

DISTRICT I

P.O. Box 1880, Hobbs, NM 88241-1880

DISTRICT II

811 South First St., Artesia, NM 88210-2835

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410-1893

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429Form C-107-A
New 3-12-96

APPROVAL PROCESS

___ Administrative ___ Hearing

EXISTING WELLBORE

___ YES ___ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Thompson Engineering & Production Corp. 7415 E. Main, Farmington, New Mexico 87402

Operator: Blancett 2R P 13 30N 12W San Juan
Lease: Well No. Unit Ltr. - Sec. - Twp. - Rge. CountyOGRID NO. 037581 Property Code 17560 API NO. 30-045-29281 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		Aztec Pictured Cliffs
2. Top and Bottom of Pay Section (Perforations)	1784 - 1802		1804 - 1852
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Pumping		Pumping
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a. (Current) b. (Original) EST. 350	a. b.	a. b. 350
6. Oil Gravity (°API) or Gas BTU Content			1127
7. Producing or Shut-In?			
Production Marginal? (yes or no)			Yes
* 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:	Date: Rates:	Date: Rates:
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: Rates:	Date: Rates:	Date: 4/97 Rates: 50 MCF/D 5BWP
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 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. NMOC 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 Paul C. Thompson TITLE President DATE 8/19/97TYPE OR PRINT NAME Paul C. Thompson TELEPHONE NO. (505) 327-4892

**WALSH**

ENGINEERING & PRODUCTION CORP.

Petroleum Engineering Consulting
Lease Management
Contract Pumping7415 East Main
Farmington, New Mexico 87402
(505) 327-4892

August 1, 1997

Mr. William J. LeMay
New Mexico Oil Conservation Division
2040 S. Pacheco
Santa Fe, NM 87504-2088

Re: Non-Standard Spacing Unit
Downhole Commingling Application
Thompson Engineering
Blancett #2R
790' FSL, 830' FEL
Section 13, T30N R12W
San Juan County, NM

Dear Mr. LeMay,

This is a request for administrative approval for a Non-Standard Spacing Location in the Basin Fruitland Coal pool, and for downhole commingling of the production from the Pictured Cliffs and Fruitland Coal, for the referenced well.

The Blancett #2R is currently producing from the Aztec Pictured Cliffs pool. The well is only capable of marginal production, despite our efforts to produce the well with a compressor and pump jack. A Fruitland Coal completion, subsequent downhole commingling with the Pictured Cliffs in this wellbore, will allow us to produce our Fruitland Coal gas without the expense of drilling additional wells. Besides the economic benefits of utilizing the existing wellbore, we will reduce the surface disturbance since the pad and pipeline facilities are already in place. The surface is owned by Richard Blancett.

Exhibit 1 is a copy of Form C-102 for each formation. Attached is a plat indicating the offset Fruitland Coal and Pictured Cliffs operators and existing wells (Exhibit 2) and a list of offset operators and their addresses (Exhibit 3).

The offset Fruitland Coal and Pictured Cliffs operators are being notified of this application by certified return receipt mail. Copies of these letters are enclosed as Exhibit 4.



Exhibit 5 is a list of the working, royalty, and overriding royalty interest owners in the proposed commingled well. All of these parties were notified of this application by certified mail. Copies of these letters are also included in Exhibit 5.

Exhibit 6 describes the proposed allocation formula. Exhibit 7 is a rate vs. time curve for the Pictured Cliffs formation and a list of the monthly production. Also included in Exhibit #7 is a gas analysis from the Pictured Cliffs formation.

Thank you for your consideration and approval of this application. If you have any questions please do not hesitate to call upon me.

Sincerely,

A handwritten signature in black ink, reading "Paul C. Thompson", with a stylized flourish at the end.

Paul C. Thompson, P.E.
President, Thompson Engineering

cc: Chris Coleman
NMOCD Aztec NM

LIST OF EXHIBITS

Form C-102	Exhibit 1
Plat of Offset Operators	Exhibit 2
List of Offset Operators	Exhibit 3
Notification Letters to Offset Operators	Exhibit 4
List of Working, Royalty and ORR Owners and Notification Letters	Exhibit 5
Allocation Formula	Exhibit 6
Rate vs. Time Curve and Gas Analysis From Pictures Cliffs	Exhibit 7

