

2/6/98 | 2/26/98 | DC | NW | DHC

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1833

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]

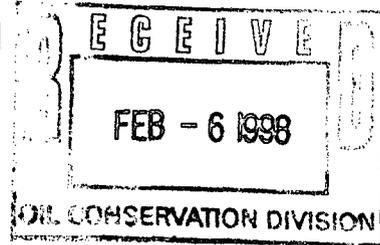
[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

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

Check One Only for [B] 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.

Ernie L. Hegwer
Print or Type Name

Ernie L. Hegwer
Signature

Operator
Title

2-4-98
Date

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-10
 New 3-1:

OIL CONSERVATION DIVISION

2040 S. Pacheco
 Santa Fe, New Mexico 87505-6420

APPROVAL PROCEDURE

Administrative Hearing

EXISTING WELLS

YES NO

APPLICATION FOR DOWNHOLE COMMINGLING

Operator: Ernie L. Hegwer Co. P.O. Box 1637 Hobbs, NM 88240

Operator: Edith Butler 4 K Sec 18 T-22-S 38 E Lea

WELL NO. _____ UNIT NO. - SEC - TWP - RGE _____ COUNTY _____

Spacing Unit Lease Types: (check 1 or more)
 OGRID NO. 07508 Property Code 21579 API NO. 30-025-12122 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	Blinebry 96314		South Brunson Drinkard Abo 963
2. Top and Bottom of Pay Section (Perforations)	5515-5932		6396-7120
3. Type of production (Oil or Gas)	Oil		Oil
4. Method of Production (Flowing or Artificial Lift)	AL		
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a. (Current) 600	a.	a. 400
	b. (Original)	b.	b.
6. Oil Gravity (° API) or Gas BTU Content	37.8		38.0
7. Producing or Shut-In?	P		SI
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 • If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: 12-97 Rates: 6 Oil 50 MCF	Date: Rates:	Date: 11-86 Rates: 4 Oil 100MCF
	Date: Rates:	Date: Rates:	Date: Rates:
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 60 % Gas: 33 %	Oil: % Gas: %	Oil: 40 % Gas: 67 %

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 2-3-98

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

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 30-025-12122		2 Pool Code 96314-96313		3 Pool Name Blinebry- South Brunson Drinkard Abo	
4 Property Code 21579		5 Property Name Edith Butler			6 Well Number 4
7 OGRID No. 07508		8 Operator Name Ernie L. Hegwer Co.			9 Elevation DF 3356

10 Surface Location

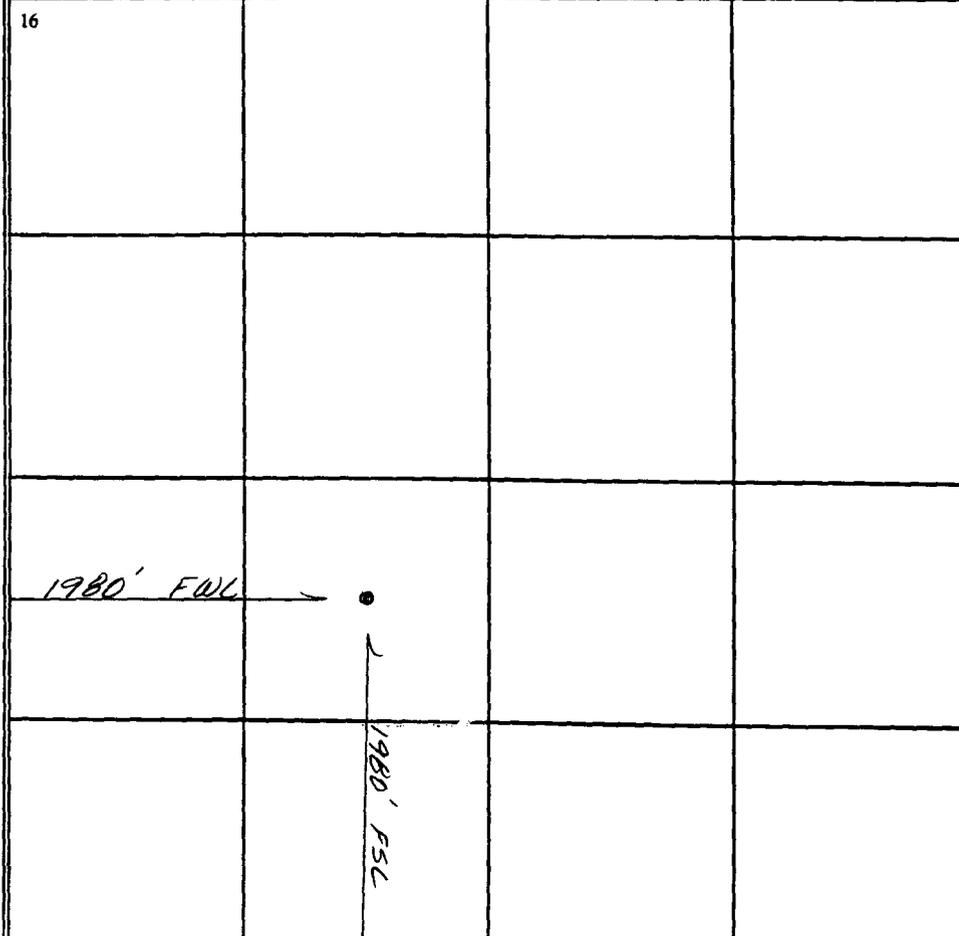
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	18	22-S	38-E	K	1980	South	1980	West	Lea

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 Ernie L. Hegwer Printed Name Operator Title February 4, 1998 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 Surveyer: Certificate Number			

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

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

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

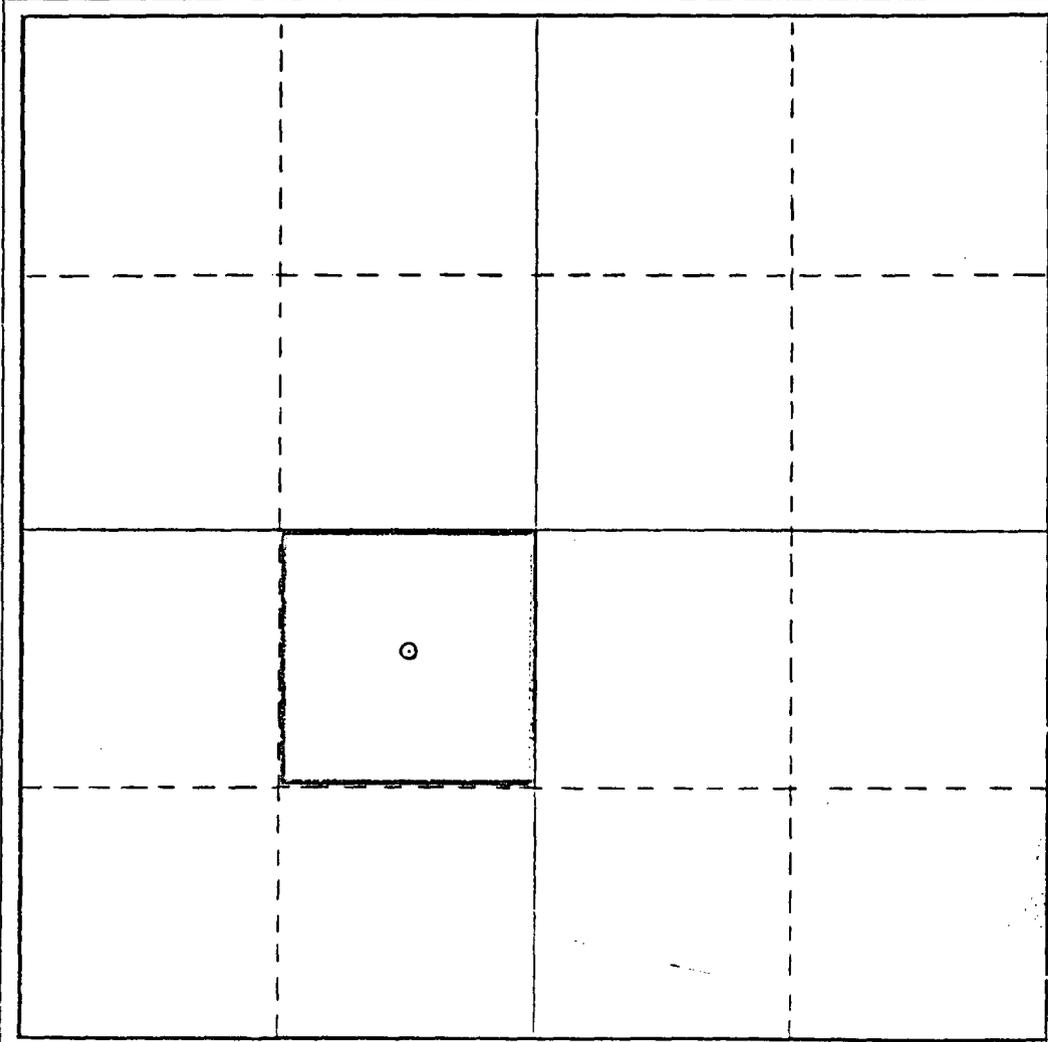
Operator Fina Oil & Chemical Company		Lease Edith Butler		Well No. 4
Unit Letter K	Section 18	Township 22S	Range 38E	County Lea
Actual Footage Location of Well: 1980 feet from the south line and 1980 feet from the west line				
Ground Level Elev. +3347	Producing Formation Blinebry	Pool Blinebry Oil Pool		Dedicated Acreage: 40 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 _____

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.

Charles M. Tomblin

Name **Charles M. Tomblin**
Senior Petroleum Engineer

Position
Fina Oil & Chemical Co.

Company
1-13-87

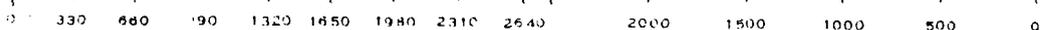
Date

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

Registered Professional Engineer
and/or Land Surveyor

Certificate No.



Submit 3 Copies
to Appropriate
District Office

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-103
Revised 1-1-89

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

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

WELL API NO.
30-025-12122

5. Indicate Type of Lease
STATE FEE

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.)

7. Lease Name or Unit Agreement Name

Edith Butler

1. Type of Well:
OIL WELL GAS WELL OTHER

8. Well No.

4

2. Name of Operator
Ernie L. Hegwer Co.

3. Address of Operator
P.O. Box 1637 Hobbs, N.M. 88240

9. Pool name or Wildcat
South Brunson^N
Blinebry^N Drinkard Abo

4. Well Location
Unit Letter K : 1980 Feet From The South Line and 1980 Feet From The West Line

Section 18 Township 22-S Range 38-E NMPM Lea County

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

DF + 3356

11. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

SUBSEQUENT REPORT OF:

PERFORM REMEDIAL WORK <input checked="" type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	PLUG AND ABANDONMENT <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>		CASING TEST AND CEMENT JOB <input type="checkbox"/>	
OTHER: _____ <input type="checkbox"/>		OTHER: _____ <input type="checkbox"/>	

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 drill out bridge plugs at 6350 Ft. and 6850 Ft. clean well out to 7120 Ft. Hang well well off and produce the Blinebry and South Brunson Drinkard Abo via, one string of tubing.

Have applied for DHC.

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

SIGNATURE [Signature] TITLE Operator DATE 2-4-98

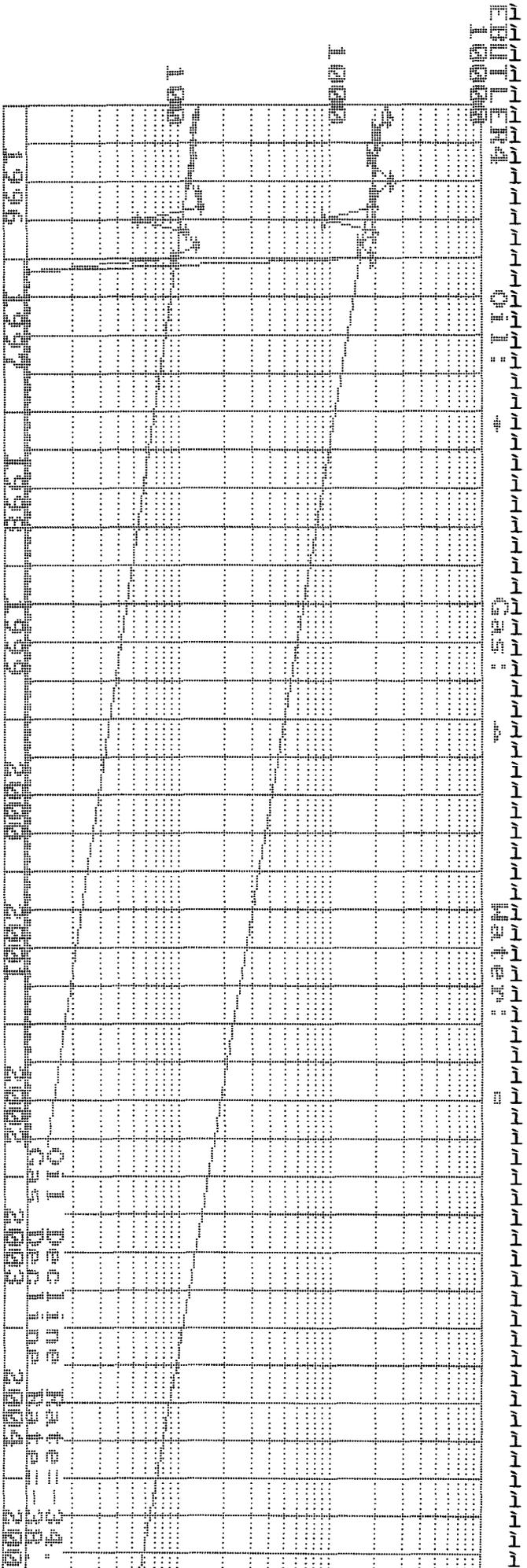
TYPE OR PRINT NAME Ernie L. Hegwer TELEPHONE NO. 505-393-6327

(This space for State Use)

APPROVED BY _____ TITLE _____ DATE _____

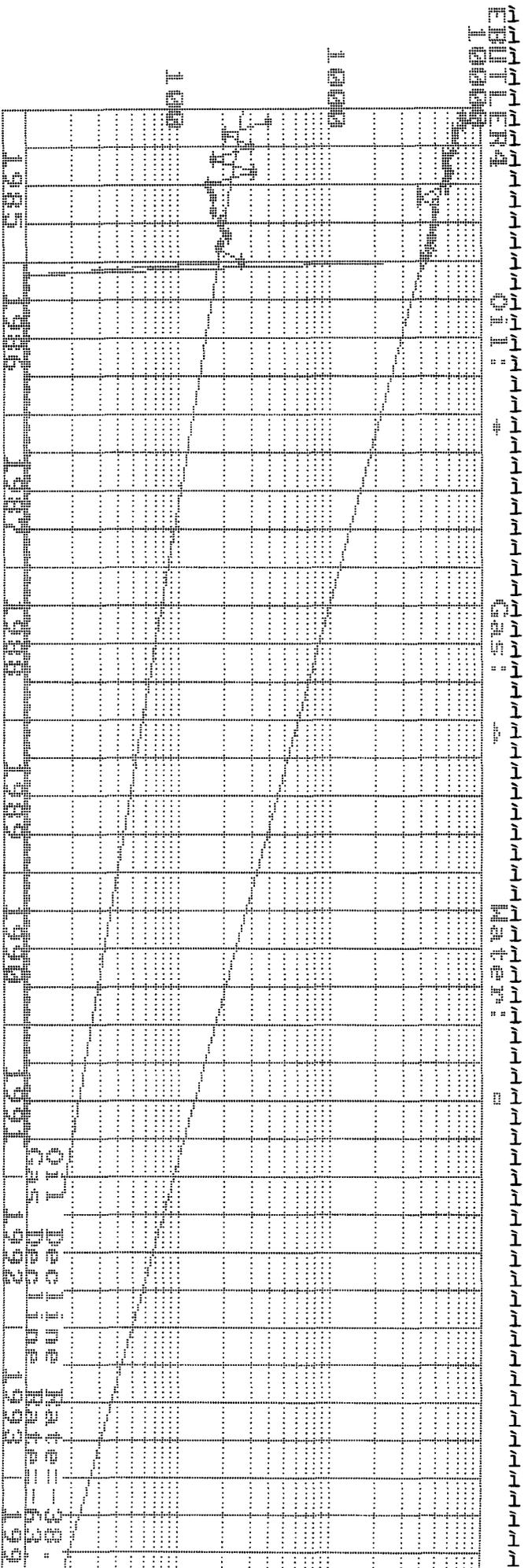
CONDITIONS OF APPROVAL, IF ANY:

Edith Butler
 Well # 4
 Production Curve
 Blinbry



B

Edith Butler
 Well # 4
 Production Curve
 South Brunson Drinkard Abo



T 1

ERNIE L. HEGWER CO.

Oil & Gas Operator
P.O. Box 1637
Hobbs, N.M. 88240



Office (505) 393-6327
Cellular (505) 390-8596
Fax: (505) 393-8182

February 4, 1998

RE: DHC- Edith Butler # 4
Unit Letter K, Sec 18, T-22-S R-38-E
Lea County, N.M.

To: **ALL OFFSET OPERATORS**

This is to notify you of our application to downhole commingle the production from the Blineby and Brunson Drinkard Abo South.

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

Sincerely,

Ernie L. Hegwer

T 1

EXHIBIT 1

RE: DHC- Edith Butler # 4
Unit Letter K, Sec 18, T-22-S R-38-E
Lea County, N.M.

OFFSET OPERATORS

1. Texaco Exploration and Production Inc.
P.O. Box 3109
Midland, Texas 79702

DHC-1833



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

2/13/198

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

GOVERNOR

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

RE: Proposed:

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

Gentlemen:

I have examined the application for the:

<u>Ernie L Hegwer Ind</u>	<u>Edith Butler #4-L</u>	<u>18-225-38e</u>
Operator	Lease & Well No. Unit	S-T-R

and my recommendations are as follows:

I assume the S. Brunson ^{district} abo is flowing. ?

Yours very truly,

Chris Williams

Chris Williams
Supervisor, District 1

/ed