

| | | | | | |
|-------------------|----------|------------------------|---------------------|---------------------|---------------------------|
| DATE IN 8/7/06 | SUSPENSE | ENGINEER WILL JONES | LOGGED IN 8/9/06 | TYPE DHC 3772 | APP NO. PTDS0622138187 |
|-------------------|----------|------------------------|---------------------|---------------------|---------------------------|

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.

| | | | |
|--------------------|-----------|----------------|------|
| Print or Type Name | Signature | Title | Date |
| | | e-mail Address | |

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

Capataz Operating Inc PO Box 10549, Midland, TEXAS 79702
Operator Address
Bull Durham 2 0-14-T20S-R38E
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 3659 Property Code 22192 API No. 30-025-34363 Lease Type: ☐ Federal ☒ State ☐ Fee \$500

| DATA ELEMENT | UPPER ZONE | INTERMEDIATE ZONE | Intermediate LOWER ZONE #2 |
|--|--|---------------------------------------|--|
| Pool Name | Blinebry Oil&Gas | House, Tubb | House, Drinkard |
| Pool Code | 6660 | 78760 | 33250 |
| Top and Bottom of Pay Section (Perforated or Open-Hole Interval) | 5974-6118 | 6512-6520 | 6756-84 |
| Method of Production (Flowing or Artificial Lift) | 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) | | | |
| Oil Gravity or Gas BTU (Degree API or Gas BTU) | 36.7 | 36.7 | 36.7 |
| Producing, Shut-In or New Zone | | | |
| 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: 7/15/06 Rates: 4 BO 29 MCF | Date: 7/15/06 Rates: 1 BO 4 MCF | Date: 7/15/06 Rates: 0 BO 2 MCF |
| 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 80 % 83 % | Oil Gas 20 % 11 % | Oil Gas 0 % 6 % |

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 ☒ NA
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 ☒ NA
NMOCD Reference Case No. applicable to this well: _____

Attachments:

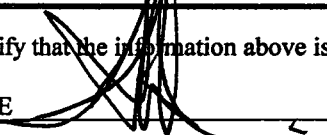
- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation 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  TITLE Agent DATE 8-4-06
TYPE OR PRINT NAME H Scott Davis TELEPHONE NO. (432) 620-8820
E-MAIL ADDRESS capataz1@sbcglobal.net

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
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Energy, Minerals and Natural Resources Department

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APPLICATION TYPE
☒ Single Well
☐ Establish Pre-Approved Pools
EXISTING WELLBORE
☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

Capataz Operating Inc

PO Box 10549, Midland, TEXAS 79702

Operator Address
Bull Durham 2 O-14-T20S-R38E Lea
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 3659 Property Code 22192 API No. 30-025-34363 Lease Type: ☐ Federal ☒ State ☐ Fee

| DATA ELEMENT | UPPER ZONE | INTERMEDIATE ZONE | LOWER ZONE <i>UNDES</i> |
|---|-----------------|-------------------|---------------------------------------|
| Pool Name | | | House, Abo |
| Pool Code | | | 38210 |
| Top and Bottom of Pay Section (Perforated or Open-Hole Interval) | | | 7283-7344 |
| Method of Production (Flowing or 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) | | | |
| Oil Gravity or Gas BTU (Degree API or Gas BTU) | | | NA |
| Producing, Shut-In or New Zone | | | -- |
| 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: Rates: | Date: Rates: | Date: 7/15/06 Rates: 0 BO 0 MCF |
| 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 % % | Oil Gas % % | Oil Gas 0 % 0 % |

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 ☒ NA
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 ☒ NA
NMOCD Reference Case No. applicable to this well: _____

Attachments:

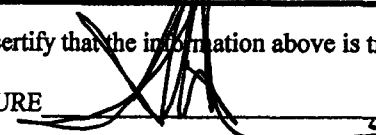
C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
Production curve for each zone for at least one year. (If not available, attach explanation.)
For zones with no production history, estimated production rates and supporting data.
Data to support allocation method or formula.
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Any additional statements, data or documents required to support commingling.

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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  TITLE Agent DATE 8-4-06
TYPE OR PRINT NAME H Scott Davis TELEPHONE NO. (432) 620-8820
E-MAIL ADDRESS capataz1@sbcglobal.net

DISTRICT I

P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102

Revised February 10, 1994

Submit to Appropriate District Office

State Lease - 4 Copies

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DISTRICT II

P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III

1000 Rio Brazos Rd., Artec, NM 87410

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

DISTRICT IV

P.O. Box 2088, Santa Fe, NM 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-----------------------------------|---|--------------------------------|
| API Number 30-025-34363 | Pool Code 33210 | Pool Name House, Abo |
| Property Code 22192 | Property Name BULL DURHAM | Well Number 2 |
| OGRID No. 3659 | Operator Name CAPATAZ OPERATING, INC. | Elevation 3578 |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|-----------|-------------|-------------|---------|---------------|------------------|---------------|----------------|------------|
| 0 | 14 | 20 S | 38 E | | 467 | SOUTH | 1787 | EAST | 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 | 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 information contained herein is true and complete to the best of my knowledge and belief. Signature H Scott Davis Printed Name Agent Title 4-14-98 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. APRIL 6, 1998 Date Surveyed Signature & Seal of Professional Surveyor W.O. Num. 98-11-0540 Certificate No. RONALD G. EIDSON, 3239 GARY G. EIDSON, 12641 DAVID MCDONALD, 12185 |
| | |
| | |

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico

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Santa Fe, New Mexico 87504-2088

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|----------------------------|--|------------------------------|
| API Number 30-025-34363 | Pool Code 33250 | Pool Name House; Drinkard |
| Property Code 22192 | Property Name BULL DURHAM | Well Number 2 |
| OGRID No. 3659 | Operator Name CAPATAZ OPERATING, INC. | Elevation 3578 |

Surface Location

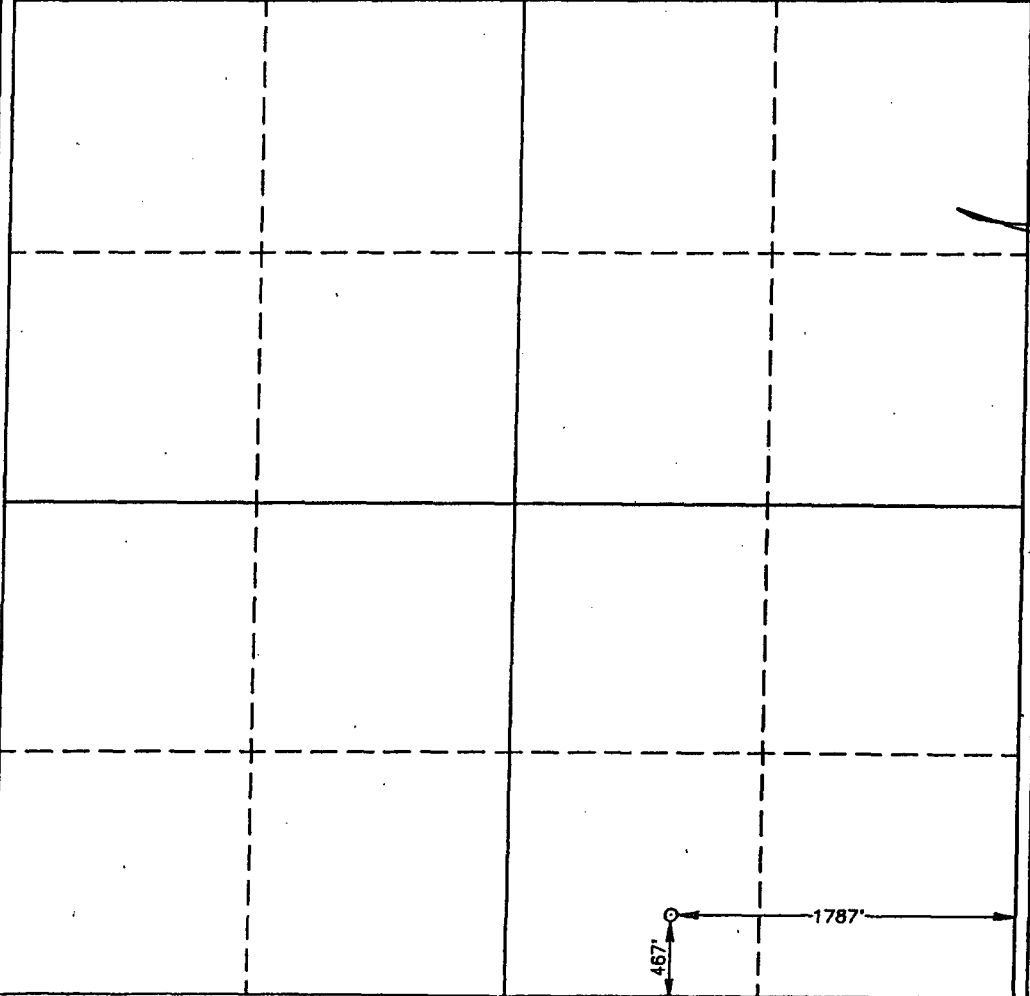
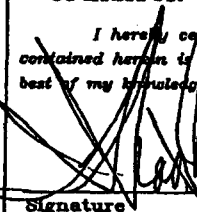
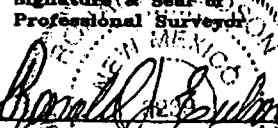
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 0 | 14 | 20 S | 38 E | | 467 | SOUTH | 1787 | EAST | 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 | 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> Signature</p> <p>H Scott Davis Printed Name</p> <p>Agent Title</p> <p>4-14-98 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>APRIL 6, 1998 Date Surveyed</p> <p> Signature & Seal of Professional Surveyor</p> <p>W.O. Num. 98-110540 Certificate No. RONALD A. EDSON, 3239 GARY G. EDSON, 12641 DAVID MCDONALD, 12185</p> |
| | <p>JLP</p> |
| | |

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

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

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

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Submit to Appropriate District Office
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OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|----------------------------|--|---------------------------------|
| API Number 30-025-34363 | Pool Code 6660 | Pool Name Blinebry Oil & Gas |
| Property Code 22192 | Property Name BULL DURHAM | Well Number 2 |
| OGRID No. 3659 | Operator Name CAPATAZ OPERATING, INC. | Elevation 3578 |

Surface Location

| | | | | | | | | | |
|--------------------|---------------|------------------|---------------|---------|----------------------|---------------------------|-----------------------|------------------------|---------------|
| UL or lot No. 0 | Section 14 | Township 20 S | Range 38 E | Lot Idn | Feet from the 467 | North/South line SOUTH | Feet from the 1787 | East/West line EAST | County 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 | 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>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i> | |
| | | | | Signature | |
| | | | | H Scott Davis | |
| | | | | Printed Name | |
| | | | | Agent | |
| | | | | Title | |
| | | | | 4-14-98 | |
| | | | | Date | |
| | | | | | |
| | | | | SURVEYOR CERTIFICATION | |
| | | | | <i>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.</i> | |
| | | | | APRIL 6, 1998 | |
| | | | | Date Surveyed | |
| | | | | Signature of Surveyor | |
| | | | | Professional Surveyor | |
| | | | | W.O. Num. 98-110540 | |
| | | | | 4-06-98 | |
| | | | | Certificate No. RONALD J. EDSON, 3239 | |
| | | | | GARY G. EDSON, 12841 | |
| | | | | PROFESSIONAL SURVEYOR McDONALD, 12185 | |
| | | | | | |

487' 1787'

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

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Energy, Minerals and Natural Resources Department

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P.O. Box 2088
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-----------------------------------|---|---------------------------------|
| API Number 30-025-34363 | Pool Code 78760 | Pool Name House; Tubb |
| Property Code 22192 | Property Name BULL DURHAM | Well Number 2 |
| OGRID No. 3659 | Operator Name CAPATAZ OPERATING, INC. | Elevation 3578 |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|-----------|-------------|-------------|---------|---------------|------------------|---------------|----------------|------------|
| 0 | 14 | 20 S | 38 E | | 467 | SOUTH | 1787 | EAST | 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 | Joint or Infill | Consolidation Code | Order No. |
|-----------------|-----------------|--------------------|-----------|
| | | | |

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OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

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|--|---|
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| | |
| | |