

DISTRICT I

P.O. Box 1980, Hobbs, NM 88240

DISTRICT II

811 South First St., 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

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429Form C-107-A
New 3-12-96

APPROVAL PROCESS:

☒ Administrative ☐ Hearing

EXISTING WELLBORE

☒ YES ☐ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Operator MIRAGE ENERGY, INC. Address 7915 N. LLEWELYN, HOBBS, NM 88242
Lease SIMS 35 STATE Well No. 1 Unit Ltr. - Sec - Twp - Rge B-35-205-35E County LEA

OGRID NO. 014995 Property Code 20031 API NO. 30-025-27457 Federal ☐ State ☒ (and/or) Fee ☐

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zones	Lower Zone
1. Pool Name and Pool Code	<u>SOUTHEAST LEA WOLFECAMP 80030</u>		<u>OS400 MORROW WEST 82240</u>
2. Top and Bottom of Pay Section (Perforations)	<u>11465 - 11611</u>		<u>12,963 - 13,192</u>
3. Type of production (Oil or Gas)	<u>OIL</u>		<u>GAS</u>
4. Method of Production (Flowing or Artificial Lift)	<u>ARTIFICIAL LIFT</u>		<u>FLOWING</u>
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a. (Current) <u>02/17/97</u> <u>1452.2 PSIA</u> b. (Original) <u>10/10/91</u> <u>3219.2 PSIA</u>	a. b.	a. <u>05/21/84</u> <u>1264.2 PSIA</u> b. <u>08/03/81</u> <u>7022.2 PSIA</u>
6. Oil Gravity (° API) or Gas BTU Content	<u>OIL GRAVITY 46.4</u> <u>GAS BTU 1287</u>		<u>CONDENSATE 39.0</u> <u>GAS BTU 1034</u>
7. Producing or Shut-In?	<u>PRODUCING</u>		<u>SHUT IN</u>
Production Marginal? (yes or no)	<u>YES</u>		<u>YES</u>
* If Shut-In, give 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: Rates:	Date: <u>JULY 1985</u> Rates: <u>0 BOPD, 0 BWPD</u> <u>34 MCFGPD</u>
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: <u>03/05/97</u> Rates: <u>4 BOPD, 0 BWPD</u> <u>20 MCFGPD</u>	Date: Rates:	Date: Rates:
8. Fixed Percentage Allocation Formula - % for each zone	Oil: % Gas: %	Oil: % Gas: %	Oil: % Gas: %

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.

10. Are all working, overriding, and royalty interests identical in all commingled zones? ☒ Yes ☐ No
If not, have all working, overriding, and royalty interests been notified by certified mail? ☐ Yes ☒ No
Have all offset operators been given written notice of the proposed downhole commingling? ☐ Yes ☒ No

11. Will cross-flow occur? ☐ Yes ☒ No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. ☒ Yes ☐ No (If No, attach explanation)

12. Are all produced fluids from all commingled zones compatible with each other? ☒ Yes ☐ No

13. Will the value of production be decreased by commingling? ☐ Yes ☒ No (If Yes, attach explanation)

14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. ☒ Yes ☐ No

15. NMOCD Reference Cases for Rule 303(C) Exceptions: ORDER NO(S) _____

16. 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 all offset operators.
- * Notification list of working, overriding, and royalty interests for uncommon interest cases.
- * Any additional statements, data, or documents required to support commingling.

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

SIGNATURE James D. Coburn TITLE OPERATION COORDINATOR 04/04/97
TYPE OR PRINT NAME JAMES D. COBURN TELEPHONE NO. (505) 392-7095

District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 10, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-27457		Pool Code 82240	Pool Name OSUDO MORROW, WEST
Property Code 20031	Property Name SIMS 35 STATE		Well Number 1
OGRID No. 014995	Operator Name MIRAGE ENERGY, INC.		Elevation 3679.9 GL

¹⁰ Surface Location

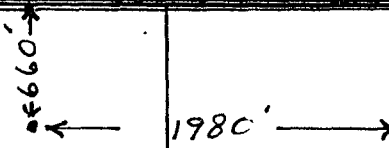
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
B	35	20 S	35 E		660	NORTH	1980	EAST	LFA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 320 1/2	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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

¹⁶				
				¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief Signature JAMES D. COGBURN Printed Name OPERATION COORDINATOR Title 04/04/97 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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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-27457		Pool Code 80080		Pool Name SOUTH EAST LEA WOLF CAMP	
Property Code 20031		Property Name SIMS 35 STATE			Well Number 1
OGRID No. 014995		Operator Name MIRAGE ENERGY, INC			Elevation 3679.8 GL

¹⁰ Surface Location

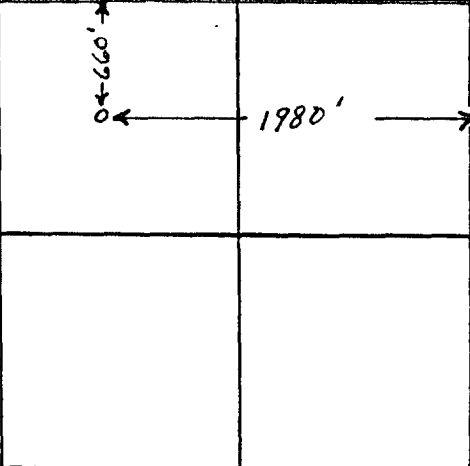
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
B	35	205	35 E		660	NORTH	1980	EAST	LEA

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 160 NE/4	Joint or Infill	Consolidation Code	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

16 	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief <i>James D. Cogburn</i> Signature JAMES D. COGBURN Printed Name OPERATION COORDINATOR Title 04/04/97 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	

DHC 4/28/97

Mirage Energy, Inc.
C/O James D. Cogburn
7915 N. Llewelyn
Hobbs, N.M. 88242
April 4, 1997

RECEIVED
APR 11 1997
157 APR 11 8 52

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Att: Mr. David R Catanach
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, N.M. 87505

Application To Downhole Commingle Sims 35 State #1 Unit Letter B, Sec 35, T20S, R35E Southeast
Lea, Wolfcamp, Osudo Morrow West, Lea County, N.M.

Sir:

Mirage Energy, Inc. respectfully requests administrative approval under the provisions of Rule 303-C to downhole commingle production from the Southeast Lea Wolfcamp and the Osudo Morrow West on the Sims 35 State #1. This well is currently completed as a single well on artificial lift producing from the Southeast Lea Wolfcamp with a bridge plug set above the Osudo Morrow. The Osudo Morrow was shut in December 1985 and a bridge plug was set over the perforations in 1991 when the well was re-completed in the Southeast Lea Wolfcamp. Mirage Energy feels by downhole commingling the two pools an increase in production will make it possible to continue operating the artificial lift equipment and recovering additional reserves.

Mirage Energy, Inc. believes approval of this request will be in the interest of conservation and will allow a more complete recovery of the oil and gas reserves from the subject acreage.

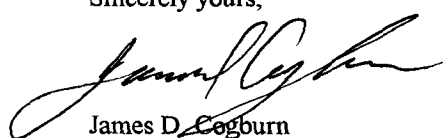
We are requesting approval for the following procedure in order to obtain an accurate allocation formula.

The Southeast Lea Wolfcamp has a current stabilized production rate of 4 BOPD, 0 BWPD, and 20 MCFGPD. After the Osudo Morrow West formation is open to production, the Morrow production will be determined by subtracting the established Wolfcamp production rate from the total commingled production rate. A test period of one month will be used to obtain a stabilized rate prior to submitting the allocation formula.

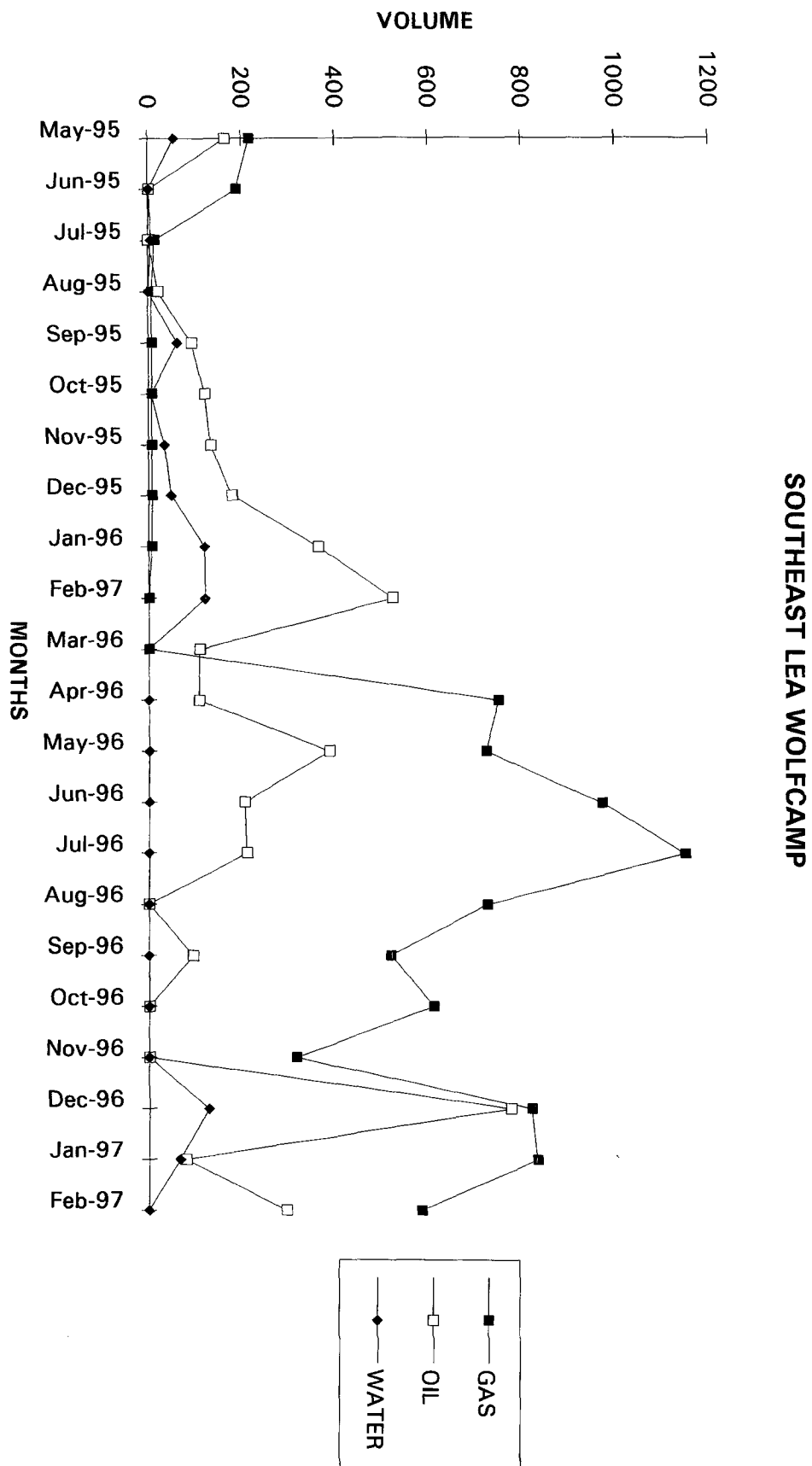
If you have any questions, please call me at (505)392-7095.

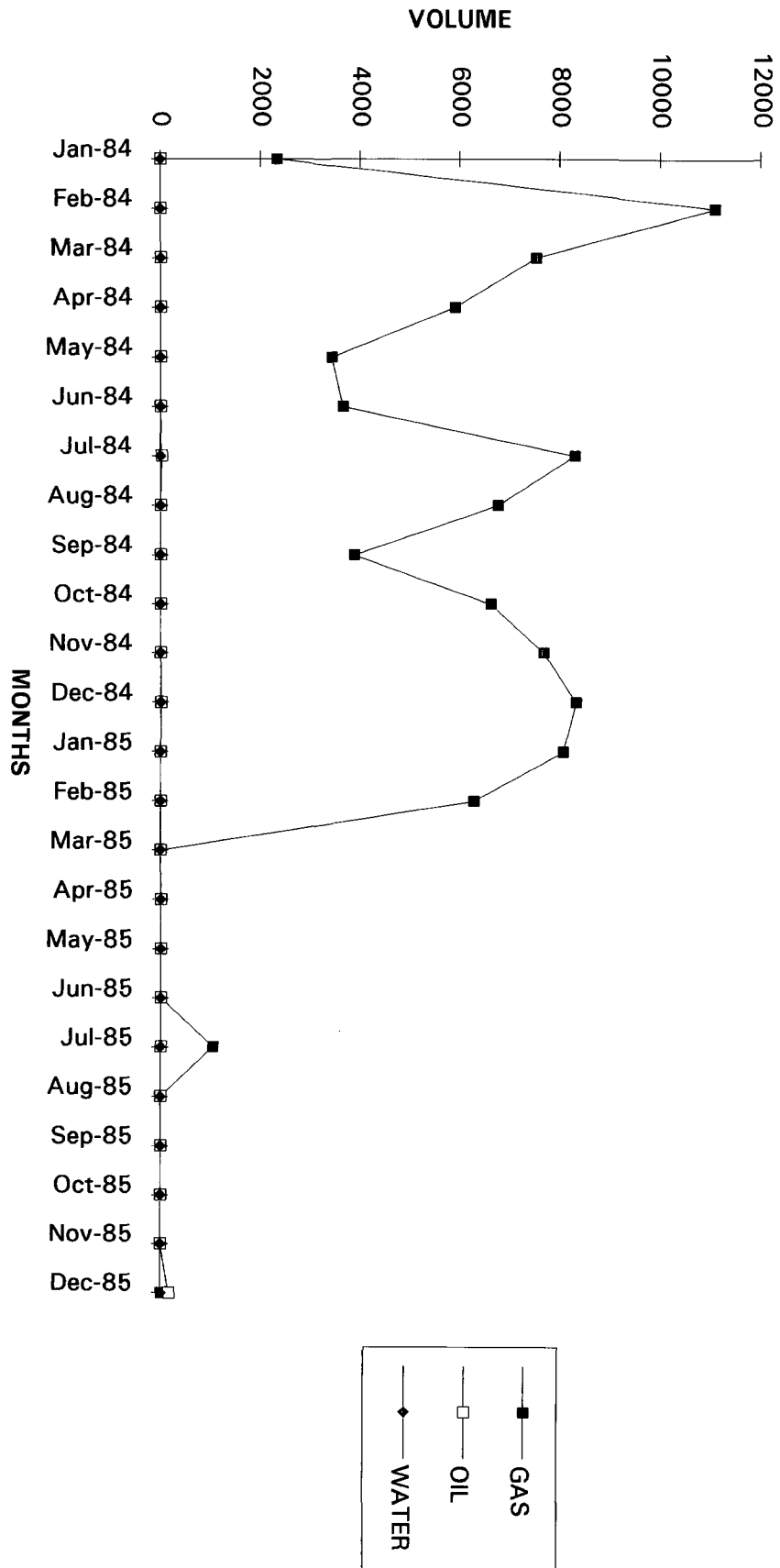
Thank you for your consideration.

Sincerely yours,


James D. Cogburn
Operation Coordinator

cc: Jami Bailey
New Mexico State Land Office
P.O. Box 1148
Santa Fe, N.M. 87504





[illegible]

[illegible]

