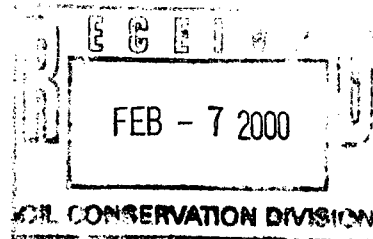


DHC 2/28/00

CAMPBELL & HEDRICK
P. O. BOX 401
MIDLAND, TEXAS 79702
PHONE 1-915-684-4393 FAX 1-915-682-7570

2660



February 4, 2000

Director, Oil Conservation Division
State Land Office Building
P. O. Box 2088
Santa Fe, New Mexico 87504

Re: Application to Downhole commingle
Hardy No. 5, Q 19-21S-37E
Blinbry Oil and Gas and Paddock Pools
Lea County, New Mexico

Gentlemen:

Campbell and Hedrick as Operator of Hardy #5, Q 19-21S-37E submit Form C-107-A proposing to downhole commingle the Blinbry and Paddock zones in this well. Commingling production will increase the recovery oil and gas from this lease and enhance operations.

Sincerely,

O. F. Hedrick

O. F. Hedrick, Operator

cc: District Office, Hobbs
Bureau of Land Management
Offset Operators

Attachments: List of Offset Operators
C-107-A
Map
Decline Curve
Acrage Plat

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
811 South First St., Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410
DISTRICT IV
2040 S. Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department
OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

Form C-107-A
Revised August 1999

APPROVAL PROCESS:

___ Administrative ___ Hearing

EXISTING WELLBORE

___ YES ___ NO

APPLICATION FOR DOWNHOLE COMMINGLING

CAMPBELL & HEDRICK P. O. BOX 401 MIDLAND, TEXAS 79702
Operator Address

HARDY 5 0 19- 21S- 37E Lea
Lease Well No. Unit Ltr. - Sec - Twp - Rge County

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 003630 Property Code 002422 API NO. 30-025-06677 Federal X, State, (and/or) Fee

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	PADDOCK		BLINEBRY OIL
2. Top and Bottom of Pay Section (Perforations)	5175-5190		5598-5935
3. Type of production (Oil or Gas)	OIL		OIL
4. Method of Production (Flowing or Artificial Lift)	PUMP		FLOW (DEAD)
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a. (Current) 85 Est b. (Original)	a. b.	a. 395 Est b. 2400
6. Oil Gravity (° API) or Gas BTU Content	37.8°		35.5°
7. Producing or Shut-In?	PRODUCING		SHUT IN
Production Marginal? (yes or no)	YES		YES
* If Shut-In, give 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 * If Producing, give date and oil/gas/ water rates of recent test (within 60 days)	Date: Rates: Date: 1/15/2000 Rates: 9 8mcf 23	Date: Rates: Date: Rates:	Date: 1/19/2000 Rates: (Swab Test) 2.4 65mcf 11 Date: Rates:
8. Fixed Percentage Allocation Formula -% for each zone (total of %'s to equal 100%)	Oil: 86 % Gas: 17 %	Oil: % Gas: %	Oil: 14 % Gas: 83 %

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.

10. Are all working, overriding, and royalty interests identical in all commingled zones? ☒ Yes ___ No
If not, have all working, overriding, and royalty interests been notified by certified mail? ___ Yes ___ No

11. Will cross-flow occur? ☒ Yes ___ No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. ☒ Yes ___ No (If No, attach explanation)

12. Are all produced fluids from all commingled zones compatible with each other? ☒ Yes ___ No

13. Will the value of production be decreased by commingling? ___ Yes ☒ No (If Yes, attach explanation)

14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. ☒ Yes ___ No

15. NMOC Reference Cases for Rule 303(D) Exceptions: ORDER NO(S). DHC 641, DHC 845

16. 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, overriding, and royalty interests for uncommon interest cases.
- * Any additional statements, data, or documents required to support commingling.

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

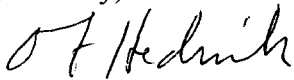
SIGNATURE O. F. Hedrick TITLE OPERATOR DATE 2/04/2000

TYPE OR PRINT NAME O. F. HEDRICK TELEPHONE NO. (915) 684-4393

Supplemental Information:

9. Allocation formula is based on current production.
- 9.c. Attached is list of offset operators given written notices.
13. Blinebry zone is dead and cannot be produced economically as a separate zone. DHC will result in the recovery of additional oil and gas and prolong recovery from Paddock zone.
14. The United States Bureau of Land Management has been sent a completed Form C-107-A with attachments application as notification of the proposed commingling.

Sincerely,

A handwritten signature in black ink, appearing to read "O. F. Hedrick", written in a cursive style.

O. F. Hedrick, Operator

NEW MEXICO OIL CONSERVATION COMMISSION
Well Location and Acreage Dedication Plat

Section A.

Date October 17, 1960

Operator J W Peery Lease Hardy
Well No. 5 Unit Letter 0 Section 19 Township 21 S Range 37 E NMPM
Located 330 Feet From South Line, 1650 Feet From East Line
County Lea G. L. Elevation 3509 Est. Dedicated Acreage 40 Acres
Name of Producing Formation Glorietta Pool Paddeck

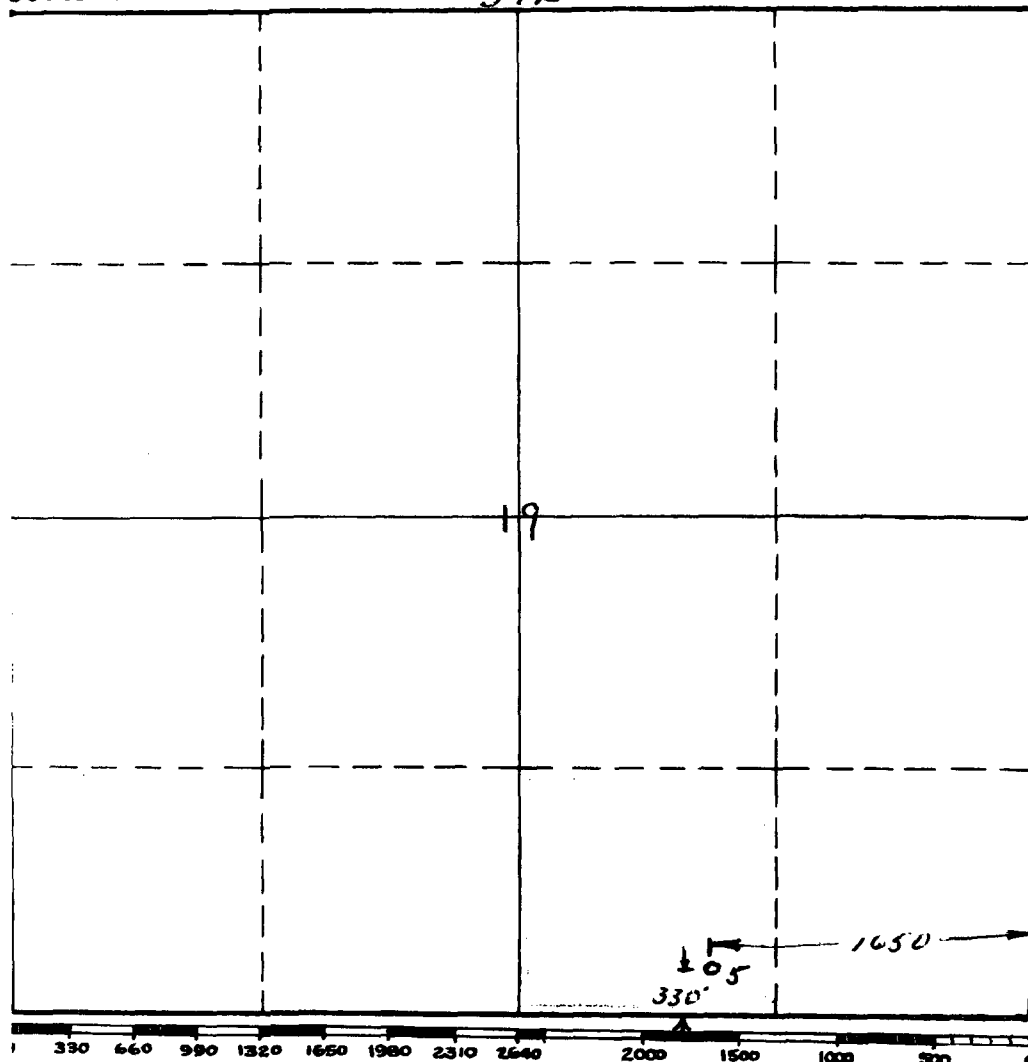
1. Is the Operator the only owner* in the dedicated acreage outlined on the plat below?
Yes X No .
2. If the answer to question one is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? Yes No . If answer is "yes," Type of Consolidation
3. If the answer to question two is "no," list all the owners and their respective interests below:

Owner

Land Description

Section B

37E



This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

J W Peery
(Operator)

(Representative)

Box 401 Midland Tex
Address

This is to certify that the well location shown on the plat in Section B 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 knowledge and belief.

Date Surveyed Oct 12, 1960

CAMPBELL & HEDRICK
Registered Professional
Engineer and/or Land Surveyor.
Approved by Oil Conserv.
Commission
Certificate No.

NEW MEXICO OIL CONSERVATION COMMISSION
Well Location and Acreage Dedication Plat

Section A.

Date Dec 8, 1960

Operator J.W. Peery Lease Hardy
Well No. 1 Unit Letter C Section 19 Township 21-S Range 37-E NMPA
Located 330 Feet From South Line, 1650 Feet From East Line
County Lee G. L. Elevation 3509.25 Dedicated Acreage 40 Acres
Name of Producing Formation Blinberry Pool Blinberry

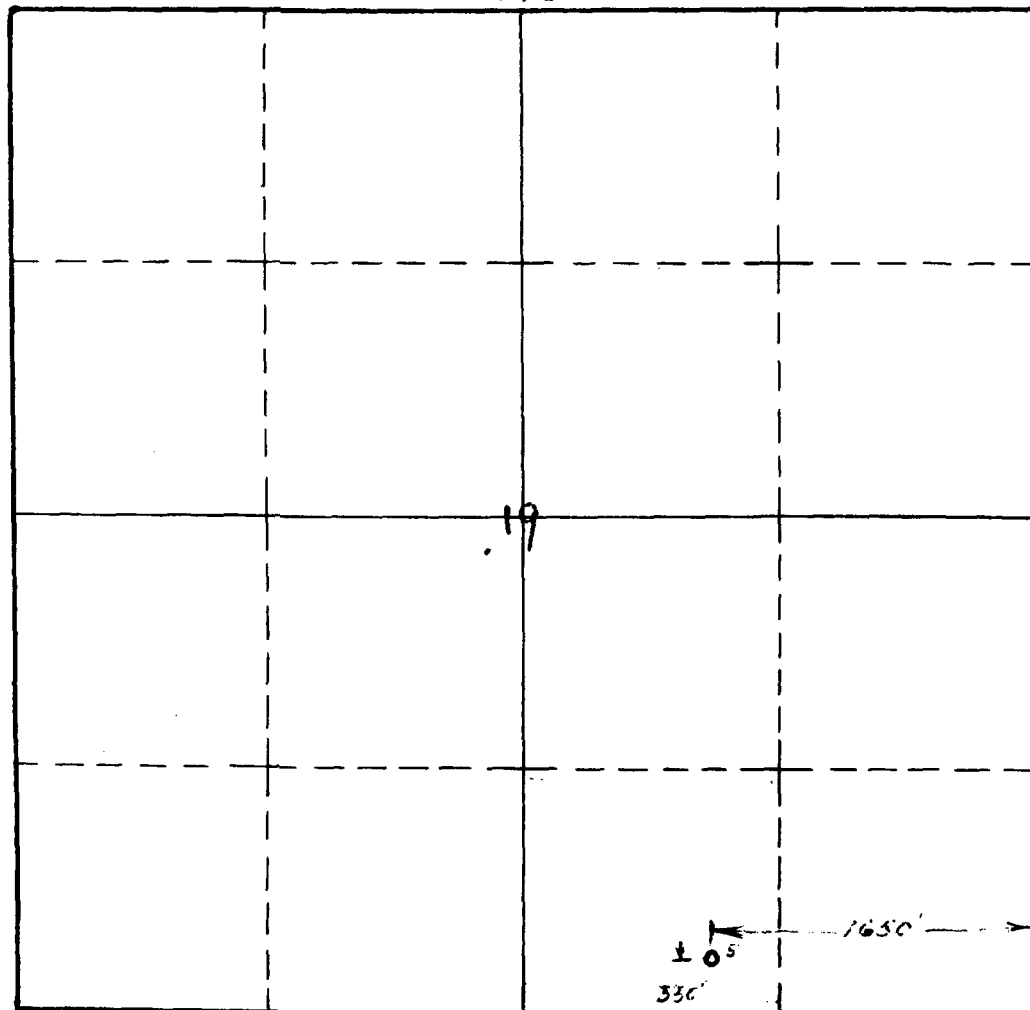
1. Is the Operator the only owner* in the dedicated acreage outlined on the plat below?
Yes X No .
2. If the answer to question one is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? Yes No . If answer is "yes," Type of Consolidation
3. If the answer to question two is "no," list all the owners and their respective interests below:

Owner

Land Description

Section B

37 E



This is to certify that the information in Section A above is true and complete to the best of my knowledge and belief.

J.W. Peery
(Operator)

(Representative)

Box 40, Midland Tex
Address

This is to certify that the well location shown on the plat in Section B 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 knowledge and belief.

Date Surveyed Oct 12, 1960

CAMPBELL & HEDRICK
Registered Professional
Engineer and/or Land Surveyor
Approved by Oil Conservation
Commission
Certificate No.

D 19-21-37

46 6690

(BOPD

K-E 5 YEARS BY MONTHS x 3 LOG CYCLES
KEUFFEL & ESSER CO. MADE IN U.S.A.

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MCC

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10

10

CAMPBELL & HEDRICK
Hardy #5
Paddock zone

Left scale

Right scale

Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.												
1988												1989												1990												1991												19											

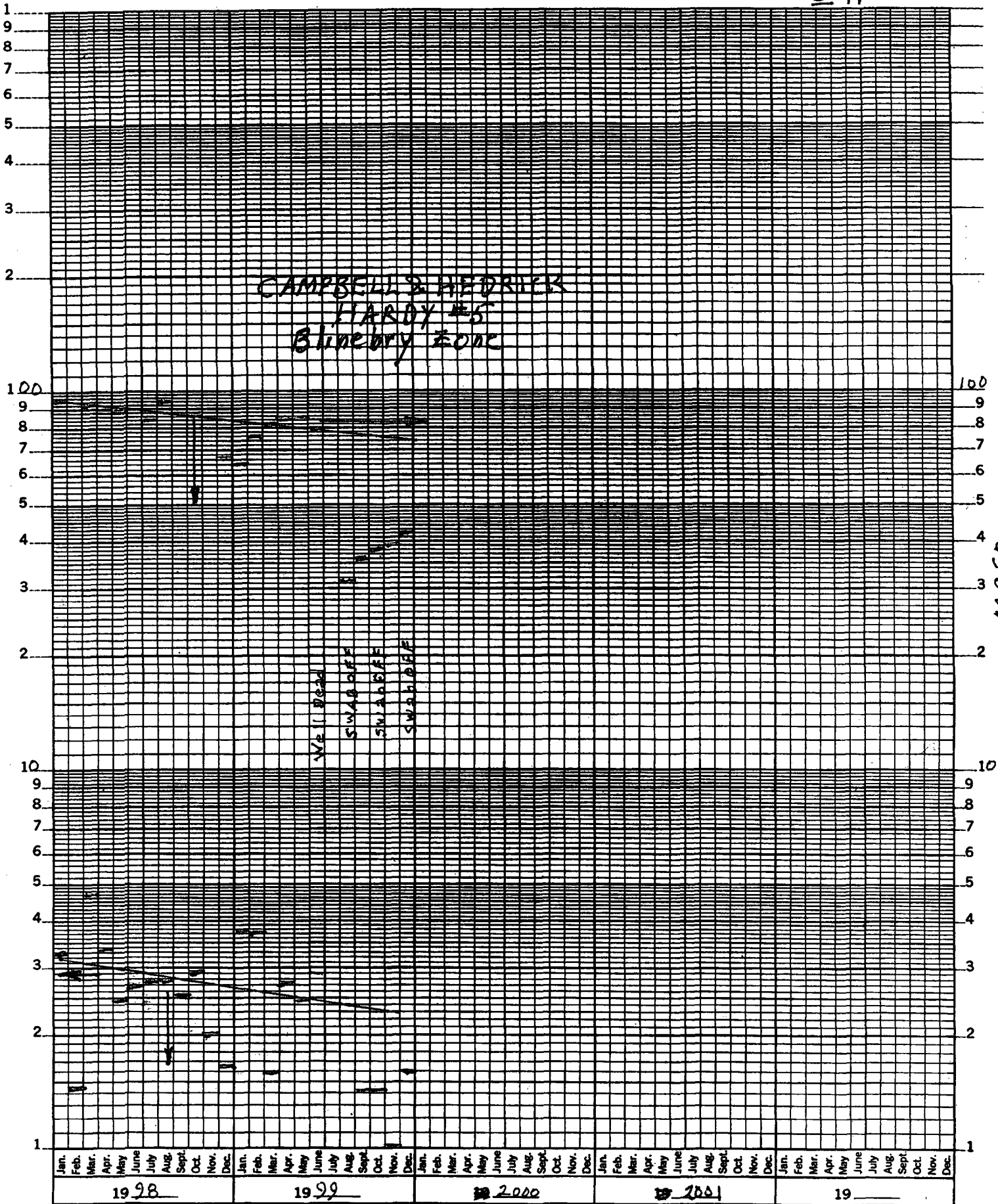
D 19-21-37

46 6690

(BOPD)

K-E 5 YEARS BY MONTHS x 3 LOG CYCLES
KELUFFEL & ESSER CO. MADE IN U.S.A.

()



Offset Operators to Campbell & Hedrick Hardy #5

13

John
Hendrix

Campbell &
Hedrick

Titan

Titan

24

Chevron

19

20

Chevron

Apache

Chevron

Campbell &
Hedrick
Hardy #5

Chevron

Texaco

John
Hendrix

25

30

Chevron

29

OFFSET OPERATORS

Chevron USA Inc.
P. O. Box 1150
Midland, Texas 79702
Attention: J. K. Rippley

Titan Resources
500 West Texas Avenue
Midland, Texas 79701

Apache Corporation
2000 Post Oak Boulevard, Suite 100
Houston, Texas 77056-4400

Texaco Exploration & Production
P. O. Box 3109
Midland, Texas 79702
Attention: W. E. Howard

John H. Hendrix Corporation
P. O. Box 3040
Midland, Texas 79702-3040