

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] 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[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 further verify that all applicable API Numbers are included. 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.

A. R. KENDRICK  
Print or Type NameA. R. Kendrick  
SignatureAGENT  
Title9/13/01  
Date

PKRVO124836276

DHC

N/R

A. R. KENDRICK

P. O. Box 516  
Aztec, New Mexico 87410

OIL CONSERVATION DIV.

August 28, 2001 AUG 30 PM 1:02

~~SK~~ - ~~XXXXXX~~  
DHC-2955

Ms. Lori Wrotenbery  
Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Re: Application for Downhole Commingling  
Schalk Development Company  
Schalk 94 #2A, 1020' FSL 1120' FEL, P-26-32N-8W, San Juan County  
Albino-Pictured Cliffs Pool and Blanco-Mesaverde Pool  
Federal Lease No. NM-6894

Dear Ms. Wrotenbery:

Enclosed are Form C-107-A and supplemental documents as an application for authority to downhole commingle the production from the Albino-Pictured Cliffs Pool and the Blanco-Mesaverde Pool within the subject wellbore.

Based on the history of offset and other nearby Pictured Cliffs attempts, this will be a marginally economic operation. The intent is to attempt to produce the Pictured Cliffs gas while a viable wellbore exists.

Offset operators are being notified by Certified Mail at the same time as this application.

If there are questions, please contact me by phone or fax at (505) 334-2555.

Yours very truly,



A. R. Kendrick  
Agent for Schalk Development Company

Enclosures as stated

cc: Oil Conservation Division, 1000 Rio Brazos Road, Aztec, NM 87410  
Bureau of Land Management, 1235 La Plata Highway, Farmington, NM 87401  
Burlington Resources Oil & Gas Company, P O Box 4289, Farmington, NM 87499-4289  
Phillips Petroleum Company, 5525 Highway 64, Farmington, NM 87401  
Schalk Development Company, P O Box 25825, Albuquerque, NM 87125

**A. R. KENDRICK**P. O. Box 516  
Aztec, New Mexico 87410

September 18, 2001

By Electronic Facsimile to (505) 476-3462

Mr. Richard Ezeanyim  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505Re: Application for Downhole Commingling  
Schalk Development Company (020389)  
Schalk 94 #2A, API No. 30-045-25279  
1020' FSL 1120' FEL, P-26-32N-08W, San Juan County  
Albino-Pictured Cliffs Pool (70120) and Blanco-Mesaverde Pool (72319)

Dear Mr. Ezeanyim:

Please cause this ADMINISTRATIVE APPLICATION COVERSHEET to be attached to the subject application.

I realize that this is not the new ADMINISTRATIVE APPLICATION CHECKLIST as requested for the application - this what is available at the District Office in Aztec.

The copy Faxed to me was not usable.

The letter requiring these new forms was not sent to the people who file the applications - it was sent to a mailing-list of operators.

If further information is needed, please call or fax me at (505) 334-2555.

Yours very truly,



A. R. Kendrick

Encl.

DINE-2955

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

District II  
811 South First Street, Artesia, NM 88210

District III  
1000 Rio Brazos 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 May 15, 2000

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

APPLICATION FOR DOWNHOLE COMMINGLING

Schalk Development Company, P O Box 25825, Albuquerque, NM 87125

Operator Schalk 94 Address 2A P-26-32N-8W San Juan  
Lease Well No. Unit Letter-Section-Township-Range County  
OGRID No. 020389 Property Code API No. 30-045-25279 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Albino <del>Pictured Cliffs</del>		Blanco <del>Mesaverde</del>
Pool Code	70120		72319
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3544' to 3624'		5542' to 5998'
Method of Production (Flowing or Artificial Lift)	Flow		Flow
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)	est 1300 psi		est 400 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	est 1120		est 1220
Producing, Shut-In or New Zone	Producing		Producing
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.)	Production 6/01 Date: Oil- 0 Bbl Rates: Gas-21 Mcf Wat-.1 Bbl	Date: Rates:	Estimate Date: Oil- 0 Bbl Rates: Gas-72 Mcf Wat-.1 Bbl
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 100% Gas 18%	Oil % Gas %	Oil 0 % Gas 82 %

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 ☐  
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: \_\_\_\_\_

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 A.R. Kendrick TITLE Agent DATE August 28, 2001  
TYPE OR PRINT NAME A.R. Kendrick TELEPHONE NO. (505) 334-2555

Attachments to Application for Downhole Commingling  
Schalk Development Company  
Schalk 94 #2A  
P-26-32N-8W

Forms C-102 for each zone.

The Albino-Pictured Cliffs pool is a small pool, therefore a plat is enclosed.

The recommended gas production allocation formula is based on the averages of the values shown on the enclosed gas production plots for the latest 18 months for the Schalk 94 #2A (Mesaverde), P-26-32N-8W and the Schalk 94 #3 (Pictured Cliffs), M-26-32N-8W. The Pictured Cliffs rate from the new completion is not known; using this estimate cannot be exact, but should be close. ( $1397 + 298 = 1695$ ;  $1397 \div 1695 = 82\%$ , and  $298 \div 1695 = 18\%$ )

The Schalk 94 #3 is the nearest well completed in the Pictured Cliffs formation as shown by the Offset Wells plat. Most other Pictured Cliffs wells within two miles of the subject well have been abandoned.

Condensate production from either formation is expected to be minimal; therefore, any condensate production should be allocated to the Pictured Cliffs formation.

A plat showing the offset operators and proration units for Pictured Cliffs and Mesaverde wells is enclosed.

Also enclosed is a schematic of the proposed wellbore after downhole commingling.

It is believed that if cross-flow does occur, all the products can and will be produced from this wellbore.

It is believed that downhole commingling will be in the best interests of conservation and the prevention of waste.

Notification of this application is being forwarded to each offset operator by Certified Mail, plus the Bureau of Land Management, and the Aztec District Office of the Oil Conservation Division at the addresses on the enclosed list.

State of New Mexico  
Energy, Minerals & Mining Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Form C-102

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number <b>30-045-25278</b>	Pool Code <b>70120</b>	Pool Name <b>Albino-Pictured Cliffs</b>
Property Code	Property (Well) Name <b>Schalk 94</b>	Well Number <b>2A</b>
OGRID No. <b>020389</b>	Operator Name <b>Schalk Development Company</b>	Elevation <b>6636' GR</b>

**Surface Location**

UL or Lot <b>P</b>	Sec. <b>26</b>	Twp. <b>32N</b>	Rge. <b>08W</b>	Lot Idn.	Feet from > <b>1020</b>	North/South <b>South</b>	Feet from > <b>1120</b>	East/West <b>East</b>	County <b>San Juan</b>
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**Bottom Hole Location If Different From Surface**

UL or Lot	Sec.	Twp.	Rge.	Lot Idn.	Feet from >	North/South	Feet from >	East/West	County
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Dedication <b>160</b>	Joint? <b>N</b>	Consolidation	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

		NM-6894	
			<p>1120'</p> <p>1020'</p>

**OPERATOR CERTIFICATION**

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

Signature

*[Signature]*

Printed Name

**A. R. Kendrick**

Title

**Agent**

Date

**8/27/01**

**SURVEYOR CERTIFICATION**

I hereby certify that the well location 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  
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form O-102  
Supersedes O-128  
Effective 1-1-85

All distances must be from the outer boundaries of the Section.

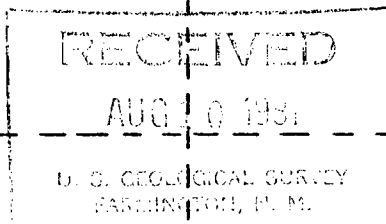
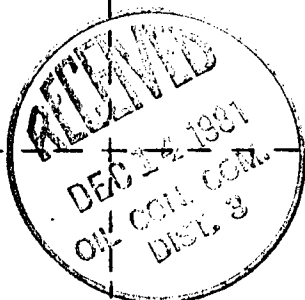
Operator <b>Schalk Development Co.</b>		Lease <b>Schalk 94</b>		Well No. <b>2-A</b>
Unit Letter <b>P</b>	Section <b>26</b>	Township <b>32 North</b>	Range <b>8 West</b>	County <b>San Juan</b>
Actual Footage Location of Well: <b>1020</b> feet from the <b>South</b> line and <b>1120</b> feet from the <b>East</b> line				
Ground Level Elev: <b>6636</b>	Producing Formation <b>Mesa Verde</b>	Foot: <b>Blanco Mesa Verde</b>	Dedicated Acreage: <b>5 320</b> Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure 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).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

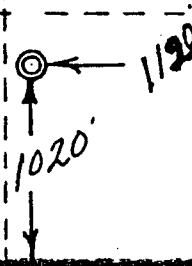
☐ Yes ☐ No If answer is "yes," type of consolidation \_\_\_\_\_

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 communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



Section 26



CERTIFICATION

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

Name  
**John E. Schalk**

Position  
**Managing Partner**

Company  
**Schalk Development Co.**

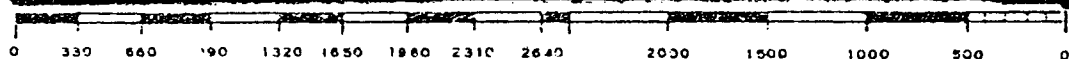
Date  
**July 31, 1981**

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.

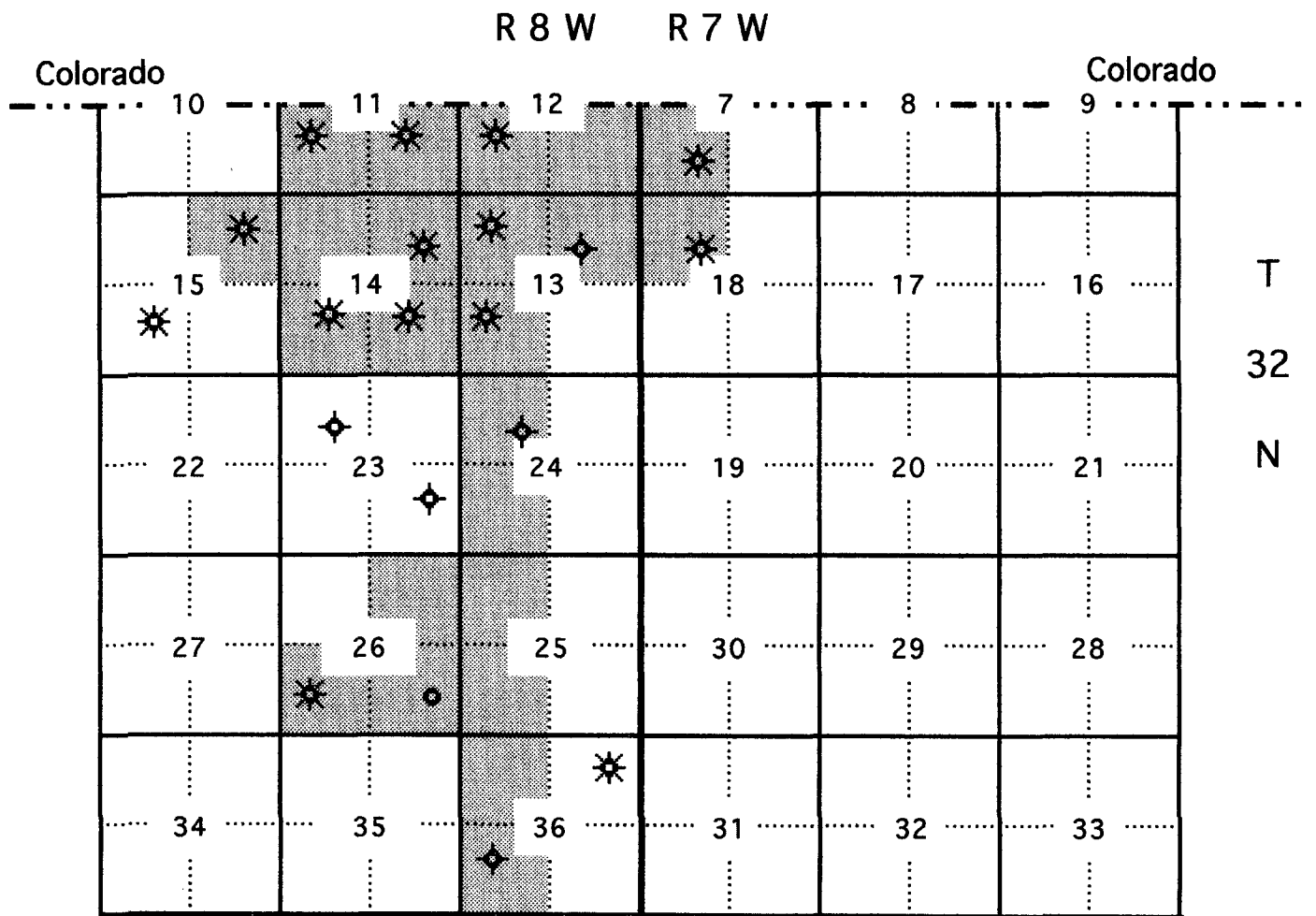
Date Surveyed  
**July 30, 1981**

Registered Professional Engineer  
**3084**

State of New Mexico  
**L. POTEET**

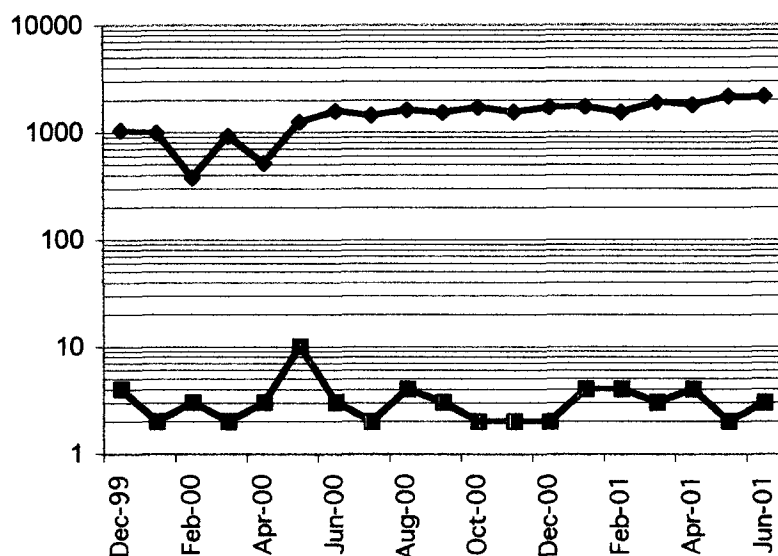


# Albino-Pictured Cliffs Pool





Schalk 94 #2A  
P-26-32N-8W  
Blanco-Mesaverde Pool



AVERAGES

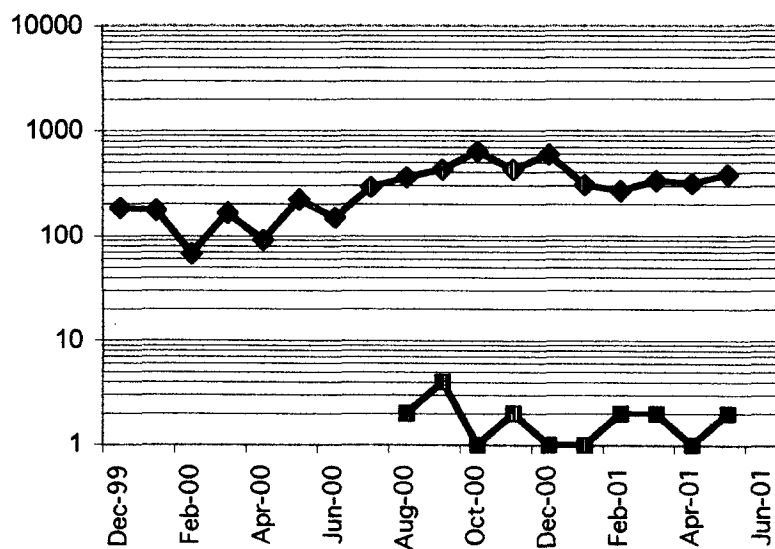
MESAVERDE

GAS  
1397 MCF

WATER  
3 BBL

CONDENSATE  
ZERO

Schalk 94 #3  
M-26-32N-8W  
Albino-Pictured Cliffs Pool



PICTURED CLIFFS

GAS  
298 MCF

WATER  
2 BBL

CONDENSATE  
ZERO

PROPOSED ALLOCATION FORMULAE

	Gas	Condensate	Water
Mesaverde:	82%	0.00%	60%
Pictured Cliffs:	18%	100%	40%

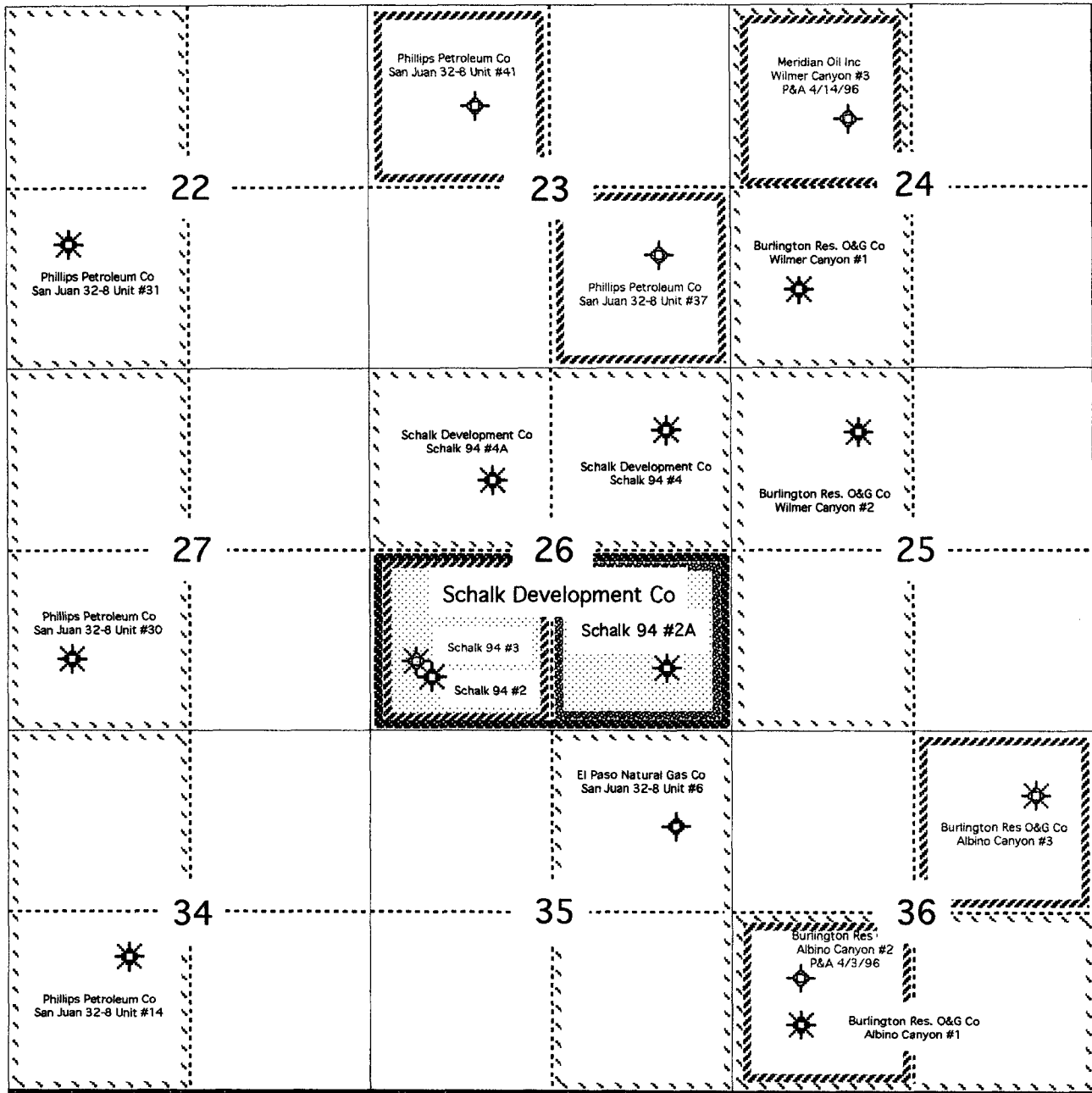
# Offset Wells

Schalk 94 #2A Well  
1020' FSL 1120' FEL, P-26-32N-08W



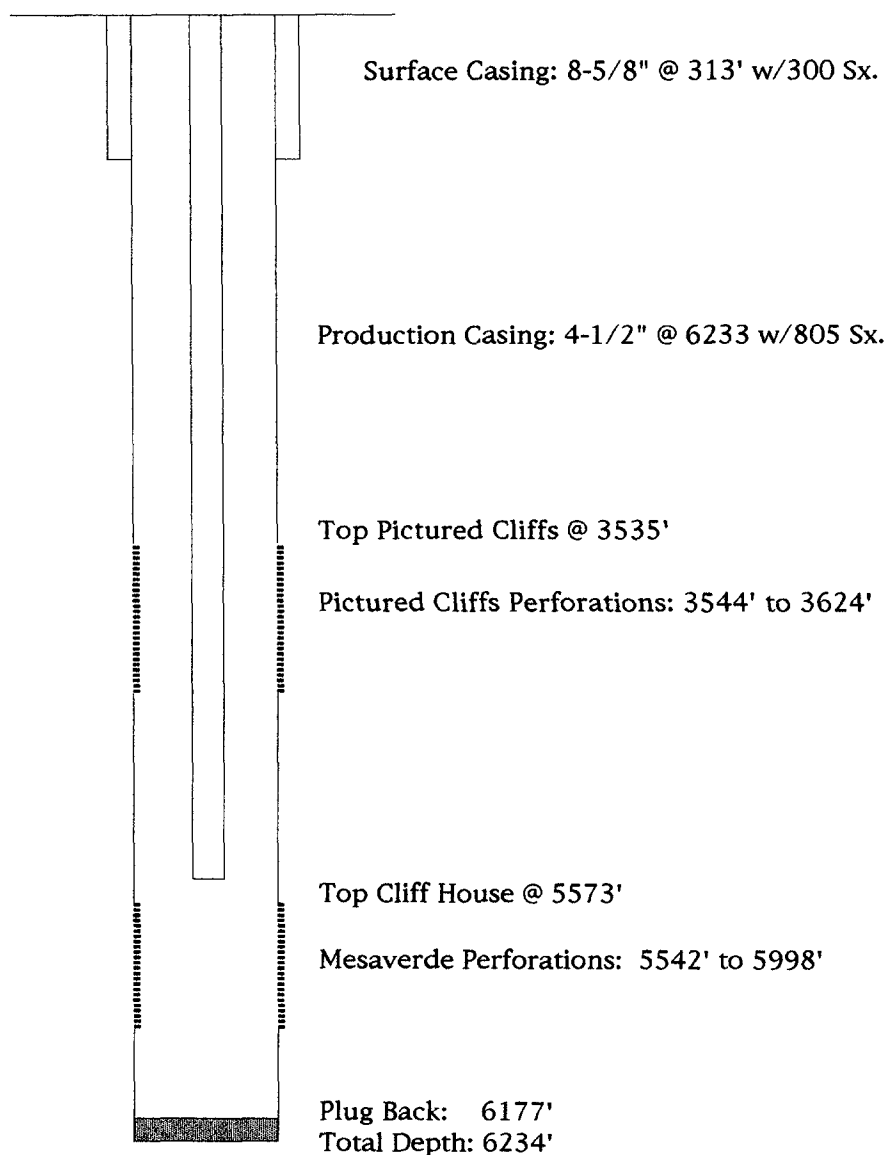
Pictured Cliffs Dedication  
Mesaverde Dedication

R 8 W



T  
32  
N

Schematic  
Schalk Development Company  
Schalk 94 #2A  
1020' FSL 1120' FEL 26-32N-08W




NOTICES SENT TO:

Burlington Resources Oil & Gas Company - via CERTIFIED MAIL  
P O Box 4289  
Farmington, New Mexico 87499-4289

Phillips Petroleum Company - via CERTIFIED MAIL  
5525 Highway 64  
Farmington, New Mexico 87401

Bureau of Land Management  
1235 La Plata Highway  
Farmington, New Mexico 87401

Oil Conservation Division  
1000 Rio Brazos Road  
Aztec, New Mexico 87410

  
Schalk Development Company  
P O Box 25825  
Albuquerque, New Mexico 87125

A. R. KENDRICK  
P. O. Box 516  
Aztec, New Mexico 87410

SON DIV.

August 31, 2001

SEP 3 19 1:38

Ms. Lori Wrotenbery  
Oil Conservation Division  
2040 South Pacheco Street  
Santa Fe, New Mexico 87505

Re: Application for Downhole Commingling  
Schalk Development Company  
Schalk 94 #2A, 1020' FSL 1120' FEL, P-26-32N-8W, San Juan County  
Albino-Pictured Cliffs Pool and Blanco-Mesaverde Pool  
Federal Lease No. NM-6894

Dear Ms. Wrotenbery:

Enclosed are the Return Receipt Cards proving delivery of the copies of the subject application to the offset operators.

If there are questions, please contact me by phone or fax at (505) 334-2555.

Yours very truly,



A. R. Kendrick  
Agent for Schalk Development Company

Enclosures as stated

cc: Schalk Development Company, P O Box 25825, Albuquerque, NM 87125

7 11 1

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address

2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:  
**Phillips Petroleum Co.**  
**5525 Highway 64**  
**Farmington, NM 87401**

4a. Article Number  
**7000 0520 0018 0515 1650**

4b. Service Type

☐ Registered ☒ Certified

☐ Express Mail ☐ Insured

☐ Return Receipt for Merchandise ☐ COD

7. Date of Delivery  
**8-30-01**

8. Addressee's Address (Only if requested and fee is paid)

5. Received By: (Print Name)  
**Kenneth W. W. W. W. W.**

6. Signature: (Addressee or Agent)  
**X Kenneth W. W. W. W.**

PS Form 3811, December 1994 102595-98-B-0229 Domestic Return Receipt

Thank you for using Return Receipt Service.

**SENDER:**

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address

2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:  
**Burlington Resources O&G Co.**  
**PO Box 4289**  
**Farmington, NM 87499-4289**

4a. Article Number  
**7000 0520 0018 0515 1667 03**

4b. Service Type

☐ Registered ☒ Certified

☐ Express Mail ☐ Insured

☐ Return Receipt for Merchandise ☐ COD

7. Date of Delivery  
**8-30-01**

8. Addressee's Address (Only if requested and fee is paid)

5. Received By: (Print Name)  
**Judith Dee**

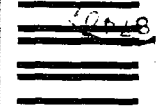
6. Signature: (Addressee or Agent)  
**X Judith Dee**

PS Form 3811, December 1994 102595-98-B-0229 Domestic Return Receipt

Thank you for using Return Receipt Service.

UNITED STATES POSTAL SERVICE

9711  
AUG 30 2001

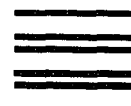


First-Class Mail  
Postage & Fees Paid  
USPS  
Permit No. G-10

• Print your name, address, and ZIP Code in this box •

**A. Kendrick**  
**P.O. Box 516**  
**Aztec, NM 87410-0516**

UNITED STATES POSTAL SERVICE



First-Class Mail  
Postage & Fees Paid  
USPS  
Permit No. G-10

• Print your name, address, and ZIP Code in this box •

**A R Kendrick**  
**Box 516**  
**Aztec, NM 87410-0516**