		PTGW
DATE IN	5,17,11 SUSPEN	NSE ENGINEER RE LOGGED IN 5, 12.11 TYPECT 13 APP NO 1113254270
	······································	
		NEW MEXICO OIL CONSERVATION DIVISION - Engineering Bureau - 1220 South St. Francis Drive, Santa Fe, NM 87505 Mewbourne
	- <u></u>	ADMINISTRATIVE APPLICATION CHECKLIST "
т		
	cation Acronym	Which require processing at the division level in santa Fe $70 \pm 0.15 \pm 378$
	[DHC-Dow [PC-Po	andard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication] // 3842 /nhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] ool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement] [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase] alified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]
[1]	TYPE OF AI	PPLICATION - Check Those Which Apply for [A]
	[A]	Location - Spacing Unit - Simultaneous Dedication Image: NSL NSP SD Image: SD Image: SD k One Only for [B] or [C] Image: Carlot Image: Carlot Image: Carlot
	[B]	Commingling - Storage - Measurement
	[C]	Injection - Disposal - Pressure Increase - Enhanced Oil Recovery U WFX PMX SWD I IPI EOR PPR
	[D]	Other: Specify
[2]	NOTIFICAT [A]	TON REQUIRED TO: - Check Those Which Apply, or Does Not Apply X 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 US 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.

Robin Terrell	No Sund	_SR Production Engineer	04/25/11
Print or Type Name	Signature	Title	Date
		rterrell@mewbourne.com	

rterrell@mewbourne.com e-mail Address

MEWBOURNE OIL COMPANY PO BOX 5270 HOBBS, NM 88240 575-393-5905 FAX 575-397-6252

RECEIVED OCD

April 25, 2011

New Mexico State Land Office Attention: Pete Martinez PO Box 1148 Santa Fe, NM 87504-1148

OCD LOAX

Engineering Bureau New Mexico Oil Conservation Division 1220 S. St. Francis Drive Santa Fe, NM 87505

RE: Surface Commingle leases

To Whom It May Concern:

Mewbourne Oil Co is requesting permission to surface commingle the following wells

Three Palms "36" State Com # 1H (API # 30-015-37860) Three Palms "36" State Com # 2H (API # 30-015-38422)

Mewbourne Oil Co request permission to produce both these wells to an existing tank battery on the Three Palms "36" State Com # 1H. The state royalty in both wells is the same, however the application is required due to different working interest & overriding royalty interest.

The reason for which Mewbourne Oil Co is requesting this is to save approximately \$100,000 in additional facilities cost as well as additional surface disturbances. Mewbourne Oil Co will allocate production using meters.

/Form C107B

- Site diagram of production facility with pictures
- Explanation of testing procedure
- Form C-102 for both wells
- ✓ Map showing entire section and corresponding leases
- / Administrative Application Checklist
- List of all involved parties
- Copy of letter that was sent certified mail to all involved parties informing them of proposed off lease measurement.

Mewbourne Oil Company would appreciate this commingle request being processed as soon as possible. If you need further information, please call me at (575) 390-4816.

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Thank you,

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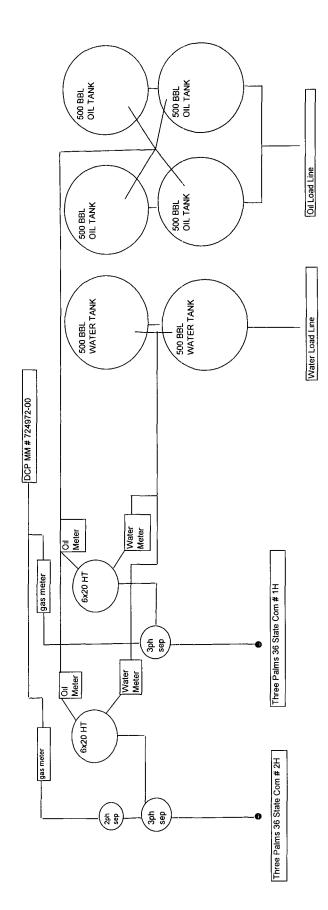
Robin Terrell

, <u>District I</u> 1625 N French Drive, Hobbs, NM 88240 District II	State Energy, Minerals and	Revised	Form C-107-B Revised June 10, 2003						
1301 W Grand Ave, Artesia, NM 88210 <u>District III</u> 1000 Rio Brazos Road, Aztec, NM 87410 <u>District IV</u> 1220 S St Francis Dr, Santa Fe, NM 87505	OIL CONSERVATION DIVISION 1220 S. St Francis Drive Santa Fe, New Mexico 87505			Submit the original application to the Santa Fe office with one copy to the appropriate District Office.					
APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)									
OPERATOR NAME: Mewbourne Oil Company									
APPLICATION TYPE:	ing FIPool and Lease Co	mmingling 🗖 Off-Less	e Storage and Measu	arement (Only if not Surface	ce Commingled)				
LEASE TYPE \Box Fee \boxtimes State			storage and measu	a cinent (only in not Suna	te commiglea)				
LEASE TYPE Fee State Federal Is this an Amendment to existing Order? Yes No If "Yes", please include the appropriate Order No Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling Yes No Fee surface & minerals									
(A) POOL COMMINGLING Please attach sheets with the following information									
(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes				
		4							
		-							
······································		-							
· · · · · · · · · · · · · · · · · · ·	· [
 (2) Are any wells producing at top allowables? Yes No (3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No (4) Measurement type Metering Other (Specify) (5) Will commingling decrease the value of production? Yes No If "yes", describe why commingling should be approved 									
		SE COMMINGLIN							
Please attach sheets with the following information (1) Pool Name and Code. Parkway Bone Springs 49622 (2) Is all production from same source of supply? Yes (3) Has all interest owners been notified by certified mail of the proposed commingling? Yes (4) Measurement type. Metering Other (Specify)									
		LEASE COMMIN s with the following in			······································				
(1) Complete Sections A and E				·····	······································				
(D) OFF-LEASE STORAGE and MEASUREMENT									
Please attached sheets with the following information (1) Is all production from same source of supply? Yes No (2) Include proof of notice to all interest owners No									
(E) ADDITIONAL INFORMATION (for all application types) Please attach sheets with the following information									
 A schematic diagram of facility, including legal location A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved Lease Names, Lease and Well Numbers, and API Numbers 									
I hereby certify that the information above is true and complete to the best of my knowledge and belief. SIGNATURE									
TYPE OR PRINT NAME Robin Terrell TELEPHONE NO _575-393-5905									

E-MAIL ADDRESS __rterrell@mewbourne com_____

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MEWBOURNE OIL COMPANY Metering Procedure

Each well will have its own 3 phase separator. Since each well will have its own 3 phase separator all wells will be metered separately daily.

The 3 phase separator will be equipped with meters on all 3 phases. The gas phase will have a Total Flow EFM 6213. The water phase will have a turbine meter. The oil phase will have a turbine meter. The oil meter will be checked monthly to ensure turbine meter accuracy. The process by which the oil meter will be checked is by proving it to an isolated tank and calibrating it to that test.

The allocation process would be the same as if the wells were on well test. The only difference is all wells or leases in the common battery would have well test everyday. At the end of month each well would be allocated a percentage of battery oil, water, and gas based on its individual metered numbers.

DISTRICT I 1625 N. French Dr., Hobbs, NM 88240 DISTRICT II

1301 W. Grand Avenue, Artesia, NM 88210

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

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DISTRICT IV 1220 S. St. Francis Dr., Santa Fe, NM 87505 State of New Mexico Energy, Minerals and Natural Resources Department Form C-102 Revised October 15, 2009

Submit one copy to appropriate District Office

OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

□ AMENDED REPORT

		T	Devil Certe		0	Decl. Norre			
API Number 30-015-	37860	4	9622	9622 PARKWAY, Bone SPRING				G	
Property Code 38/79	Property Name THREE PALMS "36" STATE COM					Well Number			
OGRID No.		Operator Name MEWBOURNE OIL COMPANY					Elevation 3326'		
Surface Location									
UL or lot No. Section	Township				Feet from the	East/West line	County		
A 36	19 S	29 E	660		NORTH	330	EAST	EDDY	
		Bottom	Hole Loo	eation If Dif	fferent From Sur	face			
UL or lot No. Section	Township	Range	Lot Idn	Feet from the	e North/South line	Feet from the	East/West line	County	
D 36	19 S	29 E		660	NORTH	330	WEST	EDDY	
Dedicated Acres Join	t or Infill C	onsolidation	Code Or	der 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									
PROPOSED BOTTOM HOLE LOCATION Lat - N 32'37'20.50 Long - W 104'02'07.50 NMSPCE- N 590254.96 NMSPCE- E 591723.35: (NAD-27)	**		 		SURFACE LOCATION Lat - N 32'37'20.05 Long - W 104'01'13.40 NMSPCE- N 590223.071 (NAD-27)	I hereby cer contained herei the best of my lication or has interest or unle land including location or has this location pu owner of such or to a volunta ompulsory pool the dipistor Signature <u>Abbu Tur</u> Printed Nam SURVEYO I hereby certify on this plat uw actual surveys supervison am correct to the Date Survey Signature & Professional Certificate N	e PR CERTIFICAT that the well location tas plotted from field made by me or d that the same is e best of my beliep ARK-20002010 MEX Beat of Co	Action lete to and that ing in the tole well at with an interest, or a entered by COM Date VION ton shown t notes of under my true and c.	

DISTRICT I 1625 N. French Dr., Hobbs, NM 88240 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

(0)

State of New Mexico Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

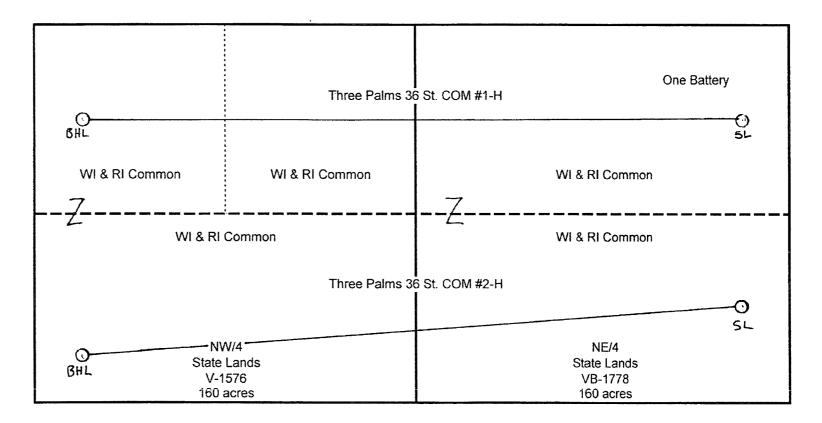
Form C-102 Revised October 15, 2009

Submit one copy to appropriate District Office

1220 South St. Francis Dr. Santa Fe, New Mexico 87505 □ AMENDED REPORT WELL LOCATION AND ACREAGE DEDICATION PLAT Pool Code Pool Name API Number 4 622 SING Well Number Property Code Property Name 71 THREE PALMS "36" STATE COM 2H381 **Operator** Name Elevation OGRID No. 3335' 744 MEWBOURNE OIL COMPANY Surface Location Feet from the North/South line Feet from the East/West line UL or lot No. Section Township Range Lot Idn County 36 19 S 29 E 1980 NORTH 330 EAST EDDY Н Bottom Hole Location If Different From Surface Lot Idn Feet from the North/South line Feet from the East/West line County UL or lot No. Section Township Range Dedicated Acres Joint or Infill Consolidation Code Order No. 60 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 2643.3 2643.7 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. 1980 2637. 4/20/4 2640. SURFACE LOCATION Lat - N 32°37'07.13" Long - W 104°01'13.40" NMSPCE- N 588917.556 E 596354.119 Signature Date Kobm lend 330 (NAD-27) Printed Name SURVEYOR CERTIFICATION 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 supervison and that the same is true and correct to the best of my belief. Jan 8 MEXICO 2639. 2642. ed Date irve Sign 80 eal of ure Pro Surveyor sidnal Certificate No. Gory L. Jones 7977 2642.8 2646.1 BASIN SURVEYS

Surface Commingling Application Three Palms "36" St. COM #1-H (N/2N/2 Section 36) & Three Palms "36" St. COM #2-H (S/2N/2 Section 36)

N/2 Section 36, T19S, R29E, Eddy County, New Mexico



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Parties To Be Noticed For Commingling Applilcation Three Palms "36" State COM #1-H & Three Palms "36" State COM #2-H

Working Interest Owners

Devon Energy Production Company, L.P. Attn: Mrs. Meg Muhlinghause 20 N. Broadway, Suite 1500 Oklahoma City, Oklahoma 73102

Javelina Partners 616 Texas Street Fort Worth, Texas 76102-4612 Attn: Mr. Randall Hudson Whiting Oil & Gas Corporation 400 West Illinois, Suite 1300 Midland, Texas 79701 Attn: Mr. Paul Colwell

McCombs Energy, Ltd. 5599 San Felipe, Suite 1200 Houston, Texas 77056 Attn: Mr. Ricky Haikin

Torch Oil & Gas Company Attn: Mrs. Sue Ann Craddock 670 Dona Ana Road SW Deming, New Mexico 88030

Lease Royalty Owners

New Mexico State Land Office Oil, Gas and Minerals Division 310 Old Santa Fe Trail Santa Fe, NM 87501-2708 Attn: Mr. Pete Martinez

Overriding Royalty Interest Owners

SM Energy Company 3300 North A Street, Bldg. 7, Suite 200 Midland, Texas 79705 Attn: Mrs. Rita Buress Centennial, LLC Attn: Mr. Don Fedric P.O. Box 1837 Roswell, NM 88202-1837

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

> (432) 682-3715 FAX (432) 685-4170

> > May 9, 2011

Certified Mail-Return Receipt No. 1359

Centennial, LLC Attn: Mr. Don Fedric P.O. Box 1837 Roswell, NM 88202-1837

Re: Application for Surface Commingling Three Palms "36" State COM #1-H Well N/2N/2 Section 36, T-19-S, R-29-E Three Palms "36" State COM #2-H Well S/2S/2 Section 36, T-19-S, R-29-E Eddy County, New Mexico Three Palms Prospect

Gentlemen:

Mewbourne Oil Company (Mewbourne) is preparing to file an application with the New Mexico Oil Conservation Division (NMOCD) seeking authorization to surface commingle production from the Three Palms "36" State COM #2-H well located in the \$/2N/2 of Section 36, T-19-S, R-29-E with production from the Three Palms "36" State COM #1-H well located in the N/2N/2 of Section 36, T-19-S, R-29-E. All production from both wells will be run through and sold from the Three Palms "36" St. COM #1-H Tank Battery located in the NE/4NE/4 of said Section 36. Production from the #2-H well will be run through a new three phase separation vessel to be installed at the #1-H Tank Battery as reflected on the attached plat to facilitate accurate metering and allocation of production to each well.

If you object to this application, you must notify the NMOCD in writing no later than 20 days from the date the NMOCD receives Mewbourne's surface commingling application.

Feel free to contact me if you have any questions or would like to discuss this in greater detail. I can be reached by phone at (432) 682-3715 or via email at <u>ssmith@mewbourne.com</u>.

Sincerely,

MEWBOURNE OF COMPANY

Steven J. Smith

Steven J. Smith Senior Landman

Mewbourne Oil Company

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

> (432) 682-3715 FAX (432) 685-4170

> > May 9, 2011

Certified Mail-Return Receipt No. 1403

Devon Energy Production Company, L.P. Attn: Mrs. Meg Muhlinghause 20 N. Broadway, Suite 1500 Oklahoma City, Oklahoma 73102

Re: Application for Surface Commingling Three Palms "36" State COM #1-H Well N/2N/2 Section 36, T-19-S, R-29-E Three Palms "36" State COM #2-H Well S/2S/2 Section 36, T-19-S, R-29-E Eddy County, New Mexico Three Palms Prospect

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Feel free to contact me if you have any questions or would like to discuss this in greater detail. I can be reached by phone at (432) 682-3715 or via email at <u>ssmith@mewbourne.com</u>.

Sincerely,

MEWBOURNE OIL COMPANY

Steven J. Smith Senior Landman

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

> (432) 682-3715 FAX (432) 685-4170

> > May 9, 2011

Certified Mail-Return Receipt No. 1410

Javelina Partners. 616 Texas Street Fort Worth, Texas 76102-4612 Attn: Mr. Randall Hudson

Re: Application for Surface Commingling Three Palms "36" State COM #1-H Well N/2N/2 Section 36, T-19-S, R-29-E Three Palms "36" State COM #2-H Well S/2S/2 Section 36, T-19-S, R-29-E Eddy County, New Mexico Three Palms Prospect

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Sincerely,

MEWBOURNE OIL COMPANY

Steven J., Smith

Senior Landman

500 W-TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

> (432) 682-3715 FAX (432) 685-4170

> > May 9, 2011

Certified Mail-Return Receipt No. 1427

McCombs Energy, Ltd. 5599 San Felipe, Suite 1200 Houston, Texas 77056 Attn: Mr. Ricky Haikin

Re: Application for Surface Commingling Three Palms "36" State COM #1-H Well N/2N/2 Section 36, T-19-S, R-29-E Three Palms "36" State COM #2-H Well S/2S/2 Section 36, T-19-S, R-29-E Eddy County, New Mexico Three Palms Prospect

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Feel free to contact me if you have any questions or would like to discuss this in greater detail. I can be reached by phone at (432) 682-3715 or via email at <u>ssmith@mewbourne.com</u>.

Sincerely,

MEWBOURNE OIL COMPANY

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

> (432) 682-3715 FAX (432) 685-4170

> > May 9, 2011

Certified Mail-Return Receipt No. 1434

Mr. Pete Martinez New Mexico State Land Office Oil, Gas and Minerals Division 310 Old Santa Fe Trail Santa Fe, NM 87501-2708

Re: Application for Surface Commingling Three Palms "36" State COM #1-H Well N/2N/2 Section 36, T-19-S, R-29-E Three Palms "36" State COM #2-H Well S/2S/2 Section 36, T-19-S, R-29-E Eddy County, New Mexico Three Palms Prospect

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Feel free to contact me if you have any questions or would like to discuss this in greater detail. 1 can be reached by phone at (432) 682-3715 or via email at <u>ssmith@mewbourne.com</u>.

Sincerely,

MEWBOURNE OIL COMPANY

Steven J. Smith

Mewbourne Oil Company

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

> (432) 682-3715 FAX (432) 685-4170

> > May 9, 2011

Certified Mail-Return Receipt No. 1441

SM Energy Company 3300 North A Street, Bldg. 7, Suite 200 Midland, Texas 79705 Attn: Mrs. Rita Buress

Re: Application for Surface Commingling Three Palms "36" State COM #1-H Well N/2N/2 Section 36, T-19-S, R-29-E Three Palms "36" State COM #2-H Well S/2S/2 Section 36, T-19-S, R-29-E Eddy County, New Mexico Three Palms Prospect

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Sincerely,

MEWBOURNE OIL COMPANY

Steven J. Smith

Senior Landman

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

> (432) 682-3715 FAX (432) 685-4170

> > May 9, 2011

Certified Mail-Return Receipt No. 1458

Torch Oil & Gas Company Attn: Mrs. Sue Ann Craddock 670 Dona Ana Road SW Deming, New Mexico 88030

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Re: Application for Surface Commingling Three Palms "36" State COM #1-H Well N/2N/2 Section 36, T-19-S, R-29-E Three Palms "36" State COM #2-H Well S/2S/2 Section 36, T-19-S, R-29-E Eddy County, New Mexico Three Palms Prospect

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Sincerely,

MEWBOURNE OIL COMPANY

Mewbourne Oil Company

500 W. TEXAS, SUITE 1020 MIDLAND, TEXAS 79701

> (432) 682-3715 FAX (432) 685-4170

> > May 9, 2011

Certified Mail-Return Receipt No. 1465

Whiting Oil & Gas Corporation 400 West Illinois, Suite 1300 Midland, Texas 79701 Attn: Mr. Paul Colwell

Re: Application for Surface Commingling Three Palms "36" State COM #1-H Well N/2N/2 Section 36, T-19-S, R-29-E Three Palms "36" State COM #2-H Well S/2S/2 Section 36, T-19-S, R-29-E Eddy County, New Mexico Three Palms Prospect

Gentlemen:

Mewbourne Oil Company (Mewbourne) is preparing to file an application with the New Mexico Oil Conservation Division (NMOCD) seeking authorization to surface commingle production from the Three Palms "36" State COM #2-H well located in the S/2N/2 of Section 36, T-19-S, R-29-E with production from the Three Palms "36" State COM #1-II well located in the N/2N/2 of Section 36, T-19-S, R-29-E. All production from both wells will be run through and sold from the Three Palms "36" St. COM #1-H Tank Battery located in the NE/4NE/4 of said Section 36. Production from the #2-H well will be run through a new three phase separation vessel to be installed at the #1-H Tank Battery as reflected on the attached plat to facilitate accurate metering and allocation of production to each well.

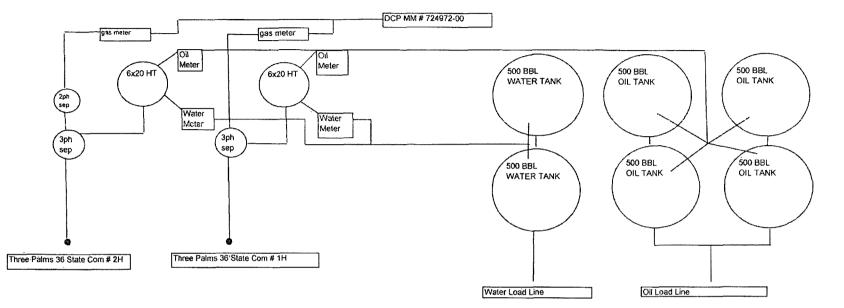
If you object to this application, you must notify the NMOCD in writing no later than 20 days from the date the NMOCD receives Mewbourne's surface commingling application.

Feel free to contact me if you have any questions or would like to discuss this in greater detail. I can be reached by phone at (432) 682-3715 or via email at <u>ssmith@mewbourne.com</u>.

Sincerely,

MEWBOURNE OIL COMPANY

Steven J. Smith



Three Palms "36" State COM #1-H & #2-H Commingled Surface Production Facilities

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