

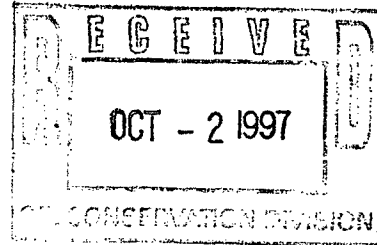
DHC 10/22/97

REDSTONE



OIL & GAS COMPANY

1699



September 29, 1997

OIL CONSERVATION DIVISION
2040 S. Pacheco
Santa Fe, NM 87505

Re: South Carlsbad Gas Com #4 Well

Gentlemen:

Please find enclosed five sets of data pertaining to the above referenced well which includes the Form C-107-A. This same information was provided to the OCD District II Office last week, they instructed me to forward this information to the Santa Fe office.

There is an original signature on one of the Form C-107-A forms, and then four copies of the data sent to the District II Office.

Please contact either the undersigned, or Scott Royal, at Redstone's office if any additional information is required.

Sincerely,
REDSTONE OIL & GAS COMPANY

Sharon K. Petry
Gas Marketing Representative

SKP:rs

Enclosures

DISTRICT I

P.O. Box 1850, Hobbs, NM 88240

DISTRICT II

811 South First St., Artesia, NM 88210

DISTRICT III

1000 Ma Barrow 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 3-12-88

APPROVAL PROCESS:

☒ Administrative ☐ Hearing

EXISTING WELLBORE

☒ YES ☐ NO

APPLICATION FOR DOWNHOLE COMMINGLING

REDSTONE OIL & GAS COMPANY 8235 Douglas Ave., Suite 1050, Dallas, Texas 75225

Operator

S. Carlsbad Gas Com 4

1

G 27 23S 26E

Eddy

Lease

Well No.

UNIT (L) - Sec - Twp - Rge

County

OGRID NO. 034397 Property Code 013921 API NO. 30-015-21012 Spacing Unit Lease Types: (check 1 or more)

Federal ☐ State ☒ (under) Fee ☐

The following facts are submitted in support of downhole commingling:	Upper Zones	Intermediate Zones	Lower Zone
1. Pool Name and Pool Code	Strawn		Code #72155 Atoka
2. Top and Bottom of Pay Section (Perforations)	10,312 - 10,334'		10,512 - 10,616'
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a. (Current) 2400 b. (Original) 2400	a. b.	a. 1050 b. 4955
6. Oil Gravity (° API) or Gas BTU Content	1039 MMBTU/MCF NA		1060 MMBTU/MCF 52.7° API
7. Producing or Shut-In?	Producing		Producing
Production Marginal? (yes or no)	YES		NO
* 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: Rates:
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: 9/10/97 Rates: 154 MCFD 0 BOPD	Date: Rates:	Date: 7/30/97 Rates: 230 MCFD 0.1 BOPD
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 0 % Gas: 40 %	Oil: % Gas: %	Oil: 100 % Gas: 60 %

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?

If not, have all working, overriding, and royalty interests been notified by certified mail?

Have all offset operators been given written notice of the proposed downhole commingling?

☒ Yes ☐ No
☒ Yes ☐ No
☒ Yes ☐ No11. 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 ☐ No13. 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 C. Scott Royal TITLE Engineer DATE 9/23/97TYPE OR PRINT NAME C. Scott Royal TELEPHONE NO. (214) 368-0202

Exxon Lease No. 613410, 612111

NEW MEXICO OIL CONSERVATION COMMISSION

Form C-102
Supersedes C-128
Effective 1-1-65

State Lease No. L-3390, L-1549

WELL LOCATION AND ACREAGE DEDICATION PLAT

Federal Lease No. _____

All distances must be from the outer boundaries of the Section.

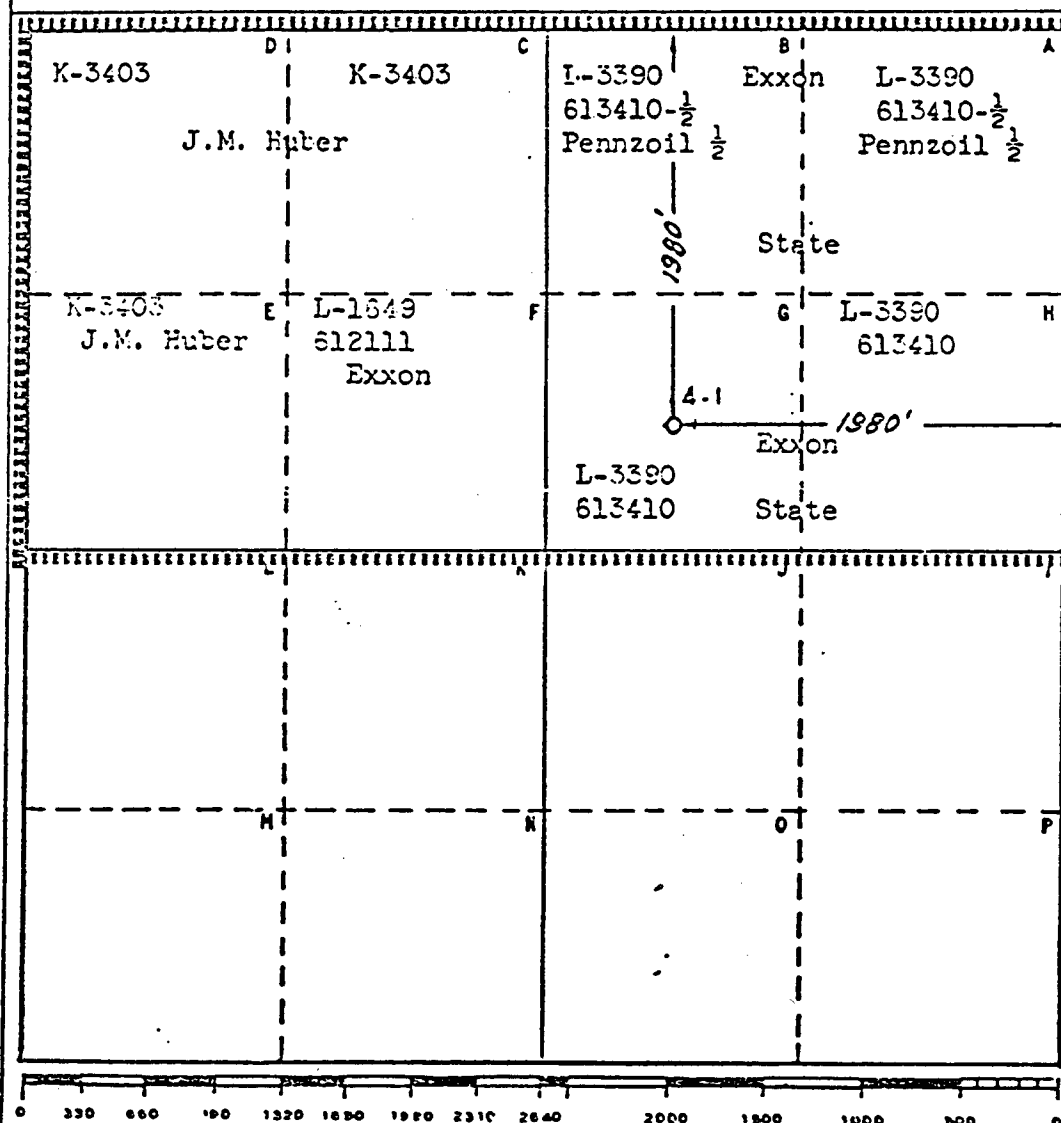
Operator Exxon Corporation		Lease South Carlsbad Gas Com. No. 4		Well No. 1
Unit Letter "G"	Section 27	Township 23-S	Range 26-E	County Eddy
Actual Footage Location of Well: 1980 feet from the North line and 1980 feet from the East line				
Ground Level Elev:	Producing Formation Strawn	Pool Und. So. Carlsbad Strawn	Dedicated Acreage: 320 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure 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 This acreage is being communitized

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 D. L. Clemmer

Position Proration Specialist

Company Exxon Corporation
Box 1600 Midland, Texas

Date 11-6-73

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.

11-5-73

Date Surveyed H. S. Hester
Registered Professional Engineer
and/or Land Surveyor

1382

Certificate No.

10 Miles South of Carlsbad, New Mexico

C.E. Sec. File No. 6790

Exxon Lease No. _____ N EXICO OIL CONSERVATION COMMISSION
 State Lease No. _____ WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
 Supersedes C-128
 Effective 1-1-65

Federal Lease No. _____ All distances must be from the outer boundaries of the Section.

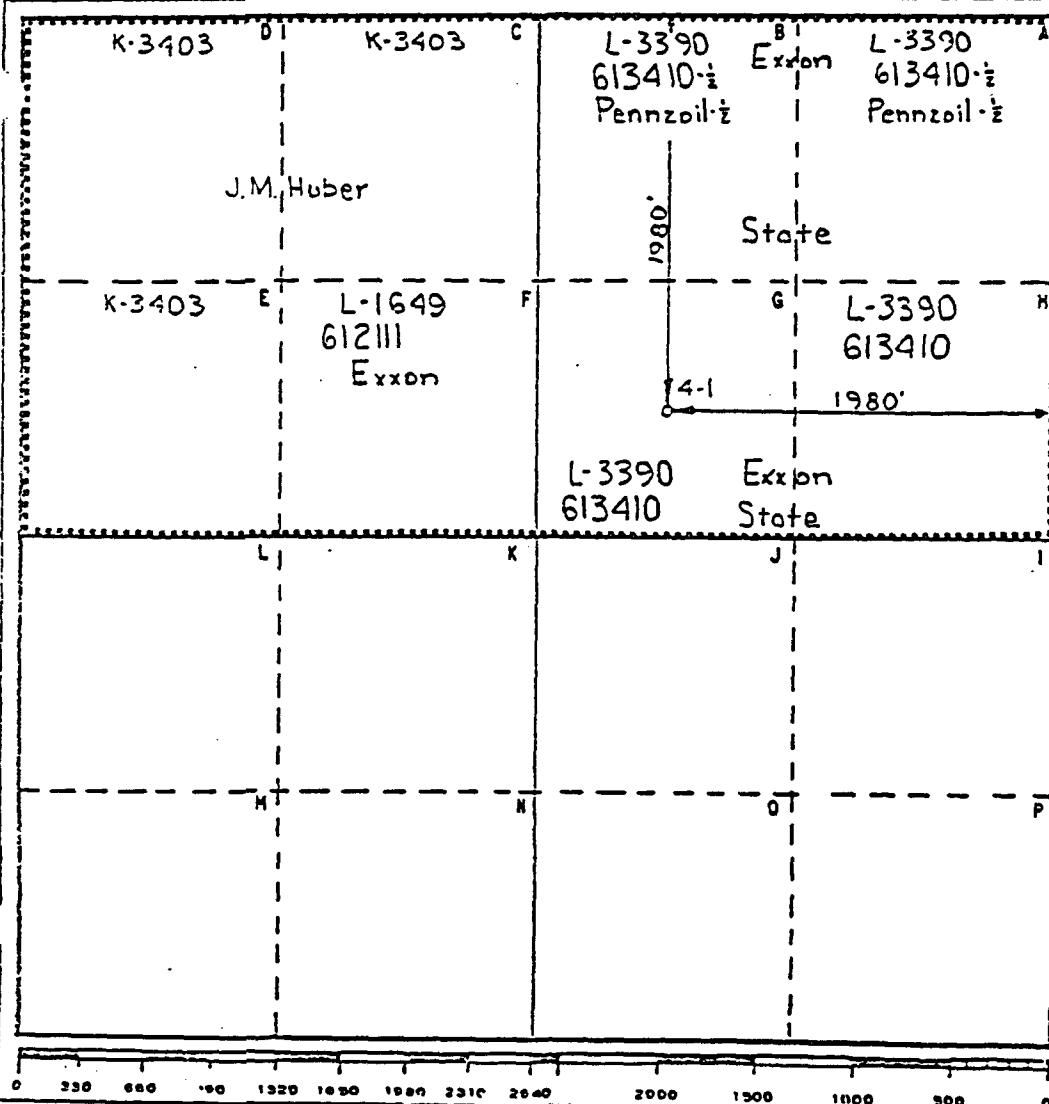
Operator Exxon Corporation			Lease SOUTH CARLSBAD GAS COM. NO.4		Well No. 1
Unit Letter G	Section 27	Township 23S	Range 26E	County EDDY	
Actual Footage Location of Well: 1950' feet from the NORTH line and 1980' feet from the EAST line					
Ground Level Elev: ATOKA	Producing Formation ATOKA		Pool WILDCAT		Dedicated Acreage: 320 Acres

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 This acreage is being communitized

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 Melva Knippling
 Position UNIT HEAD

Company Exxon Corporation
Box 1600 Midland, Texas

Date 9-18-84

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 11-5-73

Registered Professional Engineer and/or Land Surveyor

Bruce R. Pennington

Certificate No. # 9062

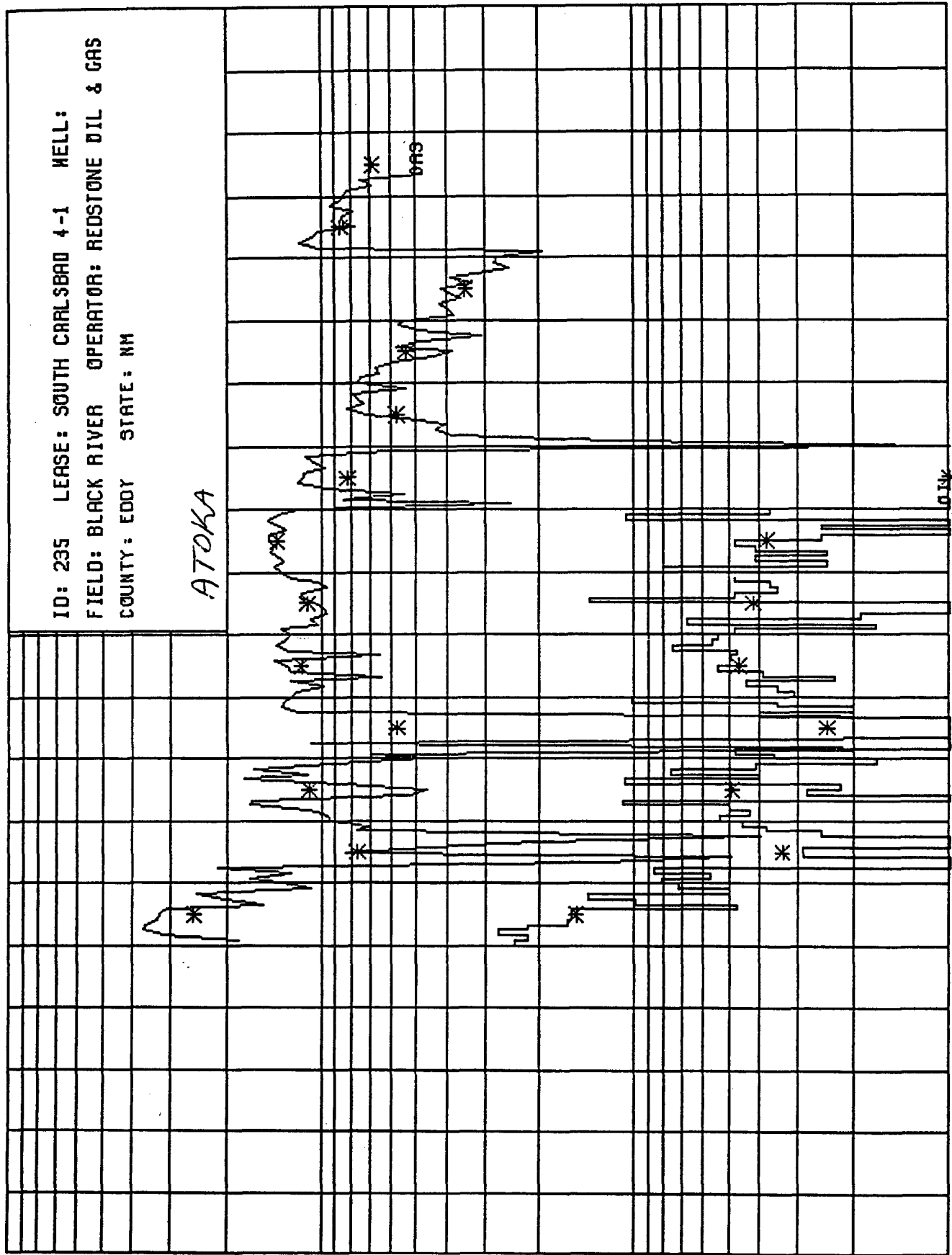
ID: 235 LEASE: SOUTH CARLSBAD 4-1 WELL:
 FIELD: BLACK RIVER OPERATOR: REDSTONE OIL & GAS
 COUNTY: EDDY STATE: NM

ATOKA

10000
1000

1000
100

GAS (MCF)
OIL (BBL)



1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999
 DATE: 09/23/97
 TIME: 15:01

08/97	TOTAL DAILY PRODUCTION			TOTAL METER	MALLON ENTITLED	REDSTONE ENTITLE- MENT	NOMINATION ALLOCATION	
DAY	SOUTH CARLSBAD	NEW MEXICO "EU" STATE	ROG				MALLON	
1	254	99	353	32	321	321	32	
2	231	120	351	29	322	319	32	
3	231	111	342	29	313	311	31	
4	231	90	321	29	292	292	29	
5	0	SI 129	129	0	129	117	12	
6	0	SI 126	126	0	126	115	11	
7	0	SI 105	105	0	105	96	9	
8	0	SI 126	126	0	126	115	11	
9	0	SI 123	123	0	123	112	11	
10	0	SI 126	126	0	126	115	11	
11	112	123	235	14	221	214	21	
12	0	SI 105	105	0	105	96	9	
13	0	SI 120	120	0	120	109	11	
14	0	SI 114	114	0	114	104	10	
15	0	SI 120	120	0	120	109	11	
16	0	SI 88	88	0	88	80	8	
17	0	SI 108	108	0	108	98	10	
18	0	SI 144	144	0	144	131	13	
19	0	SI 120	120	0	120	109	11	
20	0	SI 120	120	0	120	109	11	
21	0	SI 111	111	0	111	101	10	
22	0	SI 120	120	0	120	109	11	
23	0	SI 84	84	0	84	76	8	
24	0	SI 87	87	0	87	79	8	
25	0	SI 102	102	0	102	93	9	
26	0	SI 123	123	0	123	112	11	
27	186	111	297	23	274	270	27	
28	213	93	306	27	279	278	28	
29	166	120	286	21	265	260	26	
30	154	120	274	19	255	249	25	
31	154	111	265	19	246	241	24	
AVERAGE	62	113	175	8	167	159	16	
NOMINATION IN PLACE						202	13	
TOTAL	1,932	3,499	5,431	242				

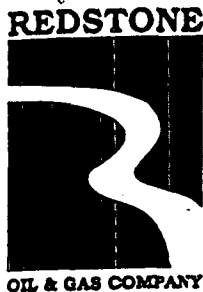
THROUGH AUGUST 4, 1997, PRODUCTION IS
FROM THE APOKA. ALL OTHER PRODUCTION IS
FROM THE STRAWN.

09/97	TOTAL DAILY PRODUCTION			TOTAL METER	MALLON ENTITLED	REDSTONE ENTITLE- MENT	NOMINATION ALLOCATION	
DAY	SOUTH CARLSBAD	NEW MEXICO "EU" STATE	ROG				MALLON	
1	154	105	259	19	240	236	23	
2	121	105	226	15	211	206	20	
3	154	93	247	19	228	225	22	
4	154	114	268	19	249	244	24	
5	154	81	235	19	216	214	21	
6	154	96	250	19	231	228	23	
7	154	105	259	19	240	236	23	
8	154	120	274	19	255	249	25	
9	154	120	274	19	255	249	25	
10	154	114	268	19	249	244	24	
11	154	120	274	19	255	249	25	
12	154	45	199	19	180	181	18	
13	154	129	283	19	264	258	25	
14	147	120	267	18	249	243	24	
15	147	120	267	18	249	243	24	
16	140	38	178	18	161	162	16	
17	141	120	261	18	243	238	23	
18	158	110	268	20	248	244	24	
19	158	113	271	20	251	247	24	
20	158	113	271	20	251	247	24	
21	130	111	241	16	225	219	22	
22	127	108	235	16	219	214	21	
23	0	0	0	0	0	0	0	
24	0	0	0	0	0	0	0	
25	0	0	0	0	0	0	0	
26	0	0	0	0	0	0	0	
27	0	0	0	0	0	0	0	
28	0	0	0	0	0	0	0	
29	0	0	0	0	0	0	0	
30	0	0	0	0	0	0	0	
AVERAGE	149	105	253	19	235	231	23	
NOMINATION IN PLACE						230	30	
TOTAL	3,275	2,300	5,575	409				

STRAWN PRODUCTION

Sheet1

ITEM	FLOW RATE	% OF TOTAL
STRAWN	154	40
ATOKA	230	60
TOTAL	384	100



September 5, 1997

To the Operators on the Attached List

Re: South Carlsbad Gas Com 4 #1
1980' FN&EL
Section 27, T23S, R26E
Eddy County, New Mexico

Gentlemen:

With this letter, Redstone Oil & Gas Company gives written notice of its intention to make application to the Oil Conservation Division for approval to commingle production from two gas zones in the subject well bore. A Form C-107-A, "Application for Downhole Commingling", will be filed to authorize the commingling of the Strawn and Atoka reservoirs.

The subject well has produced from the Atoka reservoir for the past 12 years. Recently, the Atoka interval was shut-in and the Strawn was tested. The well is currently producing from the Strawn interval. It is our intention to restore the Atoka and produce the both zones simultaneously via downhole commingling.

Should you have any questions, please contact me at the above number. Your cooperation is appreciated.

Yours truly,

A handwritten signature in black ink, appearing to read "C. Scott Royal". The signature is fluid and cursive, with the first name "C." being particularly prominent.

C. Scott Royal

Hunt Oil Company
Box 1350
Midland, TX. 79702

Unit Petroleum Corp.
P.O. Box 702500
Tulsa, OK 74170

National Energy Group, Inc.
4925 Greenville Ave., Suite 1400
Dallas, TX. 75206

Rhombus Energy Co.
200 N. Lorraine Suite 1270
Midland, TX 79701

Penwell Energy Inc.
1300 One Wall Plz.
306 W. Wall St.
Midland, TX 79701

Chevron USA Inc.
15 Smith Rd.
Claydesta Plaza
Midland, TX 79705

Oxy USA Inc.
Box 50250
Midland, TX 79710

Nadel & Gusman Permian
Thirty Second Floor
First National Tower
Tulsa, OK 74103-4313

Permian Resources Inc.
P.O. Box 590
810 Western United Life Bldg.
Midland, TX 79702

Costilla Petroleum Company
P.O. Box 10369
Midland, TX 79702