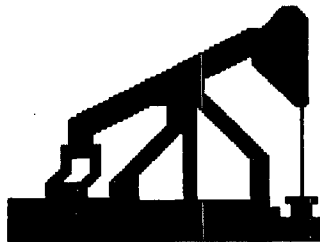


LANEXCO, INC.

P. O. BOX 2730
MIDLAND, TEXAS 79702
915/687-5047
FAX 915/687-5048

ADMINISTRATION
Tommy Phipps
Ric Flores



P. O. BOX 1206
JAL, NEW MEXICO 88252
505/395-3056
FAX 505/395-3243
OIL CONSERVATION DIVISION
RECEIVED
AUG 15 AM 8 56

OPERATIONS
Robert Lansford
Herb Dority
Mike Copeland

August 6, 1990

State of New Mexico
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

ATTN: Mr. William J. Lemay, Director

RE: Lanexco, Inc.
Cerro Com No. 1E
Dual Completion
S-11, T-23-S, R-27-E
Eddy County, New Mexico

Dear Mr. Lemay:

Lanexco, Inc. respectfully request administrative approval to downhole commingle the above referenced well.

Currently the well is flowing from the Wolfcamp and pumping from the Bone Spring. The Wolfcamp production has to be swabbed periodically to prevent fluid build up. Presently it is not producing any fluid, unless swabbed. We feel it would increase the gas volume and decrease operating expenses if we could downhole commingle both zones and pump them together. Presently both zones are surface commingled, which was approved in October of 1988.

The interest owners are the same for both zones.

Also enclosed for your review you will find:

1. Form C-102
2. Form C-116
3. Ownership map
4. Production history for 12 months.
5. Bottom hole pressure
6. Gas and fluid analysis
7. Formula proposed to allocate production to each zone

Offset operators were notified of our intentions on July 31, 1990.

DRILLING

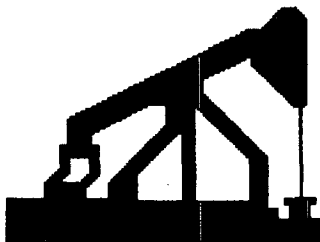
ENGINEERING

OPERATING

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OPERATIONS
Robert Lansford
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Mike Copeland

Page 2

If you desire any further information, please contact me.
Thank you for your kind consideration in this matter.

Sincerely
Mike Copeland
Mike Copeland
Production Supt.

MC/sc

DRILLING

ENGINEERING

OPERATING

MEXICO OIL CONSERVATION COMMISSION WELL LOCATION AND ACREAGE DEDICATION PLAT

Form P-112
Supersedes L-1
Effective 1-1-64

All distances must be from the outer boundaries of the Section

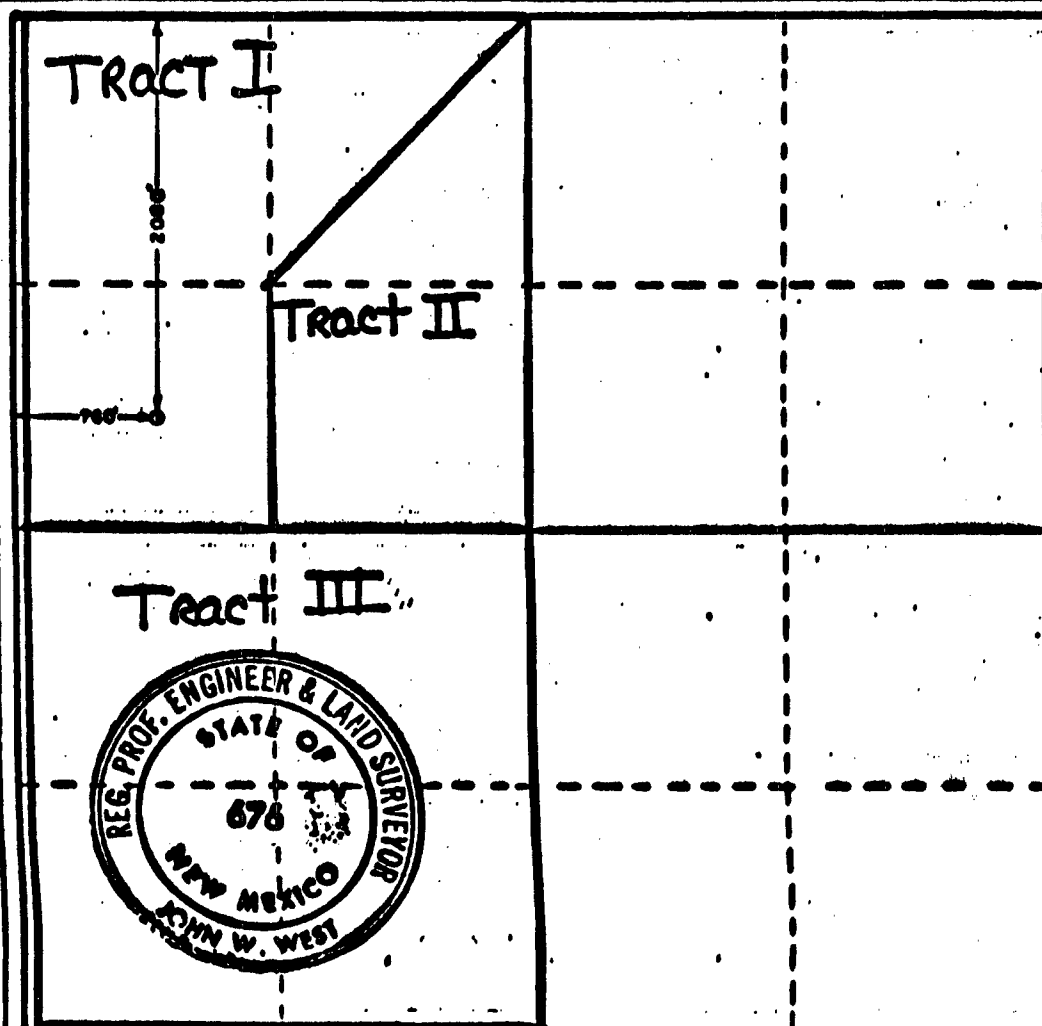
Operator Lanexco, Inc.			Lease Cerro Com		Well No. 1
Well Letter E	Section 11	Township 23 South	Range 27 East	County Eddy	
Actual Footage Location of Well:					
2080		feet from the North	(line and)	760	feet from the West
Ground Level Elev. 3092.4	Producing Formation Bone Springs		Pool Wildcat Bone Springs	Produced Acreage 40	

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure 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 Communitization

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 Mike Cabel
Position Production Supt.
Company Lanexco, Inc.
Date July 12, 1988

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 30, 1978
Registered Professional Engineer and/or Land Surveyor
John W. West
Certificate No. John W. West 67
Ronald J. Elders 92

Submit 2 copies to Appropriate District Office.

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240
DISTRICT II
P.O. Drawer DD, Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-116
Revised 1/1/89

OIL CONSERVATION DIVISION

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

GAS - OIL RATIO TEST

Operator Lanexco, Inc.		Pool Cass Draw Wolfcamp		County Eddy												
Address P.O. Box 1206 Jal, New Mexico 88252		TYPE OF TEST - (X)		Scheduled ☐ Completion ☐ Special ☒												
LEASE NAME	WELL NO.	LOCATION				DATE OF TEST	STATUS	CHOKE SIZE	TBG. PRESS.	DAILY ALLOW-ABLE	LENGTH OF TEST HOURS	PROD. DURING TEST			GAS - OIL RATIO CU FT/BBL.	
		U	S	T	R							WATER BBL.	GRAV. OIL BBL.	GAS MCF.		
Cerro Com	1	E	11	23S	27E	6-2-90	P	42/64	385	-----	24	0	56.7	0	17	-----

Instructions:

During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Division.

Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60° F. Specific gravity base will be 0.60.

Report casing pressure in lieu of tubing pressure for any well producing through casing.

(See Rule 301, Rule 1116 & appropriate pool rules.)

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

Signature

Mike Copeland

Printed name and title

Production Supt.

8-7-90

505-395-3056

Date

Telephone No.

Submit 2 copies to Appropriate District Office.

DISTRICT I

P.O. Box 1980, Hobbs, NM 88240

DISTRICT II

P.O. Drawer DD, Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

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-116
Revised 1/1/89

GAS - OIL RATIO TEST

Operator Lanexco, Inc.		Pool Wildcat Bone Spring				County Eddy											
Address P. O. Box 1206 Jal, New Mexico 88252		TYPE OF TEST - (X)		Scheduled ☐		Completion ☐		Special ☒									
LEASE NAME	WELL NO.	U	S	T	R	DATE OF TEST	STATUS	CHOKE SIZE	TBQ. PRESS.	DAILY ALLOW-ABLE	LENGTH OF TEST HOURS	WATER BRLS.	PROD. DURING TEST GRAV. OIL BRLS.	GAS M.C.F.	GAS - OIL RATIO CU FT/BRL.		
Cerro Com	1	E	11	23	S	27E	6-4-90	P	48/64	Pump	-----	24	7	42.4	4	7	1750/1

Instructions:

During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Division.

Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60° F. Specific gravity base will be 0.60.

Report casing pressure in lieu of tubing pressure for any well producing through casing.

(See Rule 301, Rule 1116 & appropriate pool rules.)

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

Signature

Mike Copeland

Printed name and title
Mike Copeland Production Supt.

Date
8-7-90

505-395-3056

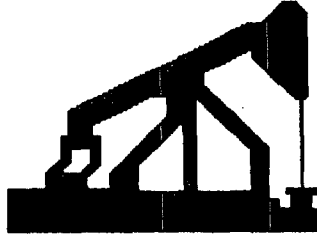
Telephone No.

[illegible]

LANEXCO, INC.

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ADMINISTRATION
Tommy Phipps
Ric Flores



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OPERATIONS
Robert Lansford
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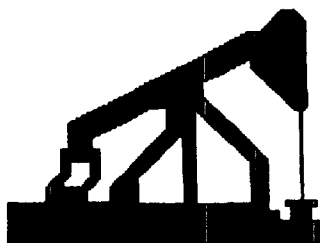
PRODUCTION HISTORY ON CERRO COM NO. 1

WOLFCAMP				BONE SPRING		
	BBLS. COND.	BBLS. WATER	MCF	BBLS. OIL	BBLS. WATER	MCF
JULY 89	0	3	502	99	116	207
AUGUST 89	0	2	533	94	97	211
SEPT. 89	0	0	497	76	87	200
OCTOBER 89	0	2	490	107	111	203
NOV. 89	0	3	523	114	118	205
DEC. 89	0	0	472	113	124	195
JAN. 90	0	0	45	96	133	178
FEB. 90	0	2	418	85	105	212
MARCH 90	0	2	487	98	91	198
	SWABBED WELL					
APRIL 90	0	3	641	81	63	217
MAY 90	0	0	474	89	99	200
JUNE 90	0	0	496	63	72	211
DRILLING				ENGINEERING		OPERATING

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OPERATIONS
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Mike Copeland

BONE SPRING

PERFS: 7424-7494
21 holes
Calculated-1063 psi
SBHP

WOLFCAMP

9764-9818
66 holes
862 psi - Tested
SBHP

Propose to set bottom of tubing at 9820 ft. and pump both zones.

Proposed formula to allocate production from each zone.

<u>WOLFCAMP:</u>	Currently - 0 BOPD
Proposed:	5 BOPD
	9 BOPD Total both zones.
	5 BOPD divided by 9 BOPD=55% to Wolfcamp
	17 MCF a day
	24 MCF a day - total both zones
	17 MCFD divided by 24 MCFD= 71% to Wolfcamp
<u>BONE SPRING:</u>	Currently - 4 BOPD
	4 BOPD divided by 9 BOPD= 45% to Bone Spring
	7 MCFD divided by 24 MCFD= 29% to Bone Spring
<u>OIL GRAVITY:</u>	Wolfcamp - 57.6
	Bone Spring - 42.4
	Combined - 45.7
<u>RECENT PRICES:</u>	Wolfcamp - \$15.75
	Bone Spring - \$16.75
	Combined - \$16.27

Prices do not reflect recent increases.

DRILLING

ENGINEERING

OPERATING



Laboratory Services

1331 Tasker Drive
Hobbs, New Mexico 88240

Telephone: (505) 397-3713

FOR: Jarrel Services
Attention: Mr. Donny Dickerson
P. O. Box 1230
Hobbs, New Mexico 88240

STATION
SAMPLE Cerro Com #1
IDENTIFICATION:
COMPANY: Lanexco
LEASE:
PLANT:

SAMPLE DATA: DATE SAMPLED: 08-03-90 GAS (XX) LIQUID ()
ANALYSIS DATE: 08-03-90 SAMPLED BY: Jarrel
PRESSURE - PSIG ANALYSIS BY: Rolland Perry
SAMPLE TEMP. °F
ATMOS. TEMP. °F
REMARKS: Long String - Wolfcamp

COMPONENT ANALYSIS

COMPONENT	MOL PERCENT	GPM
OXYGEN (O2)		
Hydrogen Sulfide (H2S)		
Nitrogen (N2)	0.86	
Carbon Dioxide (CO2)	0.14	
Methane (C1)	82.23	
Ethane (C2)	10.25	2.724
Propane (C3)	3.72	1.020
I-Butane (IC4)	0.62	0.203
N-Butane (NC4)	1.17	0.369
I-Pentane (IC5)	0.31	0.112
N-Pentane (NC5)	0.28	0.099
Hexane (C6)	0.42	0.180
Heptanes Plus (C7+)	0.00	0.000
	100.00	4.707
BTU/CU.FT. - DRY	1207	MOLECULAR WT 20.0386
AT 14.650 DRY	1204	
AT 14.650 WET	1183	26# GASOLINE - 0.514
AT 15.025 DRY	1234	
AT 15.025 WET	1213	
SPECIFIC GRAVITY -		
CALCULATED	0.692	
MEASURED	0.000	



Laboratory Services

1331 Tasker Drive
Hobbs, New Mexico 88240

Telephone: (505) 397-3713

FOR:

Jarrel Services. Inc.
Attention: Mr. Donny Dickerson
P. O. Box 1230
Hobbs, New Mexico 88240

STATION

SAMPLE

IDENTIFICATION: Cerro Com #1

COMPANY: Lanexco

LEASE:

PLANT:

SAMPLE DATA: DATE SAMPLED: 08-03-90 GAS (XX) LIQUID ()
ANALYSIS DATE: 08-03-90 SAMPLED BY:
PRESSURE - PSIG ANALYSIS BY: Rolland Perry
SAMPLE TEMP. °F
ATMOS. TEMP. °F
REMARKS: Short String - *BONE SPRING*

COMPONENT ANALYSIS

COMPONENT	MOL PERCENT	GPM	
OXYGEN (O2)			
Hydrogen Sulfide (H2S)			
Nitrogen (N2)	0.68		
Carbon Dioxide (CO2)	0.14		
Methane (C1)	78.80		
Ethane (C2)	10.37	2.757	
Propane (C3)	4.19	1.148	
I-Butane (IC4)	0.76	0.248	
N-Butane (NC4)	1.56	0.489	
I-Pentane (IC5)	0.63	0.227	
N-Pentane (NC5)	0.70	0.250	
Hexane (C6)	2.17	0.937	
Heptanes Plus (C7+)	0.00	0.000	
	100.00	6.056	
BTU/CU.FT. - DRY	1317	MOLECULAR WT	22.0335
AT 14.650 DRY	1313		
AT 14.650 WET	1290	26# GASOLINE -	1.577
AT 15.025 DRY	1346		
AT 15.025 WET	1323		
SPECIFIC GRAVITY -			
CALCULATED	0.761		
MEASURED	0.000		

HALLIBURTON DIVISION LABORATORY

HALLIBURTON SERVICES

MIDLAND DIVISION

HOBBS, NEW MEXICO 88240

LABORATORY WATER ANALYSIS

No. W80-150To Alpha "21" CorporationDate 2-12-80Mr. Bob Mansford -908 CochitiHobbs, New Mexico

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Submitted by _____

Date Rec. 2-12-80Well No. Cerro Com. #2 /

Depth _____

Formation Wolfcamp

County _____

Field _____

Source _____

Resistivity _____ 0.100 @ 70°F.Specific Gravity _____ 1.066pH _____ 5.3Calcium (Ca) _____ 12,600

*MPL

Magnesium (Mg) _____ 3,180Chlorides (Cl) _____ 55,000Sulfates (SO₄) _____ 600Bicarbonates (HCO₃) _____ 610Soluble Iron (Fe) _____ 1,800Remarks: API Gr. of Oil @ 60°F. - 49.4

*Milligrams per liter

Respectfully submitted,

Analyst: Brewer

cc:

HALLIBURTON COMPANY

By W. L. Brewer

CHEMIST

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HALLIBURTON DIVISION LABORATORY

HALLIBURTON SERVICES

MIDLAND DIVISION

HOBBS, NEW MEXICO 88240

LABORATORY WATER ANALYSIS

No. _____

To Lanexaco

Date 6-10-88

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Submitted by _____ Date Rec. _____

Well No. Cerro Com #1 Depth Formation Bone Springs

County Sddy Field Source

Resistivity .111 @ 70°

Specific Gravity 1.065

pH 6.8

Calcium (Ca) 4350 *MPL

Magnesium (Mg) 690

Chlorides (Cl) 57,500

Sulfates (SO₄) _____ Light _____

Bicarbonates (HCO_3^-) 840

Soluble Iron (Fe) Moderate

Remarks: *Milligrams per liter

Respectfully submitted,

JUN 14 1988

Analyst: _____

HALLIBURTON COMPANY

CC:

By _____
CHEMIST

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