

DATE IN 8/15/08	SUSPENSE	ENGINEER W Jones	LOGGED IN 8/15/08	DHC TYPE 4577	APP NO. PKVR0823130435
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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 of 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.

Jason Wacker

Petroleum Engineer

8/12/2008

Print or Type Name

Signature

Title

Date

jwacker@usaonline.net
 e-mail Address

RECEIVED
2008 AUG 15 PM 3 07

BC OPERATING, INC.

P.O. Box 50820
Midland, Texas 79710

303 Veterans Air Park Lane, Suite 600
Midland, Texas 79705
(432) 684-9696
Fax (432) 686-0600

August 12, 2008

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Re: Robinia Draw Federal #1 - Down Hole Commingling Permit Application

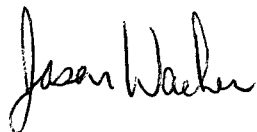
Dear Sirs:

BC Operating respectfully requests administrative approval to down hole commingle oil and gas production from the Robinia Draw Federal #1; L-4-T23S-R24E, Eddy County, New Mexico.

BC Operating proposes to commingle production from the Bandana Point; Strawn South (71490) and Bandana Point; Upper Penn (71500) pools in the above mentioned well. Production from both pools will be metered at a common tank battery. Ownership is common to both pools. Notification of our intent to down hole commingle has been made to the US Bureau of Land Management.

If you have any questions regarding this work, please give me a call. Thank you in advance for your prompt attention to this matter.

Sincerely,



Jason Wacker

Cc: Artesia District Office

Well File

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

District II
1301 W. Grand Avenue, Artesia, NM 88210

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

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

APPLICATION FOR DOWNHOLE COMMINGLING

BC Operating, Inc.
Operator

P.O. Box 50820, Midland, Texas 79710
Address

Robinia Draw Federal
Lease

#1
Well No.

L-4-23S-24E
Unit Letter-Section-Township-Range

Eddy
County

OGRID No. 160825 Property Code 303760 API No. 30-015-26097 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Bandana Point; Upper Penn (Gas)		Bandana Point; Strawn, South (Gas)
Pool Code	71500		71490
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	8402' - 8412'		9342' - 9354'
Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
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)	58.9° API		1055 BTU
Producing, Shut-In or New Zone	Shut In		Producing
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: 9/1/1999 Rates: 0.1 BOPD, 58 MCFD	Date: Rates:	Date: 7/1/2008 Rates: 0 BOPD, 34 MCFD
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 100% Gas 63%	Oil % Gas %	Oil 0% Gas 37%

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.)
- 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 Jason Wacker TITLE Petroleum Engineer DATE 8/11/2008

TYPE OR PRINT NAME Jason Wacker TELEPHONE NO. (432) 684-9696

E-MAIL ADDRESS jwacker@usaonline.net

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

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-26097	² Pool Code 71500	³ Pool Name Bandana Point; Upper Penn (Gas)
⁴ Property Code 303760	⁵ Property Name Robinia Draw Federal	⁶ Well Number 1
⁷ OGRID No. 160825	⁸ Operator Name BC Operating, Inc.	⁹ Elevation 4122'

¹⁰ Surface Location

UL or lot no. L	Section 4	Township 23S	Range 24E	Lot Idn	Feet from the 2310	North/South line South	Feet from the 2310	East/West line West	County Eddy
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¹¹ 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
¹² Dedicated Acres 320	¹³ Joint or Infill N	¹⁴ Consolidation Code	¹⁵ 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.

<div><p>16</p><p>YATES PETROLEM</p><p>NM 76945</p><p>NM 54839 BC OPERATING</p><p>990'</p><p>2310'</p></div>	<div><p>¹⁷ OPERATOR CERTIFICATION</p><p>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.</p><p><i>Jason Wacker</i> 8/11/2008 Signature Date</p><p>Jason Wacker Printed Name</p></div> <div><p>¹⁸ 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>Date of Survey Signature and Seal of Professional Surveyor:</p><p>Certificate Number</p></div>
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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
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Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-26097	² Pool Code 71490	³ Pool Name Bandana Point; Strawn, South (Gas)
⁴ Property Code 303760	⁵ Property Name Robinia Draw Federal	⁶ Well Number 1
⁷ OGRID No. 160825	⁸ Operator Name BC Operating, Inc.	⁹ Elevation 4122'

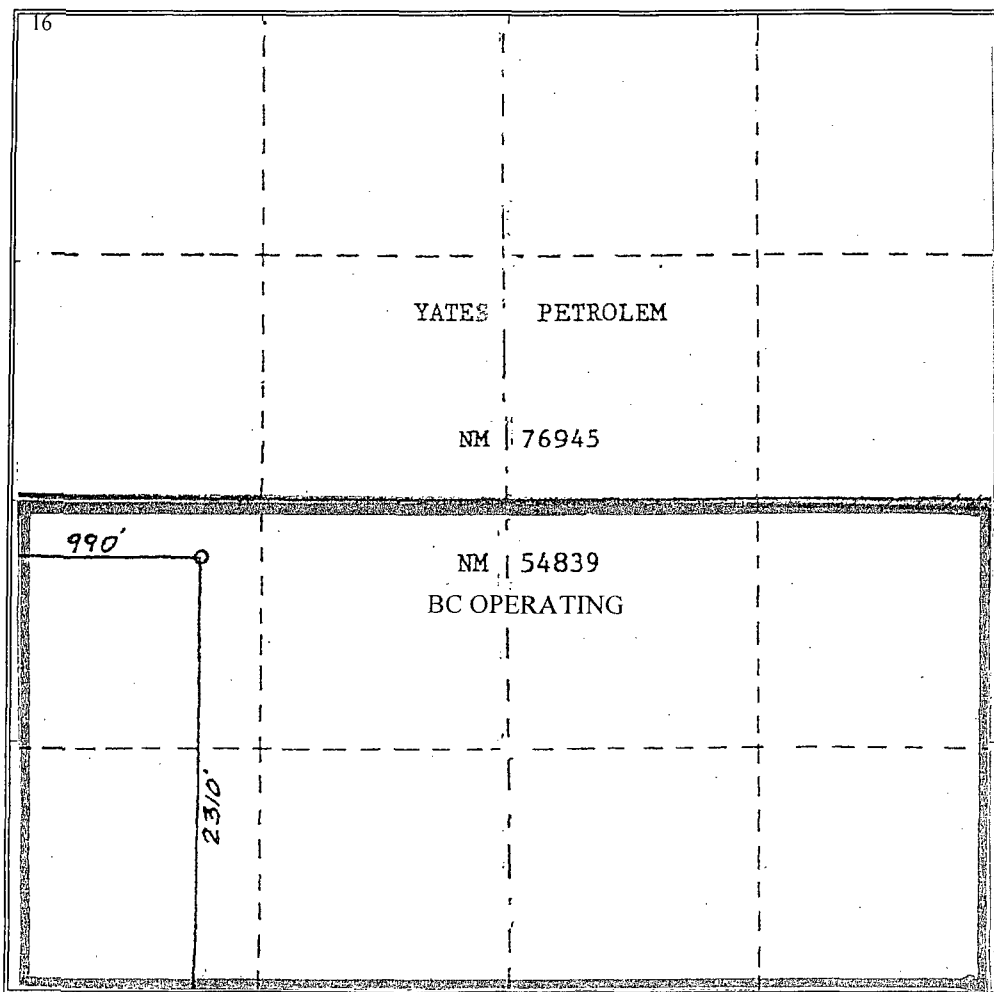
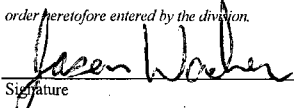
¹⁰ Surface Location

UL or lot no. L	Section 4	Township 23S	Range 24E	Lot Idn	Feet from the 2310	North/South line South	Feet from the 2310	East/West line West	County Eddy
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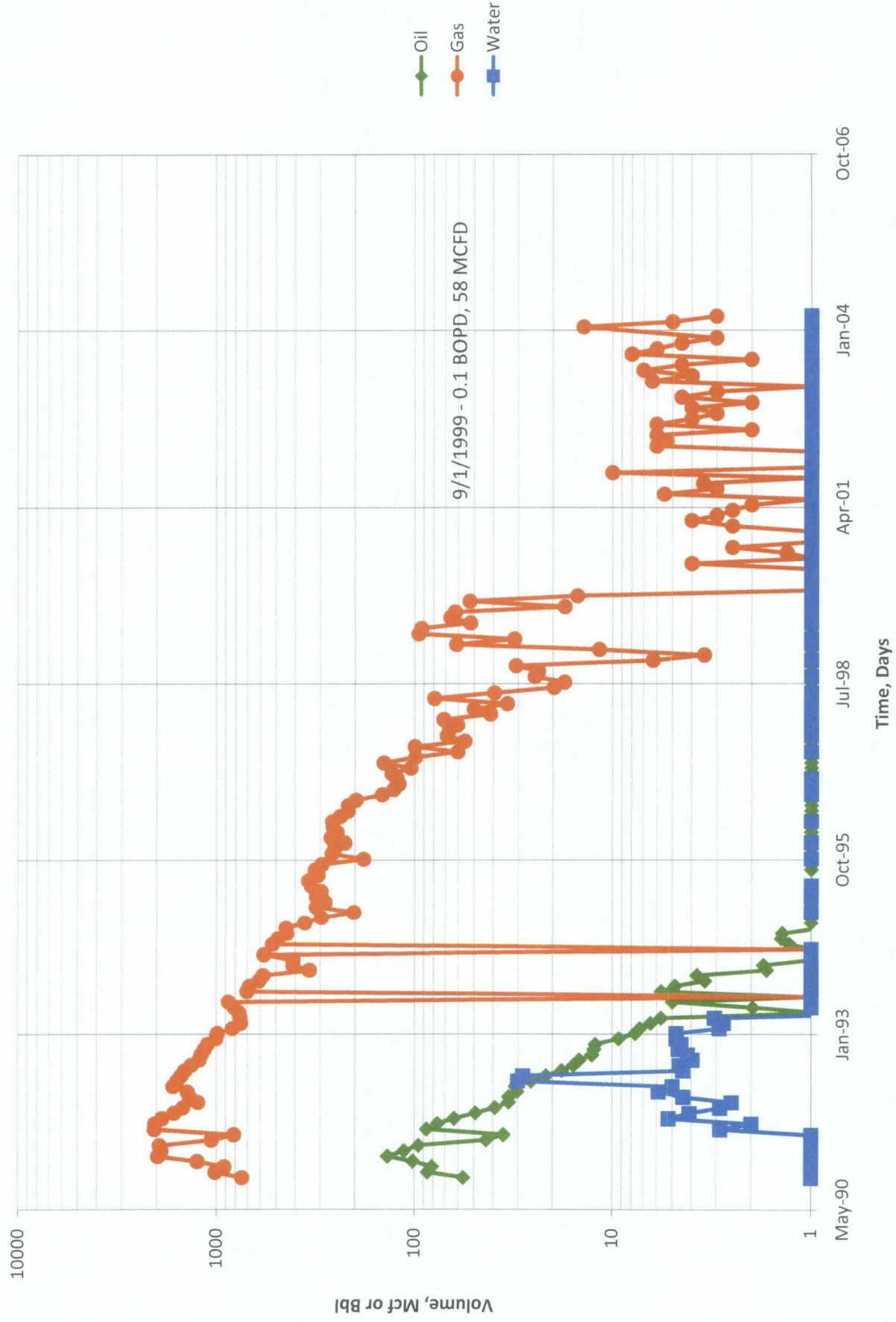
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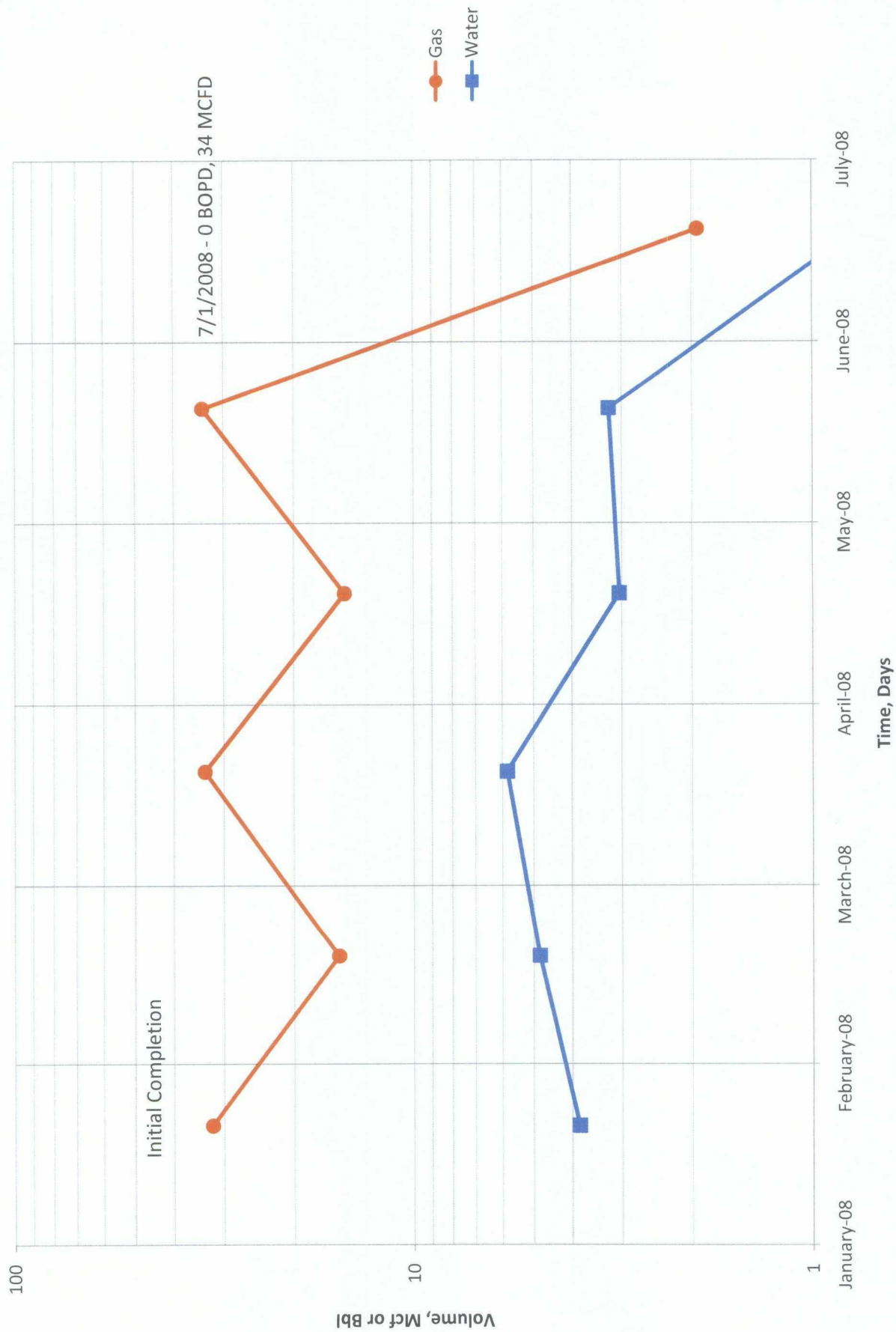
No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

¹⁶ 	¹⁷ OPERATOR CERTIFICATION <i>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.</i>  8/11/2008 Signature Date Jason Wacker Printed Name
	¹⁸ 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> Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

Robinia Draw Federal #1 - Upper Penn



Robinia Draw Federal #1 - Strawn



Robinia Draw Federal #1

Down Hole Commingling Allocation Method

Gas Production

Upper Penn gas production 9/1/1999 =	58 MCFD	(63% of total)
Strawn gas production 7/1/2008 =	34 MCFD	(37 % of total)
Total gas production from both zones =	92 MCFD	(100% of total)

Oil Production

Upper Penn oil production 9/1/1999 =	0.1 BOPD	(100% of total)
Strawn oil production 7/1/2008 =	0 BOPD	(0 % of total)
Total oil production from both zones =	0.1 BOPD	(100% of total)

Note: The Strawn formation in this well has not produced any oil since completion. All future oil production will be booked to the Upper Penn formation.