

State of New Mexico  
Energy, Minerals and Natural Resources Department

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**Susana Martinez**  
Governor

**Ken McQueen**  
Cabinet Secretary

**Matthias Sayer**  
Deputy Cabinet Secretary

**Heather Riley, Division Director**  
Oil Conservation Division



Administrative Order DHC-4828

Order Date: February 26, 2018

Application Reference Number: pMAM1805258863

Grand Banks Energy Co.  
10 Desta Drive  
Suite 300E  
Midland, TX 79705

Attention: Ms. Denise Jones

Anderson Ranch 10 State Well No. 1  
API No: 30-025-28787  
Unit A, Section 10, Township 16 South, Range 32 East, NMPM  
Lea County, New Mexico

Pool	ANDERSON RANCH; WOLFCAMP	Oil (1900)
Names:	WC-025 G-05 S163210A; ABO	Oil (98269)

Reference is made to your recent application for an exception to 19.15.12.9A. NMAC of the Division Rules and Regulations to permit the above-described well to commingle production from the subject pools in the wellbore.

It appearing that the subject well qualifies for approval for such exception pursuant to the provisions of 19.15.12.11A. NMAC, and that reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion or otherwise required separation of the zones is hereby placed in abeyance.

In accordance with 19.15.12.11A.(6) NMAC, the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

As per the application, the assignment of allowable and allocation of production from the well shall be based on actual production rates from the Anderson Ranch; Wolfcamp Pool. The expected rates from the WC-025 G-05 S163210A; Abo is based on the petrophysical and engineering properties of an off-set analog.

Assignment of allowable and allocation of production from the well shall be as follows:

ANDERSON RANCH; WOLFCAMP POOL	Pct Oil: 30	Pct Gas: 30
WC-025 G-05 S163210A; ABO POOL	Pct Oil: 70	Pct Gas: 70

It is also understood that notice of this application, pursuant to Division Rule 19.15.4.12 A (6), is not required since the interest ownership between the zones to be commingled is common throughout.

REMARKS: The operator shall notify the Division's District I office upon implementation of commingling operations.

This Order is subject to like approval from the New Mexico State Land Office.

Pursuant to 19.15.12.11B NMAC, the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.



**HEATHER RILEY**  
**Director**

HR/mam

cc: Oil Conservation Division – Hobbs  
New Mexico State Land Office – Oil, Gas, and Minerals  
Well File – 30-025-28787

RECEIVED: <u>2/21/2018</u>	REVIEWER: <u>MAM</u>	TYPE: <u>DHC</u>	APP NO: <u>DMA1805258PL3</u>
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Geological & 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

Applicant: Grand Banks Energy Co OGRID Number: 155471  
 Well Name: Anderson Ranch State 10 API: 30-025-28787  
 Pool: Wolfcamp / Abo Pool Code: 98269 (160)  
1900262

**SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION  
 INDICATED BELOW**

DHC - 4828

1) **TYPE OF APPLICATION:** Check those which apply for [A]

A. Location - Spacing Unit - Simultaneous Dedication

☐ NSL☐ NSP (PROJECT AREA)☐ NSP (PRORATION UNIT)☐ SD

B. Check one only for [I] or [II]

[I] Commingling - Storage - Measurement

☒ DHC☐ CTB☐ PLC☐ PC☐ OLS☐ OLM

[II] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX☐ PMX☐ SWD☐ IPI☐ EOR☐ PPR

FEB 21 2018 PM04:07

2) **NOTIFICATION REQUIRED TO:** Check those which apply.A. ☐ Offset operators or lease holdersB. ☐ Royalty, overriding royalty owners, revenue ownersC. ☐ Application requires published noticeD. ☒ Notification and/or concurrent approval by SLOE. ☐ Notification and/or concurrent approval by BLMF. ☐ Surface ownerG. ☒ For all of the above, proof of notification or publication is attached, and/or,H. ☐ No notice required**FOR OCD ONLY**☐

Notice Complete

☐Application  
Content  
Complete

- 3) **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.**

Denise Jones

Print or Type Name

Denise Jones

Signature

Date

2-21-18432-620-9181

Phone Number

djones@cambridgemanagement.com

e-mail Address



## Anderson Ranch Unit 10 State #1

Producer

1/12/2018

### Add Pay

1981' FSL 1984' FEL Sec 2 T 16S R #32E

Lea County, New Mexico

Section 10, T16S R32E, 660 FNL 660 FEL  
API 30-025-28787

#### WELL DATA

AFE: XXXX-XXXX

TOTAL DEPTH: 10050'      PBTD: 9850'      KB: '      GL: 4317'

CASING:      13 3/8" 54.5# H40 casing set @ 500' Cem surf

8 5/8" 28# J-55 @ 4200' Cem Surf

5 1/2" 17 & 15.5# L80 & k55 10050' TOC 820 TS

ARU 10 State #1 is a Wolfcamp producing well perfed 9505-9918. Perfs will be added in the Wolfcamp (Abo as per NM OCD) 8930-8960 (8 holes and acidized with 4000 gal 15% HCL). The well presently makes 1.5 BOPD with a very shallow decline.

Grand Banks Energy proposes perforating a correlative interval, to perfs (8828-8858) in the L. Wrinkle com #1 located 6 miles N NW of Anderson Ranch 10 State #1. L. Wrinkle Com #1; API # 30-005-21028 was completed by Gulf Oil Company 6-20-1985 in the Undes Wolfcamp field with an IP of 25 BOPD 25 MCFD 44 BWPD. The well has produced 82,373 bbls oil as of 2017.

Grand Banks hopes to complete perfs 8930-60 with an IP of 20 BOPD 20 MCFD and 40 BWPD with 29 MBO target oil (16ft, 6% porosity, 65% oil sat, 40 acres, 7758bbl/acreft, 20% recovery). Existing Wolfcamp perforations will produce 2000-3000 bbls (5-8 yrs) oil if production continues, but will not likely continue given the present economics. If plugged the economics of returning to the Wolfcamp reserves is doubtful.

Andy Rickard 432-553-2828

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

District II  
811 S. First St., 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

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

Form C-107A  
Revised August 1, 2011

APPLICATION TYPE  
☒ Single Well  
☐ Establish Pre-Approved Pools  
EXISTING WELLBORE  
☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

Grand Banks Energy Co

10 Desta Drive, Ste 300E, Midland, TX 79705

Operator

Address

Anderson Ranch 10 State

001

A, 10, 16S, 32E

Lea

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 155471 Property Code 022877 API No. 30-025-28787 Lease Type: Federal ☒ State ☐ Fee ☐

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Wolfcamp		Abo
Pool Code	98269		
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	9505-9918		8930-8960
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
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)			
Producing, Shut-In or New Zone	Shut In		New Zone
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: 01/18/2018 Rates: 3/0/812	Date: Rates:	Date: Estimated – new zone Rates: 7/0/30
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 30 % 0 %	Oil Gas % %	Oil Gas 70 % 0 %

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 Denise Jones TITLE Regulatory Analyst DATE 01/15/2018

TYPE OR PRINT NAME Denise Jones TELEPHONE NO. ( 432 ) 620-9181

E-MAIL ADDRESS djones@cambrianmgmt.com

NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102  
Supersedes C-128  
Effective 1-1-85

All distances must be from the outer boundaries of the Section

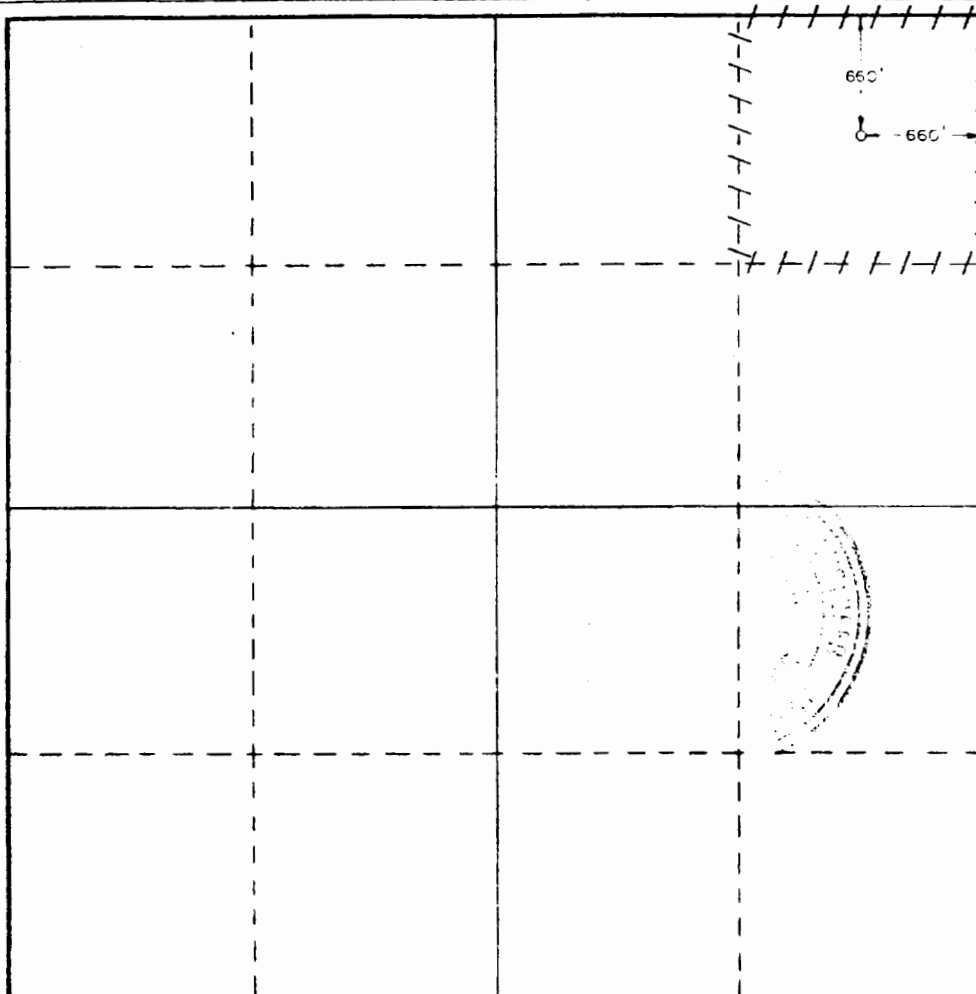
Operator <b>Division of Atlantic Richfield Co., Arco Oil &amp; Gas Co.</b>		Lease <b>Anderson Ranch 10 State</b>		Well No. <b>1</b>
Well Letter <b>A</b>	Section <b>10</b>	Township <b>16 South</b>	Range <b>32 East</b>	County <b>Lea</b>
Actual Encroachment Location of Well: <b>660</b> feet from the <b>north</b> line and <b>660</b> feet from the <b>east</b> line				
Ground Level Elev. <b>4317.2'</b>	Producing Formation <b>Wolfcamp</b>	Pool <b>Anderson Ranch</b>	Dedicated Acreage: <b>40</b> Acres	

- 1 Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
- 2 If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- 3 If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation \_\_\_\_\_

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Name *R. E. Babbitt*  
Position \_\_\_\_\_

Drlg. Engr.

Company **ARCO Oil and Gas Co.  
Div of Atlantic Richfield Co**

Date  
**6/26/84**

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 knowledge and belief.

Date Surveyed  
**June 20, 1984**

Registered Professional Engineer  
and/or Land Surveyor

*John W. West*

Certificate No **JOHN W. WEST. 676**  
**RONALD J. EIDSON, 3239**



District I  
1625 W. French Dr., Hobbs, NM 88240  
Phone: (575) 293-6161 Fax: (575) 293-0720  
District II  
811 S. First St., Artesia, NM 88216  
Phone: (575) 748-1283 Fax: (575) 748-9720  
District III  
1000 Rio Brazos Road, Aztec, NM 87416  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

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 August 1, 2011  
Submit one copy to appropriate  
District Office

FE9 01 2018

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-025-28787	<sup>2</sup> Pool Code 98269	<sup>3</sup> Pool Name WC-025 G-0596740A, Abo
<sup>4</sup> Property Code 022877	<sup>5</sup> Property Name Anderson Ranch 10 State	<sup>6</sup> Well Number 001
<sup>7</sup> OGRID No. 155471	<sup>8</sup> Operator Name Grand Banks Energy Co	<sup>9</sup> Elevation 4317.2

<sup>10</sup> Surface Location

UL or lot no. A	Section 10	Township 16S	Range 32E	Lot 1d0	Feet from the 660	North/South line North	Feet from the 660	East/West line East	County Lea
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<sup>11</sup> Bottom Hole Location If Different From Surface

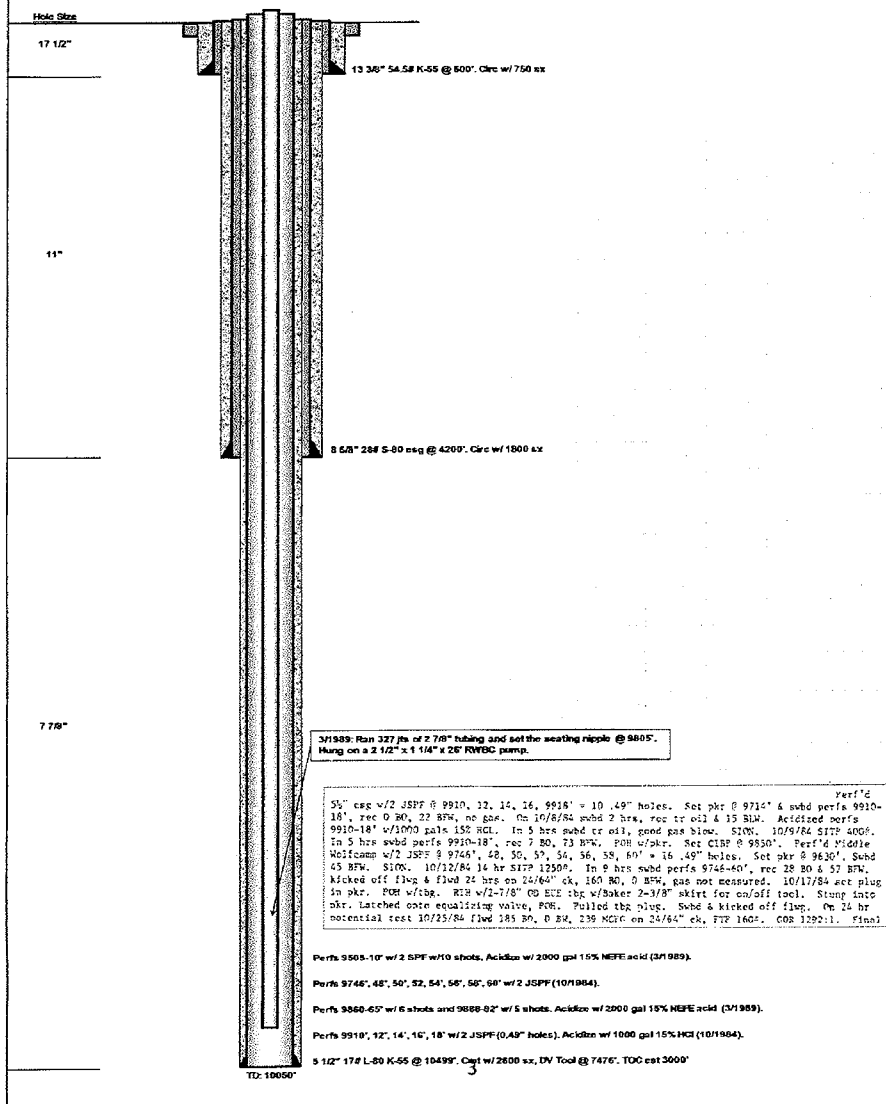
UL or lot no.	Section	Township	Range	Lot 1d0	Feet from the	North/South line	Feet from the	East/West line	County
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<sup>12</sup> Dedicated Acres 40	<sup>13</sup> Joint or Infill N	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

				<b><sup>16</sup> OPERATOR CERTIFICATION</b> 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 undivided 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 in a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.  Dennis Jones Signature Date 01/29/2018  Dennis Jones Printed Name  djenos@cambeenergy.com E-mail Address
				<b><sup>17</sup> SURVEYOR CERTIFICATION</b> 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.  Date of Survey Signature and Seal of Professional Surveyor  Certificate Number

WELL NAME	Anderson Ranch Line State 10 #1	FIELD:		STATE:	New Mexico				
LOCATION:	Sec 10, T10S, R2E, 66N HL, 66W HL	COUNTY:	Line	Spud	TD	Completion			
ELEVATION:	4317'	Updated:	10/24/17	DATE	8/20/1984	9/23/1984	3/10/1989		
API#	30-025-26787				TVD	10050'	PHD	Permit	Depth
DW Contractor		PREPARED BY:	G. Gaddy		Total Depth	10050'			
	DEPTH	HOLE SIZE	SIZE	CMV	THWAD	CMV	THWAD	Method	DV Depth
Surf CASING	050	17 1/2	13 3/8	5-6	Class H	750 x 8	Tor		
Int CASING	4200	8 5/8	28	5-80	Class H	1800 x 8	Surf		
Prod CASING	10080	7 7/8	5 1/2	17 (4070'), 15.5 (5086')	Class H	1700 x 8	E207	Temp Survey	
Liner:									
OH									
Yehol:									







#### Test Tubing Anchors

Inspect location for any areas requiring additional dirt work

- 1) MIRU WSU
- 2) POOH w/rods and Pump R&R Pump
- 3) NDWH NUBOP
- 4) Rel TAC POOH w/ tbg
- 5) MIRU Wireline Run GR-CCL PBTD (10000' +/-)to 8800'
- 6) Perf 8930, 8946, 8953, 8960 w/ 2JSPF RD Wireline
- 7) PU RBP w/ball catcher and PKR for 5 ½ 17# casing. Hydrotest in hole 6000 psi to 9000' SET RBP and test 1000 PSI
- 8) MIRU Acid crew w/ 4000 gal 15% HCL
- 9) Pull PKR to 8960' Spot 500gal 15% HCL Displace 50 BW
- 10) Pull Packer to 8800' Reverse 5 BBLs and set Packer
- 11) Breakdown perfs
- 12) Acidize with remaining 3500gal at 5000 psi, Pump 15 bbl then (2) 7/8 BS (1.25 SG) every 10 bbls to 20 BS. Displace 55 BBLs produced water. Surge as necessary to vac truck
- 13) Wait 4 hrs
- 14) Swab for results
- 15) Rel PKR and plug POOH
- 16) TIH w tubing as before
- 17) ND BOP NUWH
- 18) Run pump and rods as before



## Scarborough & Company

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Post Office Box 2474 Midland, Texas 79702 432.685.4044

February 21, 2018

Oil Conservation Division  
Attn: Mr. Michael McMillan  
1220 South St. Francis Drive  
Santa Fe, NM 87505

Re: Leasehold Ownership  
Anderson Ranch State 10 #1 Well  
Section 10; T-16-S, R-32-E; NMPM;  
Lea County, New Mexico

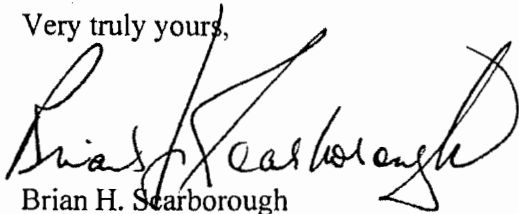
Dear Mr. McMillan:

In connection with the referenced well, located in the NE NE of Section 10; T-16-S, R-32-E, NMPM, Lea County, New Mexico, the leasehold ownership is as follows:

Grand Banks Energy Co	50%
Brian H. Scarborough	50%

Upon your review, should you have any additional questions, please contact the undersigned at 432.685.4044.

Very truly yours,



Brian H. Scarborough