



**Southwestern Energy
Production Company**

An subsidiary of Southwestern Energy Company
December 5, 2005

2350 N. Sam Houston Parkway East
Suite 300
Houston, Texas 77032
(281) 618-4700 FAX: (281) 618-4757

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Drive
Santa Fe, NM 87505
Attn: Davis Catanach

Re: Surface Commingling Permit
Karlsbad Corral Facility
Corral Canyon Delaware, NW Pool (#96464)
Eddy County, New Mexico

Dear Sirs:

Southwestern Energy Production Company is submitting an amended Form C-107-B in which two newly drilled wells will be added to the previously approved commingle application in the Corral Canyon Delaware, NW Pool (Pool No. 96855). Copies of the application and attachments have been mailed to all interest owners.

If you have any questions regarding this application, please contact the undersigned at 281/618-4775.

Sincerely,

Jill Hegemier
Production Analyst

Enclosures

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Ave, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St Francis Dr, Santa Fe, NM
87505

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original application to the Santa Fe office with one copy to the appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: Southwestern Energy Production Company
OPERATOR ADDRESS: 2350 N. Sam Houston Pkwy. E., Suite 300, Houston, TX 77032
APPLICATION TYPE:

Pool Commingling Lease Commingling Pool and Lease Commingling Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: Fee State Federal

Is this an Amendment to existing Order? Yes No If "Yes", please include the appropriate Order No. _____
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
 Yes No

(A) POOL COMMINGLING
Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production	Value of Non-Commingled Production	Calculated Value of Commingled Production	Volumes

- (2) Are any wells producing at top allowables? Yes No
(3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No.
(4) Measurement type: Metering Other (Specify)
(5) Will commingling decrease the value of production? Yes No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING
Please attach sheets with the following information

- (1) Pool Name and Code. Corral Canyon Delaware, NW (Pool No. 96464)
(2) Is all production from same source of supply? Yes No
(3) Has all interest owners been notified by certified mail of the proposed commingling? Yes No
(4) Measurement type: Metering Other (Specify)

(C) POOL and LEASE COMMINGLING
Please attach sheets with the following information

- (1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT
Please attached sheets with the following information

- (1) Is all production from same source of supply? Yes No
(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)
Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location.
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.
(3) Lease Names, Lease and Well Numbers, and API Numbers.

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

SIGNATURE: Jill Hegemier TITLE: Production Analyst DATE: 12/05/2005
TYPE OR PRINT NAME: Jill Hegemier TELEPHONE NO: 281/618-4775

Information Required for Surface Commingling

Working Interest Owner

Southwestern Energy Prod. Co. – Applicant

Royalty Interest Owners

Section 2 – Lease # - ST NM V - 3361

Oxy USA, WTP Limited Partnership
P.O. Box 50250
Midland, TX 79710

New Mexico State Land Office
Oil Gas and Minerals Division
P.O. Box 1148
Santa Fe, New Mexico 87504-1148

Section 11 – Lease # - ST NM V - 3633-2

EOG Resources, Inc.
P.O. Box 2267
Midland, TX 79702

New Mexico State Land Office
Oil Gas and Minerals Division
P.O. Box 1148
Santa Fe, New Mexico 87504-1148

All Production is from the Corral Canyon Delaware, NW Pool (Pool No. 96464)

Wells to be commingled:

State Lease No. V-3361

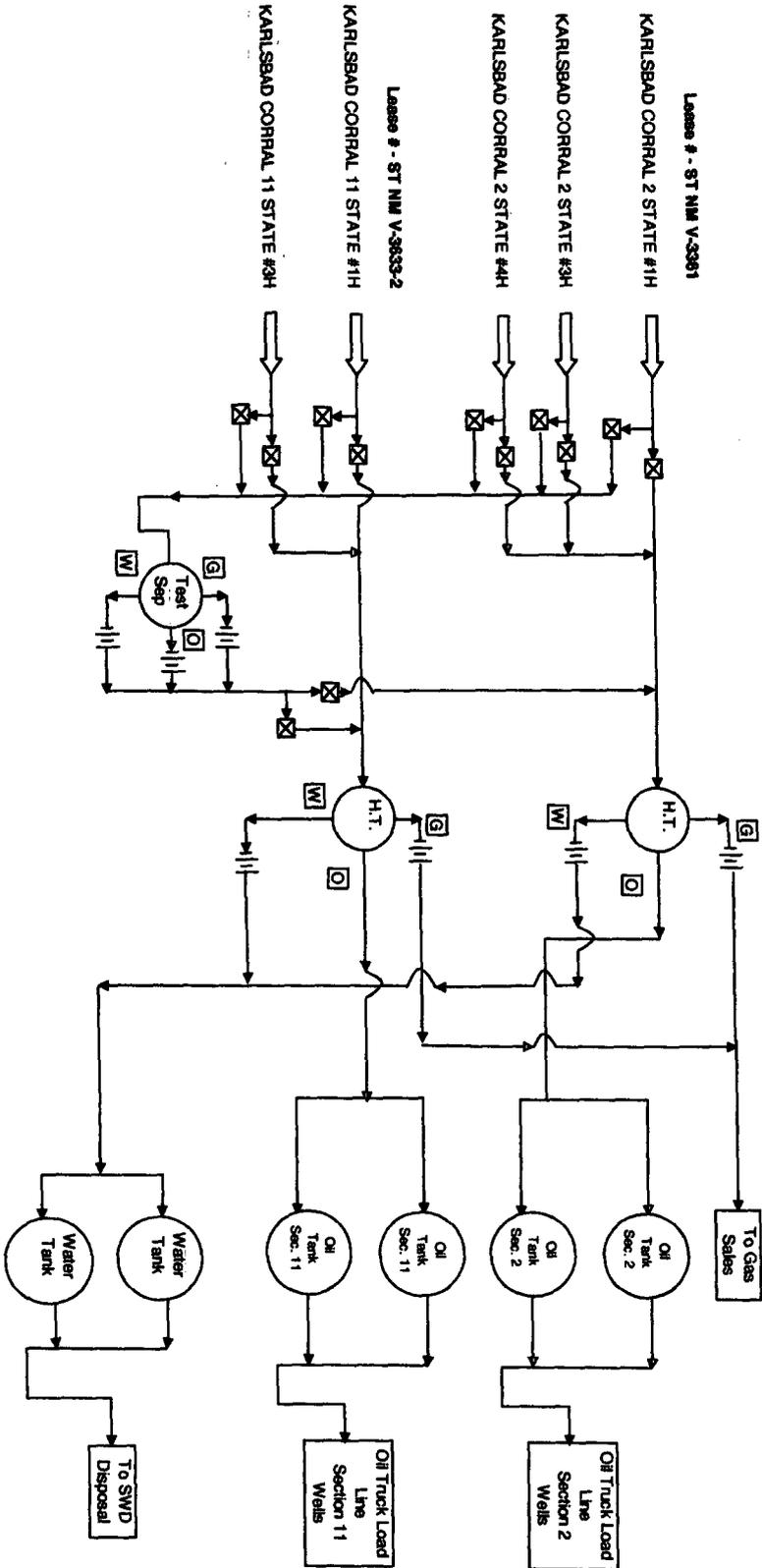
Karlsbad Corral 2 State #1-H – API # 30-015-33324
Karlsbad Corral 2 State #3-H – API # 30-015-33722
Karlsbad Corral 2 State #4-H – API # 30-015-34253

State Lease No. V-3633-2

Karlsbad Corral 11 State #1-H – API # 30-015-33983
Karlsbad Corral 11 State #3-H – API # ~~30-025-35084~~

30-015-34449

**KARLSBAD CORRAL PRODUCTION FACILITY
FACILITY DRAWING
SECTIONS 2 AND 11, T-25-S, R-29-E, EDDY COUNTY, NEW MEXICO**

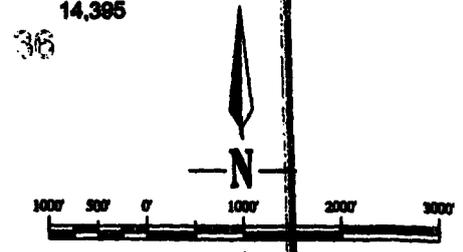


Gas from each lease will be metered using an orifice meter (calibrated quarterly) before commingling with other lease
 Oil from each lease will be sent to separate tanks for each lease and will not be commingled with other leases
 Water from each lease will be metered using an turbine meter (calibrated quarterly) before commingling with other lease

34

MITCHELL ENERGY
Corral Fly '35' Fed
14,000 35

14,000
SUPERIOR OIL
FORCENERGY GAS
CONCHO
Oscar St
WD-1
14,395



3
EASTLAND OIL
New Year Fed
5,850

State Lease
No. V-3361

SANTA FE ENERGY
Corral Fly '35'
14,395
SWN
7,340

STATE LEASE
No. V-3633-2

EASTON
w Fed
2

SWN
Karlsbad Corral 11
7,300

POGO PRODG
Bradley '13' Fed
8,800

CORRAL FLY
"CC - 4"

25S 29E

15
MOBIL
Latham Fed
5,300

14
MOBIL
Corral Draw Unit
15,585

POGO PRODG
Bradley '13' Fed
6,000

MOBIL
Latham Fed
5,800

SOUTHWESTERN ENERGY
PRODUCTION COMPANY

KARLSBAD CORAL
EDDY COUNTY, NEW MEXICO

**KARLSBAD CORAL AREA
GAS GATHERING SYSTEM**

INTERP. BY: CHUCK CORNIE DATE: 11-APR-88
DRAFTED BY: S.D.P. CADFILE: c:\coral fly\coral fly_02_0211



**Southwestern Energy
Production Company**

A subsidiary of Southwestern Energy Company

2350 N. Sam Houston Parkway East
Suite 300
Houston, Texas 77032
(281) 618-4700 FAX: (281) 618-4757

October 27, 2005

Michael E. Stogner
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RECEIVED

OCT 28 2005

ODDPA/ESIA

Dear Mr. Stogner:

30-015-34449

Pursuant to Division Rule 104.F.(2), Southwestern Energy Production Company is requesting approval for of an unorthodox oil well location for the following well:

Well: Karlsbad Corral 11 Well No. 3-H
Location: 10 feet FNL & 1980 feet FEL
Well Unit: NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 11, Township 25 South, Range 29 East, N.M.P.M., Eddy County, New Mexico

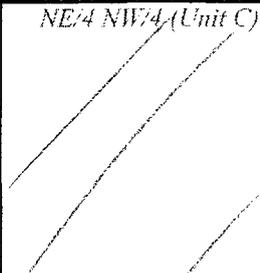
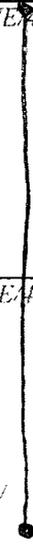
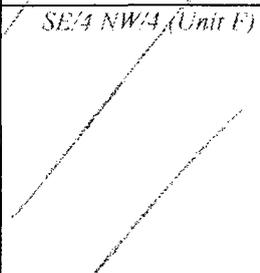
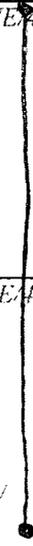
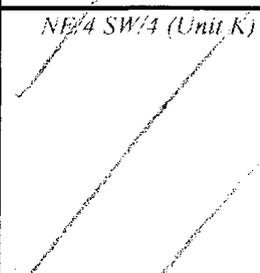
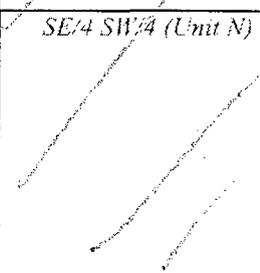
The well will be drilled to test the Cherry Canyon 4 formation (Corral Fly, Delaware Pool). The pool is spaced on 40 acres, with wells to be located no closer than 330 feet to a quarter-quarter section line and for the subject well an exception to this 330' requirement is requested. A form C-102 is attached as Exhibit A.

The proposed location is based on engineering reasons. The proposed well, Karlsbad Corral 11 #3-H, will be directionally drilled from an unorthodox surface location 10 feet from the North Line and 1980 feet from the East Line of Section 11 to a bottom hole location 2,485 feet from the North Line and 1,980 feet from the East line.

The well plan consists of drilling a vertical hole to the KOP (kick off point) at 4,840' MD/TVD. The hole will be directional drilled utilizing a build rate of 12°/100' to penetrate the Cherry Canyon 4 Sand at 5,590' MD / 5,317' TVD at 90° of angle. The Cherry Canyon 4 will be intersected at 487' FNL and 1980' FEL of Section 11 T25S R29E. The well will continue laterally (90°) for 2000' of lateral vertical displacement. The proposed BHL will be 2,485' FNL & 1,980' FEL of Section 11. The top of the Delaware will be intersected at \pm 3200' MD/TVD at 10' FNL and 1980' FEL of Section 11. A drilling prognosis, directional plot, and proposed survey report are attached as Exhibit B.

Production casing will be run and cemented to TD. The Cherry Canyon 4 Sand will be selectively perforated, with all perforations being placed in accordance of a standard location of Section 11 T25S R29E (greater than 330' from any lease line).

Section _____ **Township** _____ **Range** _____

NW/4 NW/4 (Unit D)	NE/4 NW/4 (Unit C) 	NW/4 NE/4 (Unit B) 	NE/4 NE/4 (Unit A)
SW/4 NW/4 (Unit E)	SE/4 NW/4 (Unit F) 	SW/4 NE/4 (Unit G) 	SE/4 NE/4 (Unit H)
NW/4 SW/4 (Unit L)	NE/4 SW/4 (Unit K) 	NW/4 SE/4 (Unit J)	NE/4 SE/4 (Unit I)
SW/4 SW/4 (Unit M)	SE/4 SW/4 (Unit N) 	SW/4 SE/4 (Unit O)	SE/4 SE/4 (Unit P)

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

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

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

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87505

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-102
Permit 13818

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-34253	Pool Name CORRAL CANYON DELAWARE,NORTHWEST	Pool Code 96464
Property Code 33618	Property Name KARLSBAD CORRAL 2 STATE	Well No. 004H
OGRID No. 148111	Operator Name SOUTHWESTERN ENERGY PRODUCTION COMPANY	Elevation 3062

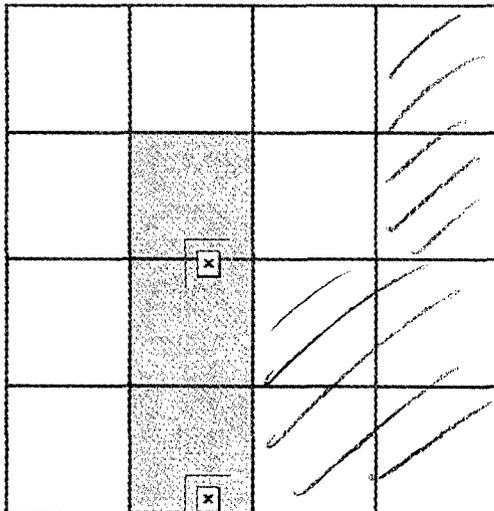
Surface Location

UL or Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
C	2	25S	29E	3	330	S	1980	W	Eddy

Bottom Hole Location If Different From Surface

UL or Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
C	2	25S	29E	3	2496	N	1980	W	Eddy

Dedicated Acres 120	Joint or Infill	Consolidation Code	Order No.
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OPERATOR CERTIFICATION

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

Electronically Signed By: Justin Bender

Title: Manager

Date: 08/02/2005

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.

Surveyed By: GARY EIDSON

Date of Survey: 07/22/2005

Certificate Number: 12641

DISTRICT I

1400 N. PUEBLO BL., BOSSA, NM 87500

DISTRICT II

1801 S. GRAND AVENUE, SANTA FE, NM 87505

DISTRICT III

1000 N. N. RANCHO BL., ALBUQ., NM 87102

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-102

Revised JUNE 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number	Pool Code 96464	Pool Name Corral Canyon, Delaware
Property Code	Property Name KARLSBAD CORRAL 2	Well Number 4-H
GRID No.	Operator Name SOUTHWESTERN ENERGY PRODUCTION COMPANY	Elevation 3062'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	2	25 S	29-C		10	SOUTH	1980	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
K	2	25-S	29-E		2487	SOUTH	1980	WEST	EDDY

Dedicated acres 80	Joint or Inter	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

LOT 4	LOT 3	LOT 2	LOT 1
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OPERATOR CERTIFICATION

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

[Signature]
 Signature: James Alan Gainsley
 Printed Name: Drilling Engineer
 Title: 9/9/2005
 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.

AUGUST 22, 2005

Date Surveyed: _____ CS
 Signature: G. FIDON
 Professional Surveyor

 License No. 05-11-1208
 Registered Professional

BOTTOM HOLE
 Y=421650.3 N
 X=616512.3 E

GEODETIK COORDINATES
 NAD 27 NME
SURFACE LOCATION
 Y=419173.4 N
 X=616512.8 E

LAT.=32°09'06.71" N
 LONG.=103°57'24.69" W

ENTRY point into Cherry Canyon

