

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

District III
1000 Rio Brazos Road, Aztec, NM 87410

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

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

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

APPLICATION FOR DOWNHOLE COMMINGLING

Operator **L.E. Jones Operating, Inc.** Address **P.O. Box 1185, Duncan OK 73534**
Lease **McNeill 4** Well No. **1** Unit Letter-Section-Township-Range **B Sec. 4-T20S-R38E** County **Lea**
OGRID No. **180930** Property Code _____ API No. **30-025-36542** Lease Type: ☐ Federal ☒ State ☐ Fee

| DATA ELEMENT | UPPER ZONE | INTERMEDIATE ZONE | LOWER ZONE |
|---|---|---|---|
| Pool Name | UNDES Paddock Nadine Blinebry, west | UNDES Nadine Tubb, west | UNDES Nadine Drinkard/Abo |
| Pool Code | 47395 47400 | 47528 47530 | 47510 ✓ |
| Top and Bottom of Pay Section (Perforated or Open-Hole Interval) | 6026-6270' | 6850-6852' | 6959-7391' |
| Method of Production (Flowing or Artificial Lift) | Pumping | Pumping | Pumping |
| 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) | Bottom perf is within 150% of top perf | | |
| Oil Gravity or Gas BTU (Degree API or Gas BTU) | 37.7° & 1161 mmbtu | 35.7° & 1180 mmbtu | 35.6° & 1190 mmbtu |
| Producing, Shut-In or New Zone | New Zone | New Zone | New Zone |
| 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: 4-29-04 Rates: 37 BOPD & 50 MCFD | Date: 3-31-04 Rates: 5 BOPD & 34 MCFD | Date: 3-01-04 Rates: 60 BOPD & 190 MCFD |
| Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.) | Oil 36 % Gas 18 % | Oil 5 % Gas 12 % | Oil 59 % Gas 70 % |

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.
SIGNATURE *Dan W. Hammond* TITLE **Production Engineer** DATE **04-29-04**
TYPE OR PRINT NAME **Dan W. Hammond** TELEPHONE NO. (**580**) **255-1191**
E-MAIL ADDRESS **dhammond@texhoma.net**

Allocation of Production
L.E. Jones Operating, Inc. - McNeil 4 #1
Allocation by Pool - Nadine Drinkard-Abo, Nadine Tubb & Nadine Blinebry

| | Net Porosity Feet | Oil (BOPD) | Gas (MCFD) | Oil Alloc % | Gas Alloc % |
|-----------------------------|-------------------|------------|------------|-------------|-------------|
| Nadine Blinebry (47395) | 44 | 37 | 50 | 36% | 18% |
| Nadine Tubb (47525) | 4 | 5 | 34 | 5% | 12% |
| Nadine Drinkard-Abo (47510) | 37 | 60 | 190 | 59% | 70% |
| Total | 85 | 102 | 274 | 100% | 100% |

Blinebry allocation based on 24 hr pumping test 2 weeks after fracing perfs.

Abo allocation based on a 3 day swabbing average.

Drinkard & Tubb were tested together for 2 weeks after fracing and production allocated to each zone based on Net Porosity Feet.

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State of New Mexico
Energy, Minerals & Natural Resources Department

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

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|---------------------------------|--|-----------------------------------|
| 1 API Number 30-025-36542 | 2 Pool Code 47395 | 3 Pool Name Nadine Blinebry |
| 4 Property Code | 5 Property Name McNeill "4" | 6 Well Number No.1 |
| 7 OGRID No. 180930 | 8 Operator Name L.E. Jones Operating | 9 Elevation 3584' |

¹⁰Surface Location

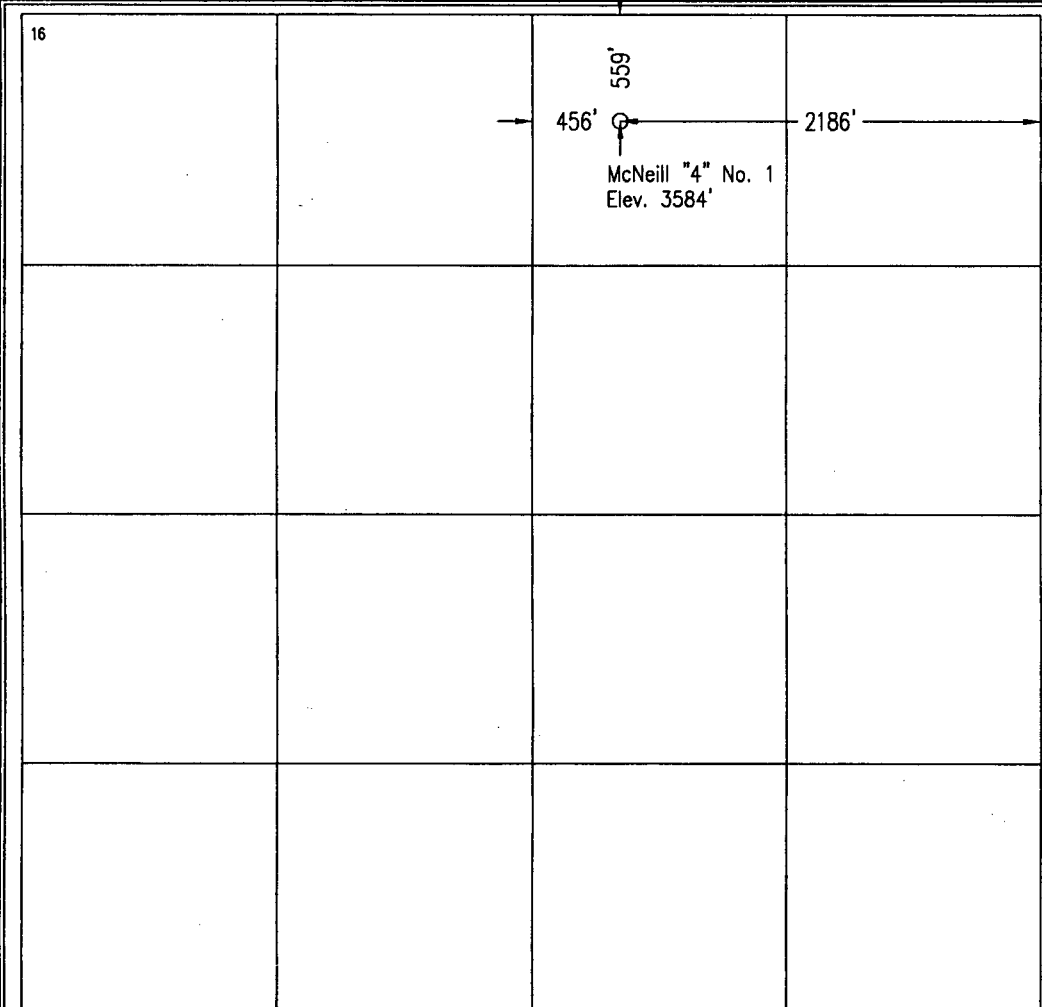
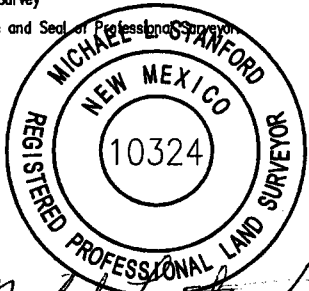
| | | | | | | | | | |
|--------------------|--------------|------------------|---------------|---------|----------------------|---------------------------|-----------------------|------------------------|---------------|
| UL or lot no. B | Section 4 | Township 20 S | Range 38 E | Lot Idn | Feet from the 559 | North/South line North | Feet from the 2186 | East/West line East | County Lea |
|--------------------|--------------|------------------|---------------|---------|----------------------|---------------------------|-----------------------|------------------------|---------------|

¹¹Bottom 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 | 13 Joint or Infill | 14 Consolidation Code | 15 Order No. |
|-----------------------|-----------------------|--------------------------|-----------------|

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNITL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

| | |
|--|---|
| 16  | 17 OPERATOR CERTIFICATION <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Dan W. Hammond</i> Signature Dan W. Hammond Printed Name Production Engineer Title May 7, 2004 Date</p> |
| | 18 SURVEYOR CERTIFICATION <p>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.</p> <p>January 16, 2004 Date of Survey Signature and Seal of Professional Land Surveyor  Certificate Number 10324</p> |

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|---------------------------------|--|---------------------------------------|
| 1 API Number 30-025-36542 | 2 Pool Code 47510 | 3 Pool Name Nadine Drinkard/Abo |
| 4 Property Code | 5 Property Name McNeill "4" | 6 Well Number No.1 |
| 7 OGRID No. 130930 | 8 Operator Name L.E. Jones Operating | 9 Elevation 3584' |

¹⁰Surface Location

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| | | | |
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| ¹² Dedicated Acres | ¹³ Joint or Infill | ¹⁴ Consolidation Code | ¹⁵ Order No. |
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| ¹⁶ <p>McNeill "4" No. 1 Elev. 3584'</p> | ¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i> Signature Dan W. Hammond Printed Name Production Engineer Title May 7, 2004 Date | | |
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| | | | |
| | | | |

6 Miles SSW of Hobbs, New Mexico.

File No. A-2524

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| 4 Property Code | 5 Property Name McNeill "4" | 6 Well Number No.1 |
| 7 OGRID No. 180930 | 8 Operator Name L.E. Jones Operating | 9 Elevation 3584' |

¹⁰Surface Location

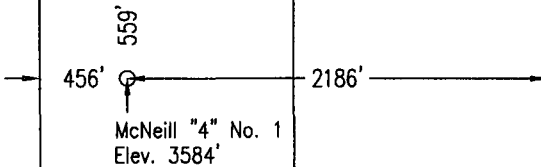
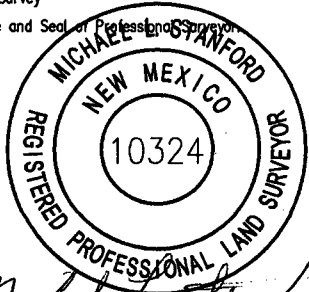
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