

| | | | | | |
|--------------|---------------|--------------|---------------|-----------|---------------------------|
| DATE: 2/1/02 | SUSPENSE: N/R | ENGINEER: DC | LOGGED IN: KV | TYPE: DHC | APP NO.: P.KAV 0206050713 |
|--------------|---------------|--------------|---------------|-----------|---------------------------|

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]**

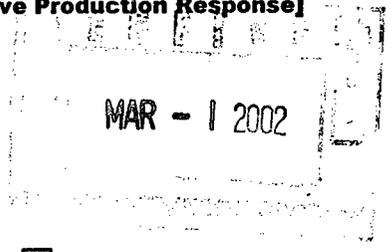
- [A] Location - Spacing Unit - Simultaneous Dedication
 NSL NSP SD

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.

| | | | |
|--------------------|---------------------|---------------------|---------|
| Ken M. Calvert | <i>K.M. Calvert</i> | Engineering Manager | 2/28/02 |
| Print or Type Name | Signature | Title | Date |

 e-mail Address

MEWBOURNE OIL COMPANY

**P.O. BOX 7698
TYLER, TEXAS 75711
903 - 561-2900
FAX 903 - 561-1870**

February 28, 2002

UPS NEXT DAY AIR #1Z F69 8E8 22 1001 499 4

Mr. David Catanach
New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

RE: Form C-107A
Illinois Camp 17 State Com #3
Sec 17 T18S R28E
Illinois Camp; Morrow, North and Wildcat (Atoka) Pools
Eddy Co., NM

Dear Mr. Catanach:

Please find enclosed the following for the downhole commingling of production from the Atoka and Morrow zones in the referenced well:

Form C-107A
Attachments information
Form C-102 for both zones
Administrative Application Checklist

A copy of Form C-107A is being mailed today to the New Mexico State Land Office in Santa Fe. If you need further information, please call me at (903) 561-2900.

Yours truly,



Janet Burns
Reg. Tech.

cc: NMOCD - Artesia
Hobbs
Midland
Allen Brinson
Wayne Jones
Don Russell
Cheryl Little

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised May 15, 2000

District II
811 South First Street, Artesia, NM 88210

OIL CONSERVATION DIVISION

APPLICATION TYPE

District III
1000 Rio Brazos Road, Aztec, NM 87410

2040 South Pacheco
Santa Fe, New Mexico 87505

Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
 Yes No

District IV
2040 South Pacheco, Santa Fe, NM 87505

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Mewbourne Oil Company P. O. Box 7698 Tyler, TX 75711
Address
Lease Illinois Camp 17 State Com #3 M-Sec. 17, T18S, R28E Eddy
Well No. Unit Letter-Section-Township-Range County
OGRID No. 14744 Property Code 28898 API No. 30-015-32009 Lease Type: Federal State Fcc

| DATA ELEMENT | UPPER ZONE | INTERMEDIATE ZONE | LOWER ZONE |
|--|--|-------------------|---|
| Pool Name | Wildcat (Atoka) | | Illinois Camp; Morrow, North |
| Pool Code | | | 78890 |
| Top and Bottom of Pay Section (Perforated or Open-Hole Interval) | 9,898 - 9,906' | | 10,436 - 10,498' |
| Method of Production (Flowing or Artificial Lift) | Flowing | | Flowing |
| 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) | N/A | | 59.3 |
| Producing, Shut-In or New Zone | New Zone | | 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: Estimated rate: Rates: 200 MCFD, 0 BO, 0 BW | Date: Rates: | Date: 2/21/02 Rates: 250 MCFD, 1 BO, 1 BW |
| Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.) | Oil 90 % Gas 44 % | Oil % Gas % | Oil 10 % Gas 56 % |

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
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 Janet Burns TITLE Reg. Tech. DATE 2/28/02

TYPE OR PRINT NAME Janet Burns TELEPHONE NO. (903) 561-2900

Attachments to C-107A

Mewbourne Oil Company
Illinois Camp 17 State Com #3
Sec 17 T18S R28E
Eddy County, New Mexico

C-102 for each zone to be commingled showing its spacing unit and acreage dedication

Production curve is not attached (new well)

Estimated production rates and supporting data

Test Data:

| | | |
|--------|---------|---|
| Morrow | 2/21/02 | 250 MCFD, 1 BO, 1 BW: current production |
| Atoka | | 200 MCFD, 0 BO, 0 BW: estimated initial production. No offset Atoka production in area. |

Data to support allocation method or formula

Test as shown above for both zones

Notification list of working, royalty and overriding royalty interests for uncommon interest cases

No uncommon interests.

Any additional statements, data or documents required to support commingling

The well is completed with 5 1/2" OD casing. In order to dually complete the well to recover all economic reserves, the use of small diameter special clearance tubing would be required. Performing a dual completion as described could not be economically justified for a zone with limited deliverability. The addition of the Atoka as a commingled zone will prevent waste that would not otherwise be possible due to the increased cost to produce each individual zone. Commingling will prevent early abandonment of each production zone.

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

DISTRICT III
1000 Rio Brasos Rd., Artec, NM 87410

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87506

STATE OF NEW MEXICO
Energy, Minerals and Natural Resources Department

Revised March 17, 1989
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|---------------|-------------------------------|-----------------------------|
| API Number | Pool Code | Pool Name |
| | | Illinois Camp Morrow, North |
| Property Code | Property Name | Well Number |
| | ILLINOIS CAMP "17" STATE COM. | 3 |
| OGRID No. | Operator Name | Elevation |
| 14744 | MEWBOURNE OIL COMPANY | 3607 |

Surface Location

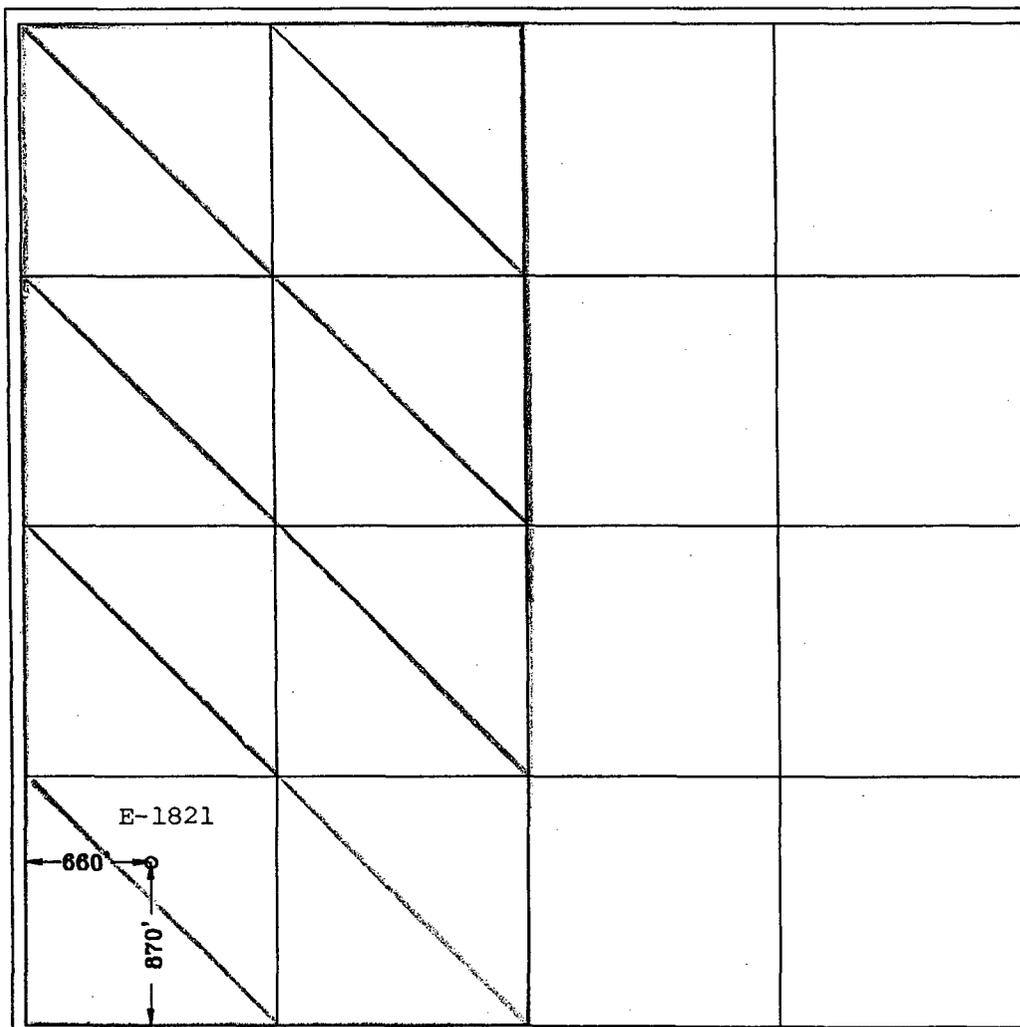
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| M | 17 | 18S | 28E | | 870 | SOUTH | 660 | WEST | EDDY |

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 | Joint or Infill | Consolidation Code | Order No. |
| 320 | | | |

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



OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

N.M. Young
Signature
N.M. Young
Printed Name
District Manager
Title
9/26/01
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.

8/28/2001
Date Surveyed
Signature of Herschel Jones
Professional Surveyor
NEW MEXICO
3640
Certificate No. Herschel Jones RLS 3640
MCC ILLINOIS 7-3
GENERAL SURVEYING COMPANY

DISTRICT II
 811 South First, Artesia, NM 88210

DISTRICT III
 1000 Elia Brazos Rd., Artec, NM 87410

DISTRICT IV
 2040 South Pacheco, Santa Fe, NM 87505

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|----------------------------|--|------------------------------|
| API Number 30-015-32009 | Pool Code | Pool Name Wildcat (Atoka) |
| Property Code 28898 | Property Name ILLINOIS CAMP "17" STATE COM. | Well Number 3 |
| OGED No. 14744 | Operator Name MEWBOURNE OIL COMPANY | Elevation 3607 |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Mn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|--------|---------------|------------------|---------------|----------------|--------|
| M | 17 | 18S | 28E | | 870 | SOUTH | 660 | WEST | EDDY |

Bottom Hole Location If Different From Surface

| UL or lot No. | Section | Township | Range | Lot Mn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|--------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| Dedicated Acres | Joint or Infill | Consolidation Code | Order No. |
|-----------------|-----------------|--------------------|-----------|
| 320 | | | |

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

| | | |
|--|--|--|
| | <p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><i>Janet Burns</i></p> <p>Signature</p> <p>Janet Burns</p> <p>Printed Name</p> <p>Req. Tech.</p> <p>Title</p> <p>2/26/02</p> <p>Date</p> | |
| | <p>SURVEYOR CERTIFICATION</p> <p><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></p> <p>8/28/2001</p> <p>Date Surveyed</p> | |
| | <p>Signature: <i>Herschel Jones</i></p> <p>Herschel Jones</p> <p>Professional Surveyor</p> <p>NEW MEXICO</p> <p>3640</p> <p>Certificate No. Herschel Jones RLS 3640</p> <p>PROFESSIONAL SURVEYOR</p> <p>GENERAL SURVEYING COMPANY</p> | |
| | <p>3640</p> | |

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) 827-1245
Fax (505) 827-5766



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

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

March 6, 2002

Mewbourne Oil Company
P.O. Box 7698
Tyler, Texas 75711

Attn: Ms. Janet Burns

Re: Downhole Commingling Application
Illinois Camp 17 State Com Well No. 3
Unit Letter M, Section 17-18S-28E
Wildcat (Atoka) and Illinois Camp; Morrow, North Pools
Eddy County, New Mexico

Dear Ms. Burns:

This office is in receipt of your application of January 28, 2002, requesting our approval to downhole commingle the production from the above subject well from the Wildcat (Atoka) and Illinois Camp; Morrow, North Pools in Eddy 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> |
| Wildcat (Atoka) | 33 % | 33 % |
| Illinois Camp; Morrow, North | 67 % | 67 % |
| | ----- | ----- |
| | 100 | 100 |

Since it appears that 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.

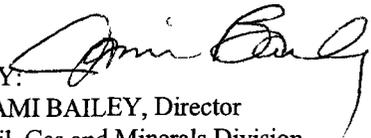
Mewbourne Oil Company
March 6, 2002
Page 2

Please submit a communitization agreement for the Atoka formation covering the W/2 of Section 17-18S-28E.

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--Santa Fe--Attention: David Catanach