

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OIL CONS. COMMISSION
P.O. BOX 1980
MOBBS, NEW MEXICO 88440
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

SUBMIT IN TRIPLICATE

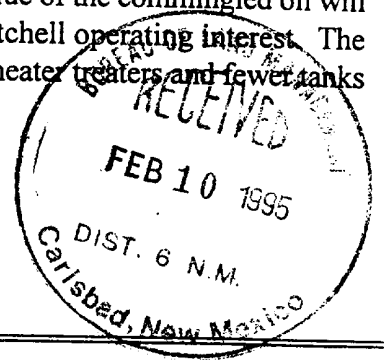
| | |
|---|---|
| 1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other | 5. Lease Designation and Serial No. NM-67111 |
| 2. Name of Operator Mitchell Energy Corporation | 6. If Indian, Allottee or Tribe Name NA |
| 3. Address and Telephone No. P. O. Box 4000, The Woodlands, TX 77387-4000 | 7. If Unit or CA, Agreement Designation NA |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 31, T19S, R33E 2275/S & 40/W | 8. Well Name and No. #9 Geronimo Federal lease |
| | 9. API Well No. 30-025-32133 |
| | 10. Field and Pool, or Exploratory Area |
| | 11. County or Parish, State Lea County, New Mexico |

12. **CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

| TYPE OF SUBMISSION | TYPE OF ACTION | |
|--|--|--|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Abandonment | <input type="checkbox"/> Change of Plans |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Recompletion | <input type="checkbox"/> New Construction |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Plugging Back | <input type="checkbox"/> Non-Routine Fracturing |
| | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> Water Shut-Off |
| | <input type="checkbox"/> Altering Casing | <input type="checkbox"/> Conversion to Injection |
| | <input checked="" type="checkbox"/> Other <u>Surface Commingling</u> | <input type="checkbox"/> Dispose Water |

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

We hereby request administrative approval to commingle production from the Bone Spring and Delaware formations at the surface for the Geronimo Federal lease. The gravity of the Delaware oil is 41.7° and the Bone Spring is 41.3°. We currently get the same price for both. The expected gravity for the commingled production will be around 41.6°. The field currently produces 100 BOPD from the Delaware and 10 BOPD from the Bone Spring. A well location plat and schematic diagram of the battery is attached. The value of the commingled oil will be the same as it currently is. The lease is all on federal acreage and is all 100% Mitchell operating interest. The use of a single battery will be more efficient due to less gas used at lease for burning heater treaters and fewer tanks that will have to be circulated.



14. I hereby certify that the foregoing is true and correct

| | | |
|---|---------------------------------|--------------------|
| Signed <u>James Blount</u> | Title <u>Engineer</u> | Date <u>2-1-95</u> |
| (This space for Federal or State office use) | | |
| Approved by <u>Orig. Signed by Adam Salamah</u> | Title <u>Petroleum Engineer</u> | Date <u>3/8/95</u> |
| Conditions of approval, if any: | | |

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*See Instruction on Reverse Side

CRA BLM FORMAT

APPLICATION FOR SURFACE COMMINGLING,
OFF LEASE STORAGE AND MEASUREMENT APPROVAL

This Format Should Be Attached To A Sundry Notice

To: Bureau of Land Management
P. O. Box 1778
Carlsbad, New Mexico 88221-1778

Mitchell Energy Corporation (Operator's Name) is requesting approval for surface commingling and off-lease storage and measurement of hydrocarbon production from the following formation(s) and well(s) on Federal Lease No. NM-67111 ; Lease Name: Geronimo Fed

| <u>Well</u> <u>No.</u> | <u>Loc.</u> | <u>Sec.</u> | <u>Twp.</u> | <u>Rng.</u> | <u>Formation</u> |
|---------------------------|-------------|-------------|-------------|-------------|------------------|
| <u>1</u> | <u>D</u> | <u>31</u> | <u>19S</u> | <u>33E</u> | <u>Delaware</u> |
| <u>4</u> | <u>F</u> | <u>31</u> | <u>19S</u> | <u>33E</u> | <u>Delaware</u> |
| <u>6</u> | <u>E</u> | <u>31</u> | <u>19S</u> | <u>33E</u> | <u>Delaware</u> |
| <u>9</u> | <u>L</u> | <u>31</u> | <u>19S</u> | <u>33E</u> | <u>Delaware</u> |

with hydrocarbon production from the following formation(s) and well(s) on Federal lease No. NM-67111 ; Lease Name: Geronimo Fed

| <u>Well</u> <u>No.</u> | <u>Loc.</u> | <u>Sec.</u> | <u>Twp.</u> | <u>Rng.</u> | <u>Formation</u> |
|---------------------------|-------------|-------------|-------------|-------------|--------------------|
| <u>5</u> | <u>C</u> | <u>31</u> | <u>19S</u> | <u>33E</u> | <u>Bone Spring</u> |
| <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

Production from the wells involved is as follows:

| <u>Well Name and No.</u> | <u>BOPD</u> | <u>Oil Gravity</u> | <u>MCFPD</u> |
|--------------------------|-------------|--------------------|--------------|
| <u>Geronimo Fed #1</u> | <u>23</u> | <u>41.7</u> | <u>65</u> |
| <u>Geronimo Fed #4</u> | <u>26</u> | <u>41.7</u> | <u>25</u> |
| <u>Geronimo Fed #5</u> | <u>11</u> | <u>41.3</u> | <u>22</u> |
| <u>Geronimo Fed #6</u> | <u>38</u> | <u>41.7</u> | <u>145</u> |
| <u>Geronimo Fed #9</u> | <u>16</u> | <u>41.7</u> | <u>52</u> |
| <u> </u> | <u> </u> | <u> </u> | <u> </u> |

Continued ...

Continued:

The proposed operation is described in detail on the attached diagrams.

A map is enclosed showing the lease numbers and location of all leases and wells that will contribute production to the proposed commingling/common storage facility. All unitized/communitized areas, producing zones/pools are also clearly illustrated.

A schematic diagram is also attached which clearly identifies all equipment that will be utilized.

The storage and measuring facility is located at NW -1/4, Sec. 31, T19 S, R 33 E, on lease No. NM-67111, Lea County, New Mexico. BLM will be notified if there is any future change in the facility location.

Details of the proposed method for allocating production to contributing sources is as follows:

MONTHLY WELL TESTS WITH THE USE OF 2 HEATER TREATERS WILL BE USED TO
DETERMINE PRODUCTION PERCENTAGES ALLOCATED BACK TO WELLS.

The working interest owners have been notified of the proposal.

The proposed commingling of production is in the interest of conservation and will not result in reduced royalty or improper measurement of production.

The proposed commingling is necessary for continued operation of the above referenced Federal leases.

We understand that the requested approval will not constitute the granting of any right-of-way or construction rights not granted by the lease instrument. And, we will submit within 30 days an application for right-of-way approval to the BLM's Realty Section in your office if we have not already done so.

Additional wells require additional commingling approvals.

Signature: James Blount

Name: James Blount

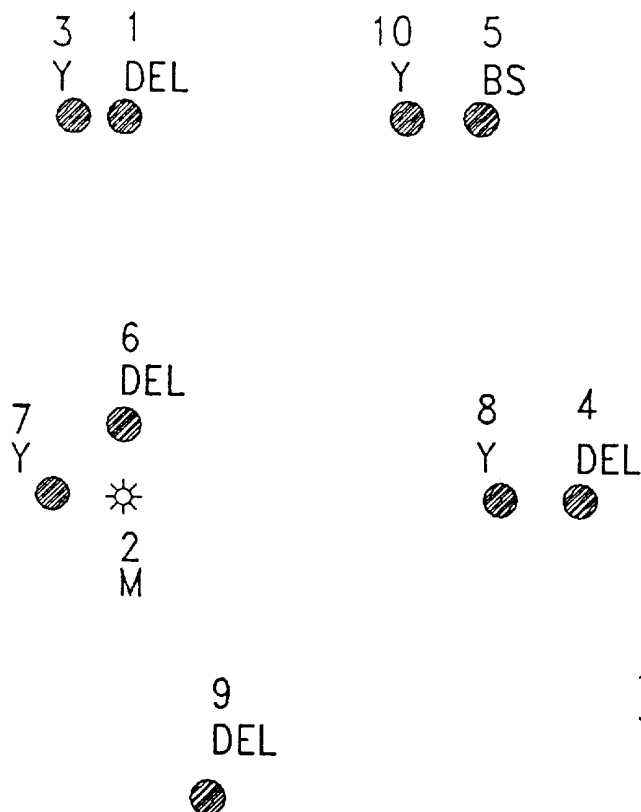
Title: Production Engineer

Date: 1-31-95

APPLICATION FOR SURFACE COMMINGLING
MITCHELL ENERGY CORPORATION
GERONIMO FEDERAL LEASE (NM-67111)
LEA COUNTY, NEW MEXICO

| WELL NAME AND NUMBER | UNIT LETTER | LOCATION | PRODUCING FORMATION |
|-------------------------|----------------|--|------------------------|
| Geronimo Fed No. 1 | D | 660' FNL & 660' FWL Sec. 31, T19S, R33E | Delaware |
| Geronimo Fed No. 4 | F | 1980' FNL & 1980' FWL Sec. 31, T19S, R33E | Delaware |
| Geronimo Fed No. 5 | C | 660' FNL & 1650' FWL Sec. 31, T19S, R33E | Bone Spring |
| Geronimo Fed No. 6 | E | 1725' FNL & 660' FWL Sec. 31, T19S, R33E | Delaware |
| Geronimo Fed No. 9 | L | 2275' FSL & 960' FWL Sec. 31, T19S, R33E | Delaware |

geron.com



MITCHELL ENERGY
"GERONIMO FEDERAL"

PRODUCTION CODE

Y Yates / 7 Rivers Production
BS Bone Spring Production
DEL Delaware Production
M Morrow Production



MITCHELL ENERGY CORPORATION

400 W. ILINOIS, STE. 1000

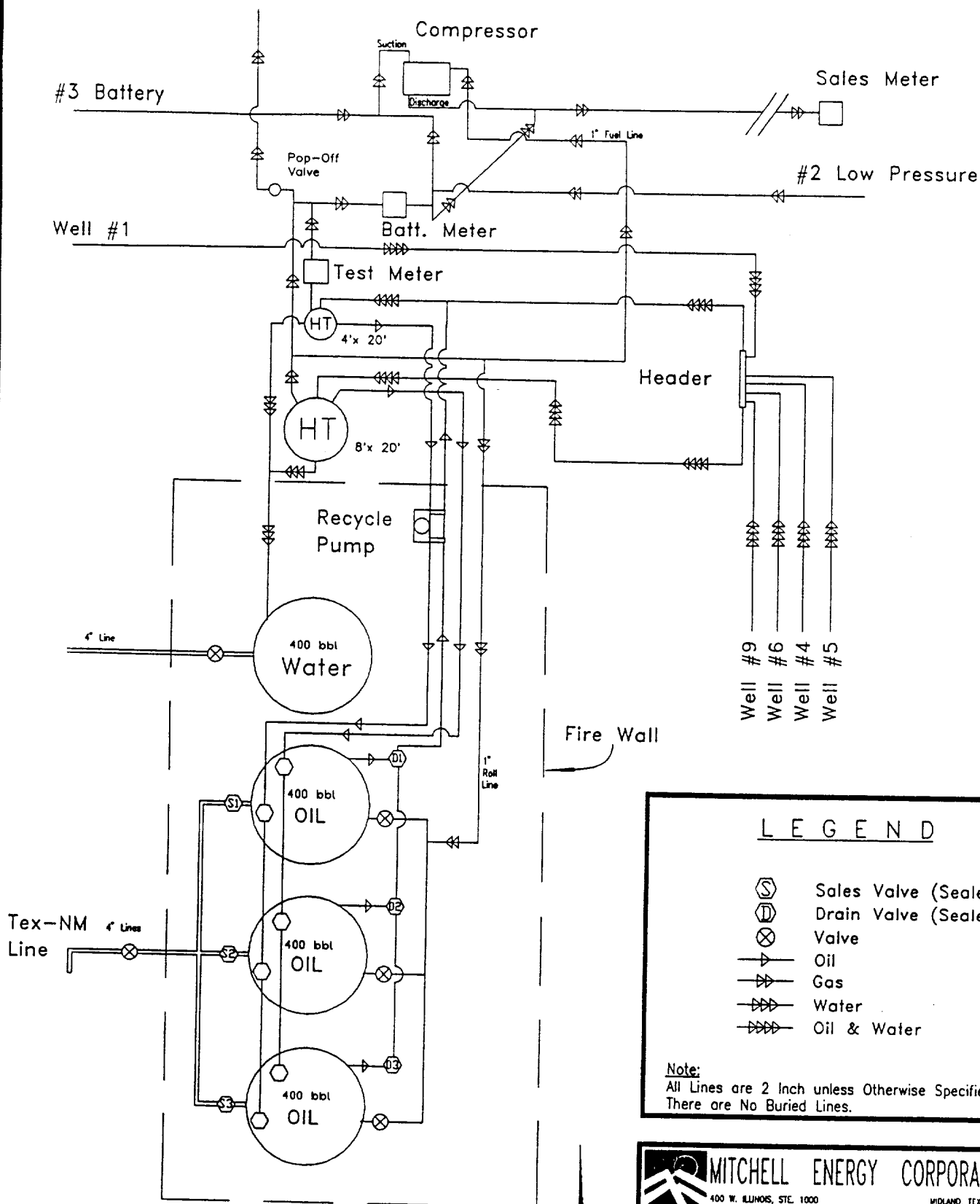
MIDLAND, TEXAS 79701

GERONIMO FIELD AREA
Lea County, New Mexico

LEASE /
PRODUCTION MAP
W/2 Sec 31, T19S - R33E

Date: 1-31-95

Scale: 1" = 660'



LEGEND

- Sales Valve (Sealed)
- Drain Valve (Sealed)
- Valve
- Oil
- Gas
- Water
- Oil & Water

Note:

All Lines are 2 Inch unless Otherwise Specified.
There are No Buried Lines.



Site Facility Diagram

Lease NM - 67111

Geronimo Federal #1 Battery
Geronimo / Gem Field
Unit D, Sec.31 T19S R33E

Date: 2-1-95

Scale: None

Diagram Located at :

Mitchell Energy Corporation
400 W. Illinois, Suite 1000
Midland, Texas 79701
(915) 682-5396