FAX NO. 5058278177

DHC P. U2 4/3/97

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| DISTRICT I P.O Don 1980, HOLDS, HAN SERVICE MAR 1 4 K | 997 Energy, Minerals of N OIL CONSERVA | ew Mexico Inti Resources Department | Form C-107-A New 3-12-96 APPROVAL PROCESS: |
| BIT SOUR FEST St., ATISIS, NA 58219 | 2040 5. | Pacheco | X AdministrativeHearing |
| DISTRICT III | Santa Fe, New M | exico 87505-6429 | EXISTING WELLBORE |
| 1000 Pas Bratos Rd, Atine, NM 87410 | APPLICATION FOR DOV | VNHOLE COMMINGLING | XXYES NO |
| | | x 51810 Midland, Texas 79 | 0710-1810 |
| Burlington Resources Oil & | bas company P.U. Bu | | |
| Jackalope '24' Federal Well | | 24, T22S, R32E | Lea |
| OGRID NO. 26485 Property Cod | 19964 30- | -023-328/8 | pooling Unit Losses Typest (otherst 1 or more) (, State, (and/or) Fee |
| The following facts are submitted in support of downhole comminging: | Upper Zone | Intermediate Zones | Lower Zone Matting and the second second |
| 1. Pool Name and Pool Code | West Red Tank Delaware 51689 | | Red Tank Bone Spring 51683 |
| 2. Top and Bottom of Pay Section (Perforations) | 8501'-8531' | | 8832'-8884' |
| 3. Type of production (Off or Gas) | 0i1 | | 011 |
| 4. Method of Production (Flowing or Artificial Lift) | Flowing | | Flowing |
| 5. Bottomhole Pressure Oli Zones - Artificial Lift: Estimated Current | See attached | a. | see Attached |
| Ges & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original | b. ^(Criginal) | b. | b. |
| 6. Oil Gravity (° API) or Gas BTU Contant | 42.3 | | 40 |
| 7. Producing or Shut-In? | Well is currently being | completed | |
| Production Marginal? (yes or no) | | | |
| If Shut-In, give date and oil/gas/ water rates of last production Note: For new rates with no production history, apploant shall be required to enset | Datu: Rittis: See Attached Infor | Data: mBETTEN regarding Productio | Date: N ^{MALOSI} |
| Production estimates and supporting data If Producting, give date andoil/gas/ water rates of record test (within 80 days) | Detai Rates: | Dates: | Date: Rates; |
| 8. Fixed Percentage Allocation Formula -% for each zone | Cit: % Citati | 01: 5MI % % | Oii: % Gas: % |
| | | | pased upon some other method, jections or other required data. |
| 10. Are all working, overriding, au if not, have all working, over Have all offset operators been | | | |
| 11. Will cross-flow occur? | | | |
| 12. Are all produced fluids from a 13. Will the value of production b | - | | |
| • | • • • | | |
| 14, if this well is on, or communi United States Bureau of Land | Management has been notified | d in writing of this application. | X Yes No |
| 15. NMOCD Reference Cases for | Rule 303(C) Exceptions: | ORDER NO(S). | ···· |
| * For zones with no * Date to support all | to be commingled showing i or each zone for at least one ye production history, estimated p ocation method or formula. all offset operators. working, overriding, and royalty ements, data, or documents re | ear. (It not available, attach exporting | (plaination.) J data. |
| I hereby certify that the information | | | |
| SIGNATURE DOI | nna Williams | TITLE Regulatory Complia | nce DATE 3/12/97 |
| | Luce | TELEPHONE NO. (| 915 1 688 - 6943 |
| | | | |

District I PO Box 1980, Hobbs, NM 88241-1980 District II 811 S. 1st Street, Artesia, NM 88210-2834 District III 1000 Rio Brazos Rd., Aztec, NM 87410 District IV 2040 South Pacheco, Santa Fe, NM 87505

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State of New Mexico Energy, Minerals & Natural Resources Department

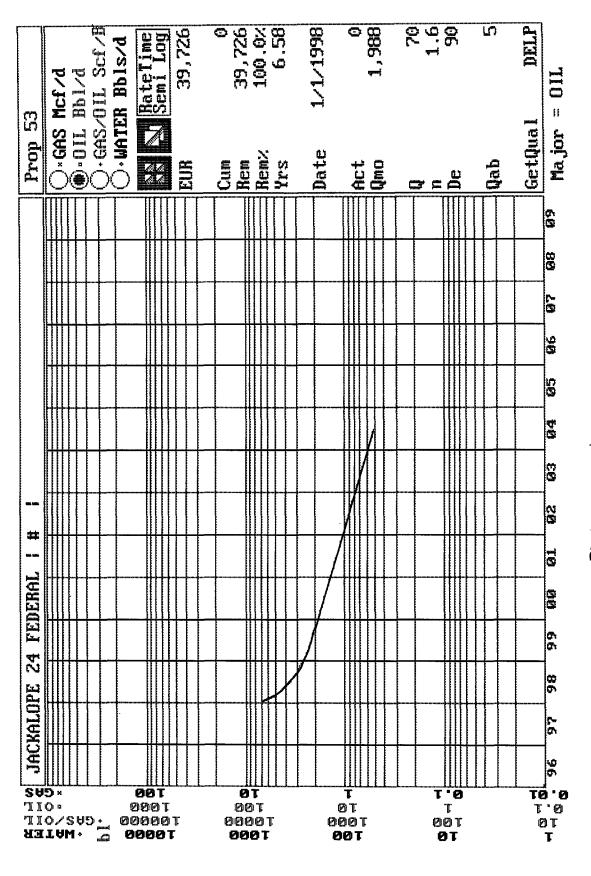
OIL CONSERVATION DIVISION 2040 South Pacheco Santa Fe, NM 87505 Form C-102 Revised October 18, 1994 Instructions on back Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| 1 | API Numbe | r | | ² Pool (| Code | ³ Pool Name | | | | | |
|--|--------------------------------|-----------|----------------------------|---------------------|-------------------------|--|-------------------|--|------------------------|---------------------------|---|
| | | | | 516 | | West Red Tank Delaware | | | | | |
| ⁴ Property | Code | | | | 5 Pr | Property Name ⁶ Well Number | | | | Well Number | |
| 1996 | | | | | Jackalor | ope '24' Federal | | | | | |
| 7 OGRID | No. | | | | - | erator Na | | | | " | Elevation |
| 26485 Burlington Resources Oil & Gas Company | | | | | | | | | | | |
| | ¹⁰ Surface Location | | | | | | | | | | |
| UL or lot no. | Section | Township | Range | Lot. Idt | 1 | | North/South Line | Feet from the | | est line/ | County |
| | 24 | 225 | 32E | G | L | 980' | North | 1980' | Ea | ist | Lea |
| | | | " Bo | ottom H | ole Location | If Diffe | erent From Surfac | æ | | | |
| UL or lot no. | Section | Township | Range | Lot. Id | n Feet fr | om the | North/South Line | Feet from the | East/W | Vest line | County |
| ¹² Dedicated Acre 40 | s ¹³ Joint | or Infill | ¹⁴ Consolidatio | n Code | ¹⁵ Order No. | | L | L | L | | |
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| | | | | | | | | true ana complete | to the D | est of my | knowledge and belief. |
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| | | | | | • | ŧ. | | Title | | Tunee | |
| | | | | | | | | 3/12/97 | | | |
| | | | | Contra Co | ALC: AN CONTRACT | | | Date | | | |
| | | | | | | | | ¹⁸ SURVE | YOR | CERTI | FICATION |
| | | | | | | | | I hereby certify the was plotted from | hat the w field no. | ell location tes of ac | on shown on this plat stual surveys made by |
| | | | | | | Ì | | me or under my and correct to the b | supervisi | on, and | that the same is true |
| | | | | | | | | | | | |
| ļ | | | | | | Date of Survey | | | | | |
| | | | | | | | | Signature and Seal of Professional Surveyer: | | | |
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| L | <u> </u> | | | | | | | Certificate Number | ×r | | |

BASAL BRUSHY CANYON PROD.



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District I PO Box 1980, Hobbs, NM 88241-1980 District II 811 S. 1st Street, Artesia, NM 88210-2834 District III 1000 Rio Brazos Rd., Aztec, NM 87410 District IV 2040 South Pacheco, Santa Fe, NM 87505

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OIL CONSERVATION DIVISION 2040 South Pacheco Santa Fe, NM 87505

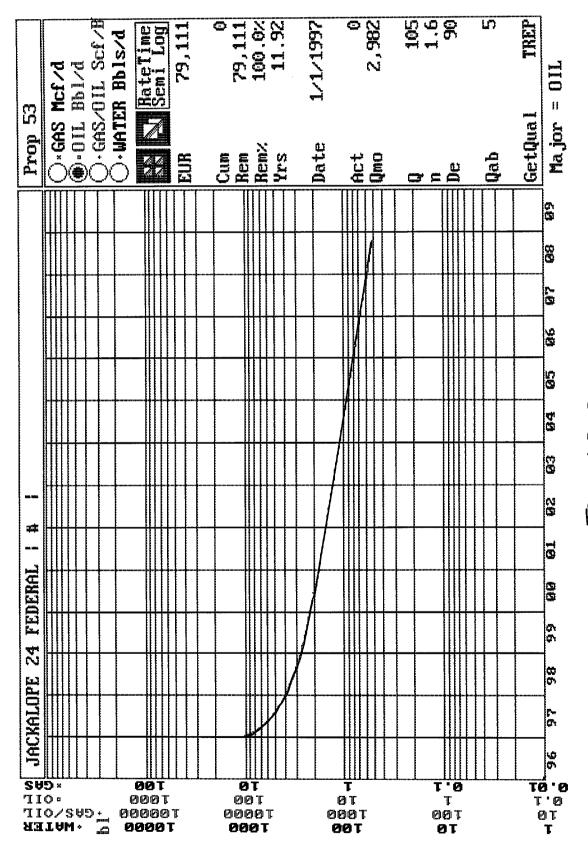
Form C-102 Revised October 18, 1994 Instructions on back Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| 1 | API Number | гг | | ² Pool Code ³ Pool Name | | | ³ Pool Name | | | | |
|--|-----------------------|--|----------------------------|---|--------------------|--|------------------------|--|-----------|-----------|--|
| | | | | 5168 | | Red Tank Bone Spring | | | | | |
| ⁴ Property | Code | | | | 5 Pro | Property Name ⁶ Well Number | | | | | Well Number |
| 1996 | | | | | Jackalop | ope '24' Federal | | | | | Diama di |
| 7 OGRID | No. | | | | - | Operator Name 9 Elevation | | | | Elevation | |
| 26485 Burlington Resources Oil & Gas Company | | | | | | | | | | | |
| | Surface Location | | | | | | | | | | |
| UL or lot no. | Section | Township | Range | Lot. Idn | | | North/South Line | Feet from the | 1 | | County |
| | 24 | 225 | <u>32E</u> | G | 19 | | North | 1980' | Ea | st | Lea |
| | | | " Bo | ttom Ho | ole Location | If Diffe | erent From Surfac | æ | | | |
| UL or lot no. | Section | Township | Range | Lot. Idn | Feet fro | m the | North/South Line | Feet from the | East/W | est line | County |
| | L | L | | | | | | | | | |
| ¹² Dedicated Acre | s ¹³ Joint | or Infill | ⁴ Consolidation | 1 Code | 15 Order No. | | | | | | |
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| | | | | | | Signature Donna Williams | | | | | |
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| ll. | | | | | • | 1 1 | | Regulatory | | liance | |
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ADDITIONAL DATA FOR DOWNHOLE COMMINGLING JACKALOPE '24' FEDERAL WELL NO. 1

Burlington Resources Oil & Gas Company respectfully submits the following information which is based on the Mule Deer 36 State well no. 2. This is due to 3-D and mapping which indicates a similarity in the sand structure of both the Delaware and Bone Spring.

The estimated bottomhole pressures for the perforations in the Delaware for the above referenced well are based off the actual BHP for the Mule Deer '36' State well no. 2.. As indicated on the application for the # 2, the original BHP for the oil zone in theDelaware is an estimated 2550 and then tapers off to 1270. The Bone Spring, as indicated on downhole commingles of well nos. 1 thru 5, indicate original bottomhole pressure to be 2660 estimate, and then taper to 1330. Production should come in flowing but eventually be put on artificial lift. Production estimates are based off the Mule Deer 36 State # 2, which is to the south of this wellbore. Production model utilized is as follows: Bone Spring: 105 BOPD, 130 MCF, 10 bbls water, with Delaware indicating 70 BOPD, 40 MCF, 150 bbls water. Allocation factors should be as follows:

Delaware:40% oil and 30% gasBone Spring:60% oil and 70% gas

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BURLINGTON RESOURCES OIL & GAS COMPANY APPLICATION FOR ADMINISTRATIVE APPROVAL DOWNHOLE COMMINGLING JACKALOPE '24' FEDERAL WELL NO. 1 LEA COUNTY, NEW MEXICO

Penwell Energy Inc. * 600 N. Marienfeld, Ste. 1100 Midland, Texas 79701

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Pogo Producing Company Box 10340 Midland, Texas 79702

Bureau of Land Management- Mineral Interest 2909 West Second Street Roswell, New Mexico 88201

* - Map shows C.W. Trainer as operator of lease, however, Penwell Energy has since bought Mr. Trainer's interest.

NHC-1559



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION HOBBS DISTRICT OFFICE

3/14/97

POST OFFICE BOX 1980 HOBBS, NEW MEXICO 88241-1980 (505) 393-6161

GOVERNOR

OIL CONSERVATION DIVISION P. O. BOX 2088 SANTA FE, NEW MEXICO 87501

RE: Proposed:

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| DHC | X | |
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| NSP | | — |
| SWD | | |
| WFX | | |
| PMX | <u></u> | |

Gentlemen:

I have examined the application for the:

| Burlington Re. | 5. D466 | Tockal | one a | 24 Fed | #1-6-24 | 225-32 |
|----------------|------------|---------|-------|--------|--|--------|
| Operatory | Lease & We | ell No. | Unʻit | S-T-R | t and a second sec | |

and my recommendations are as follows:

Yours

Jerry Sexton Supervisor, District 1

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