

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

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

Form C-107A
Revised June 10, 2003

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

RECEIVED
NOV - 4 2005
OIL CONSERVATION
DIVISION

APPLICATION FOR DOWNHOLE COMMINGLING

SDG Resources L P

P. O. Box 1390

Montrose, CO 81402

Operator Cooper Jal Unit #421 J 24 24S 36E Lea

Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 022351 Property Code 10917 API No. 30-025-33459 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	JALMAT <i>al</i>		LANGLIE MATTIX
Pool Code	33820		37240
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3024'-3356'		3452'-3748'
Method of Production (Flowing or Artificial Lift)	Pumping		Pumping
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)	35.7 Degree API		35.7 Degree API
Producing, Shut-In or New Zone	Producing		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: 10/15/05 Rates: 27/19/197	Date: Rates:	Date: 10/15/05 Rates: 2/8/12
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 94 % Gas 71 %	Oil % Gas %	Oil 6% Gas 29 %

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 *Domingo Carrizales* TITLE Sr. Petroleum Engineer DATE 10/24/05

TYPE OR PRINT NAME Domingo Carrizales TELEPHONE NO. (432) 580-8500

E-MAIL ADDRESS domingo@sdgresources.com

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OIL CONSERVATION DIVISION
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Santa Fe, NM 87505

Form C-102
Revised June 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-33459	² Pool Code Langlie Mattix. 37240	³ Pool Name Langlie Mattix
⁴ Property Code 10917	⁵ Property Name Cooper Jal Unit	⁶ Well Number 420
⁷ OGRID No. 022351	⁸ Operator Name SDG Resources L. P. P. O. Box 1390 Montrose, CO 81402	⁹ Elevation 3318' G. L.

¹⁰ Surface Location

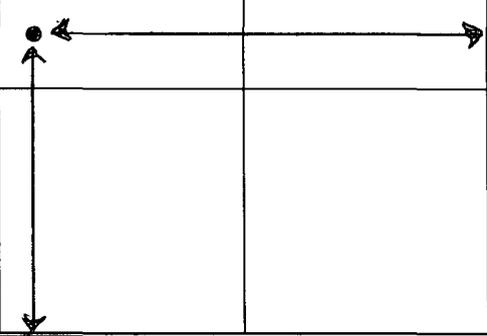
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	24	24-S	36-E		1575	South	2525	East	Lea

¹¹ 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

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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

24					¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.  Signature Domingo Carrizales Printed Name Sr. Petroleum Engineer domingo@sdgresources.com Title and E-mail Address 10/24/05 Date
				¹⁸ 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. Date of Survey Signature and Seal of Professional Surveyor: Certificate Number	
					

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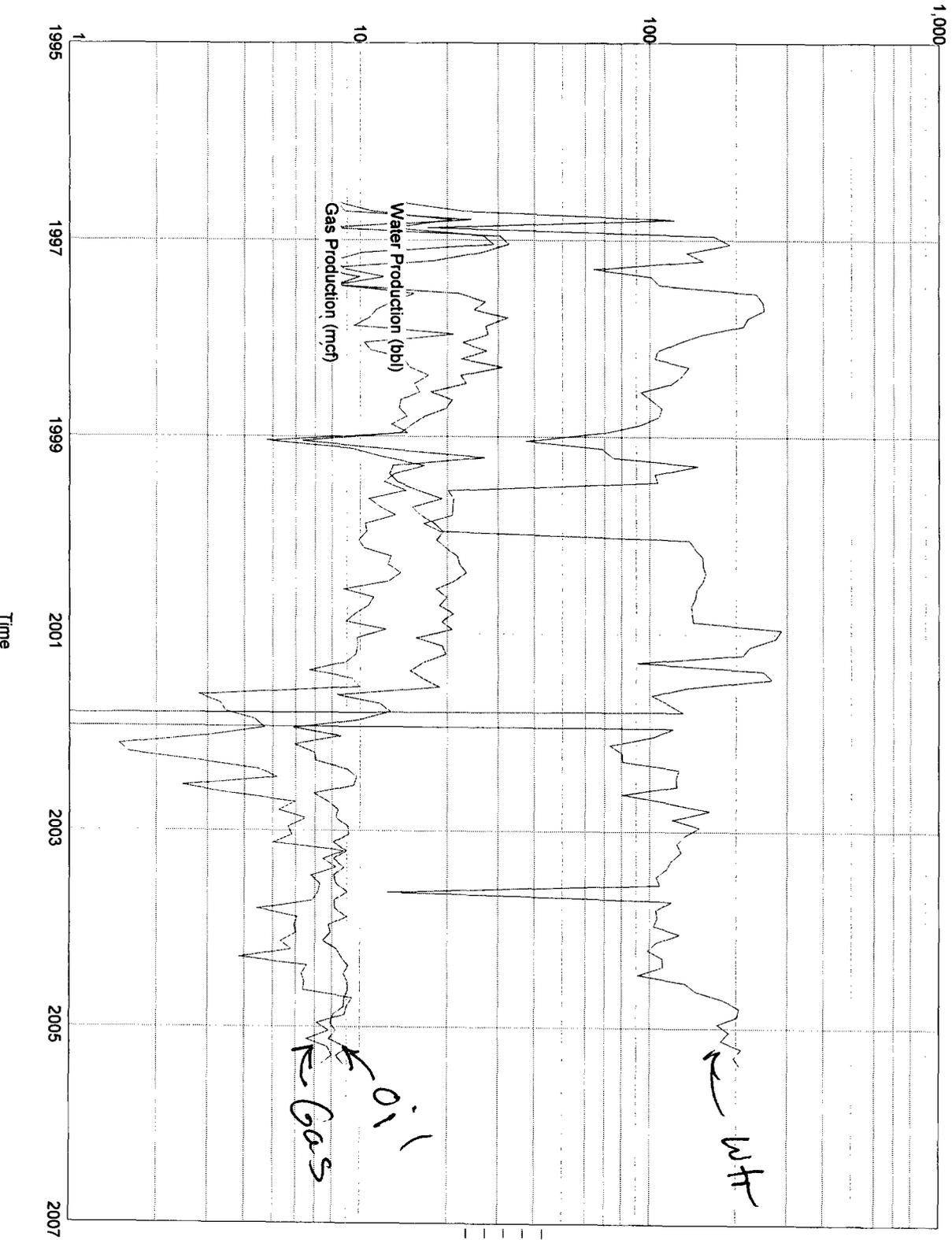
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24					<p>¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Domingo Carrizales</i> Signature</p> <p>Domingo Carrizales Printed Name</p> <p>Sr. Petroleum Engineer domingo@sdgresources.com Title and E-mail Address</p> <p>10/24/05 Date</p>
					<p>¹⁸ 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.</p>
	<p>The diagram shows a well location marked with a dot. A horizontal dimension line to the right of the dot is labeled '2525''. A vertical dimension line below the dot is labeled '1575''.</p>				<p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p>
Certificate Number					

Lease Name: COOPER JAL UNIT # 421
 County, State: LEA, NM
 Operator: SDG RESOURCES LIMITED PARTNERSHIP
 Field: JALMAT
 Reservoir: TANSILL-YATES-SEVEN
 Location: 24 24S 36E

COOPER JAL UNIT - JALMAT



— Oil Production (bbbl) Daily
 — Gas Production (mcf) Daily
 — Water Production (bbbl) Daily
 — Injection Production Daily
 — Historical Well Counts

Rate

11-4-05
DATE IN SUSPENSE

JAMES
ENGINEER

11-8-05
LOGGED IN

DHC
TYPE
3592

PSEM0531229543
APP NO.

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