

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

2076-

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]

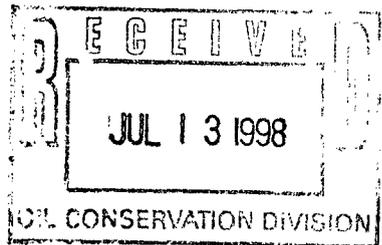
[1] TYPE OF APPLICATION - Check Those Which Apply for [A]

- [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 Ernie L. Hegwer Operator 7-8-98
 Print or Type Name Signature Title Date

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

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

DISTRICT III
1000 Phe Brazos Rd., Aztec, 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

Operator Ernie L. Hegwer Co. Address P.O. Box 1637 Hobbs, N.M. 88240

Case Edith Butler #3 Well No. N Sec 18 T-22-S, R-38-E County Lea

OGRID NO. 07508 Property Code 21579 API NO. 30-025-12121 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 Zones	Lower Zone
1. Pool Name and Pool Code	Blinebry 96314	Tubb 86440	Drinkard 96313
2. Top and Bottom of Pay Section (Perforations)	5508-5952	6025-6235	6379-7017
3. Type of production (Oil or Gas)	Oil	Gas	Oil
4. Method of Production (Flowing or Artificial Lift)	P	Flow	Flow
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a. (Current) 400	a. 300	a. 400
	b. (Original)	b.	b.
6. Oil Gravity (° API) or Gas BTU Content	37.8	1249	38.0
7. Producing or Shut-In?	P	S	S
Production Marginal? (yes or no)	Y	Y	Y
* If Shut-in, give date and oil/gas/water rates of last production Note: For new zones with no production history, applicants shall be required to attach production estimates and supporting data	Date: 6-98 Rates: 30 MCF Gas 6 Bbl oil	Date: 12-94 Rates: 30 MCF Gas 0 Oil	Date: 12-94 Rates: 10 MCF Gas 2 Bbl Oil
	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: 75 % Gas: 42 %	Oil: 0 % Gas: 42 %	Oil: 25 % Gas: 16 %

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 7-9-98

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

API Number 30-025-12121		Pool Code 96314-96313-86440		Pool Name 1. Blinebry 2. Brunson Drinkard Abo South 3. Tubb	
Property Code 21579	Property Name Edith Butler			Well Number 3	
OGRID No. 07508	Operator Name Ernie L. Hegwer Co.			Elevation 3359 DF	

Surface Location

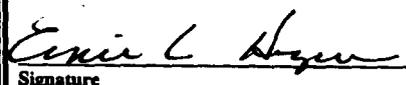
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	18	22-S	38-E	E	660	South	1980	West	Lea

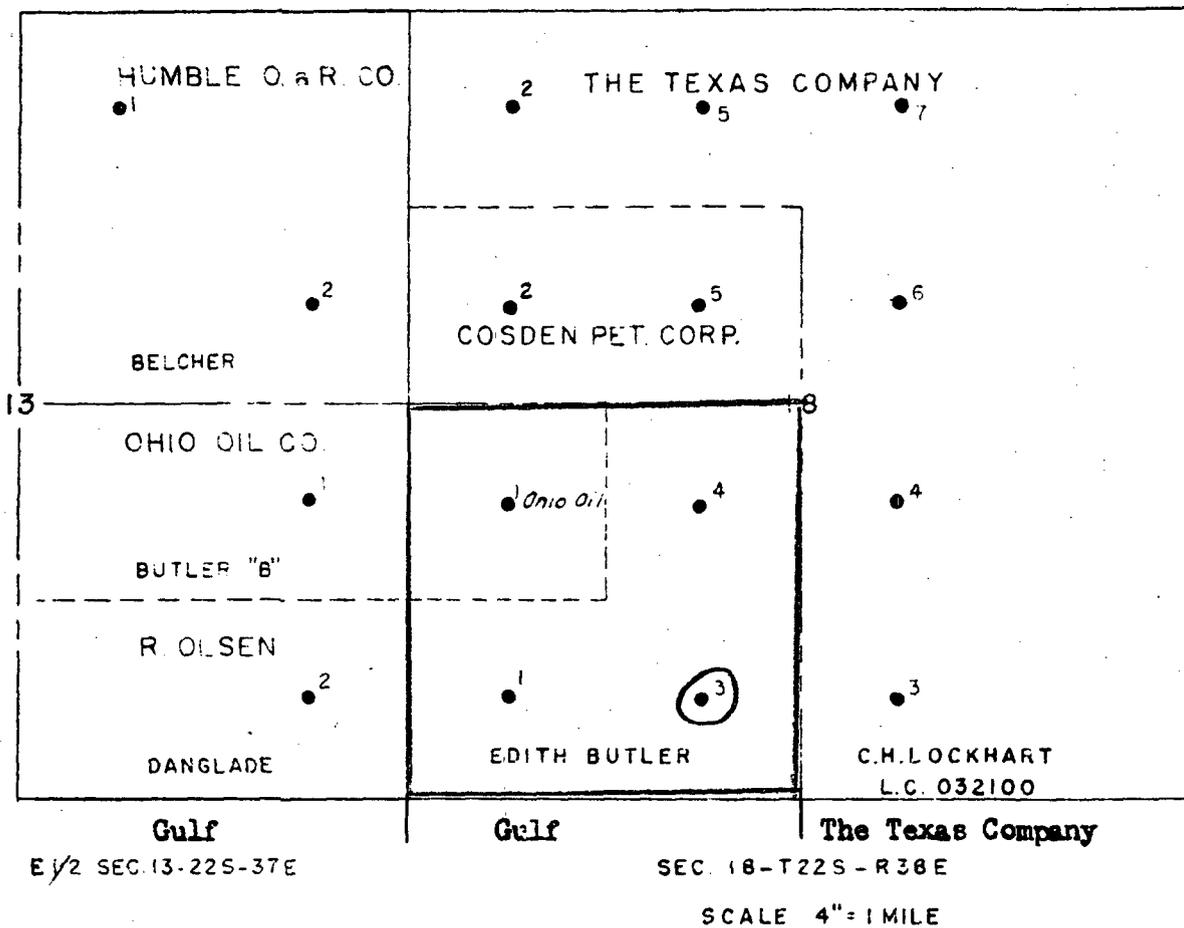
Bottom Hole Location If Different From Surface

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

Dedicated Acres 40	Joint or Infill NO	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

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 July 9, 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:		
1980' FWL					
660' FSL					
			Certificate Number		



I, Charles P. Miller a licensed surveyor of the State of New Mexico, hereby certify that I have surveyed for COSDEN PETROLEUM CORPORATION the location sites shown upon its property as platted herewith. I certify further that the offset locations shown to Cosden Petroleum Corporation; as platted herewith; are to the best of my knowledge correctly located.

In witness whereof I hereunto affix my hand and seal this 10th day of July 1954.

Charles P. Miller

(There are no direct offsets to the South boundary of Cosden Petroleum Corporation's Butler lease)

ERNIE L. HEGWER COMPANY

OIL & GAS OPERATOR

P.O. BOX 1637

HOBBS, NEW MEXICO 88241

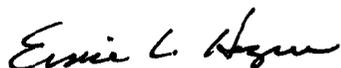
July 9, 1998

Re: DHC - Edith Butler #3
Unit Letter N, Sec 18, T-22-S, R-38-E
Lea County, N.M.

To: All Offset Operators

We have filed application to downhole commingle the above referenced well. Zones to be commingled are the Blinebry, Tubb and Brunson Drinkard Abo south. If you have any questions concerning the application please feel free to call me at (505) 393-6327.

Sincerely,



Ernie L. Hegwer

EXIBIT 1

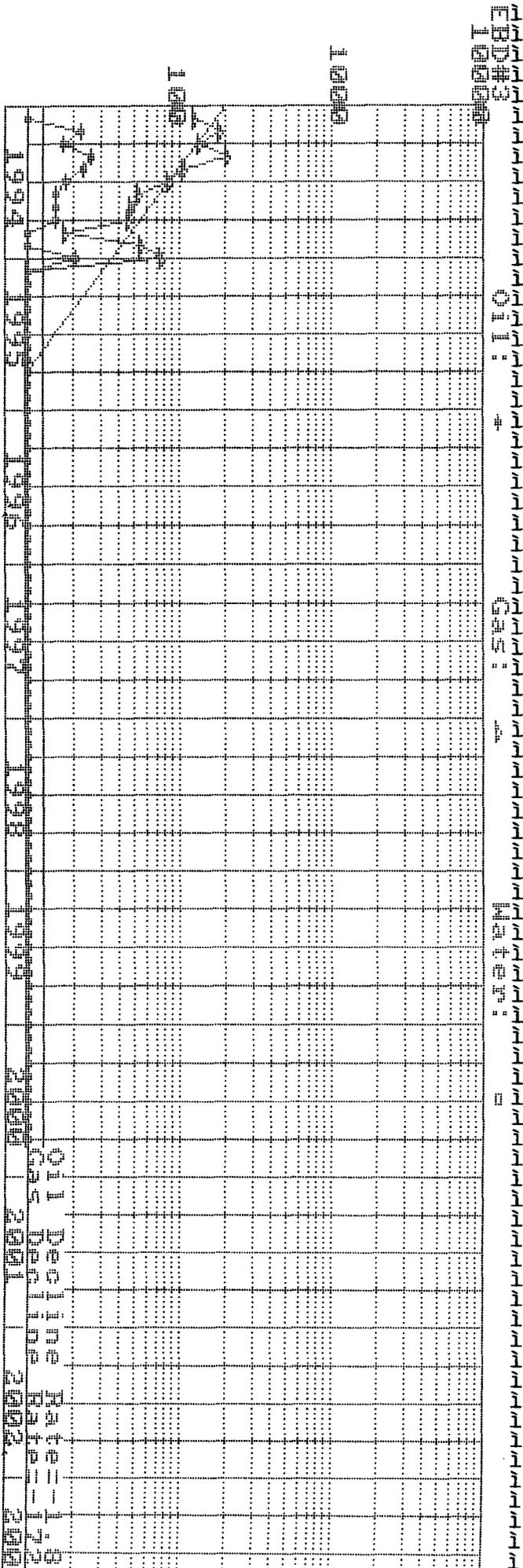
DHC- Edith Butler # 3

Unit Letter N, Sec 18, T-22-S, R-38-E
Lea County, N.M.

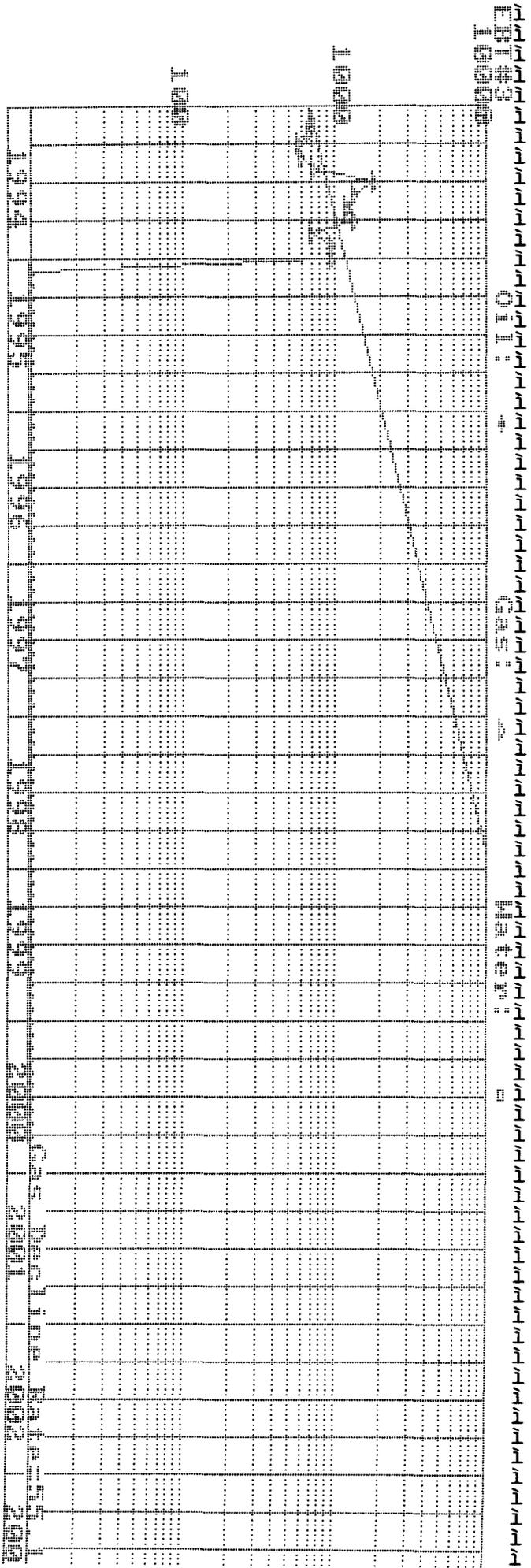
Offset Operators

1. Texaco Exploration & Production
P.O. Box 3109
Midland, TX 79702
2. Hanson Operating, Inc.
P.O. Box 1515
Roswell, N.M. 88202

Production History
 Edith Butler # 3 Drinkard
 Year Total Oil - 186 Bbls Gas 1,151 MCF



Production History
 Edith Butler # 3 Tubb
 Year Total 11,678 MCF Oil-0



Production History
 Edith Butler # 3 Blinebry
 Year Total Oil 3,607 Gas 20,000 MCF

