

DATE IN 8/7/06	SUSPENSE	ENGINEER WILL JONES	LOGGED IN 8/9/06	TYPE DHC	APP NO. PTDS0622135189
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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. 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

Form C-107A
Revised June 10, 2003

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

DAC-3766

RECEIVED

AUG 07 2006

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

APPLICATION TYPE
Single Well
Pre-Approved Pools
EXISTING WELLBORE

APPLICATION FOR DOWNHOLE COMMINGLING Yes No

Operator Capataz Operating Inc Address PO Box 10549 Santa Fe, NM 87505 Midland, TX 79702

Picayune 1 J-11-T20S-R38E Lea

Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 3659 Property Code 24991 API No. 30-025-34734 Lease Type: Federal State Fee See

DATA ELEMENT	UPPER ZONE <i>UNDES</i>	INTERMEDIATE ZONE	INTERMEDIATE LOWER ZONE
Pool Name	House, blinebry, S	House, Tubb	House, Drinkard
Pool Code	33225 ✓	78760 ✓	33250 ✓
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	5962-6156	6728-6786	6987-7090
Method of Production (Flowing or Artificial Lift)	Artificial Lift	Artificial Lift	Artificial Lift
Bottomhole Pressure (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 (Degree API or Gas BTU)	35.5	35.5	1268
Producing, Shut-In or New Zone	Producing	Producing	Producing
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.)	Date: 7/15/06 Rates: 8 BO 13 MCF	Date: 7/15/06 Rates: 14 BO 31 MCF	Date: 7/15/06 Rates: 3 MCF
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 36 % Gas 28 %	Oil 64 % Gas 66 %	Oil 0 % Gas 6 %

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 NA

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
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

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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

Operator Capataz Operating Inc PO Box 10549 Midland, TX 79702
Address
Picayune 1 J-11-T20S-R38E Lea : :
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 3659 Property Code 24991 API No. 30-025-34734 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name			House, Abo
Pool Code			33210
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)			7346-7692
Method of Production (Flowing or Artificial Lift)			Artificial Lift
Bottomhole Pressure (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 (Degree API or Gas BTU)			NA
Producing, Shut-In or New Zone			
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.)	Date: Rates:	Date: Rates:	Date: 7/15/06 Rates: 0
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil %	Gas %	Oil 0 % Gas 0 %

ADDITIONAL DATA

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

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.

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- 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

State of New Mexico
 Department of Energy, Minerals, and Natural Resources

Form C-102
 Revised 02-10-94
 Instructions on back

DISTRICT II
 P. O. Drawer DD
 Artesia, 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

DISTRICT III
 1000 Rio Brazos Rd.
 Aztec, NM 87410

AMENDED REPORT

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-025-34734		2 Pool Code 78760		3 Pool Name House Tubb	
4 Property Code 24991		5 Property Name PICAYUNE			6 Well Number 1
7 OGRID No. 3659		8 Operator Name CAPATAZ OPERATING, INC.			9 Elevation 3575'

" SURFACE LOCATION

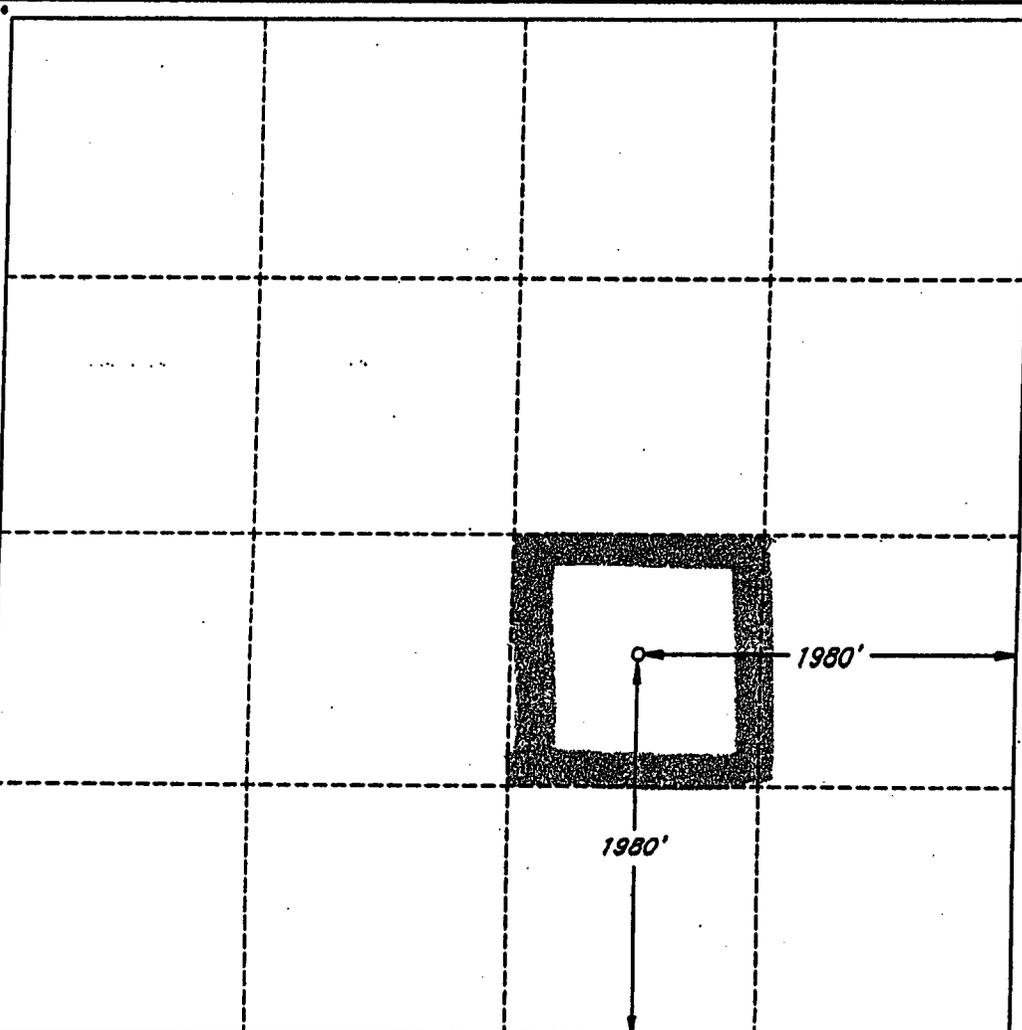
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
J	11	20 SOUTH	38 EAST, N.M.P.M.		1980'	SOUTH	1980'	EAST	LEA

"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

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
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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
H Scott Davis
 Printed Name
Agent
 Title
10/13/99
 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.

Date of Survey
OCTOBER 6, 1999
 Signature and Seal of Professional Surveyor

 Certificate No.
V. E. BEZNER R.P.S. #7920
 JOB #65574 / 70 SE / V.H.B.

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

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Energy, Minerals, and Natural Resources Department

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AMENDED REPORT

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-025-34734		2 Pool Code 33250		3 Pool Name House, Drinkard	
4 Property Code 24991		5 Property Name PICAYUNE			6 Well Number 1
7 OGRID No. 3659		8 Operator Name CAPATAZ OPERATING, INC.			9 Elevation 3575'

" SURFACE LOCATION

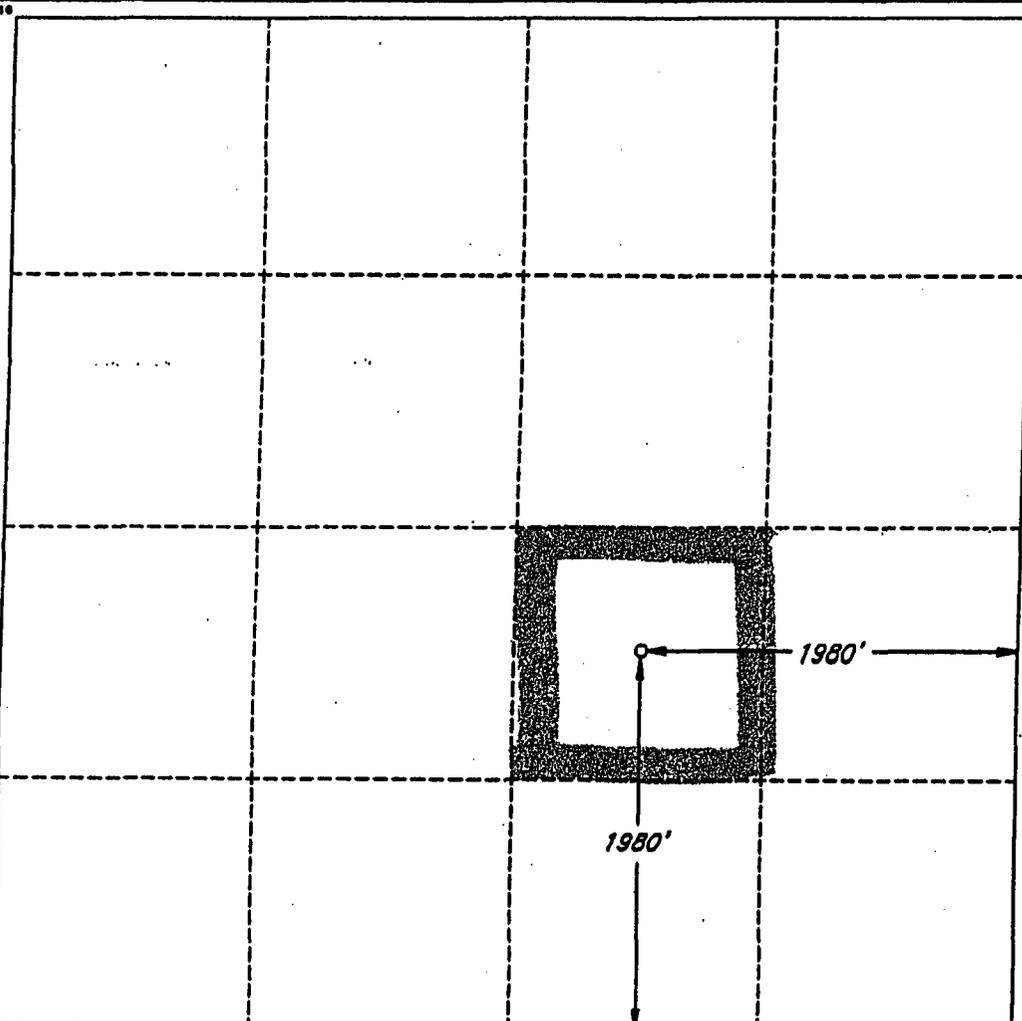
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Signature: *[Signature]*
Printed Name: **H Scott Davis**
Title: **Agent**
Date: **10/13/99**

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Signature and Seal of Professional Surveyor: *[Signature]*
Certificate No.: **V. L. BEZNER R.P.S. #7920**
JOB #65574 / 70 SE / V.H.B.

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DISTRICT IV
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Santa Fe, NM 87507-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-025-34734		2 Pool Code 33210		3 Pool Name House ; Abo	
4 Property Code 24991		5 Property Name PICAYUNE			6 Well Number 1
7 OGRID No. 3659		8 Operator Name CAPATAZ OPERATING, INC.			9 Elevation 3575'

" SURFACE LOCATION

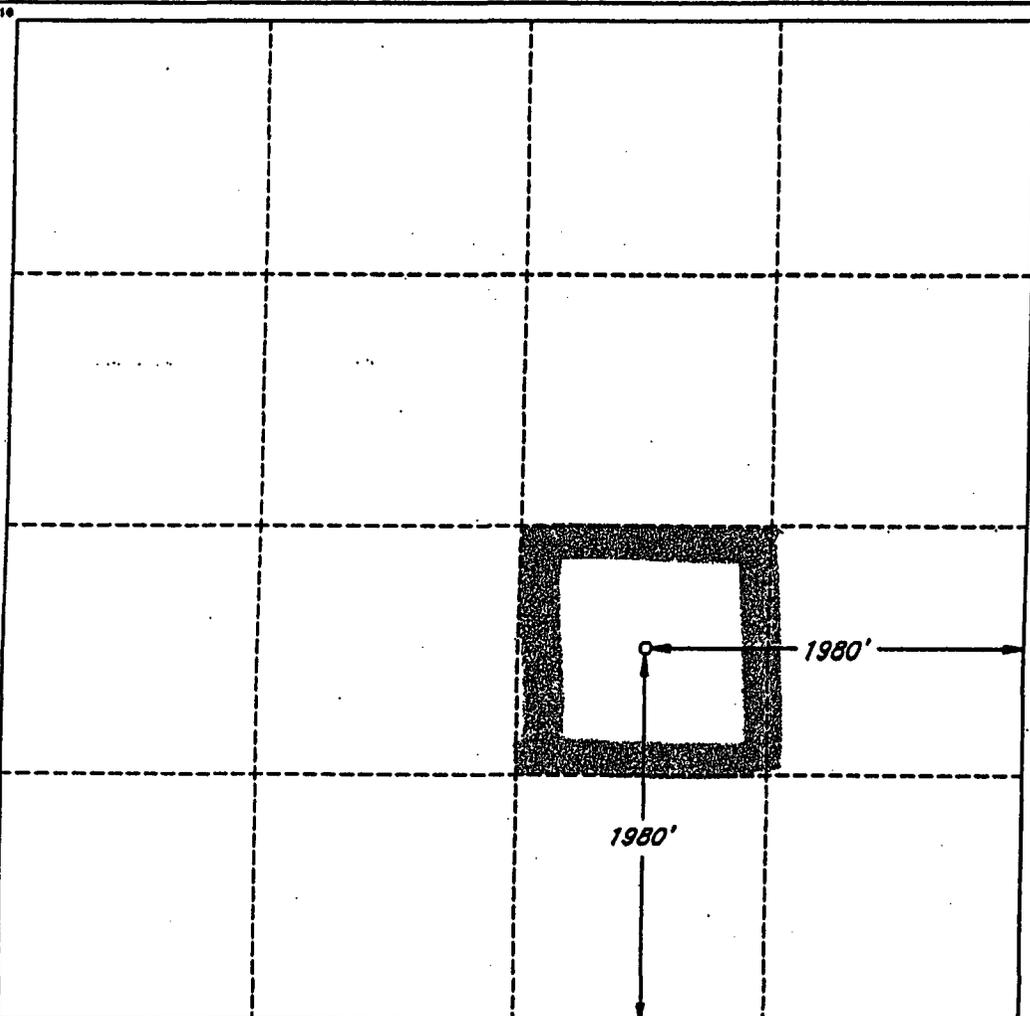
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AMENDED REPORT

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 Santa Fe, NM 87507-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

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4 Property Code 24991		5 Property Name PICAYUNE			6 Well Number 1
7 OGRID No. 3659		8 Operator Name CAPATAZ OPERATING, INC.			9 Elevation 3575'

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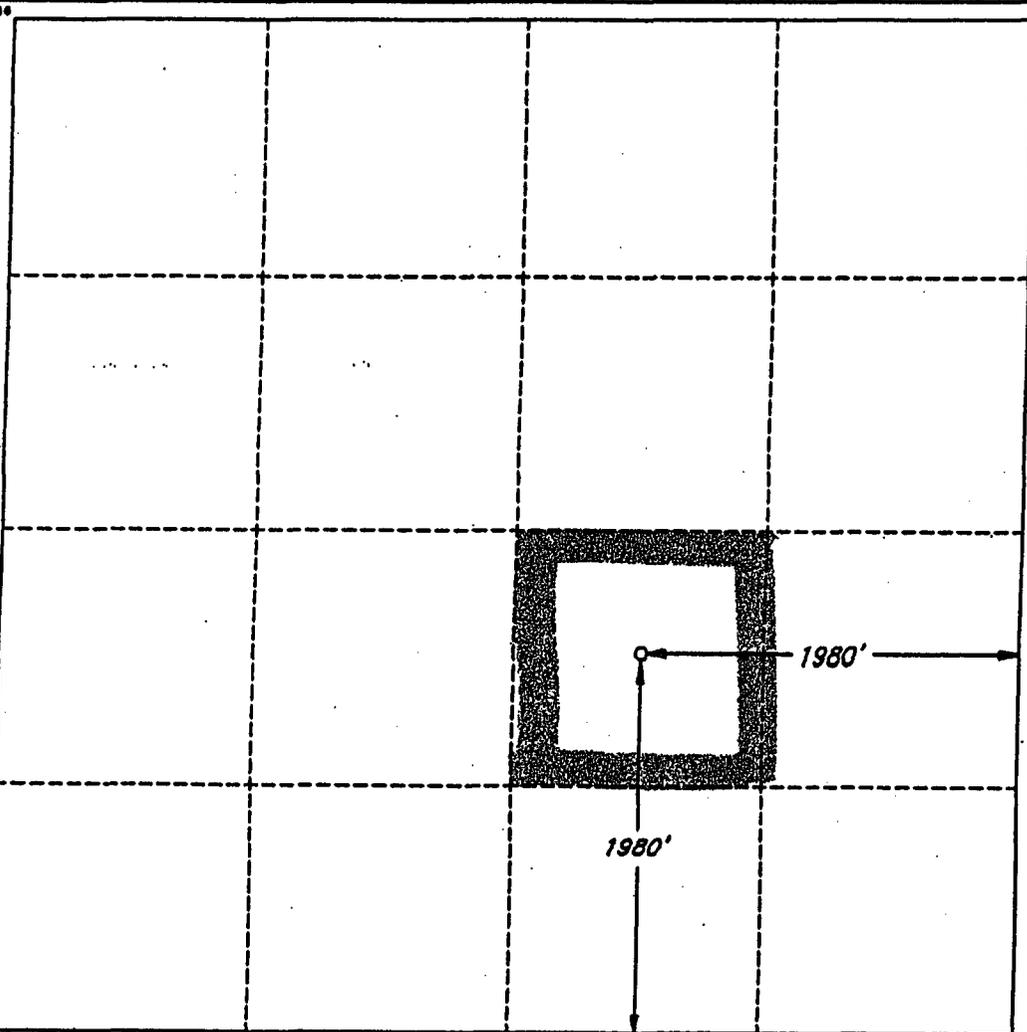
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