

10/8/97 | 10/28/97 | DC | MW | DHC

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

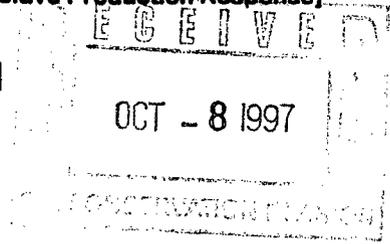
ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [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]

175



[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [A] Location - Spacing Unit - Directional Drilling
 NSL NSP DD 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

[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] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

ERDIE L. HEGWER *Ernie L. Hegwer* OPERATOR 10-6-97
 Print or Type Name Signature Title Date

EXHIBIT "B" - CASE NO. 11353, ORDER NO. R-10470-A

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
811 South First St., Artesia, NM 88210

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107-A
New 3-12-96

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

APPROVAL PROCESS:

___ Administrative ___ Hearing

EXISTING WELLBORE

___ YES ___ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Ernie L. Hegwer Co. P.O. Box 1637 Hobbs, N.M. 88240
Operator Address
Edith Butler 1 M Sec 18 T-22-S R-38-E Lea
Lease Well No. Unit Liv. - Sec - Twp - Rge County
Spacing Unit Lease Types: (check 1 or more)
OGRID NO. 07508 Property Code 21579 API NO. 30-025-12119 Federal State Land/ri FeeX

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zones	Lower Zone
1. Pool Name and Pool Code	Blinebry 96314		South Brunson Drinkard Abo 96313
2. Top and Bottom of Pay Section (Perforations)	5485-5995		6350-7072
3. Type of production (Oil or Gas)	Oil		Oil
4. Method of Production (Flowing or Artificial Lift)	AL		Flow
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a. (Current) 210	a.	a. 385
	b. (Original)	b.	b.
6. Oil Gravity (° API) or Gas BTU Content	37.8		38.0
7. Producing or Shut-In?	P		P
Production Marginal? (yes or no)	Y		Y
* 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: 7-21-97 Rates: 3 Oil 30 MCF	Date: Rates:	Date: Rates:
	Date: Rates:	Date: Rates:	Date: Rates:
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: Rates:	Date: Rates:	Date: Rates:
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 73 % Gas: 94 %	Oil: % Gas: %	Oil: 27 % Gas: 6 %

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 Ernie L. Hegwer TITLE Operator DATE October 6, 97

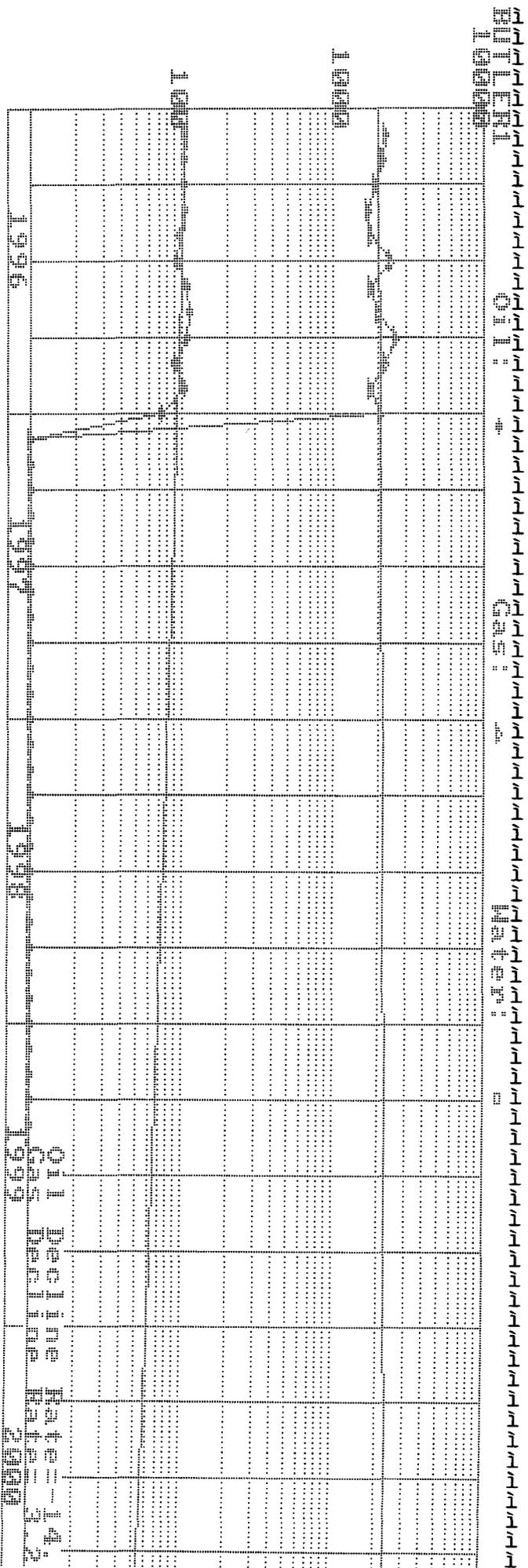
TYPE OR PRINT NAME Ernie L. Hegwer TELEPHONE NO. (505) 393-6327

827-8186

TOML

Production Curve
Edith Butler # 1
1996 Production History
Blinebry

1094 - OIL BBL
22,491 - GAS MCF



BUTLER

011

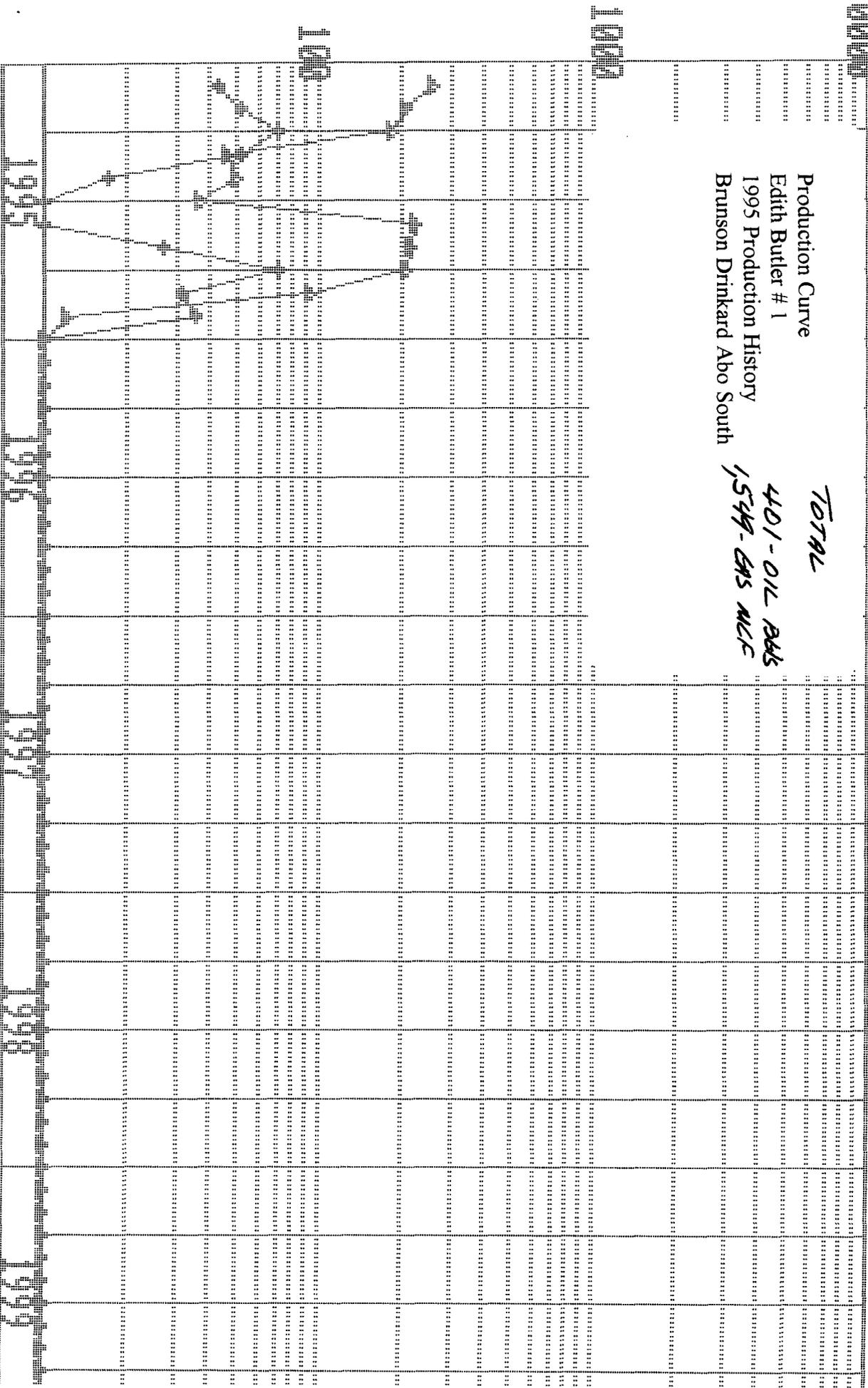
685

Water

10000

Production Curve
 Edith Butler # 1
 1995 Production History
 Brunson Drinkard Abo South

TOTAL
 401 - OIL BBLs
 1544 - GAS MCF



District I
 PO Box 1980, Hobbs, NM 88241-1980
 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 & Natural Resources Department

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Form C-102
 Revised October 18, 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

¹ API Number 30-025-12119		² Pool Code 96314 - 96313		³ Pool Name Blinebry - South Brunson		Drenkard Abo		
⁴ Property Code 21579		⁵ Property Name Edith Butler					⁶ Well Number 1	
⁷ OGRID No. 07508		⁸ Operator Name Ernie L. Hegwer Co.					⁹ Elevation 3335 GR	

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
M	18	22S	38E	M	660	South	660	West	Lea

¹¹ Bottom Hole Location If Different From Surface

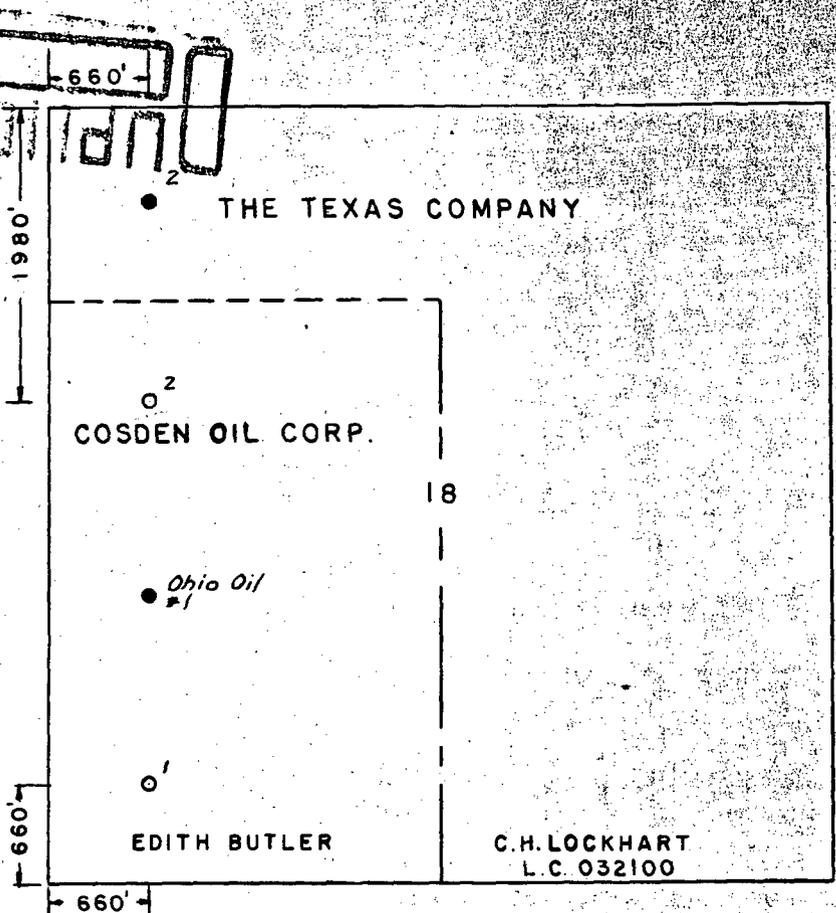
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 40	¹³ Joint or Infill No	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 <i>Ernie L. Hegwer</i> Printed Name Ernie L. Hegwer Title Operator Date October 6, 1997		
FWL 660' 0#1 660' FSL				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 Surveyer:			
			Certificate Number			

RECEIVED
NOV 13 1952
OIL CONSERVATION COMMISSION
HOBBY OFFICE



SEC. 18 - T22S - R38E
SCALE 4" = 1 MILE

I, Charles P. Miller a licensed surveyor of the State of New Mexico, hereby certify that I have surveyed upon the ground as platted herewith two locations for COSDEN OIL CORPORATION and that said locations are described as follows: Butler #1 660 feet from South and West lines of section 18; Butler #2 1980 feet from the North line and 660 feet from the West line of section 18, both in township 22 South, range 38 East, N.M.F.M.

In witness whereof I hereunto affix my hand and seal this 3rd day of October 1952.

Charles P. Miller
Charles P. Miller

ERNIE L. HEGWER COMPANY

OIL & GAS OPERATOR

P.O. BOX 1637

HOBBS, NEW MEXICO 88241

October 6, 1997

Re: DHC- Edith Butler #1
Unit Letter M Sec 18, T-22-S, R-38-E
Lea County, N.M.

To: **All OFFSET OPERATORS**

We are enclosing our application to downhole commingle the production from the Blinebry and Brunson Drinkard Abo South.

If you have any questions, please call me at (505) 393-6327.

Sincerely,



Ernie L. Hegwer
Operator

EXHIBIT 1

DHC- Edith Butler #1
Unit Letter M, Sec 18, T-22-S, R-38-E
Lea County, N.M.

OFFSET OPERATORS

1. Hanson Operating Co. Inc.

P.O. Box 1515
Roswell, N.M. 88202

2. Marathon Oil Co.

P.O. Box 552
Midland, Tx 79702

3. John H. Hendrix

P.O. Box 3040
Midland, Tx 79702

Submit 3 Copies to Appropriate District Office

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-103 Revised 1-1-89

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

DISTRICT I P.O. Box 1980, Hobbs, NM 88240

DISTRICT II P.O. Drawer DD, Artesia, NM 88210

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

WELL API NO. 30-025-12119
5. Indicate Type of Lease STATE [] FEE [x]
6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE 'APPLICATION FOR PERMIT' (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: OIL WELL [x] GAS WELL [] OTHER []

2. Name of Operator ERNIE L. HEGWER CO.

3. Address of Operator P.O. BOX 1037 HOBBS, N.M. 88240

4. Well Location Unit Letter M : 660 Feet From The SOUTH Line and 660 Feet From The WEST Line Section 18 Township 22-S Range 38-E NMPM LEA County

7. Lease Name or Unit Agreement Name EDITH BUTLER

8. Well No. 1

9. Pool name or Wildcat SOUTH BRUNSON BLINEBRY / DRINKARD ABD

10. Elevation (Show whether DF, RKB, RT, GR, etc.) 3335 ER

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data
NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK [x] PLUG AND ABANDON [] TEMPORARILY ABANDON [] CHANGE PLANS [] PULL OR ALTER CASING [] OTHER: []
SUBSEQUENT REPORT OF: REMEDIAL WORK [] ALTERING CASING [] COMMENCE DRILLING OPNS. [] PLUG AND ABANDONMENT [] CASING TEST AND CEMENT JOB [] OTHER: []

12. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1103.

PLAN TO RELEASE PACKER SET BETWEEN THE BLINEBRY & ABD. PRODUCE WELL VIA ROD PUMP. DHC APPLICATION FILED 10-6-97.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. SIGNATURE Ernie L. Hegwer TITLE OPERATOR DATE 10-7-97 TYPE OR PRINT NAME ERNIE L. HEGWER TELEPHONE NO. 505-393-6327

(This space for State Use) APPROVED BY _____ TITLE _____ DATE _____ CONDITIONS OF APPROVAL, IF ANY: