

XERIC OIL & GAS CORPORATION

1801 W. Texas, P. O. Box 352
Midland, Texas 79702
(432)683-3171, Fax: (432)683-6348

March 30, 2004

RECEIVED

APR 01 2004

OIL CONSERVATION
DIVISION

PLC-220-A
DHC-3262
STATE OF NEW MEXICO
COMMISSIONER OF PUBLIC LANDS
[Signature]

New Mexico Oil Conservation Division
Attn: Will Jones
1220 S. St. Francis Drive
Santa Fe, NM 87505

Re: Application for DHC
Julio State #1, Unit D, Sec. 20, 20S, 39E,
Amendment to Surface Commingling Order PLC-220
Julio State #1 & Porfidio State #1, Unit M, Sec. 17, 20S, 39 E,
Lea County

Gentlemen:

Xeric Oil & Gas Corporation requests an amendment to the above referenced order to include production from the DK Abo (Oil-15200) on the Julio State #1 Well retroactive to *September 11, 2003*. The order currently allows surface commingling production from both wells from the DK Drinkard (Oil-15390) and from the DK Abo (Oil-15200) for the Porfidio State. The correction of 11/19/02 did not include the DK Abo for the Julio State #1.

Please find enclosed for your review and approval our Application to Downhole Commingle the Julio State Well #1 with an effective date *September 11, 2003*, which would result in surface commingle as follows:

Township 20 South, Range 39 East, NMPM

DK-Abo (Oil 15200)

Unit D, Section 20 (40 acres)

Unit M, Section 17 (40 acres)

DK-Drinkard (Oil 15390)

Unit D, Section 20 (40 acres)

Unit M, Section 17 (40 acres)

As with the original order, production will be allocated back to each well based on periodic well tests.

Ownership and revenue are identical in the two leases and pools. The Commissioner of Public Lands has been notified of commingling plans with a copy of this letter and enclosures.

XERIC OIL & GAS CORPORATION
NMOCD-APPLICATION FOR DHC JULIO STATE #1 & AMDT TO PLC-220

Attachments enclosed with the C-107A are:

1. Copies of the previously submitted C-102's for both pools for the Julio State #1.
2. Production Curve and production history for the DK-Drinkard.
3. Three month production history for the DK-Abo. No curve available.
4. Allocation method.

Your help in this matter will be appreciated. If you have any questions, please contact me at 432-683-3171.

Yours truly,



Angie Crawford

Cc: State of New Mexico
Commissioner of Public Lands
Attn: Ray Powell
P. O. Box 1148
Santa Fe, NM 87504-1148

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

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

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-025-35889		Pool Code 15200	Pool Name DK-ABO
Property Code 29654	Property Name JULIO STATE		Well Number 1
OGRID No. 025482	Operator Name XERIC OIL & GAS CORPORATION		Elevation 3515'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	20	20-S	39-E		760	NORTH	710	WEST	LEA

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
Dedicated Acres 40		Joint or Infill No	Consolidation Code		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

	LOT 1	TEXAS	OPERATOR CERTIFICATION
	29.19 AC LOT 2		<i>I hereby certify the the information contained hereth is true and complete to the best of my knowledge and belief.</i>
	29.20 AC LOT 3		<i>Glenda Hunt</i>
	29.22 AC LOT 4		Signature
	29.23 AC		Printed Name Glenda Hunt
			Title Senior Production Analyst
			Date 4/9/02
			SURVEYOR CERTIFICATION
			<i>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.</i>
			MARCH 29, 2002
			Date Surveyed
			AWB
			Signature & Seal of Professional Surveyor
			<i>Ronald J. Eidson</i>
			02.11.0235
			Certificate No. RONALD J. EIDSON 3239 GARY EIDSON 12641

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION

P.O. Box 2088
Santa Fe, New Mexico 87504-2088

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

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code 15290	Pool Name DK Drinkard
Property Code 29654	Property Name JULIO STATE	Well Number 1
OGRID No. 025482	Operator Name XERIC OIL & GAS CORPORATION	Elevation 3515'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	20	20-S	39-E		760	NORTH	710	WEST	LEA

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

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40	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

	LOT 1	TEXAS	OPERATOR CERTIFICATION
	29.19 AC LOT 2		<i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i>
	29.20 AC LOT 3		<i>Glenda Hunt</i>
	29.22 AC LOT 4		Signature
	29.23 AC		Printed Name Glenda Hunt
			Sr. Production Analyst
			Title
			4/9/02
			Date
			SURVEYOR CERTIFICATION
			<i>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.</i>
			MARCH 29 2002
			Date Surveyed
			Signature & Seal of Professional Surveyor
			<i>Ronald J. Edson</i>
			02.11.0235
			Certificate No. RONALD J. EDSON 3239 12641

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

District II
1301 W. Grand Avenue, Artesia, NM 88210

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE
Single Well

District III
1000 Rio Brazos Road, Aztec, NM 87410

Establish Pre-Approved Pools
EXISTING WELLBORE

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

APPLICATION FOR DOWNHOLE COMMINGLING

X Yes No

XERIC OIL & GAS CORPORATION

P. O. Box 352, Midland, TX 79702

Operator **Julio State** Address **D, Sec. 20, 20S, 39E** County **Lea**

Lease Well No. Unit Letter-Section-Township-Range

OGRID No. 025482 Property Code 29654 API No. 30-025-35889 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	DK; Drinkard		DK; Abo
Pool Code	15390		15200
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	6962' - 7020'		7208' - 7506'
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
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)	N/A		N/A
Oil Gravity or Gas BTU (Degree API or Gas BTU)	37.3		38.7
Producing, Shut-In or New Zone	Producing		SI
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: 9/4/03 Rates: 36 BO, 70 MCF 89 BW	Date: Rates:	Date: 9/9/02 Rates: 18 BO, 34 MCF 7 BW
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 67 % Gas 67 %	Oil % Gas %	Oil 33 % Gas 33 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes No
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? 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. Effective Date 9/11/03

SIGNATURE Angie Crawford TITLE Production Analyst DATE 3/30/04

TYPE OR PRINT NAME Angie Crawford TELEPHONE NO. (432) 683-3171

E-MAIL ADDRESS Acrawford@xericoil.com

**XERIC OIL & GAS CORPORATION APPLICATION FOR DHC
JULIO STATE #1 WELL**

API #30-025-35889

Unit D, Section 20, 20S, 39E, Lea county, NM

PRODUCTION HISTORY

Pool Name: D-K;ABO

Month/Year	Oil(BBLS)	Gas(MCF)	Water(BBLS)	Days			
				Produced	BO/Day	MCF/Day	BW/Day
June-02	665	0	468	14	47.50	0.00	33.43
July-02	861	989	509	31	27.77	31.90	16.42
August-02	1042	2707	76	28	37.21	96.68	2.71
September-02	140	73	0	10	14.00	7.30	0.00
Total	2708	3769	1053	83	32.63	45.41	12.69

NO PRODUCTION CURVE AVAILABLE (LESS THAN 1 YEAR PRODUCTION)

**XERIC OIL & GAS CORPORATION APPLICATION FOR DHC
JULIO STATE #1 WELL**

API #30-025-35889

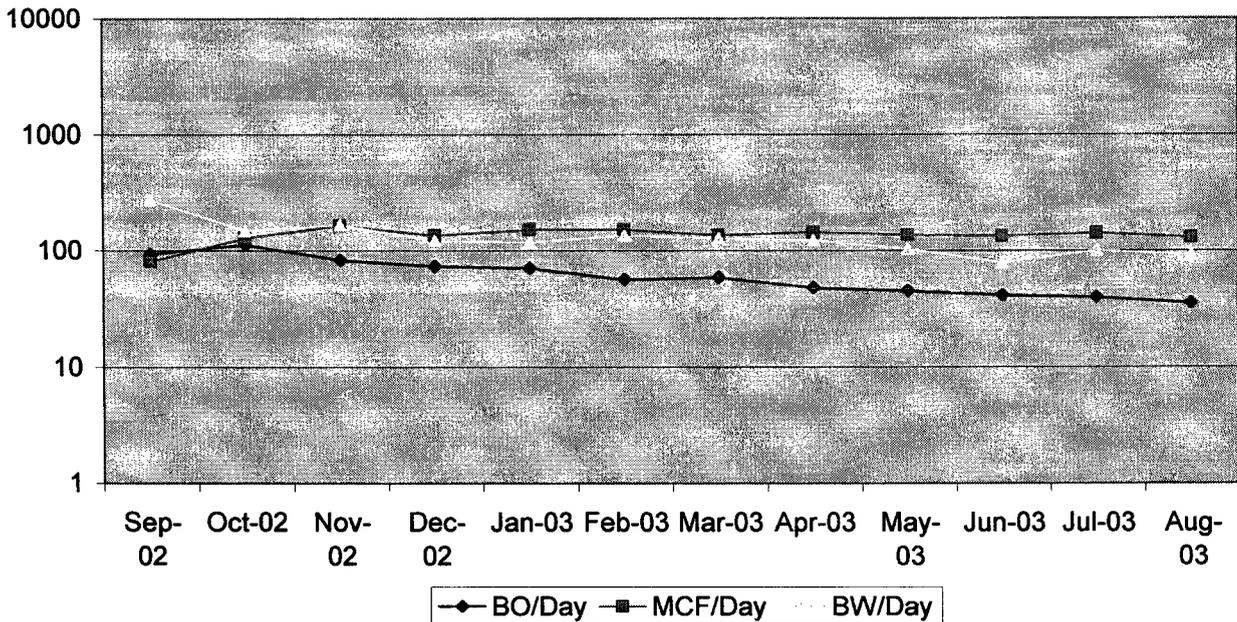
Unit D, Section 20, 20S, 39E, Lea county, NM

PRODUCTION HISTORY

Pool Name: D-K;DRINKARD

Month/Year	BO/Day	MCF/Day	BW/Day	Oil(BBLS)	Gas(MCF)	Water(BBLS)	Days Produced
September-02	93.33	80.78	276.89	1680	1454	4984	18
October-02	112.35	128.55	149.13	3483	3985	4623	31
November-02	82.97	164.80	166.90	2489	4944	5007	30
December-02	73.42	135.19	122.48	2276	4191	3797	31
January-03	70.90	152.59	118.38	2056	4425	3433	29
February-03	56.21	152.32	135.89	1574	4265	3805	28
March-03	58.86	136.28	128.41	1707	3952	3724	29
April-03	47.77	144.40	123.17	1433	4332	3695	30
May-03	44.77	137.00	103.81	1388	4247	3218	31
June-03	41.33	134.17	78.60	1240	4025	2358	30
July-03	39.52	142.10	100.39	1225	4405	3112	31
August-03	35.45	131.03	91.94	1099	4062	2850	31
Total	62.03	138.36	127.81	21650	48287	44606	349

DK; DRINKARD PRODUCTION CURVE



XERIC OIL & GAS CORPORATION
APPLICATION FOR DOWNHOLE COMMINGLE

JULIO STATE #1
API # 30-025-35889
ALLOCATION OF PRODUCTION

	BBLS OIL	%OF TOTAL	MCF	%OF TOTAL	BBLS WATER	%OF TOTAL	SOURCE
DK; Drinkard	36	67%	70	67%	89	93%	WELL TEST 9/4/03
DK; Abo	18	33%	34	33%	7	7%	WELL TEST 9/9/02
TOTAL	54		104		96		