

District I

1625 N. Fourth Dr., Hobbs, NM 88240

District II

1701 W. Grand Avenue, Artesa, NM 88210

District III

1001 Rio Hondo Road, Artesa, NM 88210

District IV

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

State of New Mexico

Energy, Minerals and Natural Resources Department

Oil Conservation Division1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-107A

Revised June 10, 2003

APPLICATION TYPE

Yes Single Well

Yes Establish Pre-Approved Pools

EXISTING WELLBORE

X Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

DHC-3403

SDG Resources

P. O. Box 1390

Montrose, CO 81402

Operator

Cooper Jal Unit

#403

Address

D 19 24-S 37-E

Lea

Lease

Well No.

Link Letter-Section-Township-Range

County

OGRID No. 193003 Property Code 10917 API No. 30-025-32286 Lease Type: Federal State X Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	JAL.MAT		LANGLE MATIX
Pool Code	33820		37240
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3010'-3292'		3450'-3663'
Method of Production (Flowing or Artificial Lift)	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)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	35.7 Degree API		35.7 Degree API
Producing, Shut-In or New Zone	Shut-In		Shut-In
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: 11/12/98 Rates: 4/7/222	Date: Rates:	Date: 11/12/98 Rates: 2/01/148
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 60 % Gas 90.9 %	Oil % Gas %	Oil 40 % Gas 9.1 %

ADDITIONAL DATAAre all working, royalty and overriding royalty interests identical in all commingled zones?
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?Yes X No
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

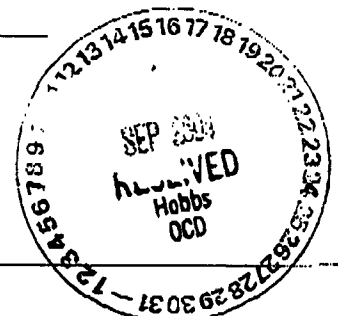
If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application?

Yes No X

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 Domingo Carrizales TITLE Sr. Petroleum Engineer DATE 9/15/04TYPE OR PRINT NAME Domingo Carrizales TELEPHONE NO. (432) 550-7580E-MAIL ADDRESS domingo@sdgresources.com