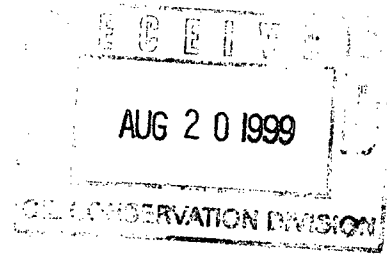


Collins & Ware, Inc.
508 W. Wall Avenue, Suite, 1200
Midland, Texas 79701-5076
(915)-687-3435

August 16, 1999



David Catanach
New Mexico Energy, Minerals
& Natural Resources department
Oil Conservation Division
2040 South Pacheco Street
Santa Fe, New Mexico

Re: M & M #1
Downhill Commingling
Sec.24-T20S-R38E
API No. 30-025-033837

David,

Collins & Ware, Inc. respectfully requests an exception for the M & M #1 to statewide rule 303. This well is currently producing from the Blinebry Oil & Gas Pool (06660) and the Warren Tubb, East Pool (87085) as a dual producer. We would like to produce these zones in a downhole commingled state

We propose the following production allocation based on past production data:

	<u>GAS</u>	<u>OIL</u>
Blinebry	29%	46%
Tubb	71%	54%

Please notify me if you have any questions or recommendations concerning this matter

Sincerely,

Erick W. Nelson

Operations Engineer

EXHIBIT "B" - CASE NO. 11353, ORDER NO. R-10470-A

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 87505-6429Form C-107-A
New 3-12-96

APPROVAL PROCESS:

☐ Administrative ☐ Hearing

EXISTING WELLBORE

☒ YES ☐ NO

APPLICATION FOR DOWNHOLE COMMINGLING

COLLINS & WARE, INC.

508 W. WALL, SUITE 1200 MIDLAND, TEXAS 79701

Operator M & M 1 UNIT E SEC. 24-R20S-T38E LEA

Lease Well No. Unit Ltr. - Sec - Twp - Rge County

OGRID NO. 004874 Property Code 20432 API NO. 30-025-33837 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		WARREN TUBB, EAST 87085
2. Top and Bottom of Pay Section (Perforations)	5961-6079		6510-6744
3. Type of production (Oil or Gas)	OIL		OIL
4. Method of Production (Flowing or Artificial Lift)	FLOWING		FLOWING
5. Bottomhole Pressure	a. (Current) N/A	a.	a. N/A
Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	b. (Original) 2500#	b.	b. 2000#
6. Oil Gravity (°API) or Gas BTU Content	42.2° API		35.8° API
7. Producing or Shut-In?	PRODUCING		PRODUCING
Production Marginal? (yes or no)	NO		NO
* If Shut-In, give date and oil/gas/water rates of last production	Date: Rates: N/A	Date: Rates:	Date: Rates: N/A
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: 6-30-99 Rates: 6 BO, 7 BW, 62 MCF	Date: Rates:	Date: 6-30-99 Rates: 7 BO, 5 BW, 150 MCF
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 46 % Gas: 29 %	Oil: % Gas: %	Oil: 54 % Gas: 71 %

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 ☐ No11. 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 ☐ No13. 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 ERICK W. NELSON TITLE PROD ENGR DATE 8-16-99TYPE OR PRINT NAME ERICK W. NELSON TELEPHONE NO. (915) 687-3435

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

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

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

Form C-107
Revised 4-1-91

Filing Instructions
Bottom of Page

APPLICATION FOR MULTIPLE COMPLETION

Operator	Address
COLLINS & WARE, INC.	508 W. WALL, SUITE 1200 MIDLAND, TEXAS 79701

Lease	Well No.	Unit Ltr. - Sec - Twp - Rge	County
M & M	1	UNIT E SEC. 24-R20S-T38E	LEA

All applicants for multiple completion must complete Items 1 and 2 below.

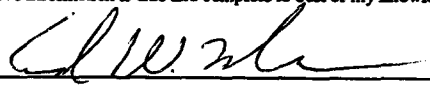
1. The following facts are submitted:	Upper Zone	Intermediate Zone	Lower Zone
a. Name of Pool and Formation	BLINEBRY OIL & GAS 06660		WARREN TUBB, EAST 87085
b. Top and Bottom of Pay Section (Perforations)	5961-6079		6510-6744
c. Type of production (Oil or Gas)	OIL		OIL
d. Method of Production (Flowing or Artificial Lift)	FLOW		FLOW
e. Daily Production ☒ Actual ☐ Estimated Oil Bbls. Gas MCF Water Bbls.	6 BO 62 MCF 7 BW		7 BO 150 MCF 5 BW

2. The following must be attached:

- Diagrammatic Sketch of the Multiple Completion, showing all casing strings, including diameters and setting depths, centralizers and/or turbolizers and location thereof, quantities used and top of cement, perforated intervals, tubing strings, including diameters and setting depth, location and type of packers and side door chokes, and such other information as may be pertinent.
- Plat showing the location of all wells on applicant's lease, all offset wells on offset leases, and the names and addresses of operators of all leases offsetting applicant's lease.
- Electrical log of the well or other acceptable log with tops and bottoms of producing zones and intervals of perforation indicated thereon. (If such log is not available at the time application is filed it shall be submitted as provided by Rule 112-A.)

OPERATOR:

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

Signature 

Printed Name & Title ERICK W. NELSON

Date 8-16-99 Telephone 915-687-4345

OIL CONSERVATION DIVISION

Approved by: _____

Title: _____

Date: _____

NOTE: If the proposed multiple completion will result in an unorthodox well location and/or a non-standard proration unit in one or more of the producing zones, then separate application for approval of the same should be filed simultaneously with this application.

FILING INSTRUCTIONS:

- District Approval -- See rule 112-A-B -- Submit 4 copies of Form C-107 with attachments to appropriate district office.
- Division Director Administrative Approval -- See Rule 112-C -- Submit 2 copies of Form C-107 with attachments to Division office in Santa Fe and 2 copies of Form C-107 with attachments to appropriate district office.
- Multiple completions not qualifying for District or Division Director approval may be set for hearing as outlined in Rule 112-A-E.

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

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

District III
1000 Rio Brasos Rd., Aztec, NM 87410

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

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

PO Box 2088
Santa Fe, NM 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 30-25-33837 API Number	2 87085 Pool Code	3 Warren; Tubb, East (Gas) Pool Name
4 20432 Property Code	5 M & M Property Name	6 1 Well Number
7 004874 OGRD No.	8 Collins & Ware, Inc. Operator Name	9 3559 Elevation

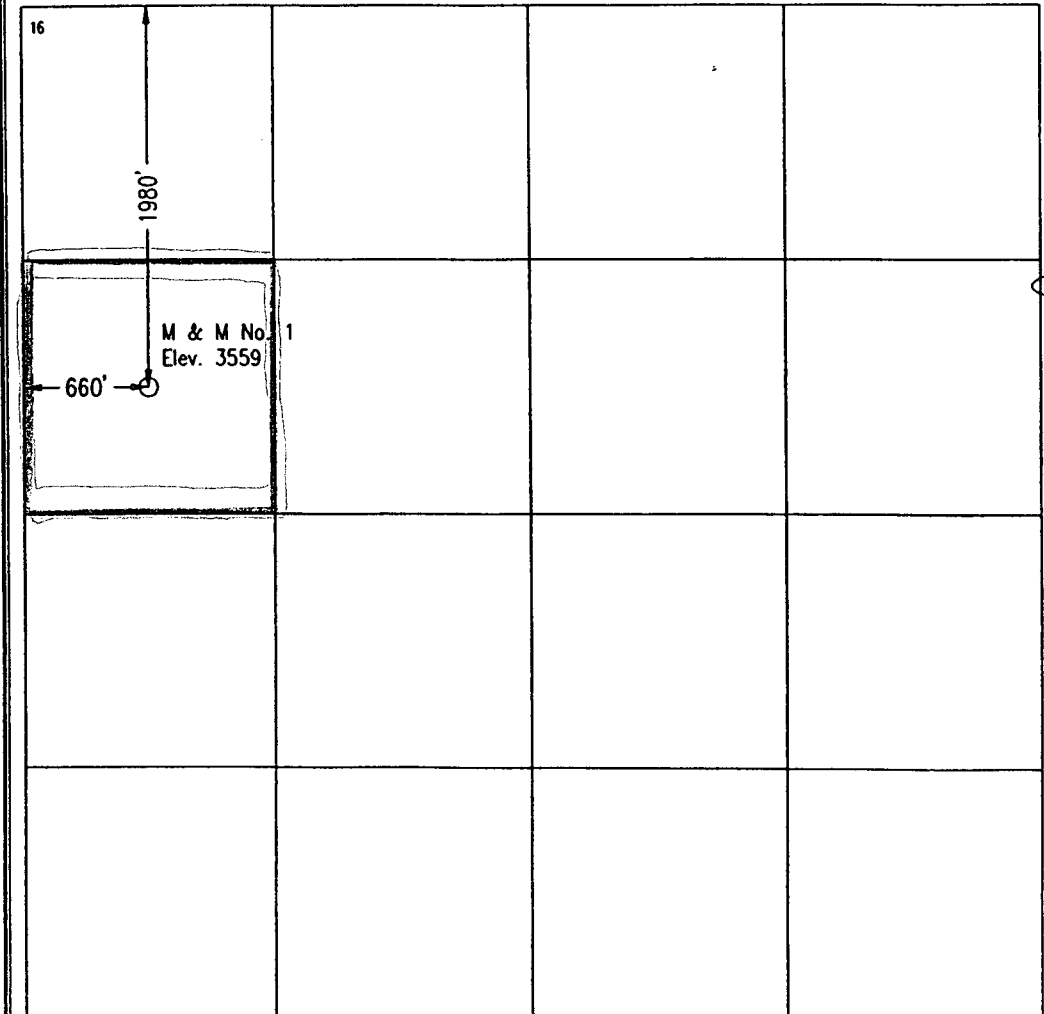
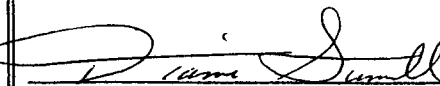
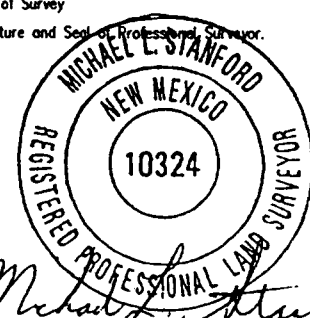
10 Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	24	20 S	38 E		1980	North	660	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 40 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNIT. ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16 	17 OPERATOR CERTIFICATION <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: Dianne Sumrall Title: Production Supervisor Date: February 12, 1997
	18 SURVEYOR CERTIFICATION <i>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.</i> Date of Survey: January 15, 1997 Signature and Seal of Professional Surveyor:  Certificate Number: 10324

10 Miles North of Eunice, New Mexico.

File No. A-0970

OIL CONSERVATION DIVISION

PO Box 2088
Santa Fe, NM 87504-2088

☐ AMENDED R

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-025-33837	2 Pool Code 06660	3 Pool Name Blinebry Oil & Gas
4 Property Code 20432	5 Property Name M & M	6 Well Number 1
7 OGRD No. 004874	8 Operator Name Collins & Ware, Inc.	9 Elevation 3559

10 Surface Location

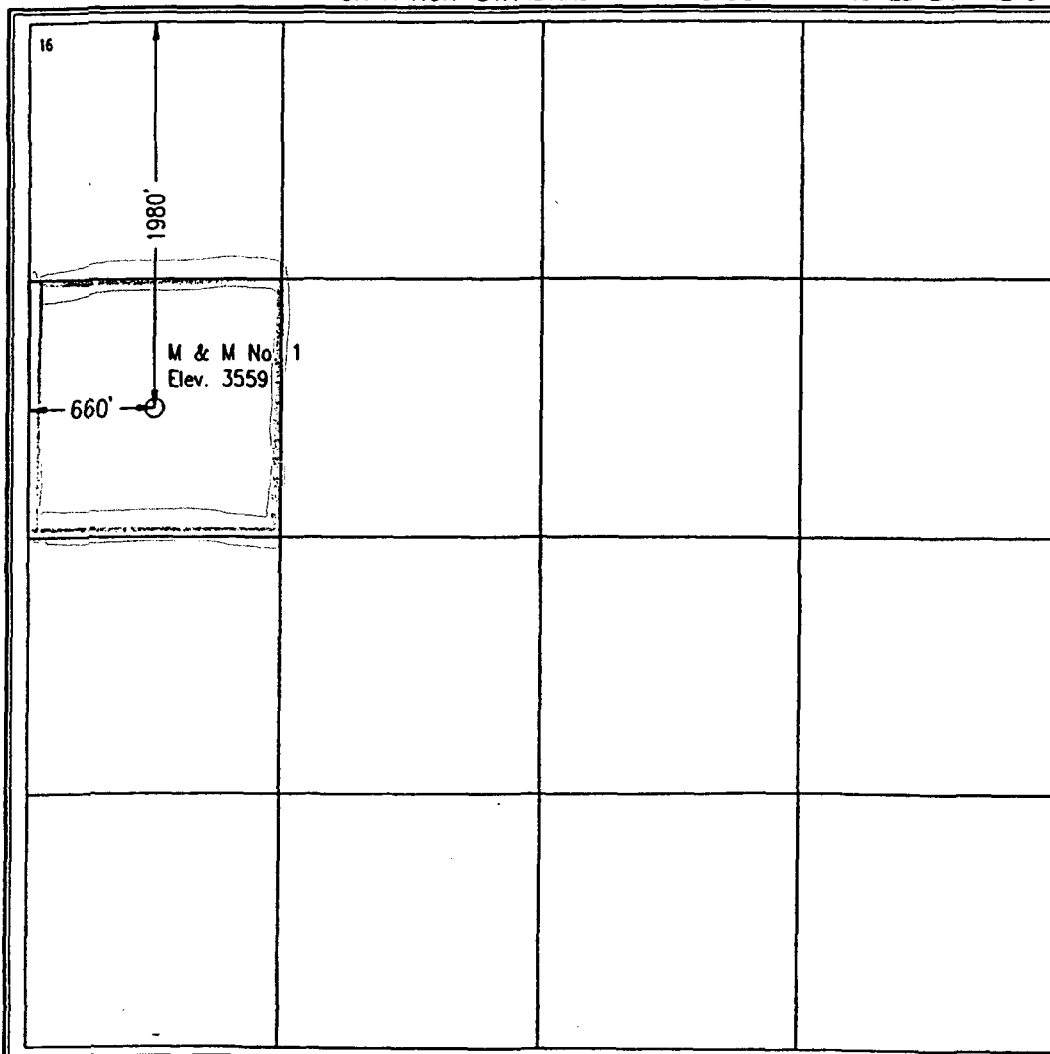
UL or lot no. E	Section 24	Township 20 S	Range 38 E	Lot Idn	Feet from the 1980	North/South line North	Feet from the 660	East/West line West	County Lea
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11 Bottom Hole Location If Different From Surface

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.
---------------------------------	--------------------	-----------------------	--------------

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNITL 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.

Signature
Dianne Sumrall
Printed Name
Dianne Sumrall
Title
Production Supervisor
Date
February 12, 1997

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
January 15, 1997
Signature and Seal of Professional Surveyor

Certificate Number
10324

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		Pool Code		Pool Name	
Property Code 24032		Property Name M+M			Well Number 1, 2, 3, 4
OGRID No. 004874		Operator Name COLLINS & WARD, INC			Elevation

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
C, D, E, F	24	20S	38E						

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 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
--------------------------------------	-------------------------------	----------------------------------	-------------------------

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 Signature _____ Printed Name _____ Title _____ 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 _____					

Well Bore Schematic

Lease: M & M Well: 1 Field: BLINEBRY OIL & GAS / EAST WARREN TUBB
 Location: 1980 feet FNL & 660 feet FWL. Section 24 Township 20S Range 38E
 Block _____ Survey _____ LEA County. N.M. State

Spud Date: 2-24-97
 Completion Date: _____

GL 3559
 DF 3569
 KB 3570

Surface Casing

8 5/8 " OD. 32 #/ft. grade J-55
 Casing Set at 1625'
 Cml with 920 sks. Circ 290 sks
 Hole Size: 12 1/4 "

T.O.C. 8 5/8 " x 5 1/2 " ANNULUS 1100'

8 5/8 " @ 1625'

CENTRALIZERS:

8 5/8 " → 1602', 1580', 1536', 1447', 1359', 1270'

5 1/2 " → 6980', 6958', 6829', 6700', 6571', 6442', 6313', 6184', 6055', 5926', 5797', 5668', 5539', 5410', 4736', (DV TOOL @ 4693'), 4650', 4521', 4392', 4263', 4134', 4005', 3876', 3747', 3618', 3489', 3360', 3231', 3102', 2973', 2844'

2 1/4 " IT PROD. TBG (TUBB)

DV TOOL @ 4693'
 1st STAGE T.O.C. 4720' (EST.)

2 1/4 " IT PROD. TBG. (BLINEBRY)
 OPEN-ENDED @ 5949'

BLINEBRY PERFS: 5961'-6079'

2 7/8 " FL 45

BAKER RETRIEVE-A-D PKR @ 6450'

TUBB PERFS: 6510'-6744'

5 1/2 " @ 7002'

T.D. 7002'
 PBTD 6978'

Current Perforations:

TUBB - 6510'-6744'

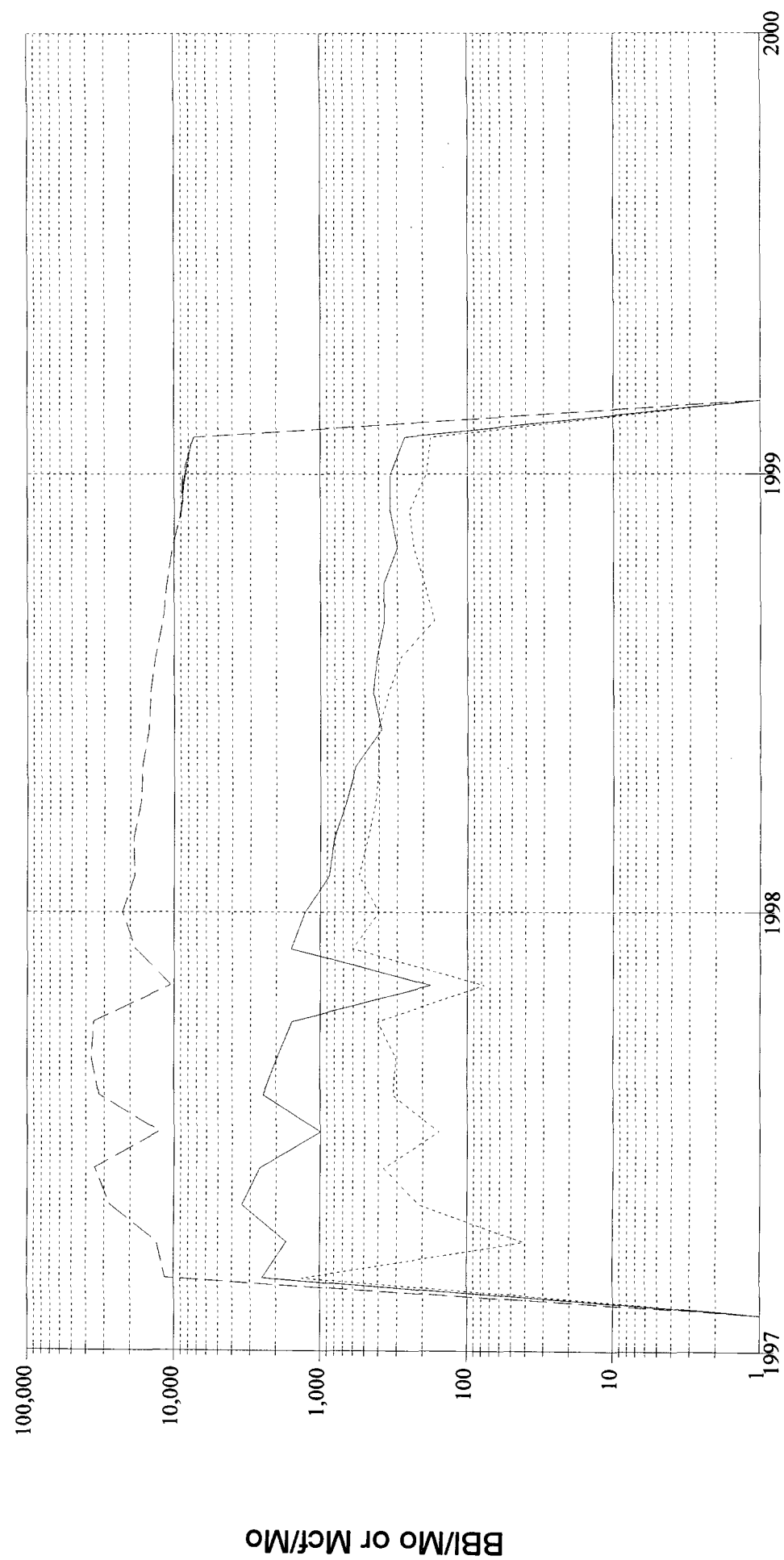
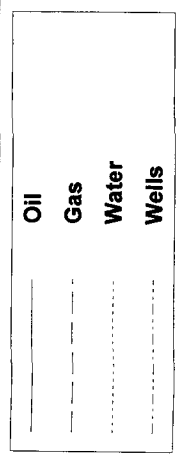
BLINEBRY - 5961'-6079'

Production Casing

5 1/2 " OD. 15.5 & 17 #/ft. grade J-55 ind 8th
 Casing Set @ 7002' w/ 1486 total sks
 in 2 stages with DV tool set @ 4693'
 Stage 1 circ? 0 sks TOC @ 4720' by EST.
 Stage 2 circ? 0 sks TOC @ 1100' by EST.
 Stage 3 circ? _____ sks TOC @ _____ by _____
 Hole Size: 7 7/8 "

Date _____
 Prepared By _____

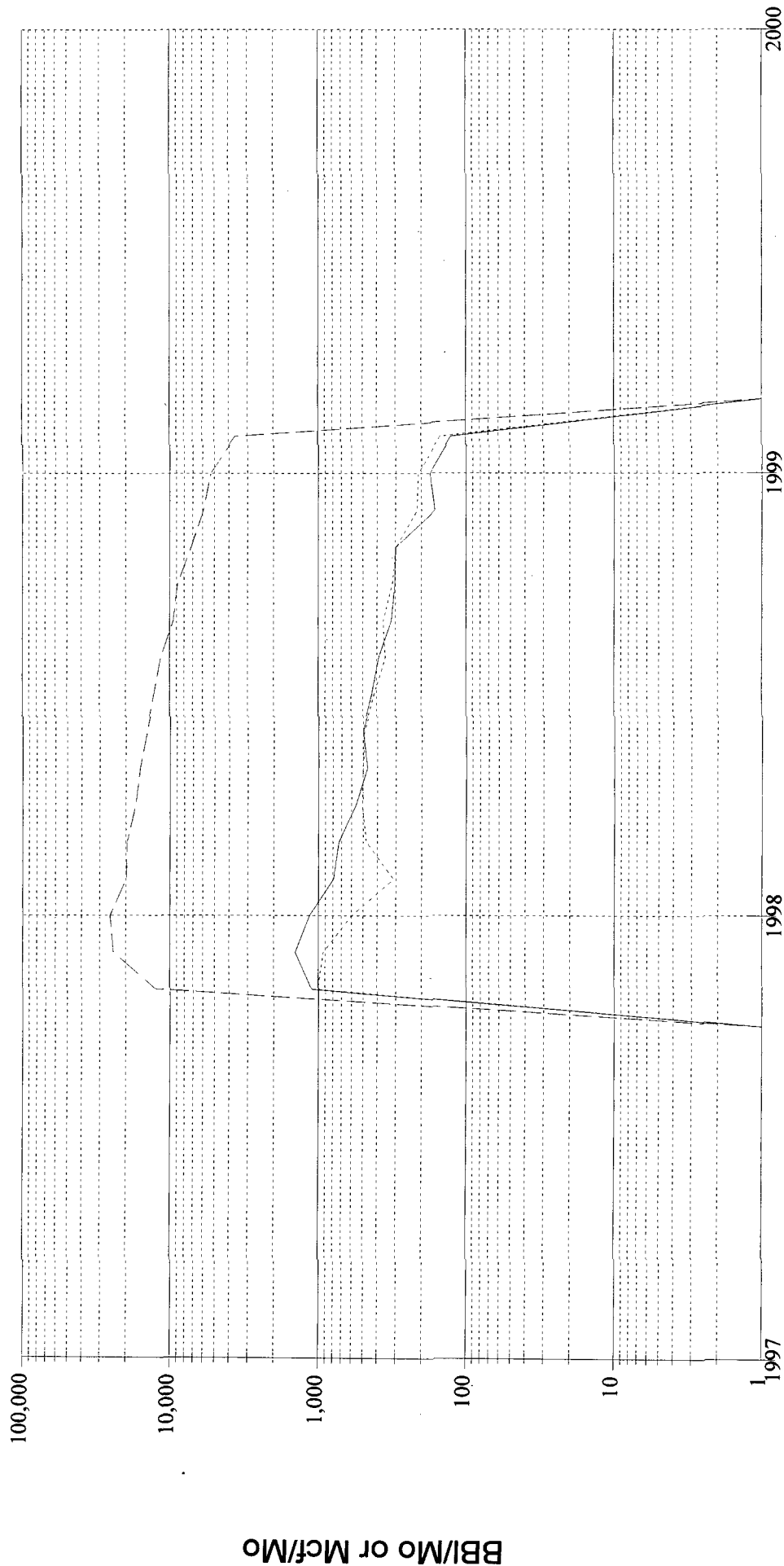
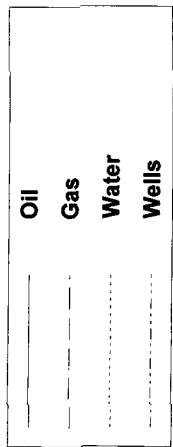
Field: WARREN EAST (7u66)
 Lease: M & M | Well #1
 Operator: COLLINS & WARE INCORPORATED
 Production Rate vs Time
 For the Period 01/1997 to 12/1999 | API: 30025338370000



Time

Reported Oil Production = 26,319 Bbls
 Reported Gas Production = 427,808 Mcf
 Reported Water Production = 8,297 Bbls

Field: **BLINEBRY OIL AND GAS**
 Lease: **M & M | Well #1**
 Operator: **COLLINS & WARE INCORPORATED**
 Production Rate vs Time
 For the Period 01/1997 to 12/1999 | API: 30025338370000



Time

Reported Oil Production = 8,956 Bbls
 Reported Gas Production = 213,666 Mcf
 Reported Water Production = 7,133 Bbls

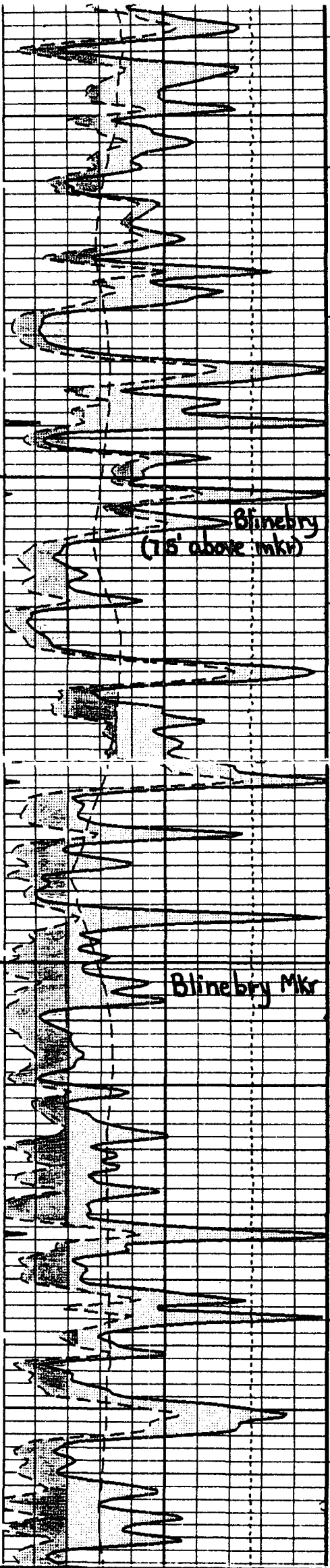
BLK. A-12

32031

Alpha 21
Solus-64

T
2C
S

A-28



sc 5900

Blinebry
(15' above mkr)

5961

5970

sc 6000

6009

6028

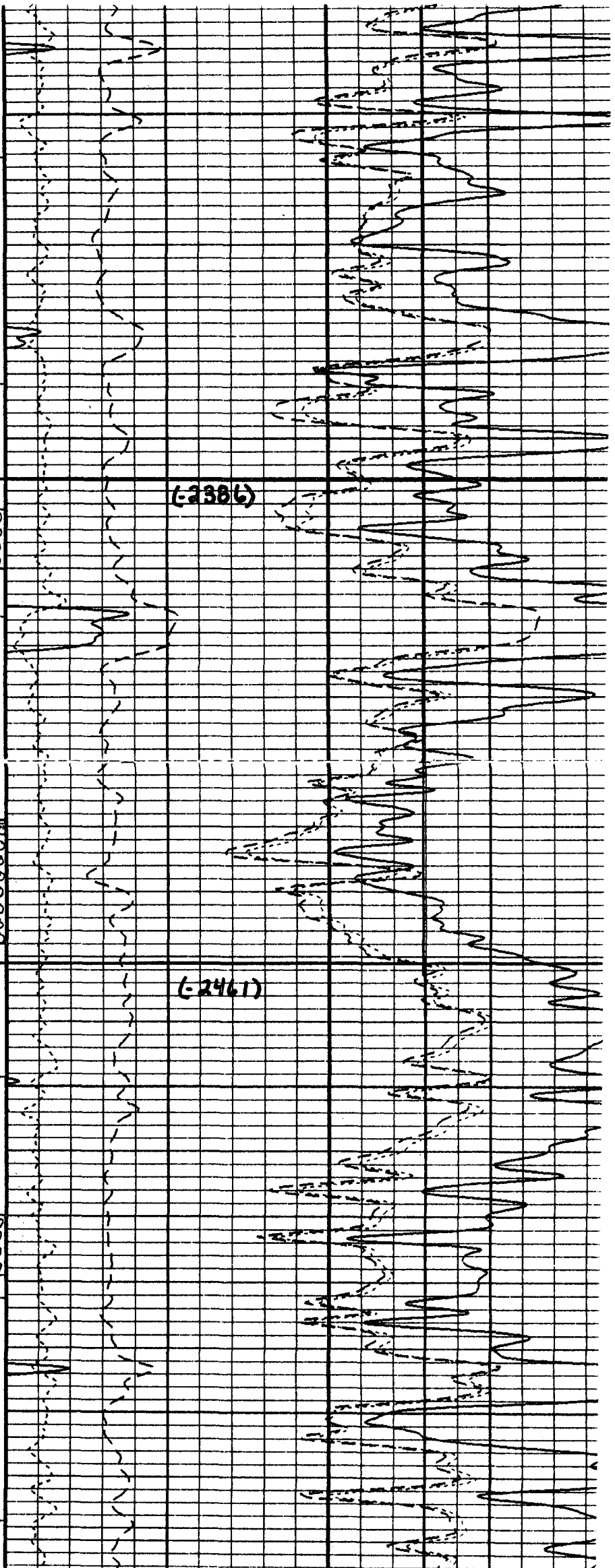
Blinebry Mkr

4

6070

6079

sc 6100



(-2386)

(-2461)

M + M "1"

SC 6400

TUBB

(100 above
mkr)

(-2836)

Tubb Completion

pf: 1 spl/50 holes

6510-19, 6601-10, 6648-57,
6686-95, 6735-99

Acidz 4000 gals

1 HFT 43 BF

1/2 HFT 20 BF, 65% oil cut,
30/64" chk, 820[#] FTP

SC 6500

TUBB MKA

6510

6519

(-2936)

SF: 105000 gals x
295000[#] SD

8 HFT 20/64" 780[#]

2880 FPH, 582 MCFD

Completed: 6/97

F/163 80, 10 BW, 1175 MCF
17/64" chk, 1080[#] FTP

SC 6600

6601

6610

TUBB SILT

(-3000)

6648

6657

6686

6695

sc 6700

6735

6744

sc 6800

Drinkard

(3233)

List of Offset Operators

Stevens & Tull
P.O. Box 11005
Midland, TX. 79702

Xeric Oil and Gas Corporation
200 N. Loraine, Suite 1000
Midland, TX. 79701

Capataz Operating, Inc.
P.O. Box 2083
Midland, TX. 79702

Falcon Creek Resources, Inc.
621 17th Street Suite 1800
Denver, CO. 80293-0621