

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

1732

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]

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

[A] Location - Spacing Unit - Directional Drilling

- NSL NSP DD SD

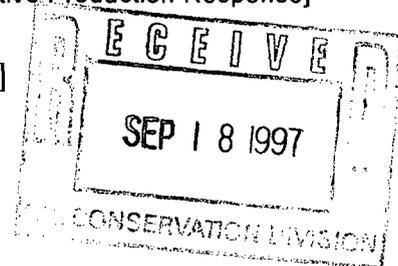
Check One Only for [B] and [C]

[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 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.

Jerry W. Hoover
Print or Type Name

Jerry W. Hoover
Signature

Sr. Conservation Coordinator
Title

9/12/97
Date

DISTRICT I
 P O Box 1980, Hobbs, NM 88241 1980

State of New Mexico
 Energy, Minerals and Natural Resources Department

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

DISTRICT II
 811 South First St. Artesia NM 88210 2835

OIL CONSERVATION DIVISION

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

APPROVAL PROCESS:
 Administrative Hearing
 EXISTING WELLBORE
 YES NO

DISTRICT III
 1000 Rio Brazos Rd. Aztec, NM 87410 1693

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Conoco Inc. Address 10 Desta Dr. Ste 100W, Midland, Tx. 79705-4500

Lease Lockhart B 35 Well No 1 Unit Ltr Sec Twp Rge G-Sec 35, T-21-S, R-37-E County Lea

OGRID NO. 005073 Property Code 003051 API NO. 30-025-07029 Spacing Unit Lease Types: (check 1 or more)
 Federal State (and/or) Fee

The following facts are submitted in support of downhole commingling:	Upper Zone	intermediate Zone	Lower Zone
1. Pool Name and Pool Code	Blinebry Oil & Gas 06660		Tubb Oil & Gas 60240 <i>26440</i>
2. TOP and Bottom of Pay Section (Perforations)	5510-5900'		6070-6226'
3. Type of production (Oil or Gas)	Oil		Gas
4. Method of Production (Flowing or Artificial Lift)	Artificial lift		Artificial Lift
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Or Measured Original	a (Current) 650	a.	a. 715
	b(Original) 2250	b.	b. 2450
6. Oil Gravity (°API) or Gas BT Content	38.3		1255
7. Producing or Shut-In?	To be completed		Producing
Production Marginal? (yes or no)	Yes		Yes
• 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 • If Producing, date and oil/gas/water rates of recent test (within 60 days)	Date Rates	Date Rates	Date Rates
	Date Rates Gas Incremental Production by Subtraction	Date Rates	Date Rates Gas Incremental Production by Subtraction - See Table
8. Fixed Percentage Allocation Formula - % or each zone	oil: 100 % Gas N/A %	oil: % Gas %	oil: 0 % Gas N/A

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 others 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(D) 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 *Jerry W. Hoover* TITLE Sr. Conservation Coord DATE 9/12/97

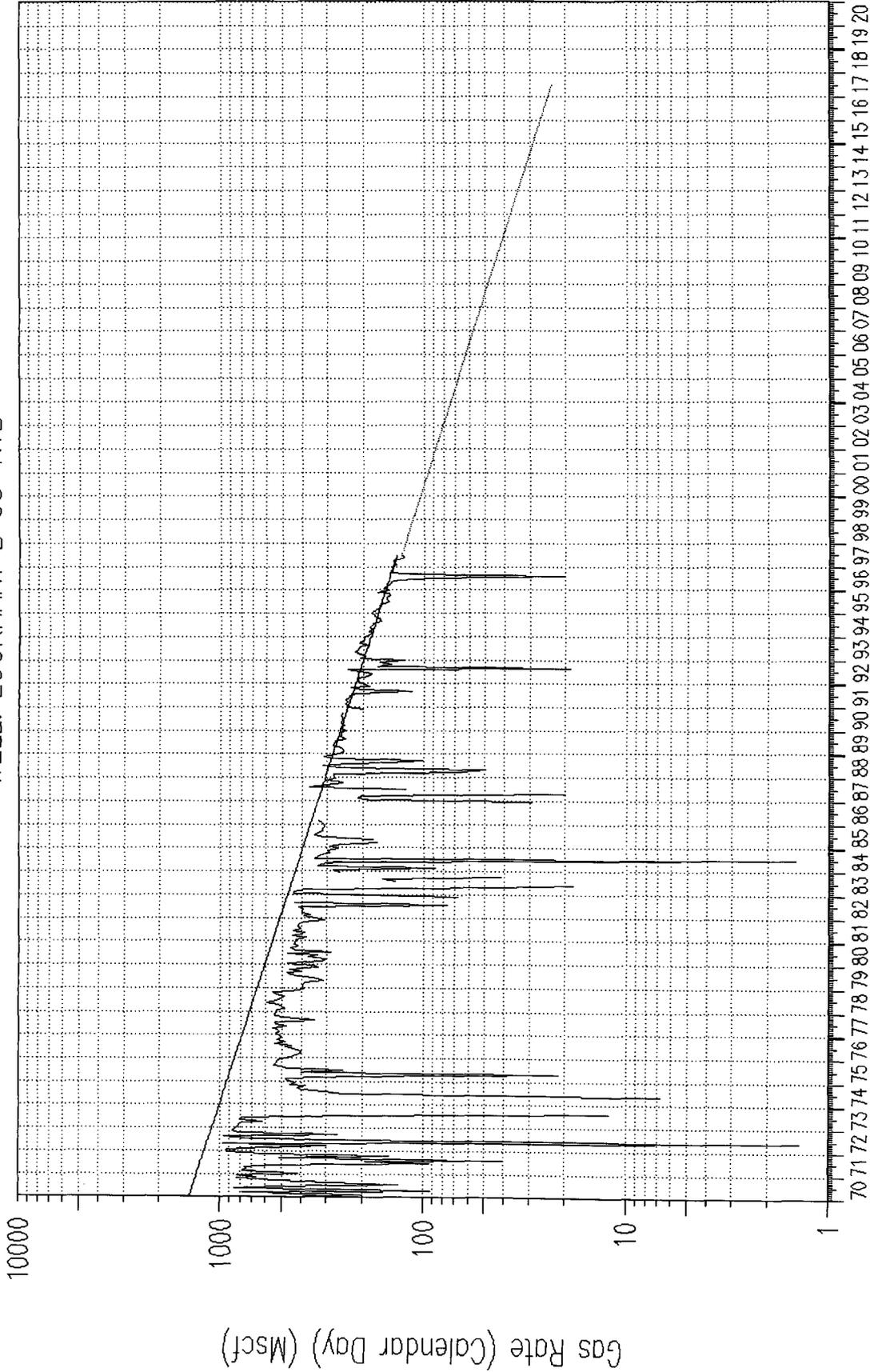
TYPE OR PRINT NAME Jerry W. Hoover TELEPHONE NO. (915) 686-6548

Lockhart B-35 No. 1 : Tubb Production Decline for Subtraction Method

<i>Year</i>	<i>Avg Rate MCFD</i>
1997	125
1998	114
1999	105
2000	96
2001	89
2002	81
2003	75
2004	69
2005	63
2006	58
2007	53
2008	49
2009	45
2010	41
2011	38
2012	35
2013	32
2014	29
2015	27
2016	25
2017	23
2018	21

There is no Oil produced from the Tubb -
100% of the Oil produced will be allocated to the Blinebry

WELL: LOCKHART B 35 1:TB



Decline Rate (frac) Nominal: 0.007121 Effective: 0.007096 Annual: 0.081907

Current Gas rate: 129.40 Mscf/d

Economic Limit: 1.294 Mscf/d

Cumulative Gas Produced: 4955.92 MMscf

Remaining Reserves: 452.6 MMscf

Total Reserves: 5408.6 MMscf - At End of Forecast

Send to Appropriate District Office
 State Lease - 4 copies
 Fee Lease - 3 copies

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-102
 Revised 1-1-89

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

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 LOCATION AND ACREAGE DEDICATION PLAT

All Distances must be from the outer boundaries of the section

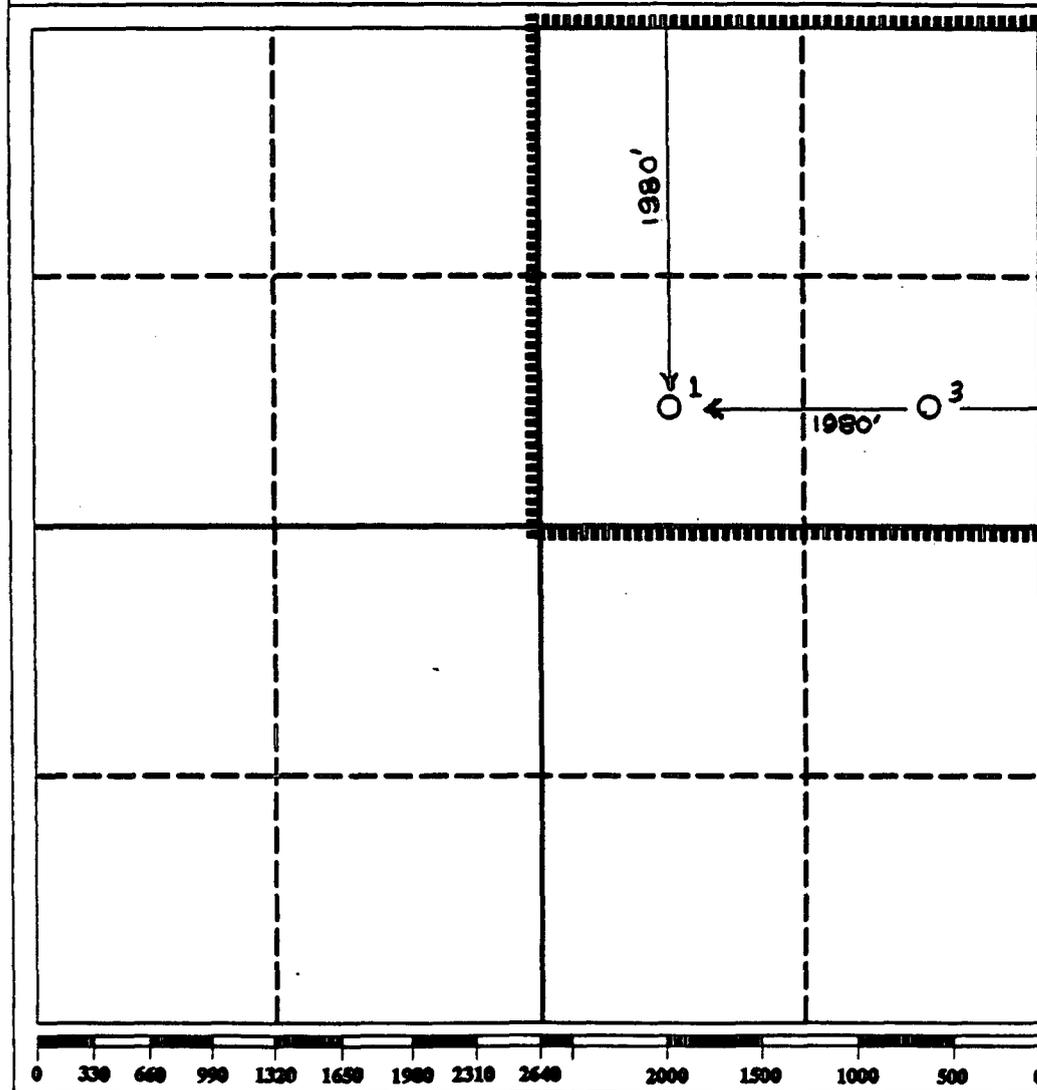
Operator Conoco, Inc.		Lease Lockhart B-35		Well No. 1
Unit Letter G	Section 35	Township 21S	Range 37E	County NMPM Lea
Actual Footage Location of Well: 1980 feet from the north line and 1980 feet from the east line				
Ground level Elev. 3362'	Producing Formation Tubb	Pool Tubb Gas Pool		Dedicated Acreage: 160 Acres

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interest of all owners been consolidated by communitization, unitization, force-pooling, etc.?

Yes No If answer is "yes" type of consolidation _____

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 interest, has been approved by the Division.

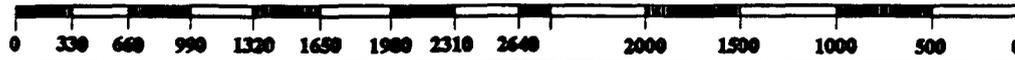


OPERATOR CERTIFICATION
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *Jerry W. Hoover*
 Printed Name: **Jerry W. Hoover**
 Position: **Sr. Conservation Coord.**
 Company: **Conoco, Inc.**
 Date: **4/2/93**

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 knowledge and belief.

Date Surveyed: _____
 Signature & Seal of Professional Surveyor: _____
 Certificate No.: _____



District I
PO Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals & Natural Resources Department

Revised February 21, 1994

District II
PO Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION

instructions on back

District III
1000 Rio Brazos Rd. Aztec, NM 87410

PO Box 2088
Santa Fe, NM 87504-2088

Submit to Appropriate District Office

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State Lease - 4 Copies

Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-07029		2 Pool Code 06660		3 Pool Name Blinebry Oil & Gas	
4 Property Code 003051		5 Property Name Lockhart B 35			6 Well Number 1
7 OGRID No. 005073		8 Operator Name Conoco Inc., 10 Desta Drive, Ste. 100W, Midland, TX 79705-4500			9 Elevation 3362 GL

10 Surface Location

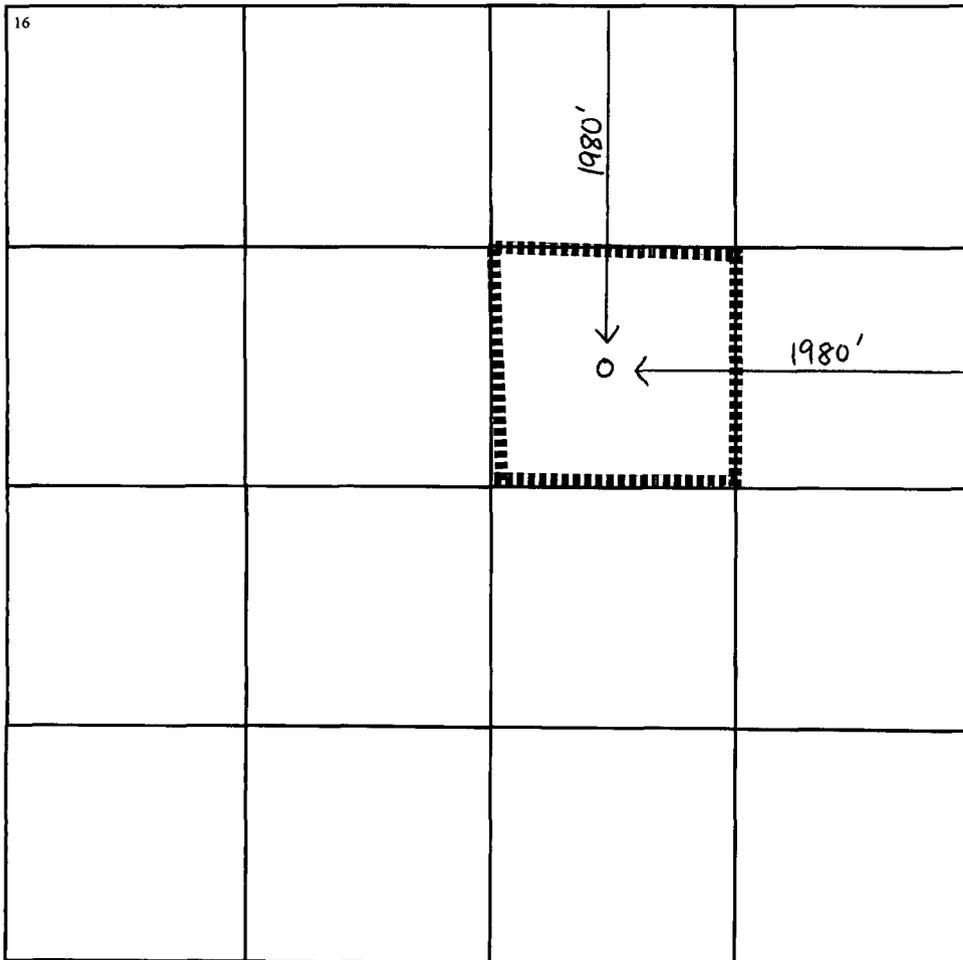
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	35	21S	37E		1980	North	1980	East	Lea

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 40	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



17 OPERATOR CERTIFICATION

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

Jerry W. Hoover
Signature
Jerry W. Hoover
Printed Name

Sr. Conservation Coordinator
Title

9/10/97
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

**Conoco, Inc.
Lockhart B 35 Well #1
G, Section 35, T-21-S, R-37-E
Lea County, New Mexico**

RE: Notification To Offset Operators of Downhole Commingle Application C-107A

Offset Operators:

Marathon Oil Co.
PO Box 3128
Houston, TX 77253

Occidental Oil & Gas Corp.
PO Box 27570
Houston, TX 77227-7570



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

DHC-1732

GOVERNOR

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

RE: Proposed:

- MC _____
- DHC _____
- NSL _____
- NSP _____
- SWD _____
- WFX _____
- PMX _____

Gentlemen:

I have examined the application for the:

<u>Conoco</u>	<u>LOCKHART B35 #1 G</u>	<u>35-21-37</u>
Operator	Lease & Well No. Unit	S-T-R

and my recommendations are as follows:

No recommendation

Yours very truly,

Chris Williams

Chris Williams
Supervisor, District 1

/ed