

District I.  
1625 N. Franch 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  
Goldeneye 26 Fed Com 2 C-26-25S-26E Eddy  
Lease Well No. Unit Letter-Section-Township-Range County  
OGRID No. 162683 Property Code API No. 30-015-33627 Lease Type:  Federal  State  Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	UNDES	Cottonwood Draw Atoka Wildcat	Cottonwood Draw Morrow
Pool Code		Not yet assigned	97377
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)		11342' - 11356'	11543 - 12091'
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 11342'
Oil Gravity or Gas BTU (Degree API or Gas BTU)		Est. 1055 @ 14.73 Dry	Est. 1101 @ 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: Rates:	Date: To be supplied Rates: after testing.	Date: To be supplied Rates: after testing
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 12-15-04

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

E-MAIL ADDRESS zfarris@magnumhunter.com

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State of New Mexico  
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION  
1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

Form C-102  
Revised JUNE 10, 2003  
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- <del>33563</del> <sup>32872</sup>	Pool Code	Pool Name Cottonwood Draw; Atoka Wildcat
Property Code	Property Name GOLDEN EYE 26 FEDERAL COM	Well Number 2
OGRID No. 162683	Operator Name GRUY PETROLEUM MANAGEMENT COMPANY	Elevation 3240'

Surface Location

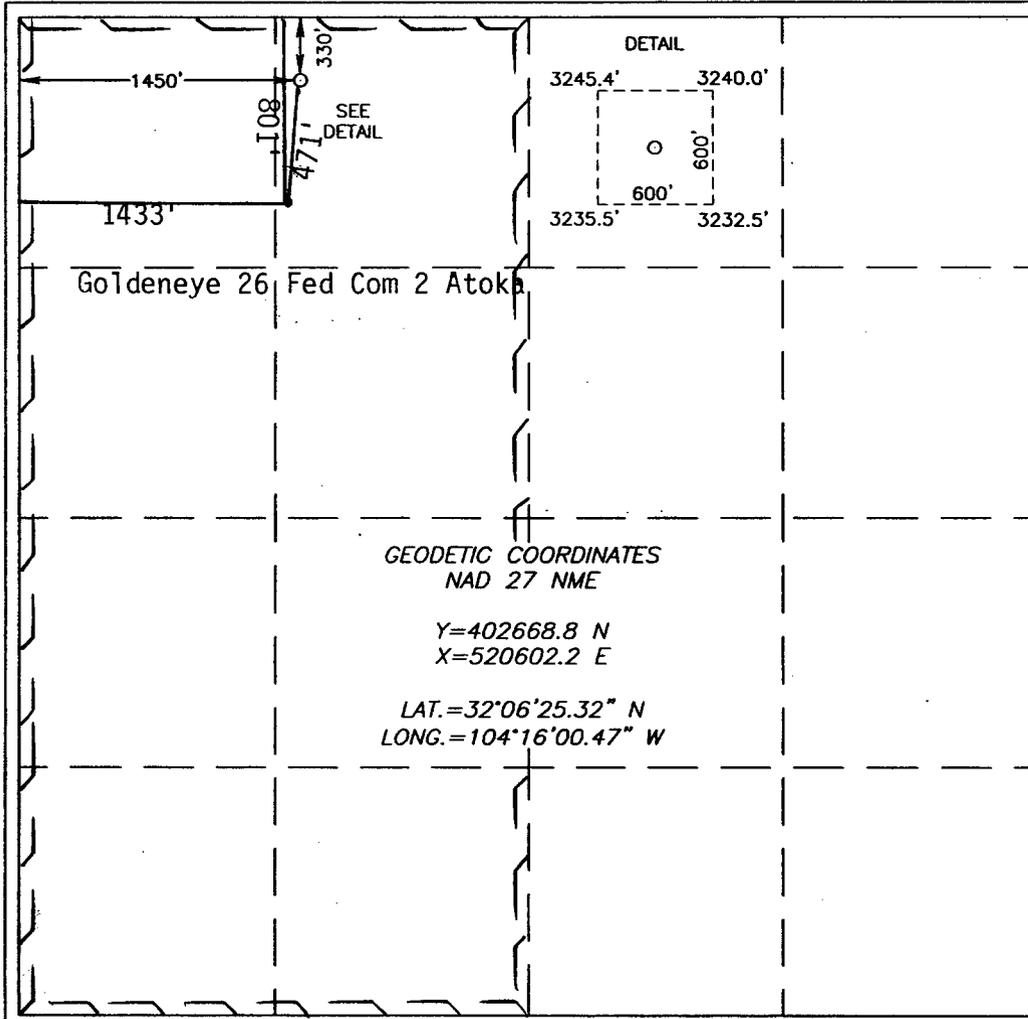
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	26	25-S	26-E		330	NORTH	1450	WEST	EDDY

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
C	26	25-S	26-E		801	NORTH	1433	WEST	EDDY

Dedicated Acres 320	Joint or Infill N	Consolidation Code C	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.

*Zeno Farris*  
Signature  
Zeno Farris  
Printed Name  
Manager Operations Admin  
Title  
December 15, 2004  
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.

AUGUST 16, 2004

Date Surveyed  
Signature & Seal of Professional Surveyor  
*Gary B. Edson*  
04.11.0990  
Certificate No. GARY EDSON 12641

State of New Mexico

Energy, Minerals and Natural Resources Department

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WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-015-33563	Pool Code 97377	Pool Name Cottonwood Draw; Morrow
Property Code 320	Property Name GOLDEN EYE 26 FEDERAL COM	
OGRID No. 162683	Operator Name GRUY PETROLEUM MANAGEMENT COMPANY	Well Number 2
		Elevation 3240'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	26	25-S	26-E		330	NORTH	1450	WEST	EDDY

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Dedicated Acres 320	Joint or Infill N	Consolidation Code C	Order No.
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GOLDENEYE 26 Fed Com 2 Morrow

GEODETC COORDINATES  
NAD 27 NME

Y=402668.8 N  
X=520602.2 E

LAT.=32°06'25.32" N  
LONG.=104°16'00.47" W

**OPERATOR CERTIFICATION**

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

*Zeno Farris*

Signature  
Zeno Farris  
Printed Name  
Manager Operations Admin  
Title  
December 15, 2004  
Date

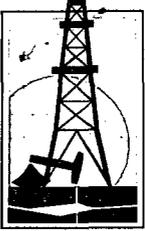
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**SURVEYOR CERTIFICATION**

*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.*

AUGUST 16, 2004

Date Surveyed  
Signature & Seal of Professional Surveyor  
*Gary Edson 8/23/04*  
04.11.0990  
Certificate No. GARY EDSON 12641



## 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"*

December 15, 2004

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

Re: Goldeneye 26 Federal Com # 2  
Section 26-25S-26E  
Eddy County New Mexico

Dear Mr. Jones:

Enclosed is an original of Form C-107A Application for Downhole Commingling for referenced well. We recently drilled the Goldeneye 26 Federal Com No. 2 to a depth of 12358' ran logs and set 4 ½" casing. Our analysis of the logs indicates two pay intervals, an Atoka interval from 11342' – 11356' and a Morrow interval from 11543' – 12091'. 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/Morrow production.

If you have any questions or require additional information regarding this issue, please feel free to write or call the undersigned at 972-443-6489.

Sincerely,

Zeno Farris  
Manager Operations, Administration

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

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

*Received 12/20/04*