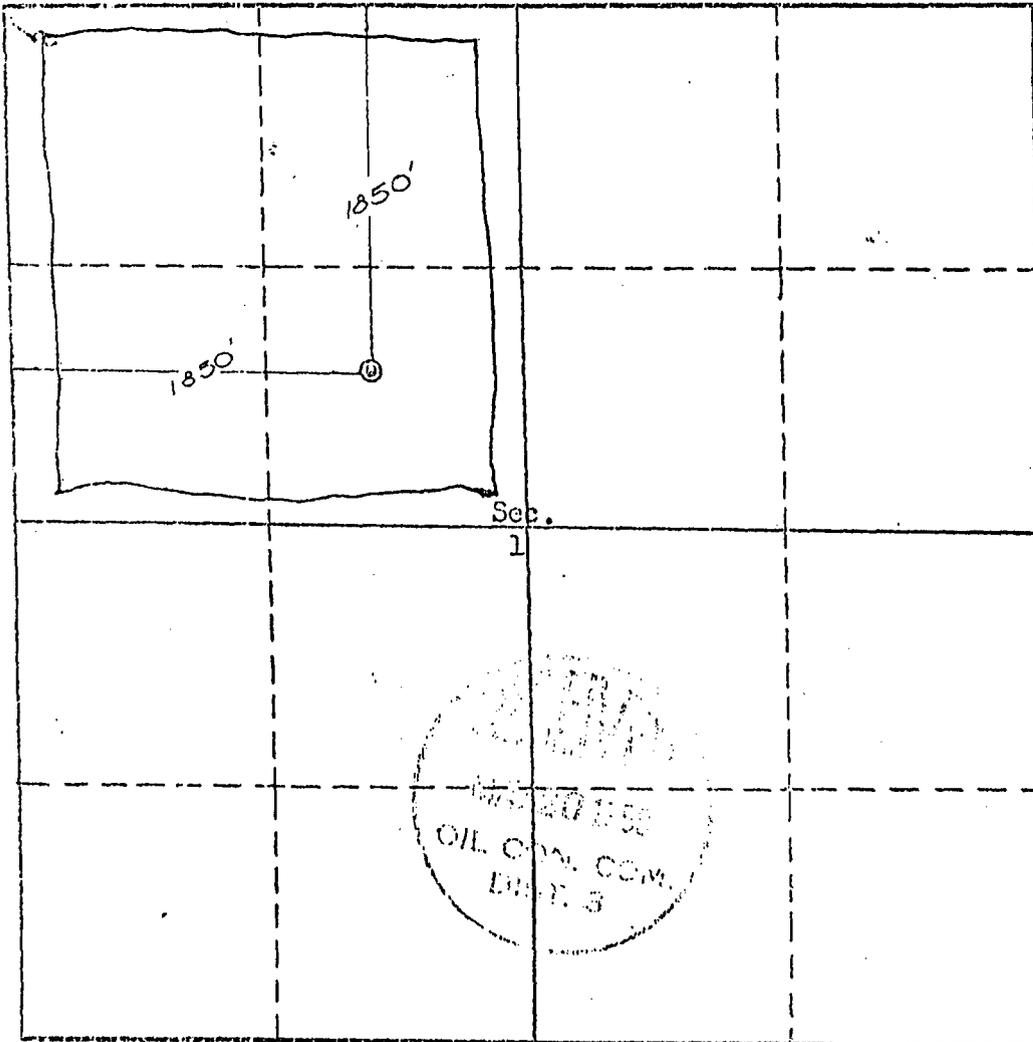
Operator McKay-Payne-Zachary Lease Maxwell  
 Well No. 1 Unit Letter F Section 1 Township 30 North Range 12 West NMPM  
 Located 1850 Feet From North Line, 1850 Feet From West Line  
 County San Juan G. L. Elevation 5818 Dedicated Acreage 150 159.110 Acres  
 Name of Producing Formation Pictured Cliffs Pool Aztec

1. Is the Operator the only owner\* in the dedicated acreage outlined on the plat below?  
 Yes \_\_\_\_\_ No X
2. If the answer to question one is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? Yes X No \_\_\_\_\_. If answer is "yes,"  
 Type of Consolidation Communitization Filed San Juan Co. N.M.
3. If the answer to question two is "no," list all the owners and their respective interests below:

Owner

Land Description

Section B



This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

McKay-Payne-Zachary  
 (Operator)  
R. E. Jackson  
 (Representative)  
Box 891 - Farmington, N.M.  
 Address

This is to certify that the well location shown on the plat in Section B 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 May 16, 1958

Ernest V. Echohawk  
 Ernest V. Echohawk  
 Registered Land Surveyor.

DISTRICT I  
 P.O. Box 1980, Hobbs, NM 88241-1980  
 District II  
 P.O. Drawer DD, Artesia, NM 88211-0719  
 District III  
 1000 Rio Brazos RD., Artec, NM 87410  
 District IV  
 P.O. Box 2088, Santa Fe, NM 87504-2088

STATE OF NEW MEXICO  
 Energy, Minerals & Natural Resources Department

Revised February 21, 1994

Instructions on back  
 Submit to Appropriate District Office

**OIL CONSERVATION DIVISION**  
 P.O. Box 2088  
 Santa Fe, NM 87504-2088

State Lease - 4 Copies  
 Fee Lease - 3 Copies

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1 API Number 30-045-09918	2 Pool Code 76600	3 Pool Name FLORA VISTA FRUITLAND SAND
4 Property Code	5 Property Name MAXWELL	6 Well Number #1
7 OGRID No. 010715	8 Operator Name HORACE F. MCKAY, JR.	9 Elevation 5818' GL

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
F	1	30N	12W		1850'	NORTH	1850'	WEST	SAN JOAN

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 160	13 Joint or Infill N	14 Consolidation Code C	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

	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.
	Signature <i>William J. Mayhew</i>
	Printed Name William J. Mayhew
	Title Gen. Manager
	Date 4/28/00
	18 SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes or 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 Professional Surveyor:
	Certificate Number

MAXIMUM  
24 MONTH  
PRODUCTION CURVE

