

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

2004 NOV 5 PM 4 28



**Gruy Petroleum Management Co.**

600 East Las Colinas Blvd. ♦ Suite 1100 ♦ Irving, TX 75039 ♦ (972) 401-3111 ♦ Fax (972) 443-6450

Mailing Address: P.O. Box 140907 ♦ Irving, TX 75014-0907

*A subsidiary of Magnum Hunter Resources, Inc. • A NYSE Listed Company • "MHR"*

November 2, 2004

Bureau Of Land Management  
2909 West Second Street  
Roswell, NM 88201  
Attn: Mr. Armando Lopez

Re: Wigeon 23 Federal Com # 1  
Section 23-25S-26E  
Eddy County New Mexico

Dear Mr. Lopez:

Enclosed is an original and five copies of BLM form 3160-5 proposing to downhole commingle Atoka and Upper Penn pay intervals in the referenced well. We recently drilled the Wigeon 23 Federal Com No. 1 to a depth of 12300' ran logs and set 4 ½" casing. Our analysis of the logs indicates two pay intervals, an Atoka interval from 10806' – 11182' and an Upper Penn interval from 10357' – 10556'. It is anticipated that the reservoir pressures from these zones will be compatible and the resulting volumes would not warrant a tubing casing/dual completion.

In this regard we plan to isolate each zone during completion, and test sufficiently to compile a C-122 back pressure test. After testing we will remove all plugs and commingle the Atoka and Upper Penn Zones. The C-122 will be used to establish the pools with the NMOCD and as the basis for allocation between the two pools.

All royalty, overriding royalty, and working interest owners are identical in the two zones, and will not be harmed by the commingling of Atoka/Penn production.

We are also enclosing a copy of the State of new Mexico C-107A, Application for Downhole Commingling for your reference.

If you have any questions or require additional information, please feel free to call or write the undersigned.

Sincerely,

A handwritten signature in cursive script that reads "Zeno Farris".

Zeno Farris  
Manager Operations, Administration

New Mexico Oil Conservation Division  
1220 South Saint Francis Dr.  
Santa Fe, NM 87505  
Attn: Mr. William V. Jones

New Mexico Oil Conservation Division  
1301 W. Grand Ave.  
Artesia, NM 88210  
Attn: Mr. Bryan Arrant

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
OMB No. 1004-0135  
Expires July 31, 1996

**SUNDRY NOTICES AND REPORTS ON WELLS**

*Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.*

**SUBMIT IN TRIPLICATE - Other Instructions on reverse side**

1. Type of Well  
 Oil Well  Gas Well  Other

2. Name of Operator  
 Gruy Petroleum Management Co.

3a. Address  
 P. O. Box 140907 Irving, TX 75014-0907

3b. Phone No. (include area code)  
 972-401-3111

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
 1650' FSL & 1650' FEL Sec. 23 T25S - R26E

5. Lease Serial No.  
 NMMN 94839

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.  
 Pending

8. Well Name and No.  
 Wigeon 23 Federal Com # 1

9. API Well No.  
 30-015-33563

10. Field and Pool, or Exploratory Area  
 Cottonwood Draw Penn/Atoka

11. County or Parish, State  
 Eddy Co., NM

**12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Downhole commingle</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	<u>Cottonwood Draw Atoka &amp;</u>
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	<u>Cottonwood Draw Cisco</u>

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplate horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Propose to perforate, frac and test Atoka and Upper Penn intervals in the referenced well as follows:

Atoka - 10806' - 11182' Upper Penn - 10357' - 10556'

Due to the common royalty, overriding royalty and working interest owners in each zone and the anticipated reservoir pressures and production rates, we will downhole commingle the two zones upon completion and testing. Each zone will be isolated and tested sufficiently to establish allocation percentages before commingling.

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) Zeno Farris	Title Manager Operations Administration
Signature <i>Zeno Farris</i>	Date November 2, 2004

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by	Title	Date
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.		Office

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on reverse)

**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**

Gruy Petroleum Management Co. P. O. Box 140907 Irving, Tx 75014-0907  
Operator Address

Wigeon 23 Fed Com 1 J23-25S-26E Eddy  
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 162683 Property Code API No. 30-015-33563 Lease Type:  Federal  State  Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Cottonwood Draw Upper Penn (Gas)	Cottonwood Draw Atoka Wildcat	
Pool Code	97354	Not yet assigned	
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	10357' - 10556'	10806' - 11182'	
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)		Less than 150% of 10357'	
Oil Gravity or Gas BTU (Degree API or Gas BTU)	Est. 1101 @ 14.73 Dry	Est. 1055 @ 14.73 Dry	
Producing, Shut-In or New Zone	Waiting on completion	Waiting on completion	
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: To be supplied Rates: after testing	Date: To be supplied Rates: after testing.	Date: Rates:
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 % %

**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 Zeno Farris TITLE Manager, Operations Administration DATE 11-02-04

TYPE OR PRINT NAME Zeno Farris TELEPHONE NO. ( 972 ) 443-6489

E-MAIL ADDRESS zfarris@magnumhunter.com

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  
Fee Lease - 3 Copies

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

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

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

DISTRICT IV  
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-015-33563	Pool Code 97354	Pool Name Cottonwood Draw; Upper Penn
Property Code	Property Name Wigeon "23" FEDERAL COM.	Well Number 1
OGRID No. 162683	Operator Name GRUY PETROLEUM MANAGEMENT CO.	Elevation 3256'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	23	25-S	26-E		1650	SOUTH	1650	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 N	Consolidation Code C	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><b>OPERATOR CERTIFICATION</b></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>Zeno Farris</i> Signature</p> <p>Zeno Farris Printed Name</p> <p>Mgr. Operations Admin Title</p> <p>November 2, 2004 Date</p>
	<p><b>SURVEYOR CERTIFICATION</b></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 04, 2004</p> <p>Date Surveyed</p> <p><i>GARY EIDSON</i> Signature &amp; Seal of Professional Surveyor</p> <p>AWB</p>
	<p>Certificate No. GARY EIDSON 12841</p>
	<p>04.11.0253</p>

DISTRICT I  
P.O. Box 1880, Hobbs, NM 88241-1880

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

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

DISTRICT IV  
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

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 30-015-33563	Pool Code	Pool Name Cottonwood Draw; Atoka
Property Code	Property Name Wigeon "23" FEDERAL COM.	Well Number 1
OGRID No. 162683	Operator Name GRUY PETROLEUM MANAGEMENT CO.	Elevation 3256'

Surface Location

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Bottom Hole Location If Different From Surface

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Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320	N	C	

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	<p>Certificate No. GARY EIDSON 12641</p>
	<p>04.11.0253</p>