

|                |          |                     |                  |          |                  |
|----------------|----------|---------------------|------------------|----------|------------------|
| DATE IN 8/7/06 | SUSPENSE | ENGINEER WILL JONES | LOGGED IN 8/9/06 | TYPE DHC | APP NO. 22135681 |
|----------------|----------|---------------------|------------------|----------|------------------|

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.

|                             |                    |                |               |
|-----------------------------|--------------------|----------------|---------------|
| _____<br>Print or Type Name | _____<br>Signature | _____<br>Title | _____<br>Date |
| _____<br>e-mail Address     |                    |                |               |

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

District II  
1301 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

State of New Mexico  
Energy, Minerals and Natural Resources Department

**RECEIVED**

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  
Oil Conservation Division Yes  No   
1220 S. St. Francis Drive  
Santa Fe, NM 87505

**APPLICATION FOR DOWNHOLE COMMINGLING**

Capataz Operating Inc  
PO Box 10549  
Midland, TX 79702

Operator Redtag  
Lease Well No. 2  
Unit Letter-Section-Township-Range K-T20S-R38E  
OGRID No. 3659 Property Code 27082 API No. 30-025-35630 Lease Type: Federal  State  Fee

| DATA ELEMENT  | UPPER ZONE<br>UNDES                     | INTERMEDIATE ZONE<br>UNDES             | LOWER ZONE<br>✓                       |
|---|---|--|---------------------------------------|
| Pool Name   | House; Blinebry                         | House, Drinkard                        | House; Abo                            |
| Pool Code   | 033230 ✓                                | 33250 ✓                                | 33210 ✓                               |
| Top and Bottom of Pay Section<br>(Perforated or Open-Hole Interval)   | 5933-6035                               | 6996-7011                              | 7370-7522                             |
| Method of Production<br>(Flowing or Artificial Lift)  | Artificial Lift                         | Artificial Lift                        | Artificial Lift                       |
| Bottomhole Pressure<br>(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)    |   |  |                                       |
| Oil Gravity or Gas BTU<br>(Degree API or Gas BTU)   | 35.5                                    | 35.5                                   | 35.5                                  |
| Producing, Shut-In or New Zone  | Producing                               | Producing                              | Producing                             |
| Date and Oil/Gas/Water Rates of Last Production.<br>(Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.) | Date: 7/15/06<br>Rates: 3 BO<br>128 MCF | Date: 7/15/06<br>Rates: 1 BO<br>10 MCF | Date: 7/15/06<br>Rates: 0 BO<br>0 MCF |
| Fixed Allocation Percentage<br>(Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)                  | Oil 75 % Gas 90 %                       | Oil 25 % Gas 10 %                      | Oil 0 % Gas 0 %                       |

**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  NA  
 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 [Signature] TITLE Agent DATE 8-4-06  
 TYPE OR PRINT NAME H Scott Davis TELEPHONE NO. (432) 620-8820  
 E-MAIL ADDRESS capataz1@sbcglobal.net

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

Instructions on back

Submit to the Appropriate  
 District Office  
 State Lease - 4 copies  
 Fee Lease - 3 copies

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

**OIL CONSERVATION DIVISION**  
 P. O. Box 2088  
 Santa Fe, New Mexico 87504-2088

AMENDED REPORT

DISTRICT III  
 1000 Rio Brazos Rd.  
 Aztec, NM 87410

DISTRICT IV  
 P. O. Box 2088  
 Santa Fe, NM 87507-2088

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

|                              |  |   |  |                                |                      |
|------------------------------|--|---|--|--------------------------------|----------------------|
| 1 API Number<br>30-025-35630 |  | 2 Pool Code<br>033230                             |  | 3 Pool Name<br>House: Blinebry |                      |
| 1 Property Code<br>27082     |  | 2 Property Name<br>REDTAG                         |  |                                | 3 Well Number<br>2   |
| 1 OGRID No.<br>3659          |  | 2 Operator Name<br>CAPATAZ OPERATING INCORPORATED |  |                                | 3 Elevation<br>3570' |

" SURFACE LOCATION

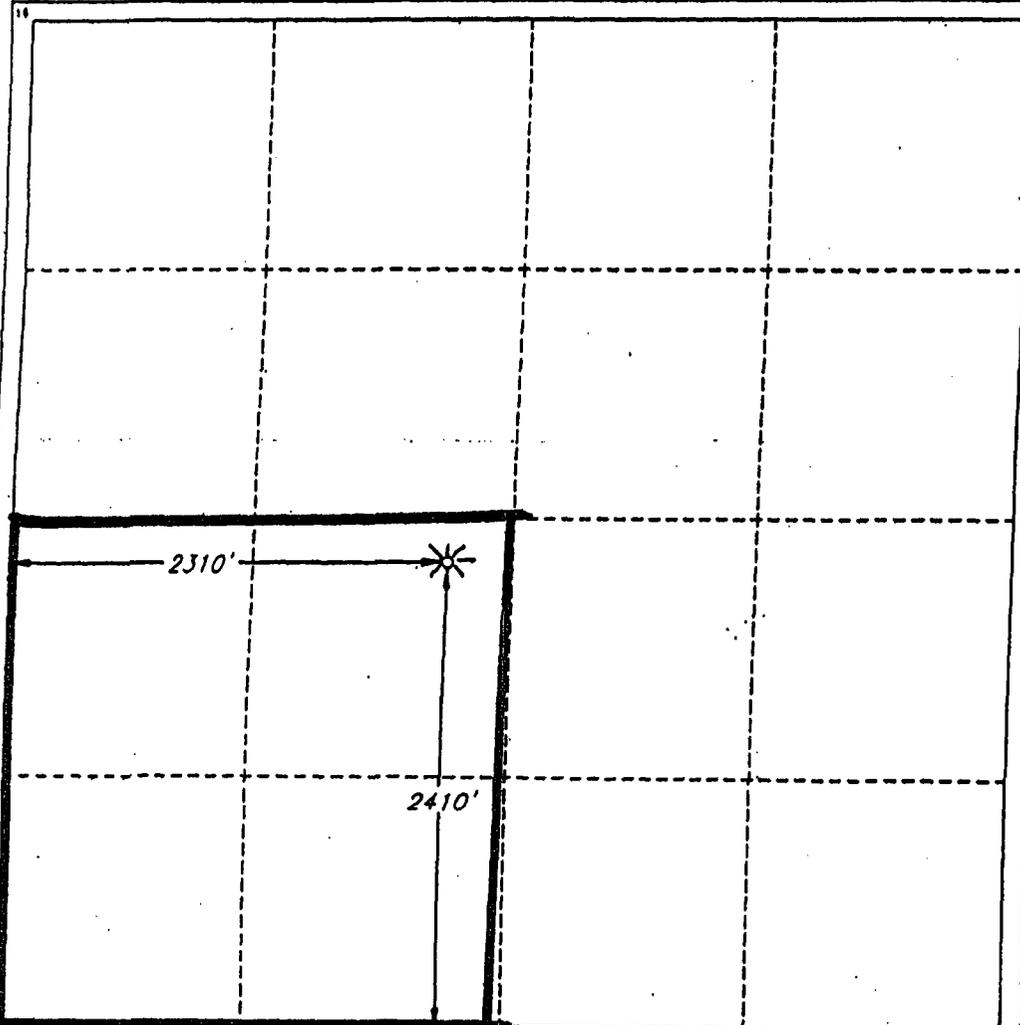
| UL or lot no. | Section | Township | Range             | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------------------|---------|---------------|------------------|---------------|----------------|--------|
| K             | 2       | 20 SOUTH | 38 EAST, N.M.P.M. |         | 2410'         | SOUTH            | 2310'         | WEST           | LEA    |

" BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE

| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| K             | 2       | 20S      | 38E   |         | 2410          | South            | 2310          | West           | Lea    |

|                            |                    |                       |                            |
|----------------------------|--------------------|-----------------------|----------------------------|
| 11 Dedicated Acres<br>1.60 | 12 Joint or Infill | 13 Consolidation Code | 14 Order No.<br>NSL-463D-A |
|----------------------------|--------------------|-----------------------|----------------------------|

NO ALLOWABLE WELL 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 that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *[Handwritten Signature]*

Printed Name: H. SCOTT DAVIS

Title: AGENT

Date: 06/18/01

**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: MARCH 8, 2001

Signature and Seal of Professional Surveyor

*[Handwritten Signature]*  
 Certificate No. 3701

V. L. BEZNER R.P.S. #7920

JOB # 74933/.70 SE / J.C.P

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

Submit to the Appropriate  
 District Office  
 State Lease - 4 copies  
 Fee Lease - 3 copies

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

**OIL CONSERVATION DIVISION**  
 P. O. Box 2088  
 Santa Fe, New Mexico 87504-2088

AMENDED REPORT

DISTRICT III  
 1000 Rio Brazos Rd.  
 Aztec, NM 87410

DISTRICT IV  
 P. O. Box 2088  
 Santa Fe, NM 87507-2088

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

|                            |   |                          |
|----------------------------|---|--------------------------|
| API Number<br>30-025-35630 | Pool Code<br>33210                              | Pool Name<br>House ; Abo |
| Property Code<br>27082     | Property Name<br>REDTAG                         | Well Number<br>2         |
| GRID No.<br>3659           | Operator Name<br>CAPATAZ OPERATING INCORPORATED | Elevation<br>3570'       |

" SURFACE LOCATION

| UL or lot no. | Section | Township | Range             | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------------------|---------|---------------|------------------|---------------|----------------|--------|
| K             | 2       | 20 SOUTH | 38 EAST, N.M.P.M. |         | 2410'         | SOUTH            | 2310'         | WEST           | LEA    |

" BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE

| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| K             | 2       | 20S      | 38E   |         | 2410          | South            | 2310          | West           | Lea    |

|                           |                   |                      |                           |
|---------------------------|-------------------|----------------------|---------------------------|
| " Dedicated Acres<br>1.60 | " Joint or Infill | " Consolidation Code | " Order No.<br>NSL-463D-A |
|---------------------------|-------------------|----------------------|---------------------------|

NO ALLOWABLE WELL 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 that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *[Handwritten Signature]*

Printed Name: H. SCOTT DAVIS

Title: AGENT

Date: 06/18/01

**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.

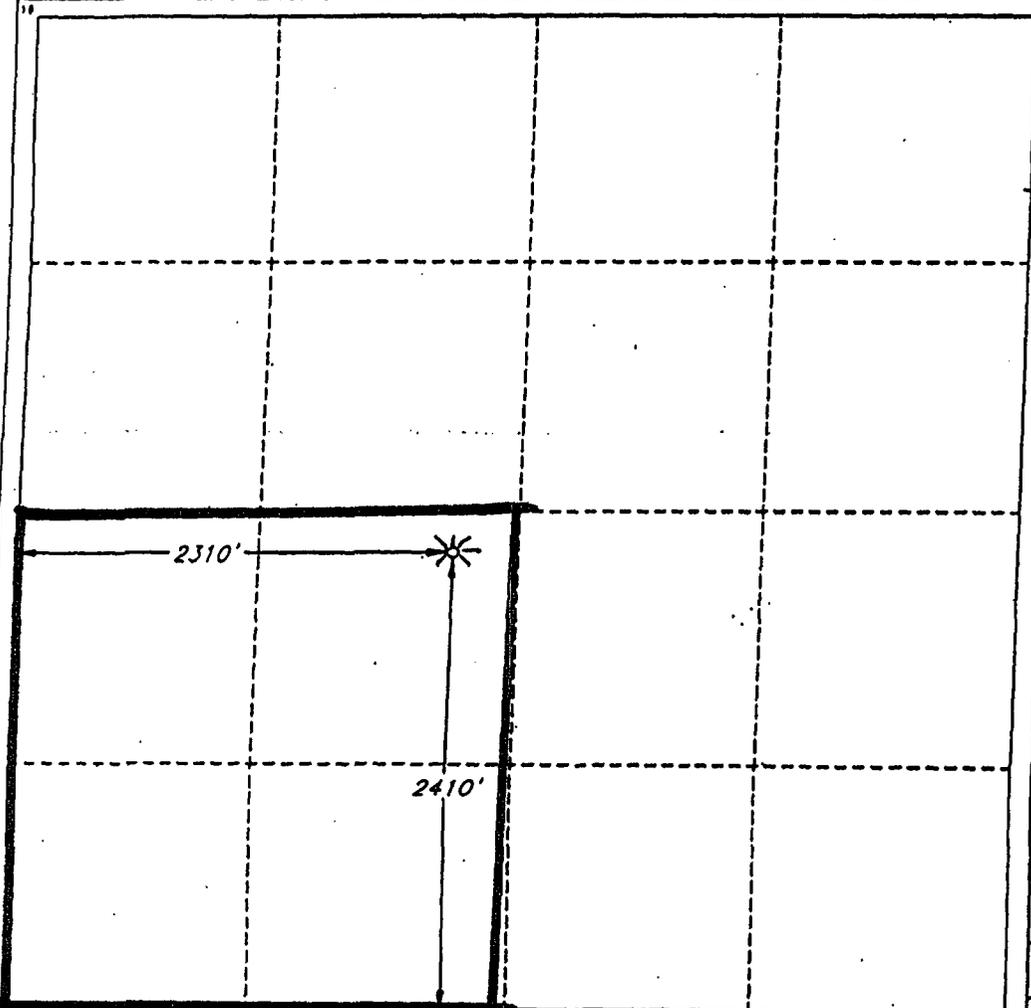
Date of Survey: MARCH 8, 2001

Signature and Seal of Professional Surveyor

*[Handwritten Signature]*  
 Certificate No. 3751

V. L. BEZNER R.P.S. #7920

JOB # 74933/ .70 SE / J.C.P



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

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

**OIL CONSERVATION DIVISION**  
 P. O. Box 2088  
 Santa Fe, New Mexico 87504-2088

Submit to the Appropriate  
 District Office  
 State Lease - 4 copies  
 Fee Lease - 3 copies

AMENDED REPORT

DISTRICT III  
 1000 Rio Brazos Rd.  
 Aztec, NM 87410

DISTRICT IV  
 P. O. Box 2088  
 Santa Fe, NM 87507-2088

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

|                              |  |   |  |                               |                      |
|------------------------------|--|---|--|-------------------------------|----------------------|
| 1 API Number<br>30-025-35630 |  | 2 Pool Code<br>33250                              |  | 3 Pool Name<br>House Drinkard |                      |
| 4 Property Code<br>27082     |  | 5 Property Name<br>REDTAG                         |  |                               | 6 Well Number<br>2   |
| 7 OGRID No.<br>3659          |  | 8 Operator Name<br>CAPATAZ OPERATING INCORPORATED |  |                               | 9 Elevation<br>3570' |

" SURFACE LOCATION

| UL or lot no. | Section | Township | Range             | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------------------|---------|---------------|------------------|---------------|----------------|--------|
| K             | 2       | 20 SOUTH | 38 EAST, N.M.P.M. |         | 2410'         | SOUTH            | 2310'         | WEST           | LEA    |

" BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE

| UL or lot no. | Section | Township | Range | Lot Ida | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| K             | 2       | 20S      | 38E   |         | 2410          | South            | 2310          | West           | Lea    |

|                           |                    |                       |                            |
|---------------------------|--------------------|-----------------------|----------------------------|
| 11 Dedicated Acres<br>160 | 12 Joint or Infill | 13 Consolidation Code | 14 Order No.<br>NSL-463D-A |
|---------------------------|--------------------|-----------------------|----------------------------|

NO ALLOWABLE WELL 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 that the information contained herein is true and complete to the best of my knowledge and belief.

Signature: *[Handwritten Signature]*

Printed Name: H. SCOTT DAVIS

Title: AGENT

Date: 06/18/01

**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: MARCH 8, 2001

Signature and Seal of Professional Surveyor

*[Handwritten Signature]* 3-7-01

Certificate No. V. L. BEZNER R.P.S. #7920

JOB # 74933/.70 SE / J.C.P

