

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			

J. CLEO THOMPSON & JAMES CLEO THOMPSON, JR., L.P.
WEST TEXAS DIVISION OFFICE
P.O. BOX 12577
ODESSA, TEXAS 79768
(432)550-8887

Mr. Richard Ezeanyim
New Mexico Oil & Gas Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico
87505

July 20, 2004

Re: Mesa Federal #1 down hole commingle application

Dear Mr. Ezeanyim,

As per our discussion on the phone this afternoon, I am sending you an application to downhole commingle the Atoka and Morrow zones in the Mesa Federal #1 well located in Eddy County, New Mexico. Please forward this application to the persons responsible for reviewing this application.

As I mentioned to you on the phone, we would very much appreciate an expedited review of this application. We are currently in the process of working this well over and will be ready to produce both zones in the next couple of days.

The ownership interests in these two zones are the same and it is my understanding that these two zones have been commingled in this area before. We drilled the well earlier this year and have been in the process of completing it for the last couple of months. The Morrow sands were completed and tested first averaging about 500 MCFPD at the end of May. A plug was then set over the Morrow and the Atoka was completed with both an acid job and most recently a fracture stimulation. Prior to the frac job the Atoka would produce about 300 MCFPD. Pressure information taken during the logging and completion phases of this well indicates that bottom hole pressures are similar between the two zones. We also believe that combining these two zones down hole will maintain a gas rate sufficient to keep the well unloaded as opposed to producing them separately. Therefore we believe that commingling these zones will increase the value of the production.

Attached to the form C-107A is a production history plot as well as the C-102 form for your review. If you find any information that is needed to complete your review please let us know as soon as possible. Your prompt attention to this matter is much appreciated.

Sincerely,



Douglas Dietrich
Engineer
J. Cleo Thompson Oil producers

DISTRICT I
 P.O. Box 1080, Hobbs, NM 88241-1080

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88211-0710

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

DISTRICT IV
 P.O. Box 2000, Santa Fe, N.M. 87504-2000

State of New Mexico
 Energy, Minerals and Natural Resources Department

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

Form C-102
 Revised February 10, 1994
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code	Pool Name Undesignated Carlisbad Morrow
Property Code	Property Name MESA FEDERAL	Well Number 1
OCRID No. 11181	Operator Name J. CLEO THOMPSON & JAMES CLEO THOMPSON, JR., L.P.	Elevation 3220'

Surface Location

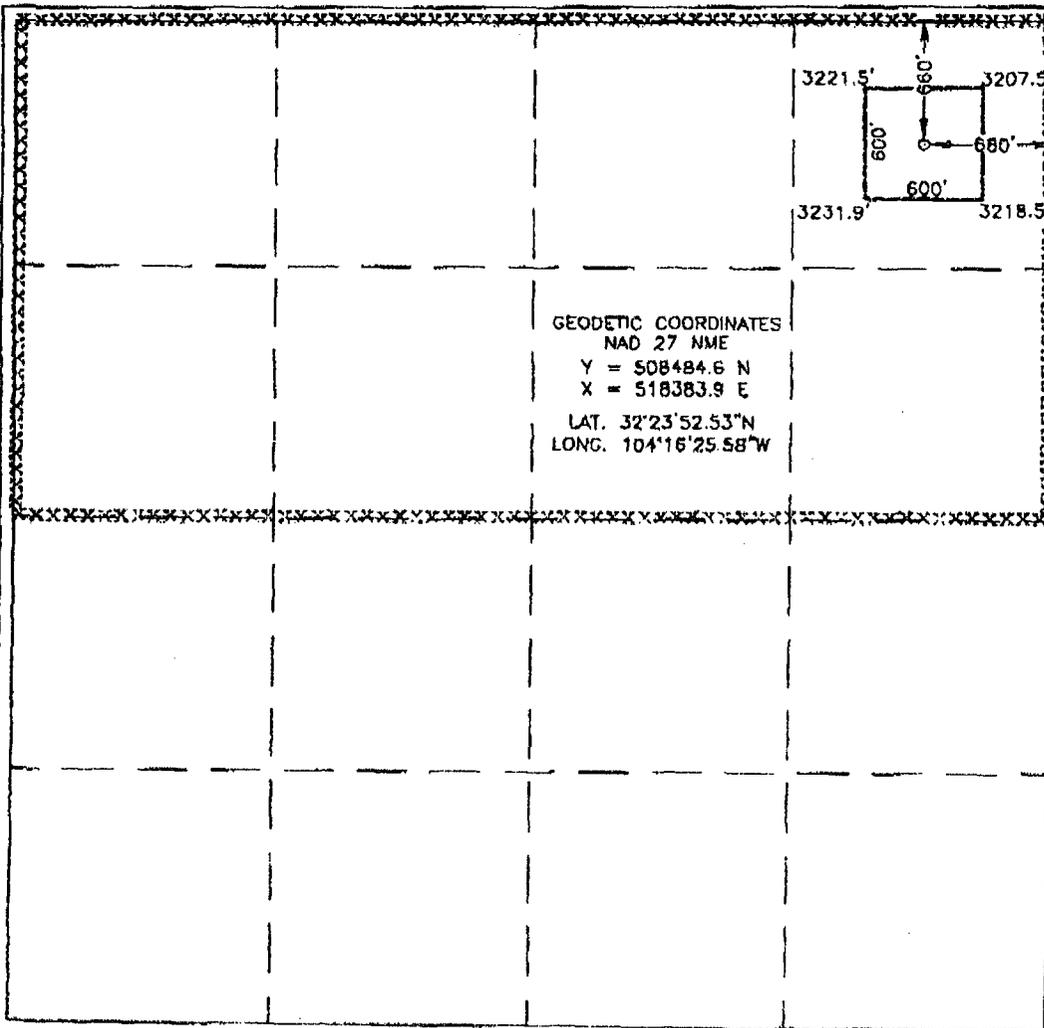
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
A	15	22-S	26-E		660	NORTH	660	EAST	EDDY

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 320	Joint or Infill	Consolidation Code	Order No.
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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



OPERATOR CERTIFICATION

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

George R. Smith
 Signature

George R. Smith
 Printed Name

agent
 Title

November 19, 2003
 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.

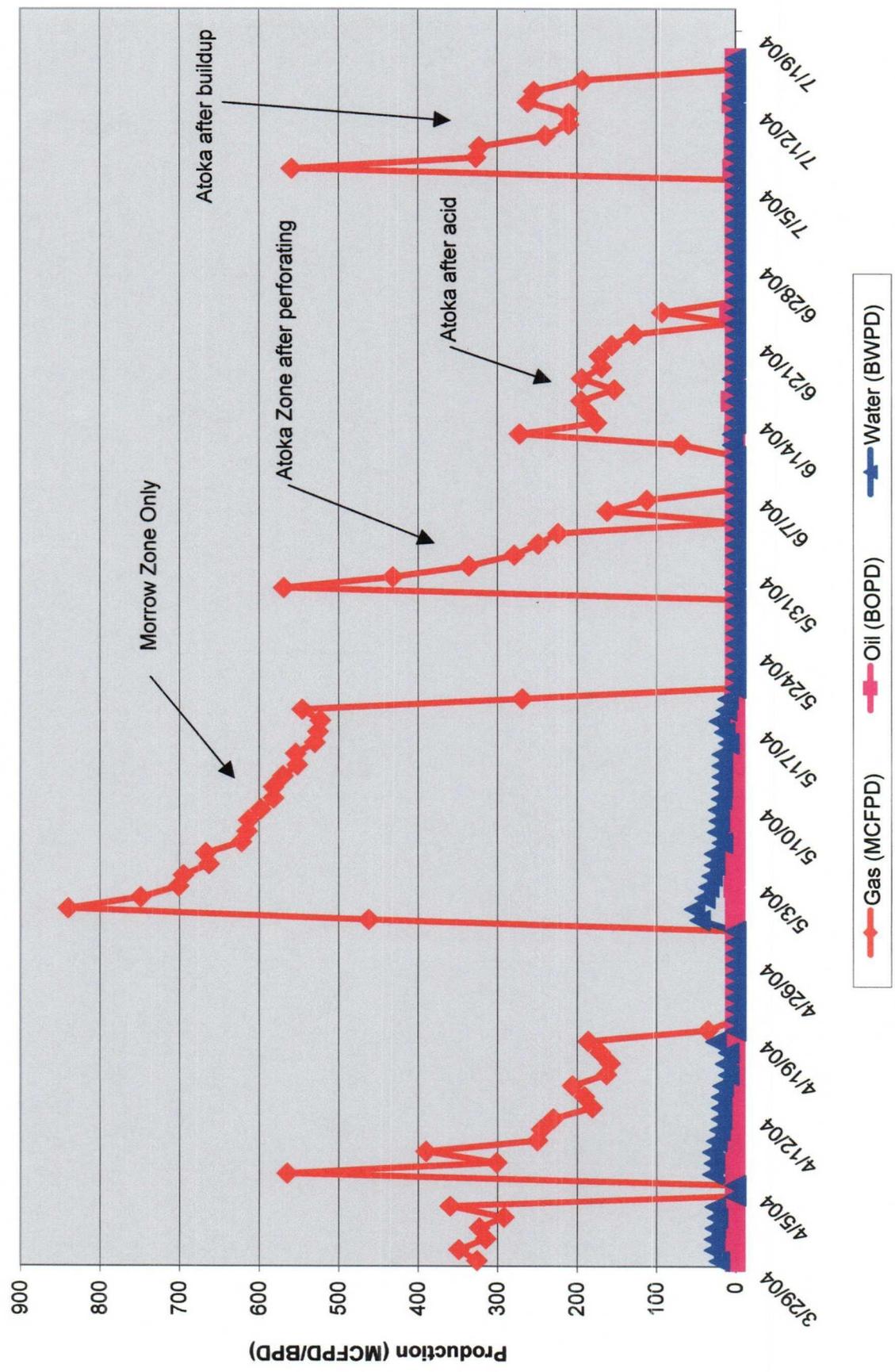
SEPTEMBER 23, 2003
 Date Surveyed

Signature & Seal of
 Professional Surveyor

Gary Johnson 9/25/03
 03-1-1060

Certificate No. GARY JOHNSON 12541

Mesa Federal #1



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

THOMPSON, J. CLEO P.O. BOX 12577 ODESSA, TX 79768-2577
Operator Address
MESA FEDERAL 1 A-15-T-22S-R26E EDDY
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 11181 Property Code _____ API No. 30-015-33141 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	UNDES. SOUTH AGENCY (ATOKA) Gas		UNDES. SOUTH GOLFERS (MORROW) Gas
Pool Code	96338		78060
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	10556' - 10562' (PERF)		11095'-11426' (PERF)
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)	1100 +/- MMBTU		1100 MMBTU
Producing, Shut-In or New Zone	NEW ZONE		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: 07/14/2004 Rates: 200 MCFPD	Date: Rates:	Date: 05/18/2004 Rates: 546 MCFPD
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 50 % Gas 38 %	Oil % Gas %	Oil 50 % Gas 62 %

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 Douglas Dietrich TITLE ENGINEER DATE 07/20/2004
 TYPE OR PRINT NAME DOUG DIETRICH TELEPHONE NO. () (432)550-8887
 E-MAIL ADDRESS Douglas.Dietrich@nts-online.net