

DATE IN <u>6/12/06</u>	SUSPENSE	ENGINEER <u>Will Jones</u>	LOGGED IN <u>6/12/06</u>	TYPE <u>DHC</u> <u>3722</u>	APP NO. <u>PTDS0616359503</u>
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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.

Tom L. Powell
Print or Type Name

Tom L. Powell
Signature

PETROLEUM ENGINEER 6-7-2006
Title Date

tpowell@edgepet.com
e-mail Address



EDGE PETROLEUM CORPORATION

June 7, 2006

2006 JUN 12 PM 1 47

2006 JUN 12 PM 1 47

Mr. William Jones
New Mexico Energy, Minerals, and Natural Resources Department
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Subject

Edge Petroleum Operating Company Inc
Application for downhole commingling
East Lusk Delaware and South Lusk Bone Springs pools
Southeast Lusk 34 Federal #2
API 30-025-37357
Section 34, T-19S R-32E
Lea County, NM

Dear Mr. Jones:

Attached, please find Edge Petroleum Operating Company, Inc's ("Edge") application to downhole commingle production from the East Lusk Delaware pool and South Lusk Bone Springs pool within the wellbore of the Southeast Lusk 34 Federal No. 2.

Attached in support of this application are two copies each of the following:

1. Form C-107A, Application for downhole commingling
2. Forms C-102 for the two pools.
3. Production curve for each zone. Both zones have less than one year of production history, but all available history is included.
4. The daily production data from both zones used to determine the allocation percentage.
5. Copy of notification letter to the United States Bureau of Land Management.
6. Administrative Application checklist.

The pool names provided are as per Paul Kautz in the OCD Hobbs office. All working and royalty interests in the two zones are the same.

(continued)

Edge Petroleum Operating Company
Lusk 34 #2 – Downhole commingling application
June 7, 2006
Page 2 of 2

If any further information is needed, please contact me at the letterhead address or by telephone, 713-427-8886.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom L. Powell".

Tom L. Powell
Sr. Staff Petroleum Engineer
Edge Petroleum
tpowell@edgepet.com

District I
1625 N. French Drive, Hobbs, NM 88240

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

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

Edge Petroleum Operating Co. Inc. 1301 Travis, Suite 2000 Houston, TX 77002
Operator Address

Southeast Lusk 34 Federal 2 e - 34 - T19S - R32E Lea
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 22440 Property Code 300257 API No. 30-025-37357 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	UPPER East Lusk Delaware (per Paul Kautz)		EAST South Lusk (Bone Springs) (per Paul Kautz)
Pool Code	41520		41442 41460
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	6602 ft -7421 ft		7616 ft - 7672 ft
Method of Production (Flowing or Artificial Lift)	Flowing		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)	40.5 API		38.8 API
Producing, Shut-In or New Zone	Producing		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: 6-4-2006 Rate: 4 Bopd + 33 Mcfd + 0 Bwpd Last 30 days online: 1033 BO + 6131 Mcf + 0 BW	Date: Rates:	Date: 12-31-2005 Rate: 49 Bopd + 118 Mcfd + 15 Bwpd Last 30 days online: 745 BO + 1357 Mcf + 212 BW
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 58 % 82 %	Oil Gas % %	Oil Gas 42 % 18 %

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.) * Both zones online for less than 1 year
- 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 Tom L. Powell TITLE Petroleum Engineer DATE June 7, 2006

TYPE OR PRINT NAME Tom L. Powell TELEPHONE NO. (713) 427-8886

E-MAIL ADDRESS tpowell@edgepet.com

DISTRICT I
1825 N. FRANCH DR., HOHRS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTERIA, NM 88210

DISTRICT III
1000 Rio Brasas 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 30-025-37357	Pool Code 41520	Pool Name East Lusk Delaware
Property Code 300257	Property Name LUSK 34 FEDERAL	Well Number 2
CGRID No. 224400	Operator Name EDGE PETROLEUM OPERATING COMPANY, INC.	Elevation 3558'

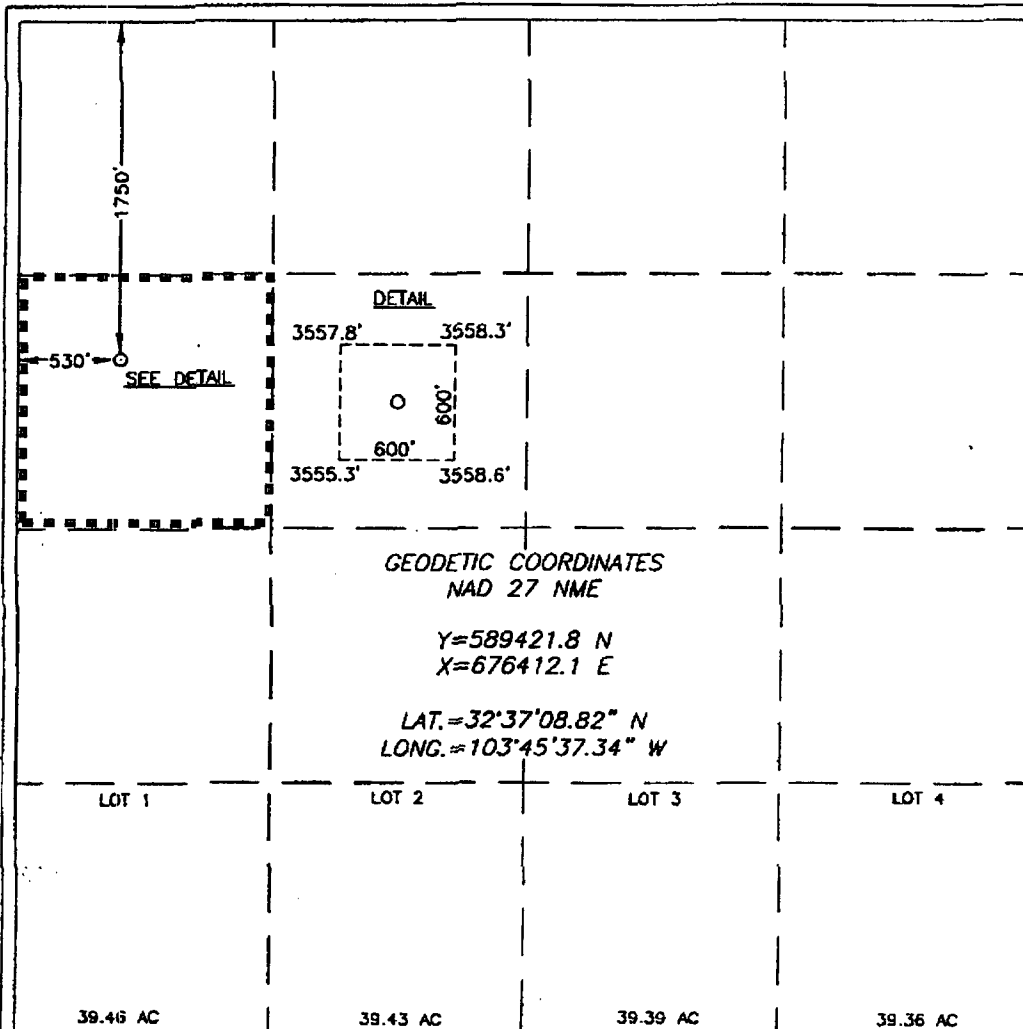
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	34	19-S	32-E		1750	NORTH	530	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.						

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



OPERATOR CERTIFICATION

I hereby certify the the information
contained herein is true and complete to the
best of my knowledge and belief.

Tom L. Powell

Signature
Tom L. Powell

Printed Name
Petroleum Engineer

Title
June 7, 2006

Date

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
supervision and that the same is true and
correct to the best of my belief.

MARCH 16, 2005

Date Signed
Signature
Professional Seal
Professional Seal

Barry G. Eidson
05.11.0459
12641

Certified Professional Surveyor 12641

DISTRICT I
1826 K. FRENCH DR., BOHRS, NM 86240

DISTRICT II
1301 W. GRAND AVENUE, ARTESA, 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 30-025-37357	Pool Code 41460	Pool Name South Lusk Bone Springs
Property Code 300257	Property Name LUSK 34 FEDERAL	Well Number 2
OGRID No. 224400	Operator Name EDGE PETROLEUM OPERATING COMPANY, INC.	Elevation 3558'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	34	19-S	32-E		1750	NORTH	530	WEST	LEA

Bottom Hole Location If Different From Surface

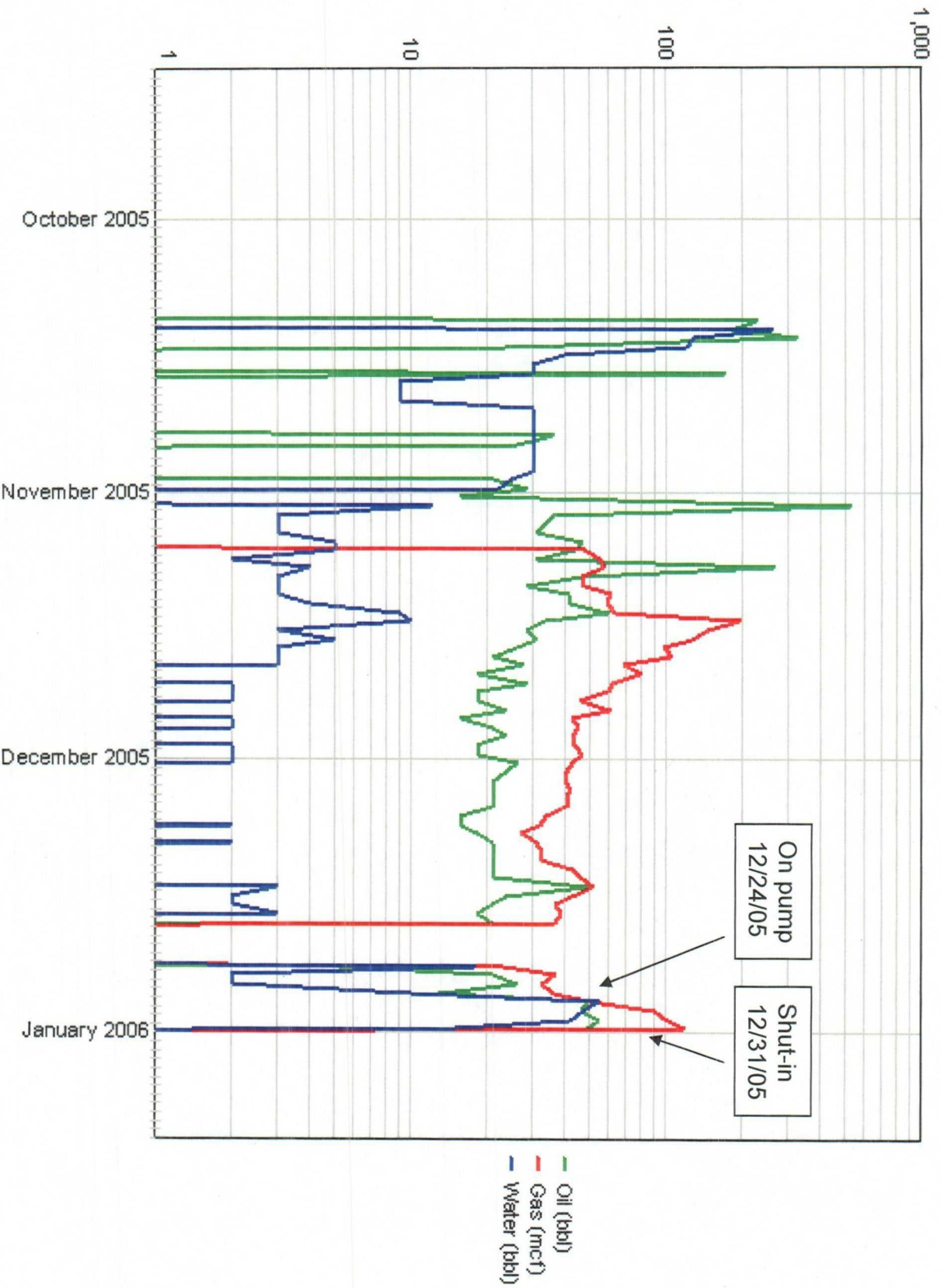
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40	Joint or Infill	Consolidation Code	Order No.						

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>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>Tom L. Powell</i> Signature Tom L. Powell Printed Name Petroleum Engineer Title June 7, 2006 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>MARCH 16, 2005 Date Surveyed G. EIDSON Signature Professional Surveyor NEW MEXICO 05.11.0459 Certification Number 12641</p>	

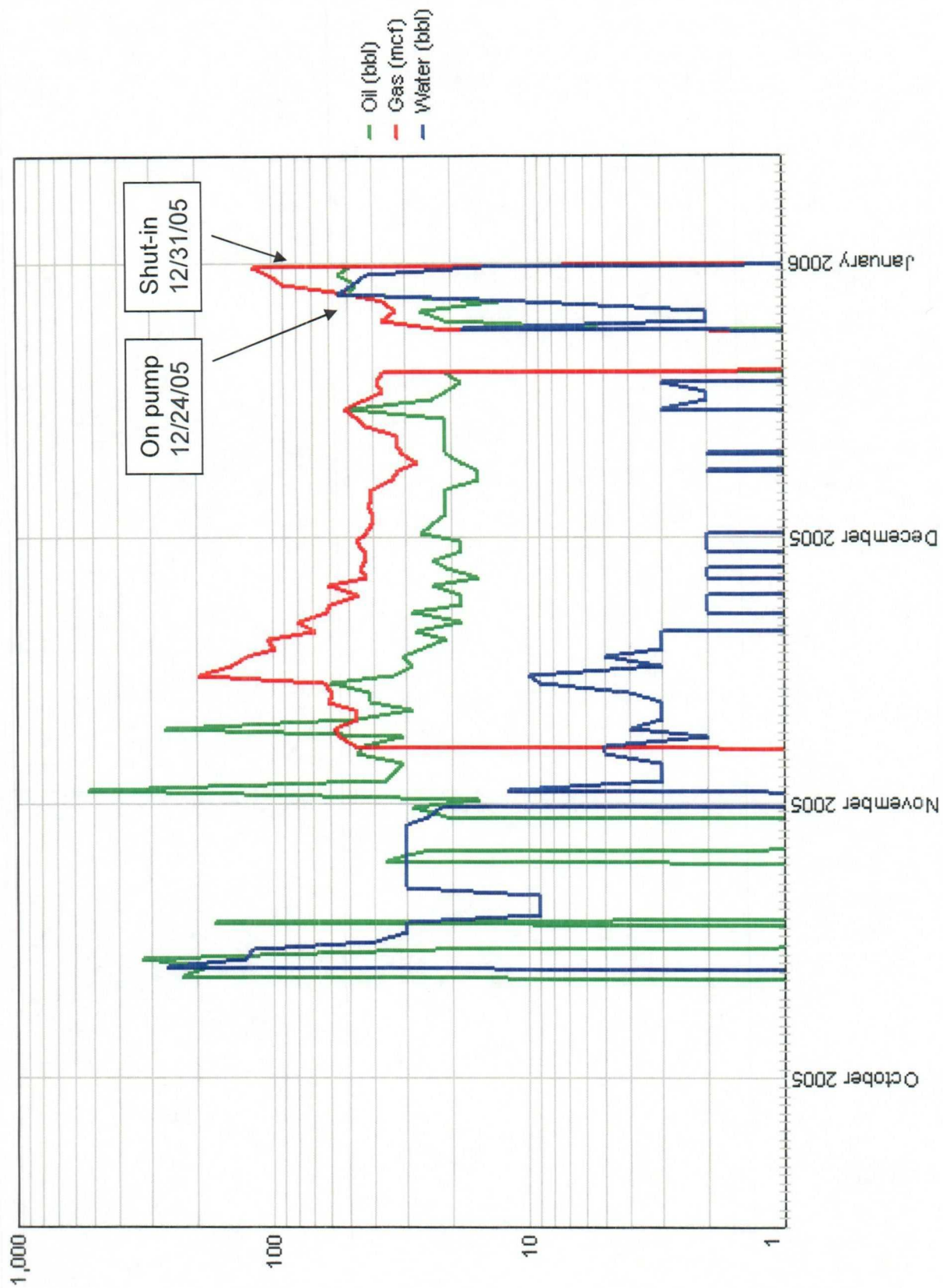
Southeast Lusk 34 Federal No. 2 – Bone Springs Production Graph

NEW MEXICO - SE Lusk 34 Fed 2



Southeast Lusk 34 Federal No. 2 – Bone Springs Production Graph

NEW MEXICO - SE Lusk 34 Fed 2



Downhole commingling allocation
Southeast Lusk 34 Federal No. 2
API 30-025-37357
Lea County, New Mexico

Lusk Delaware, East Last 30 days of production				Wildcat (Bone Springs) Last 30 days of production			
Date	Oil	Gas	Water	Date	Oil	Gas	Water
6/4/2006	3.94	33	0	12/31/2005	49.48	118	15
6/3/2006	11.09	101	0	12/30/2005	54.68	102	42
6/2/2006	19.04	125	0	12/29/2005	46.87	90	48
6/1/2006	22.99	131	0	12/28/2005	49.48	50	55
5/31/2006	20.1	135.33	0	12/27/2005	13.02	36	10
5/30/2006	20.1	147.54	0	12/26/2005	26.04	33	2
5/29/2006	20.1	156	0	12/25/2005	20.83	37	2
5/28/2006	20.17	163.28	0	12/24/2005	5.21	23	18
5/27/2006	22.18	170.83	0	12/19/2005	20.83	37	0
5/26/2006	26.21	168	0	12/18/2005	18.23	39	3
5/25/2006	27.46	167.34	0	12/17/2005	20.83	37	2
5/24/2006	20.94	171.21	0	12/16/2005	23.44	43	2
5/23/2006	26.39	168.63	0	12/15/2005	49.48	52	3
5/22/2006	27.52	195.1	0	12/14/2005	20.83	46	0
5/21/2006	37.82	204.59	0	12/13/2005	20.83	43	0
5/20/2006	27.78	214.85	0	12/12/2005	20.83	32	0
5/19/2006	29.65	221.76	0	12/11/2005	20.83	33	0
5/18/2006	35.05	241.65	0	12/10/2005	20.83	31	2
5/17/2006	55.54	268.51	0	12/9/2005	18.23	27	0
5/16/2006	37.87	227.2	0	12/8/2005	15.62	32	2
5/15/2006	37.87	239	0	12/7/2005	15.62	34	0
5/14/2006	38.05	250.83	0	12/6/2005	20.83	41	0
5/13/2006	45.4	255.26	0	12/5/2005	20.83	41	0
5/12/2006	73.14	261.15	0	12/4/2005	20.83	42	0
5/11/2006	48.55	269	0	12/3/2005	20.83	40	0
5/10/2006	60.07	277.5	0	12/2/2005	23.44	41	0
5/9/2006	56.36	284.69	0	12/1/2005	26.04	43	2
5/8/2006	57.86	287.22	0	11/30/2005	18.23	47	2
5/7/2006	48.94	293.41	0	11/29/2005	18.23	44	2
5/6/2006	54.38	301.37	0	11/28/2005	23.44	43	0
Total	1032.56	6131.25	0	Total	744.74	1357	212
Allocation	58%	82%	0%		42%	18%	100%



June 7, 2006

United States Bureau of Land Management
Carlsbad Field Office
620 E. Greene Street
Carlsbad, NM 87505

Subject

Edge Petroleum Operating Company Inc
Application for downhole commingling
East Lusk Delaware and South Lusk Bone Springs pools
Southeast Lusk 34 Federal #2
API 30-025-37357
Section 34, T-19S R-32E
Lea County, NM

To Whom It May Concern:

Attached, please find a copy of Edge Petroleum Operating Company, Inc's ("Edge") application to downhole commingle production from the East Lusk Delaware pool and South Lusk Bone Springs pool within the wellbore of the Southeast Lusk 34 Federal Well No. 2.

This application has been filed with the Oil Conservation Division in Santa Fe, New Mexico.

If any further information is needed, please contact me at the letterhead address or by telephone, 713-427-8886.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Tom L. Powell', is written above the printed name.

Tom L. Powell
Sr. Staff Petroleum Engineer
Edge Petroleum
tpowell@edgepet.com