

14. May. 07

W. Dones

17. May. 07

DHC

PCLP0713730109

3889

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1000 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH ARE BEING PROCESSED 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]

TITLE 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 _____

NOTIFICATION REQUIRED TO: - Check Those Which Apply, or - Does Not Apply

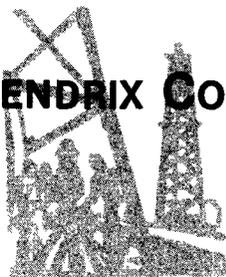
- A. Working, Royalty or Overriding Royalty Interest Owners
- B. Offset Operators, Leaseholders or Surface Owner
- C. Application is One Which Requires Published Legal Notice
- D. Notification and or Concurrent Approval by BLM or SLO
(Bureau of Land Management, 1600 Ross Street, P.O. Box 25000, State Land Office)
- E. For all of the above, Proof of Notification or Publication is Attached, and or:
- F. Warrants are Attached

FORMS ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.

DECLARATION: I, the undersigned, as the person who submitted this application for administrative review, hereby declare that the information submitted with this application is true and correct to the best of my knowledge. I also understand that no action will be taken on this application until all required forms and information are submitted to the Division.

I hereby declare that I am qualified to deal with managerial and/or supervisory capacity.

JOHN H. HENDRIX CORPORATION



MAILING ADDRESS
P.O. BOX 3040
MIDLAND, TX 79702-3040

(432) 684-6631
FAX (432) 684-7317
110 N. MARIENFELD, SUITE 400
MIDLAND, TEXAS 79701-4412

May 8, 2007

RECEIVED

State of New Mexico
Energy, Minerals & Natural Resources Dept.
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

MAY 14 2007

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

Attn: Mr. Mark E. Fesmire, Director

RE: DHC Eumont; Yates-7 Rivers-Queen (Oil)
And Penrose-Skelly; Grayburg
Eva Owens No. 1, Unit D
Sec. 3, T22S, R37E, Lea Co., NM

Gentlemen:

Attached is your Form C-107A to DHC Eumont Yates; 7 Rivers-Queen (Oil) and Penrose-Skelly; Grayburg in the subject well. John H. Hendrix Corporation inadvertently perforated four holes out of zone in our Penrose-Skelly; Grayburg recompletion. The Hobbs Division of the OCD recommended that this be rectified by obtaining DHC of the two pools and allocating the production based on percentage of the perforations in each zone.

A quick response would be appreciated as this well is shut-in waiting on approval of the DHC.

Thank you for your consideration in this matter. If you have any questions, please call.

Sincerely,

A handwritten signature in black ink, appearing to read "Ronnie H. Westbrook".

Ronnie H. Westbrook
Vice-President

RHW:jms

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

District II
1301 W. Grand Avenue, Artesia, NM 88210

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

District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

APPLICATION FOR DOWNHOLE COMMINGLING

DHC 3889

John H. Hendrix Corporation Operator Address P. O. Box 3040 Midland, TX 79702-3040

Eva Owens Lease Well No. 1 Unit Letter-Section-Township-Range D, Sec. 3 - T22S - R37E County Lea

OGRID No. 012024 Property Code 005209 API No. 30-025-09999 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<i>UNDES.</i> Eumont; Yates 7 Rvrs QN <i>oil</i>		Penrose-Skelly; Grayburg
Pool Code	22800 ✓		50350 ✓
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3545 - 3592		3657 - 3830
Method of Production (Flowing or Artificial Lift)	Pumping		Pumping
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)	NR		NR
Oil Gravity or Gas BTU (Degree API or Gas BTU)	35.6		35.6
Producing, Shut-In or New Zone	New Zone		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: 04/05/2007 Rates: 5BO-3BW-17MCF	Date: Rates:	Date: 04/05/2007 Rates: 25BO-12BW-81 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 17 % Gas 17 %	Oil % Gas %	Oil 83 % Gas 83 %

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 *Ronnie H. Westbrook* TITLE Vice President DATE 05/08/2007

TYPE OR PRINT NAME Ronnie H. Westbrook TELEPHONE NO. () (432)694-6631

E-MAIL ADDRESS _____

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

District II
1301 W. Grand Avenue, Artesia, NM 88210

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

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-09999		² Pool Code 22800		³ Pool Name Eumont, Yates -7 Rvrs. Queen	
⁴ Property Code 005209		⁵ Property Name Eva Owens			⁶ Well Number 1
⁷ OGRID No. 012024		⁸ Operator Name John H. Hendrix Corporation			⁹ 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
D	3	22S	37E		660	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 Dedicated Acres 40	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.

				<p>¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Ronnie H. Westbrook</i> Signature Date: 05/08/2007</p> <p>Ronnie H. Westbrook Printed Name</p>
				<p>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.</p> <p>Date of Survey Signature and Seal of Professional Surveyor:</p>
				Certificate Number