

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - Engineering Bureau -
 1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Application Acronyms:

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [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 - Simultaneous Dedication
 NSL NSP 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
 - [D] Other: Specify _____

- [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] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is accurate and complete to the best of my knowledge. I also understand that no action will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name _____ Signature _____ Title _____ Date _____
 e-mail Address _____

District I
1625 N. Francis Drive, Hobbs, NM 88240

District II
13111 W. Grand Avenue, Artesia, NM 88210

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

DAC-3671

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE
 Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

Gruy Petroleum Management Co. P. O. Box 140907 Irving, Tx 75014-0907
 Operator Address
 Forni 5 J15-22S-27E Eddy
 Lease Well No. Unit Letter-Section-Township-Range County
 OGRID No. 162683 Property Code 300595 API No. 30-015-34455 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Carlsbad; Atoka, South <i>UNDES OILS ATOKA GOA</i>		Carlsbad; Morrow, South <i>UNDES</i>
Pool Code	73800 <i>96891</i>		73960 <i>73920</i>
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	10921' - 10934'		11439' - 11600'
Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
Bottomhole Pressure <small>(Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)</small>			Within 150% of 10921'
Oil Gravity or Gas BTU (Degree API or Gas BTU)	0.990 est.		1.015 est.
Producing, Shut-In or New Zone	Waiting on completion		Waiting on completion
Date and Oil/Gas/Water Rates of Last Production. <small>(Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)</small>	Date: To be supplied Rates: after testing	Date: Rates:	Date: To be supplied Rates: after testing
Fixed Allocation Percentage <small>(Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)</small>	Oil Gas % %	Oil Gas % %	Oil Gas % %

OK
OK

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes No
 If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No

Are all produced fluids from all commingled zones compatible with each other? Yes No

Will commingling decrease the value of production? Yes No

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes No

NMOCD Reference Case No. applicable to this well: _____

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 working, royalty and overriding royalty interests for uncommon interest cases.
 Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

List of other orders approving downhole commingling within the proposed Pre-Approved Pools
 List of all operators within the proposed Pre-Approved Pools
 Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
 Bottomhole pressure data.

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

SIGNATURE Zeno Farris TITLE Manager Operations, Administration DATE 3-9-05
 TYPE OR PRINT NAME Zeno Farris TELEPHONE NO. (972) 443-6489
 E-MAIL ADDRESS zfarris@cimarex.com



Gruy Petroleum management Co.

5215 N. O'Connor Blvd. ♦ Suite 1500 ♦ Irving, TX 75039 ♦ (972) 401-3111 ♦ Fax (972) 443-6486
Mailing Address: P.O. Box 140907 ♦ Irving, TX 75014-0907
A subsidiary of Cimarex Energy Co. • A NYSE Listed Company • "XEC"

March 10, 2006

New Mexico Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, NM 87505
Attn: Mr. William V. Jones

2006 MAR 16 PM 12 47

Re: Forni No. 5
Section 15-22S-27E
Eddy County New Mexico

Dear Mr. Jones:

Enclosed is an original of Form C-107A Application for Downhole Commingling for referenced well. We recently drilled the Forni No. 5 to a depth of 12210' ran logs and set 5 ½" casing. Our analysis of the logs indicates two pay intervals, an Atoka interval from 11924' – 11934' and a Morrow interval from 11439' – 11600'. It is anticipated that the reservoir pressures from these zones will be compatible and the resulting volumes would not warrant a tubing casing/dual completion.

In this regard we plan to isolate each zone during completion, and test sufficiently to compile a well test. After testing we will remove all plugs and commingle the Atoka and Morrow. The well test will be used to establish the pools with the NMOCD and as the basis for allocation between the two pools.

All royalty, overriding royalty, and working interest owners are identical in the two zones, and will not be harmed by the commingling of Atoka/Morrow production.

If you have any questions or require additional information regarding this issue, please feel free to write or call the undersigned at 972-443-6489.

Sincerely,

Zeno Farris
Manager Operations, Administration

New Mexico Oil Conservation Division
1301 W. Grand Ave.
Artesia, NM 88210
Attn: Mr. Bryan Arrant

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

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

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87606

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 30-015-34455	Pool Code 73960	Pool Name Carlsbad; Morrow, South
Property Code	Property Name FORNI	Well Number 5
OGRID No. 162683	Operator Name GRUY PETROLEUM MANAGEMENT COMPANY	Elevation 3079'

Surface Location

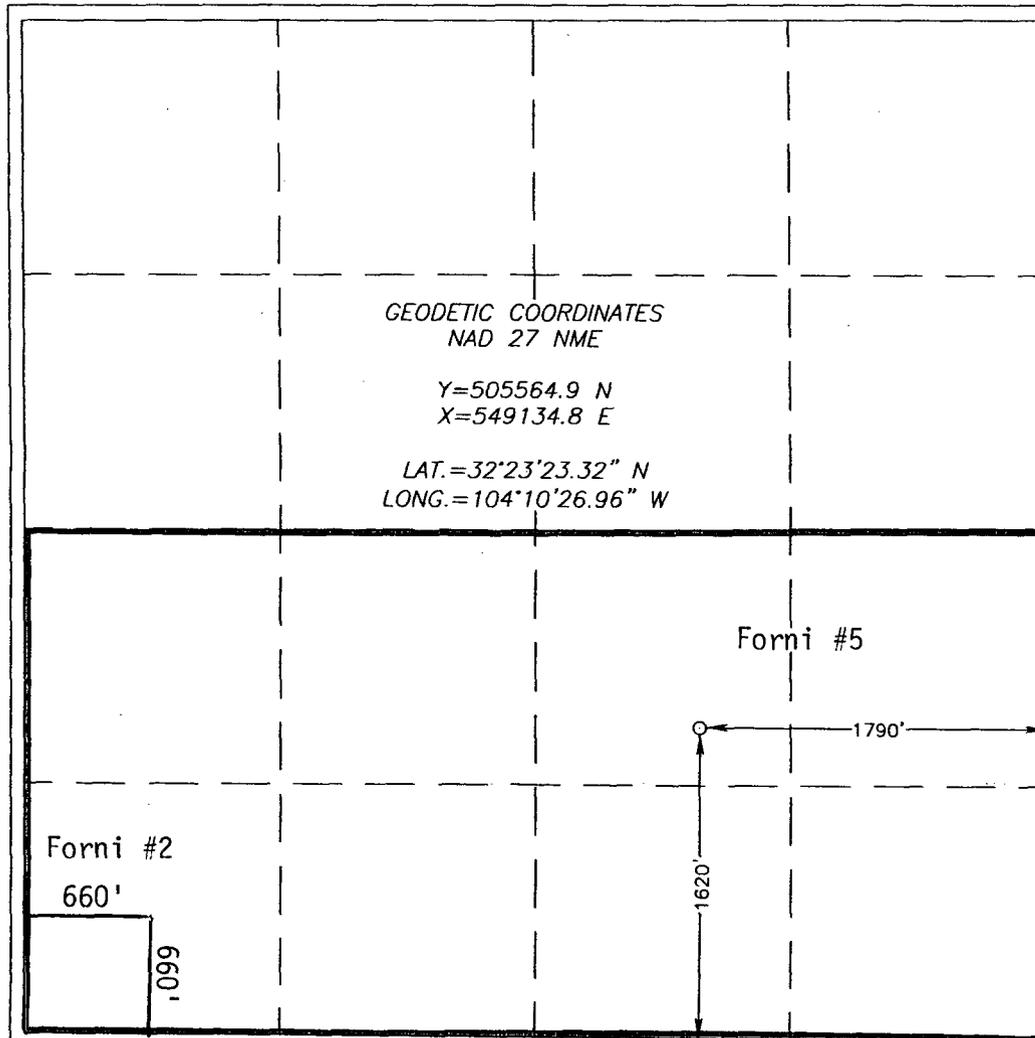
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
J	15	22-S	27-E		1620	SOUTH	1790	EAST	EDDY

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

Dedicated Acres 320	Joint or Infill Y	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



OPERATOR CERTIFICATION

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

Zeno Farris
Signature

Zeno Farris
Printed Name

Mgr Operations Admin
Title

March 10, 2006
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.

NOVEMBER 30, 2005

Date Surveyed JR

Signature & Seal of Professional Surveyor

Ronald J. Edson
RONALD J. EDSON
05.11.1750

Certificate No. RONALD J. EDSON 3239
GARY EDSON 12641

State of New Mexico

Energy, Minerals and Natural Resources Department

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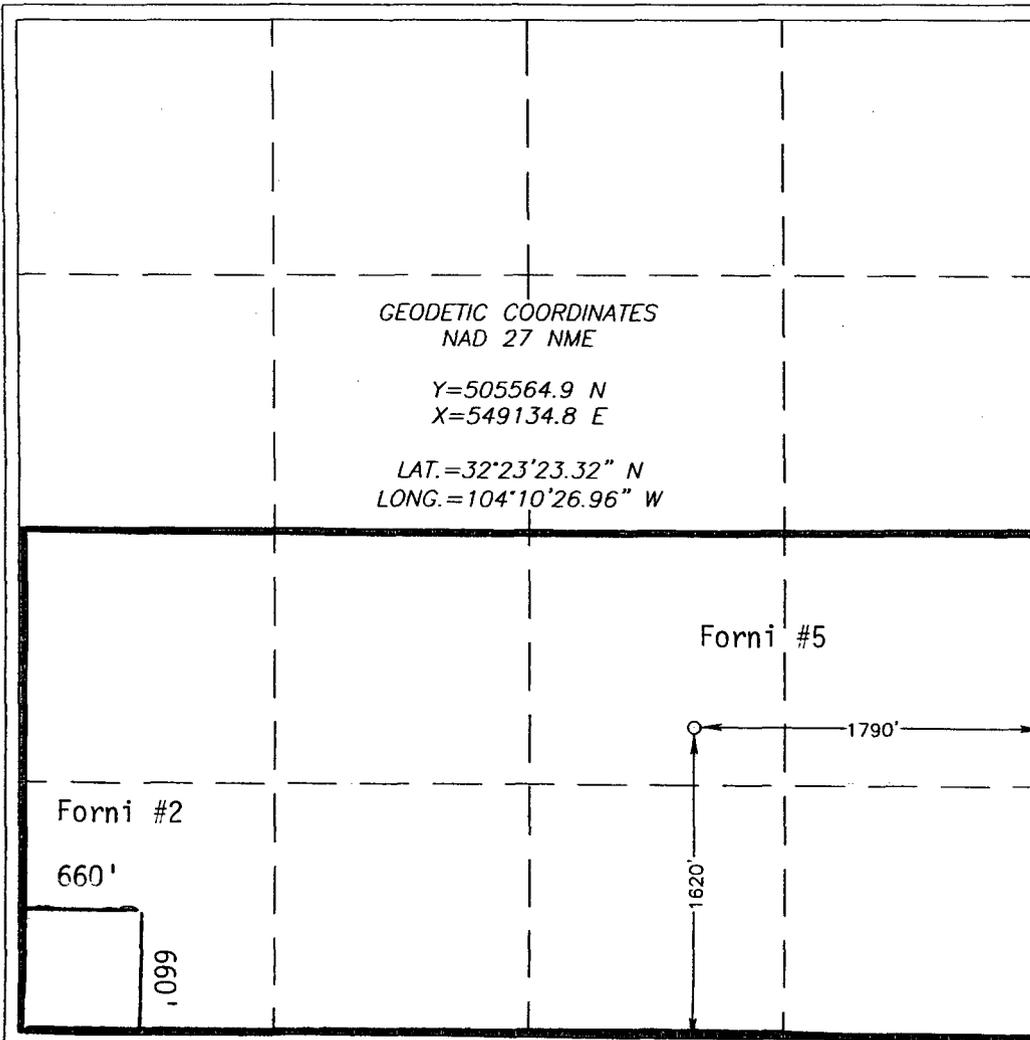
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