

MEWBOURNE OIL COMPANY

**P.O. BOX 7698
TYLER, TEXAS 75711
903 - 561-2900
FAX 903 - 561-1870**

April 5, 2005

UPS NEXT DAY AIR #N455 814 559 2

Mr. William Jones
New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

RECEIVED
APR 06 2005
OIL CONSERVATION
DIVISION

RE: Form C-107A
Dinero "20" Federal #3
Sec 20 T22S R28E
Dublin Ranch; Atoka (Gas) and Dublin Ranch; Morrow (Gas) Pools
Eddy Co., NM

Dear Mr. Jones:

Please find enclosed the following for the application to downhole commingle production from the Atoka and Morrow zones in the referenced well:

Form C-107A
Attachments information
Form C-102 for both zones
Administrative Application Checklist

A copy of Form C-107A is being mailed today to the Bureau of Land Management in Roswell. If you need further information, please call me at (903) 561-2900.

Yours truly,



Janet Burns
Reg. Tech.

cc: NMOCD - Artesia
Bureau of Land Management
Hobbs
Midland
Allen Brinson
Wayne Jones

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

District II
1301 W. Grand Avenue, Artesia, NM 88210

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

APPLICATION TYPE

District III
1000 Rio Brazos Road, Aztec, NM 87410

Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

APPLICATION FOR DOWNHOLE COMMINGLING

Yes No

DAC-3432

Operator Mewbourne Oil Company Address P. O. Box 7698, Tyler, TX 75711
Lease Dinero "20" Federal #3 Well No. K - Sec 20, T22S, R28E Unit Letter-Section-Township-Range Eddy County
OGRID No. 14744 Property Code 33405 API No. 30-015-33432 Lease Type: Federal State Fee

DATA ELEMENT	<input checked="" type="checkbox"/> UPPER ZONE <i>UNDES</i>	INTERMEDIATE ZONE	LOWER ZONE <input checked="" type="checkbox"/>
Pool Name	Dublin Ranch; Atoka		Dublin Ranch; Morrow
Pool Code	76130 <input checked="" type="checkbox"/>		76140 <input checked="" type="checkbox"/>
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	11,284 - 11,300'		11,900 - 12,266'
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)			
Producing, Shut-In or New Zone	New Zone		Producing
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: Estimated rate: Rates: 300 MCFD, 0 BO, 0 BW	Date: Rates:	Date: 3/31/05 Rates: 200 MCFD, 0 BO, 5 BW
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 60 %	Oil % Gas %	Oil 50 % Gas 40 %

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:

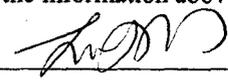
- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
- Production curve for each zone for at least one year. (If not available, attach explanation.)
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation 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  TITLE Reg. Tech. DATE 4/5/05

TYPE OR PRINT NAME Janet Burns TELEPHONE NO. (903) 561-2900

E-MAIL ADDRESS _____

Attachments to C-107A

Mewbourne Oil Company
Dinero "20" Federal #3
Unit Letter K, Sec 20 T22S R28E
Dublin Ranch; Atoka (Gas) and Dublin Ranch; Morrow (Gas) Pools
Eddy Co., NM

C-102 for each zone to be commingled showing its spacing unit and acreage dedication

Production curve is not attached (new well)

Estimated production rates and supporting data

Test Data:

Morrow	3/31/05	200 MCFD, 0 BO, 5 BW: current production
Atoka		300 MCFD, 0 BO, 0 BW: estimated initial production, based on Atoka production in the area

Data to support allocation method or formula

Test as shown above for both zones

Notification list of working, royalty and overriding royalty interests for uncommon interest cases

No uncommon interests.

Any additional statements, data or documents required to support commingling

The well is completed with 5 1/2" OD casing. In order to dually complete the well to recover all economic reserves, the use of small diameter special clearance tubing would be required. Performing a dual completion as described could not be economically justified for a zone with limited deliverability. To produce the Atoka interval (upper zone) up the annulus (5 1/2" - 2 7/8") is not recommended due to liquid loading and insufficient velocity to lift produced fluids with the estimated gas rates listed above. The addition of the Atoka as a commingled zone will prevent waste that would not otherwise be possible due to the increased cost to produce each individual zone. Commingling will prevent early abandonment of each production zone.

DISTRICT I
1025 N. ... Dr., Hobbs, NM 88240

DISTRICT II
611 South First, Artesia, NM 88210

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Revised March 17, 1999
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-33432		Pool Code 76140	Pool Name Dublin Ranch Morrow
Property Code 33405	Property Name DINERO "20" FEDERAL		Well Number 3
OGRID No. 14744	Operator Name MEWBOURNE OIL COMPANY		Elevation 3071

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	20	22S	28E		1650	SOUTH	1650	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

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

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>OPERATOR CERTIFICATION</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>[Signature]</i></p> <p>Signature</p> <p>Janet Burns</p> <p>Printed Name</p> <p>Reg. Tech.</p> <p>Title</p> <p>4/5/05</p> <p>Date</p>
	<p>SURVEYOR CERTIFICATION</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>6/23/2004</p> <p>Date Surveyed</p> <p><i>[Signature]</i></p> <p>Signature of Herchel Jones</p> <p>Professional Surveyor</p> <p>HERCHEL JONES</p> <p>NEW MEXICO</p> <p>3640</p> <p>PROFESSIONAL SURVEYOR</p> <p>Certificate No. Herchel Jones RLS 3640</p> <p>DINERO "20" FEDERAL</p> <p>GENERAL SURVEYING COMPANY</p>
	<p>0 330' 660' 990' 1650' 1980' 2310' 2310' 1980' 1650' 990' 660' 330' 0'</p>

DISTRICT I
1025 N. 1st St., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

STATE OF NEW MEXICO
Energy, Minerals and Natural Resources Department

Revised March 17, 1999
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P.O. Box 2088
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-33432	Pool Code 76130	Pool Name Dublin Ranch; Atoka
Property Code 33405	Property Name DINERO "20" FEDERAL	Well Number 3
OGED No. 14744	Operator Name MEWBOURNE OIL COMPANY	Elevation 3071

Surface Location

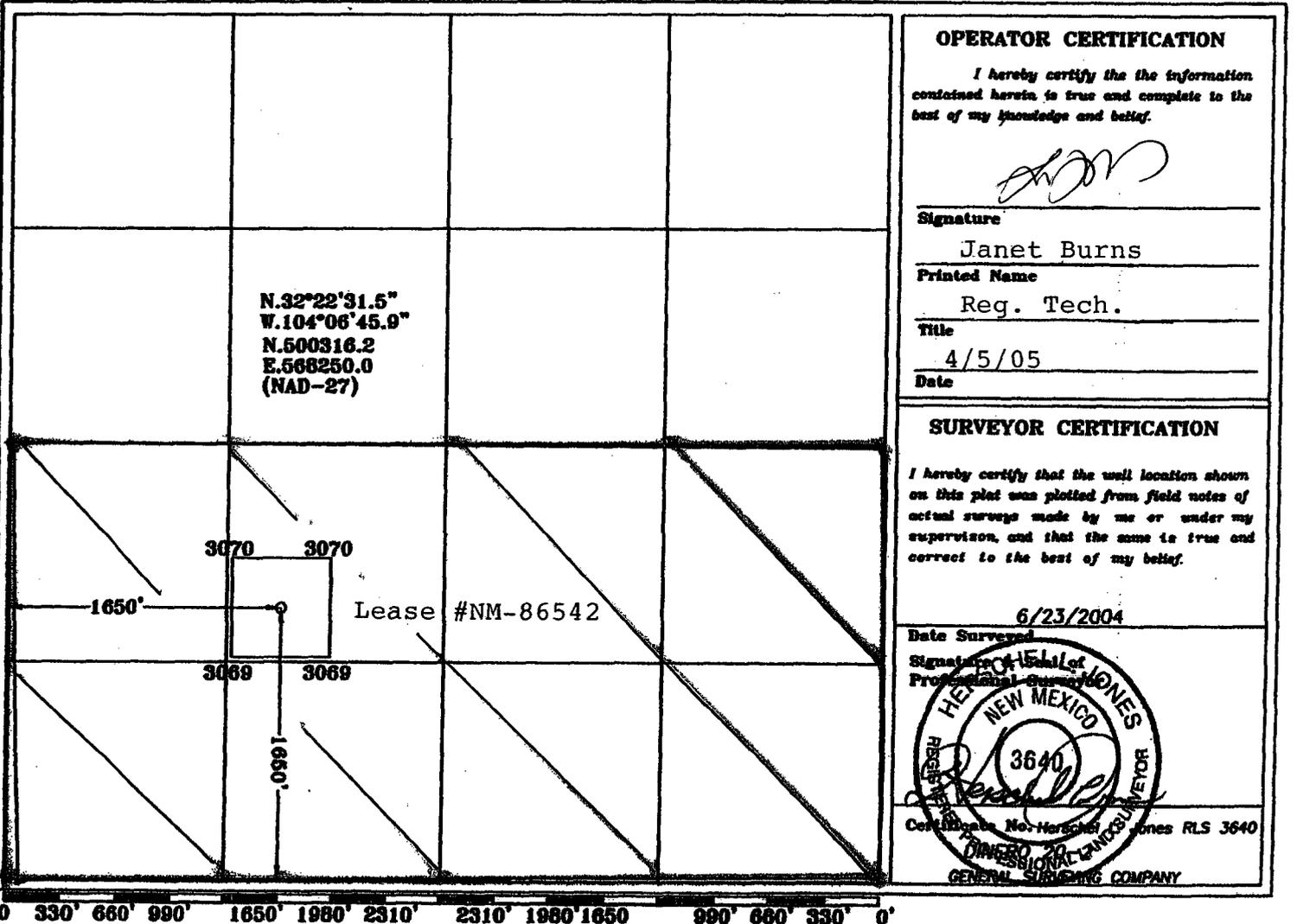
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Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

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 the information contained herein is true and complete to the best of my knowledge and belief.

[Handwritten Signature]

Signature
Janet Burns
Printed Name
Reg. Tech.
Title
4/5/05
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.

6/23/2004

Date Surveyed
Signature
Professional Surveyor
HELEN JONES
NEW MEXICO
3640
Certification No. H-108-01 Jones RLS 3640
GENERAL SURVEYING COMPANY

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.

Bryan Montgomery *Bryan Montgomery* Manager, Evaluation 4-5-05
 Print or Type Name Signature & Reservoir Engineering Title Date

_____ e-mail Address