

DATE 1/18/05	SUSPENSE	WVJ ENGINEER	LOGGERS IN 1/18/05	DHC-3311 TYPE	PWTJ 0501859050 APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [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 - Simultaneous Dedication
☐ NSL ☐ NSP ☐ 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
- [D] Other: Specify _____
- [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] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

William R. Huck

Print or Type Name

William R. Huck
Signature

VP- Engr. & Operations

Title

1-13-05

Date

billh@pecosproduction.com
e-mail Address

2005 JAN 18 AM 9 35

Pecos Production Company
400 W. Illinois Suite 1070
Midland, TX 79701

January 13, 2005

New Mexico Oil Conservation Division
1220 South St Francis Drive
Santa Fe, NM 87505

RE: Application for Downhole Commingling
Southpaw 30 Federal No. 2
Watkins (Yates, 7R, Queen, Grayburg) and Young (San Andres) Fields
Section 30, Twp 18-S Rge 32-E, Lea County, NM

Pecos Production respectfully submits the attached application for downhole commingling the above designated fields in the above referenced wellbore. The entire perforated interval in this well was thought to be included in the Watkins Field, it was discovered later that there is a separated designation for the San Andres Interval.

All requested data is supplied on the attached Form C-107-A, with the exception of a year's production history on each zone. In place of this data and in support of the proposed fixed allocation percentages, Pecos submits the following:

The San Andres zone swabbed at rates of 8 BO and 16 BLWPD on October 19th & 20th, 2004. The zone being tested showed very poor porosity and permeability, such that further stimulation would not increase production, however the zone could be expected to continue producing at this low rate, even if commingled with the shallower zone.

Average allocated production for the month of November for the Queen-Grayburg formation of 123 BO, 45 BWPD, and 84 MCFD. The San Andres was allocated 6 BOPD for this period. Total well production has since declined to approximately 75 BO, 50 BW and 75 MCFD.

The well was and is in a pumped off condition, so no cross-flow exists, although the low permeability in the San Andres probably would not take fluid below frac gradient anyway.

The only offsetting well producing in these zones, is the Southpaw 30 Federal No. 1. Approved for Downhole Commingling on December 29, 2004, (Administrative Order No. DHC-3385).

Yours truly,



William R. Huck
VP Engr & Opns.

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Bravo 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

Form C-107A
Revised June 10, 2003

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 PECOS PRODUCTION COMPANY Address 400 W. ILLINOIS, STE 1070, MIDLAND, TX 79701

Lease SOUTHPAW 30 FEDERAL Well No. 2 Unit Letter-Section-Township-Range N-30-18S-32E LEA LEA County LEA

OGRID No. 215758 Property Code 33346 API No. 30-025-36865 Lease Type: X Federal ____ State ____ Fee ____

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	WATKINS; YATES-7RVS-QU-GB		YOUNG; SAN ANDRES
Pool Code	63680		65550
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	Perforated 3851' - 4088'		Perforated 4563' - 4629'
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)	NA		NA
Oil Gravity or Gas BTU (Degree API or Gas BTU)	34.8°		34.0°
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.)	Date: Month of November-2004 Allocated-Rates: 123 BO, 45 BWD & 84 MCFD	Date: Rates:	Date: 10/19-20/04 Rates: Swab- 8 BO & 16 BLWPD
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 95 % 100 %	Oil Gas % %	Oil Gas 5 % 0 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes X 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 X No ____

Will commingling decrease the value of production? Yes ____ No X ____

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 X 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. ATTACHMENT I
- 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. ATTACHMENT II
- 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 William R. Huck TITLE VP- ENGR & OPERATIONS DATE 1-13-05

TYPE OR PRINT NAME WILLIAM R. HUCK TELEPHONE NO. (432) 620-8480

E-MAIL ADDRESS billh@pecosproduction.com

JUN 24 2004

DISTRICT I

1625 N. FRENCH DR., MORRIS, NM 88240

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505Form C-102
Revised JUNE 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-36865	Pool Code 65550	Pool Name Young; San Andres
Property Code 33346	Property Name SOUTHPAW 30 FEDERAL	Well Number 2
OGRID No. 215758	Operator Name PECOS PRODUCTION COMPANY	Elevation 3687'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	30	18-S	32-E		960'	SOUTH	2100'	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	Consolidation Code	Order No.
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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

<p>LOT 1</p> <p>41.07 AC</p> <p>LOT 2</p> <p>41.09 AC</p> <p>LOT 3</p> <p>41.11 AC</p> <p>2100'</p> <p>3682.3'</p> <p>3689.6'</p> <p>600'</p> <p>3678.8'</p> <p>3683.8'</p> <p>600'</p> <p>No. 2</p> <p>GEODETIC COORDINATES NAD 27 NME Y=623805.7 N X=661872.6 E LAT.=32°42'49.80" N LONG.=103°48'25.34" W</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Dora Lara</i> Signature Dora Lara Printed Name Engr Asst Title 7-7-04 Date</p> <p>SURVEYOR CERTIFICATION</p> <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>JUNE 21, 2004</p> <p>Date Surveyed Signature & Seal of Professional Surveyor GARY EMBERTSON NEW MEXICO 04.11.0760 Certified No. GARY EMBERTSON 12841</p>
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ATTACHMENT I

JUN 24 2004

DISTRICT I

1625 N. FRENCH DR., HOBBS, NM 80240

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III

1000 Rio Brazos Rd., 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-102

Revised JUNE 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-36865	Pool Code 63680	Pool Name Watkins; Yates-7RYS-QN-GB
Property Code 33346	Property Name SOUTHPAW 30 FEDERAL	Well Number 2
OGRID No. 215758	Operator Name PECOS PRODUCTION COMPANY	Elevation 3687'

Surface Location

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Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.
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OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>LOT 1</p> <p>41.07 AC LOT 2</p> <p>41.09 AC LOT 3</p> <p>41.11 AC</p> <p>2100'</p> <p>3682.3'</p> <p>600'</p> <p>3683.6'</p> <p>3678.8'</p> <p>600'</p> <p>3683.8'</p> <p>No. 2</p> <p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=623805.7 N X=661872.6 E</p> <p>LAT.=32°42'49.80" N LONG.=103°48'25.34" W</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Dora Lara</i> Signature</p> <p>Dora Lara Printed Name</p> <p>Engr Asst Title</p> <p>7-7-04 Date</p> <p>SURVEYOR CERTIFICATION</p> <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>JUNE 21, 2004</p> <p>Date Surveyed</p> <p>Signature & Seal Professional Surveyor</p> <p><i>GARY E. EDISON</i> GARY E. EDISON NEW MEXICO 04.17.0760</p> <p>Certificate No. GARY EDISON 12841</p>
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ATTACHMENT I

**PECOS PRODUCTION COMPANY
SOUTHPAW 30 FEDERAL NO. 2
INTEREST OWNERS**

MARSHAL & WINSTON, INC.
PO BOX 50880
MIDLAND, TX 79710-0880

JOHN KEFFLER
110 W. LOUISIANA, SUITE 313
MIDLAND, TX 79701

OFFSET OPERATORS

DEVON ENERGY
20 NORTH BROADWAY, STE 1500
OKLAHOMA CITY, OK 73102

MARBOB ENERGY
PO BOX 227
ARTESIA, NM 88211