

DHC

4/15/98

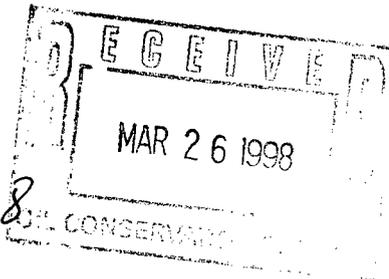


**BLAKE PRODUCTION COMPANY, INC.**

3535 N. W. 58th Street, Suite 1020  
Oklahoma City, OK 73112

(405) 948-0948  
FAX (405) 948-0003

2366



3-23-98

OCD

David Catanach

Commingle Permit  
Southeast Lea Unit #3  
Lea Co., NM

Dear David

Here is the original & 1 copy of the commingle permit w/ attachments. I'm also sending 1 copy to Hobbs OCD. Any questions please call.

Blake Vernon

DISTRICT I

P.O. Box 1980, Hobbs, NM 88240

DISTRICT II

811 South First St., Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd. Aztec, NM 87410

State of New Mexico  
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

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

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

APPROVAL PROCESS:

Administrative  Hearing

EXISTING WELLBORE

YES  NO

APPLICATION FOR DOWNHOLE COMMINGLING

Operator: Blake Production Company, Inc. Address: 3535 N.W. 58th Street, Suite 1020  
 Lease: Southeast Lea Unit Well No.: 003 Unit Ltr. - Sec. - Twp. - Rge: G 26-20S-35E County: LEA *Oklahoma GRyok 73112*

OGRID NO. 002538 Property Code 002118 API NO. 30-025-27898 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	80080 LEA-WOLF CAMP		82240 OSLUDO MORROW, WEST
2. Top and Bottom of Pay Section (Perforations)	11390' - 11,440'		12,961' - 13,192'
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
5. Bottomhole Pressure Oil Zones - Artificial Lift: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a. (Current) 950 psi	a.	a. 1000 psi
	b. (Original) 3150	b.	b. 3200
6. Oil Gravity (° API) or Gas BTU Content	46		55
7. Producing or Shut-In?	Producing		Producing
Production Marginal? (yes or no)	yes		no
* 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: Rates:	Date: Rates:	Date: Rates:
	Date: 2-27-98 Rates: 0 / 10 / 0	Date: Rates:	Date: 2-27-98 Rates: 5 / 963 / 0
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 1 % Gas: 1 %	Oil: % Gas: %	Oil: 99 % Gas: 99 %

- 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.
- 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
- 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)
- Are all produced fluids from all commingled zones compatible with each other?  Yes  No
- Will the value of production be decreased by commingling?  Yes  No (If Yes, attach explanation)
- 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
- NMOCD Reference Cases for Rule 303(C) Exceptions: ORDER NO(S). \_\_\_\_\_
- 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 N. Blake Vernon TITLE President DATE 3-23-98

TYPE OR PRINT NAME N. Blake Vernon TELEPHONE NO. ( 405 ) 948-0948

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

<sup>1</sup> API Number 30-025-27898		<sup>2</sup> Pool Code 80080		<sup>3</sup> Pool Name Lea Wolfcamp	
<sup>4</sup> Property Code 002118		<sup>5</sup> Property Name Southeast Lea Unit			<sup>6</sup> Well Number 3
<sup>7</sup> OGRID No. 002538		<sup>8</sup> Operator Name Blake Production Company, Inc.			<sup>9</sup> Elevation 3686.4 DF

<sup>10</sup> Surface Location

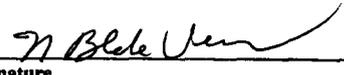
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	26	20S	35E		1650	North	2200	East	Lea

<sup>11</sup> 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

<sup>12</sup> Dedicated Acres 160	<sup>13</sup> Joint or Infill N	<sup>14</sup> Consolidation Code	<sup>15</sup> 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					<b>17 OPERATOR CERTIFICATION</b>
					<i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i>
					Signature  Printed Name N Blake Vernon Title President Date 3-23-98
					<b>18 SURVEYOR CERTIFICATION</b>
					<i>I hereby certify that the well location shown on this plat was ploned 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.</i>
					Date of Survey
					Signature and Seal of Professional Surveyer:
					Certificate Number

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  
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 Submit to Appropriate District Office  
 State Lease - 4 Copies  
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-025-27898		2 Pool Code 82240		3 Pool Name Osudo Morrow, West	
4 Property Code 002118		5 Property Name Southeast Lea Unit			6 Well Number 3
7 OGRID No. 002538		8 Operator Name Blake Production Company, Inc.			9 Elevation 3686.4 DF

10 Surface Location

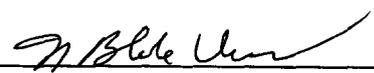
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	26	205	35E		1650	North	2200	East	Lea

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 320	13 Joint or Infill N	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 N. Blake Vernon Printed Name President Title 3-23-98 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				

#### Production Allocation Method/Supporting Data

This well produced just from the Morrow before 1995. It made 2.4 BCF of 1100 BTU Gas with clear condensate. In 1995 a CIBP was set to isolate the Morrow and the Wolfcamp was perforated. It was tested small quantities of 1500 BTU gas and yellow condensate before being closed in as non-commercial. During August, 1997 the CIBP was drilled out and the well has averaged over 900 MCFD with 5 BOPD. The gas is 1100 BTU and the condensate is clear. Therefore the vast majority of the production is believed to come from the Morrow.

Offset Operators notification list:

BTA Oil Producers  
104 S. Pecos  
Midland, TX 79701

Guy's Oil & Gas, LTD., Co.  
P.O. Box 5115  
Hobbs, New Mexico 88241-5115

Mitchell Energy Corporation  
P.O. Box 4000  
The Woodlands, TX 77387-4000

Nearburg Producing Company  
1819 N. Turner  
Hobbs, NM 88240

Redstone Oil & Gas Company  
8235 Douglas Ave., Suite 1050  
Dallas, TX 75225

Xeric Oil & Gas Co.  
200 N. Loraine, Suite 1111  
Midland, TX 79702

4/15/98



COMMERCIAL RESOURCES  
(505)-827-5724

SURFACE RESOURCES  
(505)-827-5795

MINERAL RESOURCES  
(505)-827-5744

ROYALTY  
(505)-827-5772

State of New Mexico  
Commissioner of Public Lands

Ray Powell, M.S., D.V.M.  
310 Old Santa Fe Trail, P. O. Box 1148  
Santa Fe, New Mexico 87504-1148  
Phone (505)-827-5760, Fax (505)-827-5766

PUBLIC AFFAIRS  
(505)-827-5765

ADMINISTRATIVE MGMT.  
(505)-827-5700

LEGAL  
(505)-827-5715

PLANNING  
(505)-827-5752

June 4, 1999

Blake Production Company, Inc.  
3535 N.W. 58<sup>th</sup> Street  
Suite 1020  
Oklahoma City, Oklahoma 73112

Attn: Ms. Debbie Vernon

Re: Downhole Commingling Application  
Southeast Lea Unit Well No. 3  
Unit Letter G, Section 26-20S-35E  
Lea Wolfcamp and Osudo Morrow, West Pools  
Lea County, New Mexico

Dear Ms. Vernon:

Your application to downhole commingle the production from within the wellbore of the above-captioned well was received on May 6, 1999. Your application requests our approval to downhole commingle the Lea Wolfcamp and Osudo Morrow, West production within the wellbore of the Southeast Lea Unit Well No. 3, Unit Letter G, located in Section 26-20S-35E, Lea County, New Mexico.

It is our understanding that production from the subject well will be allocated as follows:

<u>POOL</u>	<u>ALLOCATION</u>	
	<u>Oil%</u>	<u>Gas %</u>
Lea Wolfcamp	1%	1%
Osudo Morrow, West	99%	99%
	-----	-----
	100%	100%

Since it appears that the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request for downhole commingling the production from the above-mentioned well is hereby approved. Any deviation from the substance of your request will be sufficient grounds for rescinding our approval. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Your filing fee in the amount of \$30.00 has been received.

Also, please submit a copy of the Oil Conservation Division's Order approving this application.

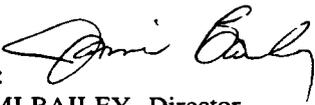
*"WE WORK FOR EDUCATION"*

Blake Production Company, Inc.  
June 4, 1999  
Page 2

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.  
COMMISSIONER OF PUBLIC LANDS

BY:   
JAMI BAILEY, Director  
Oil, Gas and Minerals Division  
(505) 827-5744

RP/JB/cpm  
Enclosure  
xc: Reader File

OCD--Attention: ~~David Catanach~~, Ben Stone



STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION  
HOBBS DISTRICT OFFICE

3/30/98

4/15/98

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 \_\_\_\_\_ *X*
- NSL \_\_\_\_\_
- NSP \_\_\_\_\_
- SWD \_\_\_\_\_
- WFX \_\_\_\_\_
- PMX \_\_\_\_\_

Gentlemen:

I have examined the application for the:

Blake Production Co Inc Southeast Lea Unit #3-G-26-20s-35e  
 Operator Lease & Well No. Unit S-T-R

and my recommendations are as follows:

In this 160 acres dedication or 320 now.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Yours very truly,

*Chris Williams*

Chris Williams  
Supervisor, District 1

/ed



**BLAKE PRODUCTION COMPANY, INC.**

3535 N. W. 58th Street, Suite 1020  
Oklahoma City, OK 73112

(405) 948-0948  
FAX (405) 948-0003

MAY - 6 1999

May 3, 1999

Oil Conservation Division  
Attn: David Catanach  
2040 South Pacheco Street  
Santa Fe, NM 87505

Dear Mr. Catanach,

Thank you for your help on completing the Downhole Commongling Application. Enclosed is proof that the Commissioner of public Lands for the State of New Mexico and the offset operators have been notified.

Yours truly,

Debbie Vernon



## BLAKE PRODUCTION COMPANY, INC.

3535 N. W. 58th Street, Suite 1020  
Oklahoma City, OK 73112

(405) 948-0948  
FAX (405) 948-0003

May 3, 1999

New Mexico Commissioner of Public Lands  
Attn: Pete Martinez  
P.O. Box 1148  
Santa Fe, NM 87504-1148

RE: Notification of Downhole  
Commingling Application

Dear Mr. Martinez,

Blake Production Company, Inc. would like to notify the New Mexico Commissioner of Public Lands that we have filed a Downhole Commingling Application. Enclosed is an application fee of \$30.00 and a copy of the C-107A. We appreciate your help in this matter.

Yours truly,

A handwritten signature in cursive script that reads "Debbie Vernon".

Debbie Vernon

BLAKE PRODUCTION COMPANY, INC.

INVOICE NUMBER	INVOICE DATE			GROSS AMOUNT	DISCOUNT AMOUNT	NET AMOUNT
	MO.	DAY	YR.			
	05	03	99	30.00	0.00	30.00

30.00

013715

ORIGINAL CHECK HAS COLORED BACKGROUND

39-13 / 1030

BANK OF OKLAHOMA, N.A.  
OKLAHOMA CITY, OK



**BLAKE PRODUCTION COMPANY, INC.**  
3535 N.W. 58th Street Suite 1020  
Oklahoma City, OK 73112  
(405) 948-0948

CHECK #: 13715

CHECK DATE	OWNER NUMBER
05-03-99	00331

DOLLARS	CENTS
*****\$30	*.00

PAY EXACTLY \*\*\*\*\*\$30 DOLLARS \*.00 CENTS

PAY TO THE ORDER OF:

Commissioner of Public Lands  
P.O. Box 2308  
Santa Fe, NM 87504

*Debbie Vernon*

VOID AFTER 90 DAYS

⑈013715⑈ ⑆103000130⑆ 814005312⑈

May 3, 1999

BTA Oil Producers  
104 S. Pecos  
Midland, TX 79701

RE: Downhole Commingling Application  
Southeast Lea Unit No. 3  
Section 26, T-20S, R-35E

Dear Sir:

Blake Production Company, Inc. is giving you notice as an offset operator that we have filed a Downhole Commingling Application. Enclosed is a copy of the C-107A. If you have any questions or concerns please contact Blake Vernon at the above numbers.

Yours truly,

Debbie Vernon

**Offset Operators notification list:**

**BTA Oil Producers  
104 S. Pecos  
Midland, TX 79701**

**Guy's Oil & Gas, LTD., Co.  
P.O. Box 5115  
Hobbs, New Mexico 88241-5115**

**Mitchell Energy Corporation  
P.O. Box 4000  
The Woodlands, TX 77387-4000**

**Nearburg Producing Company  
1819 N. Turner  
Hobbs, NM 88240**

**Redstone Oil & Gas Company  
8235 Douglas Ave., Suite 1050  
Dallas, TX 75225**

**Xeric Oil & Gas Co.  
200 N. Loraine, Suite 1111  
Midland, TX 79702**

May 3, 1999

Guy's Oil & Gas, LTD., Co.  
P.O. Box 5115  
Hobbs, NM 88241-5115

RE: Downhole Commingling Application  
Southeast Lea Unit No. 3  
Section 26, T-20S, R-35E

Dear Sir:

Blake Production Company, Inc. is giving you notice as an offset operator that we have filed a Downhole Commingling Application. Enclosed is a copy of the C-107A. If you have any questions or concerns please contact Blake Vernon at the above numbers.

Yours truly,

Debbie Vernon

May 3, 1999

Mitchell Energy Corporation  
P.O. Box 4000  
The Woodlands, TX 77387-4000

RE: Downhole Commingling Application  
Southeast Lea Unit No. 3  
Section 26, T-20S, R-35E

Dear Sir:

Blake Production Company, Inc. is giving you notice as an offset operator that we have filed a Downhole Commingling Application. Enclosed is a copy of the C-107A. If you have any questions or concerns please contact Blake Vernon at the above numbers.

Yours truly,

Debbie Vernon

May 3, 1999

Nearburg Producing Company  
1819 N. Turner  
Hobbs, NM 88240

RE: Downhole Commingling Application  
Southeast Lea Unit No. 3  
Section 26, T-20S, R-35E

Dear Sir:

Blake Production Company, Inc. is giving you notice as an offset operator that we have filed a Downhole Commingling Application. Enclosed is a copy of the C-107A. If you have any questions or concerns please contact Blake Vernon at the above numbers.

Yours truly,

Debbie Vernon

May 3, 1999

Redstone Oil & Gas Company  
8235 Douglas Ave., Suite 1050  
Dallas, TX 75225

RE: Downhole Commingling Application  
Southeast Lea Unit No. 3  
Section 26, T-20S, R-35E

Dear Sir:

Blake Production Company, Inc. is giving you notice as an offset operator that we have filed a Downhole Commingling Application. Enclosed is a copy of the C-107A. If you have any questions or concerns please contact Blake Vernon at the above numbers.

Yours truly,

Debbie Vernon

May 3, 1999

Xeric Oil & Gas Company  
200 N Loraine, Suite 1111  
Midland, TX 79702

RE: Downhole Commingling Application  
Southeast Lea Unit No. 3  
Section 26, T-20S, R-35E

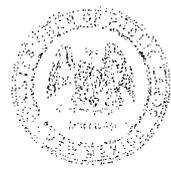
Dear Sir:

Blake Production Company, Inc. is giving you notice as an offset operator that we have filed a Downhole Commingling Application. Enclosed is a copy of the C-107A. If you have any questions or concerns please contact Blake Vernon at the above numbers.

Yours truly,

Debbie Vernon

DHC-2366



**COMMISSIONER'S OFFICE**

Phone (505) 827-5760  
Fax (505) 827-5766

**ADMINISTRATION**

Phone (505) 827-5700  
Fax (505) 827-5853

**GENERAL COUNSEL**

Phone (505) 827-5713  
Fax (505) 827-4262

**PUBLIC AFFAIRS**

Phone (505) 827-5755  
Fax (505) 827-5766

**COMMERCIAL RESOURCES**

Phone (505) 827-5724  
Fax (505) 827-6157

**MINERAL RESOURCES**

Phone (505) 827-5744  
Fax (505) 827-4739

**ROYALTY MANAGEMENT**

Phone (505) 827-5772  
Fax (505) 827-4739

**SURFACE RESOURCES**

Phone (505) 827-5793  
Fax (505) 827-5711

**New Mexico State Land Office  
Commissioner of Public Lands  
Ray Powell, M.S., D.V.M.**

August 30, 1999

Blake Production Company, Inc.  
3535 N.W. 58<sup>th</sup> Street  
Suite 1020  
Oklahoma City, Oklahoma 73112

Attn: Ms. Debbie Vernon

Re: Application for Downhole Commingling  
Southeast Lea Unit Well No. 3  
Unit Letter G, Section 26-20S-35E  
Southeast Lea-Wolfcamp and West Osudo-Morrow Pools  
Lea County, New Mexico

Dear Ms. Vernon:

The New Mexico Oil Conservation Division has advised this office that Blake Production Company, Inc. has applied to downhole commingle the production from the Southeast Lea Unit Well No. 3. Blake Production Company, Inc. proposes to commingle the production from the Southeast Lea-Wolfcamp and West Osudo-Morrow Pools

Pursuant to State Land Office Rule No. 1.053, 1.054 and 1.055, please submit an application to this office for our approval together with the data recommended on the attached commingling pre-application form. The filing fee for a commingling application is \$30.00.

If you have any questions, or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.  
COMMISSIONER OF PUBLIC LANDS

BY:  
JAMI BAILEY, Director  
Oil/Gas and Minerals Division  
(505) 827-5744

RP/JB/cpm  
Enclosure  
xc: Reader File

OCD--Attention: David Catanach, Ben Stone