

DATE IN 3/17/08	SUSPENSE	ENGINEER W Jones	LOGGED IN 3/17/08	DHC TYPE 4502	APP NO. PKV0807754306
--------------------	----------	---------------------	----------------------	---------------------	--------------------------

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.

Steven Gray
Print or Type Name

Steven Gray
 Signature

Manager
Title 3/17/08
Date

steveg@pecoscompanies.com
e-mail Address

2008 MAR 17 PM 3:06
 RECEIVED

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

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

District III
1000 Rio Bravo 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

RECEIVED

2008 MAR 14 PM 1 58

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

DHC-4002

Pecos Operating Company Operator 400 W. Illinois Ave., Suite 1210 Midland, TX 79701 Address

Gallagher State Lease 2 Well No. Lot 6 Section 2 T-16-S R-35-E Unit Letter-Section-Township-Range Lea County County

OGRID No. 246798 Property Code 303318 API No. 30-025-33385 Lease Type: Federal XX State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Townsend Permo - Upper Penn. oil		SOUTH Big Dog Strawn
Pool Code	59847		96690
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	10,322-11,017		11,538-11,580
Method of Production (Flowing or 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)	41 deg		41 deg
Producing, Shut-In or New Zone	producing		SI - previously produced
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: 3/1/08 Rates: 3 bo + 23 mcf + 1 bw	Date: Rates:	Date: 1/1/1999 Rates: 9 bo + 65 mcf + 0 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 25 % Gas 25 %	Oil % Gas %	Oil 75 % Gas 75 %

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: Order DHC-2774 previously commingled these reservoirs

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.)

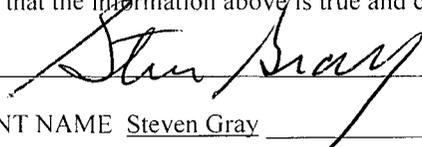
- For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
- Any additional statements, data or documents required to support 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.

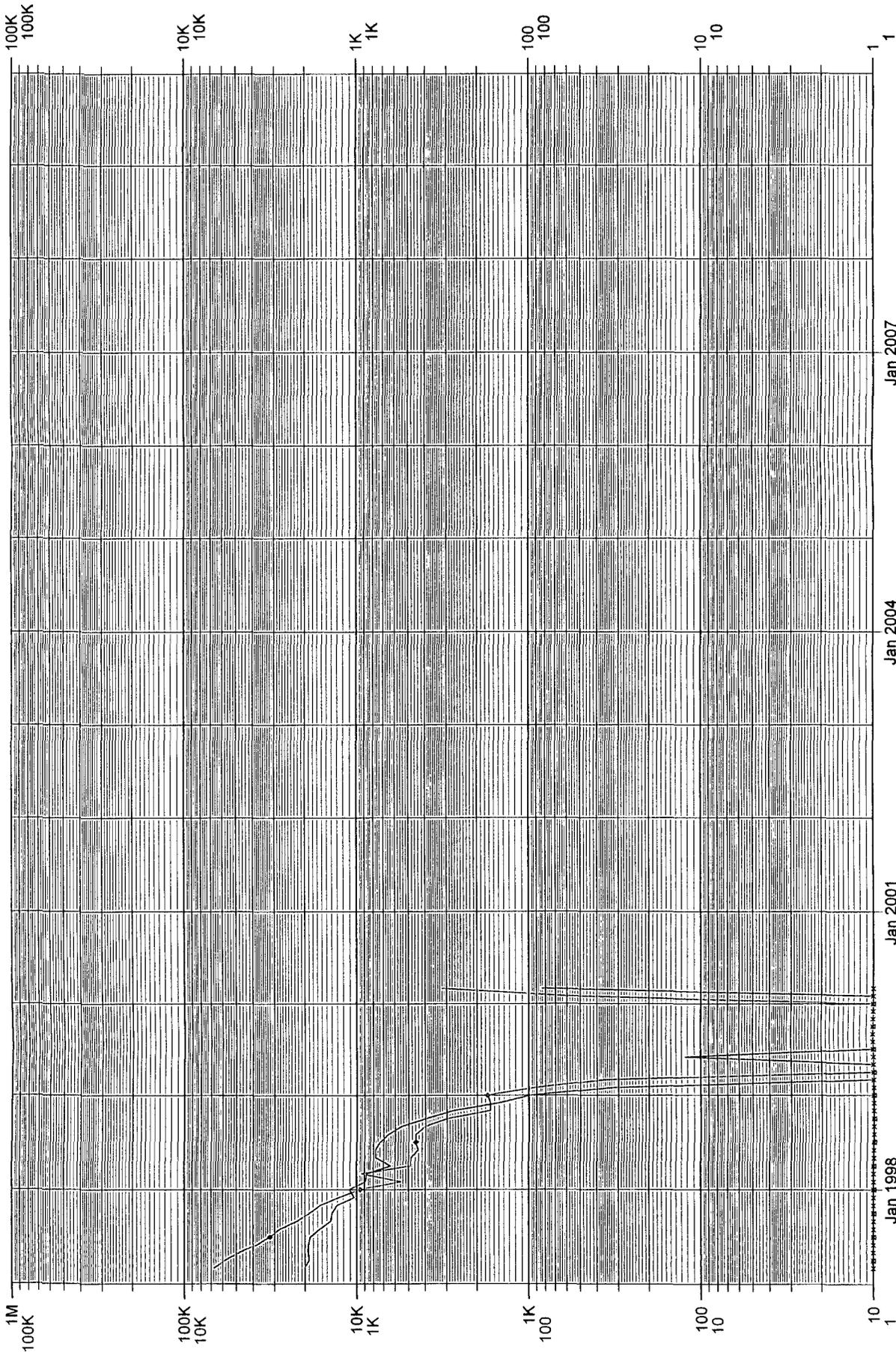
SIGNATURE  TITLE Manager DATE 3/10/08

TYPE OR PRINT NAME Steven Gray TELEPHONE NO. (432) 620-8480

E-MAIL ADDRESS steveg@pecoscompanies.com

Field: BIG DOG (STRAWN, SOUTH) 96690
 Operator: AMERIND OIL CO L P 000671
 Lease Name: GALLAGHER STATE 002
 LPD ID: 300253338596690
 Location: 16S35E02F

County: State: LEA, NM
 Status and Date: P/A 2000/02/02
 District: 1, Phase: OIL
 Gas Cum: 245621, Oil Cum: 40865

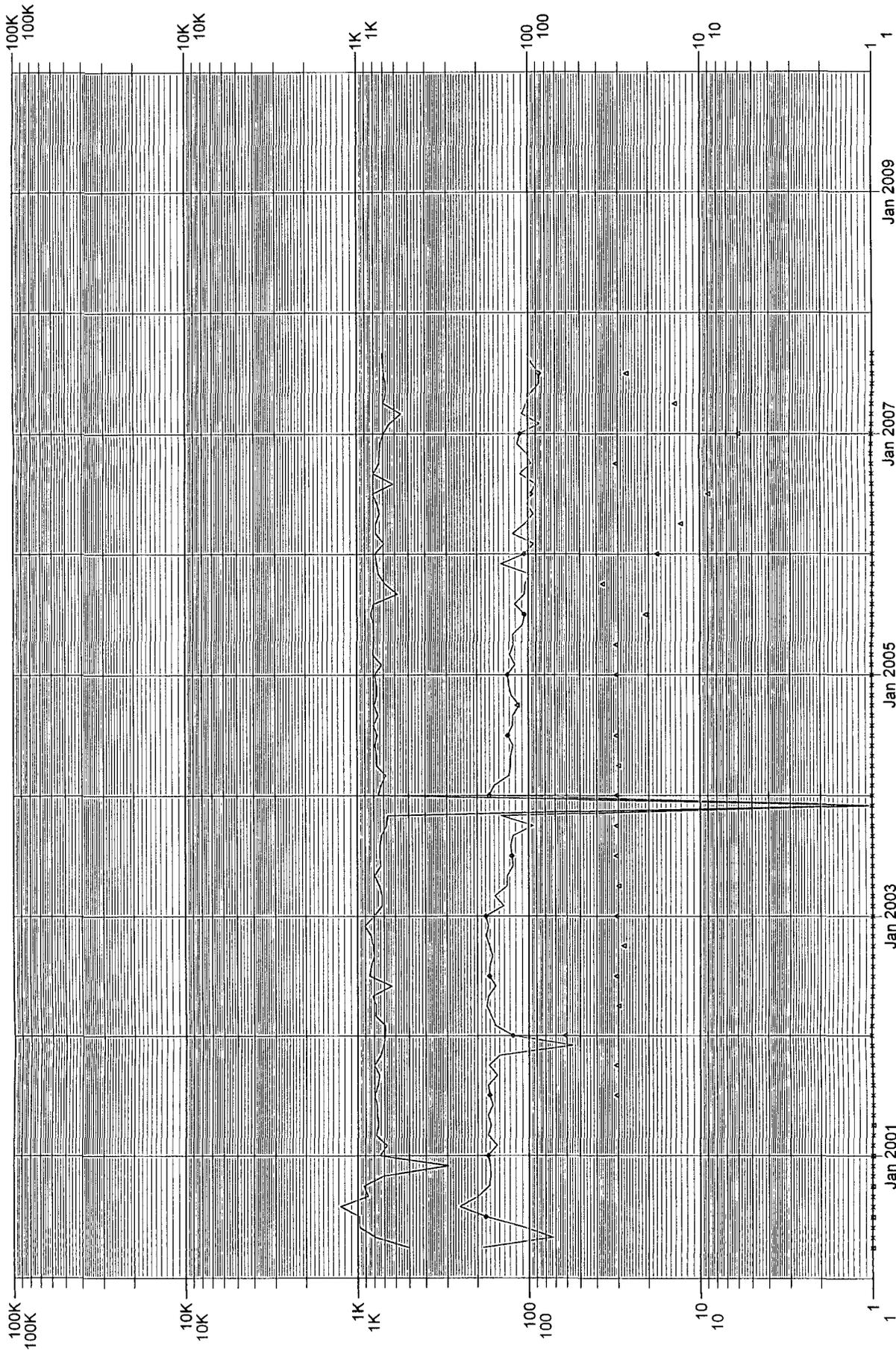


— Monthly Gas (Mcf)
 ● Monthly Oil (Bbls)
 × Monthly Water (Bbls)

Rate Vs Time Graph All Data- Gas, Oil, Water
 CD Date: 200707
 Copyright 14:09:56 03/07/08, Lasser, Inc.

Field: TOWNSEND (PERMO UPPER PENN) 59847
Operator: PECOS OPERATING COMPANY, LLC 246798
Lease Name: GALLAGHER STATE 002
LPD ID: 300253338559847
Location: 16S35E02F

County, State: LEA, NM
Status and Date: ACT 2007/02/01
District: 1, Phase: OIL
Gas Cum: 67444, Oil Cum: 12005



Monthly Gas (Mcf)
Monthly Oil (Bbls)
Monthly Water (Bbls)

Rate Vs Time Graph All Data: Gas, Oil, Water

CD Date: 200707

Copyright 14:10:13 03/07/08, Lasser, Inc.

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 30-025-33385		² Pool Code 59847		³ Pool Name Townsend Permo Upper Penn	
⁴ Property Code 303318		⁵ Property Name Gallagher State			⁶ Well Number 2
⁷ OGRID No. 246798		⁸ Operator Name Pecos Operating Company			⁹ Elevation 3992

¹⁰ Surface Location

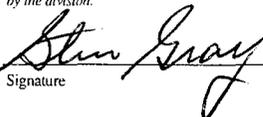
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F/6	2	16S	35E	6	2646	North	2299	West	

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 80	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.

16				<p>¹⁷ 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, 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.</i></p> <p> March 10, 2008 Signature Date</p> <p>Steven Gray Printed Name</p>	
				<p>¹⁸ 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>Refer to Original Plat</p> <p>Date of Survey Signature and Seal of Professional Surveyor:</p>	
				<p>Certificate Number</p>	

DISTRICT I
P.O. Box 1800, Hobbs, NM 88241-1800

State of New Mexico

Energy, Minerals and Natural Resources Department

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

DISTRICT II
P.O. Drawer 80, Artesia, NM 88211-0718

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

AMENDED REPORT

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

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-33385	Pool Code 59847	Pool Name TOWNSEND PERMO UPPER PENN
Property Code 18838	Property Name GALLAGHER STATE	Well Number 2
OGRID No. 000671	Operator Name AMERIND OIL COMPANY LIMITED PARTNERSHIP	Elevation 3992

Surface Location

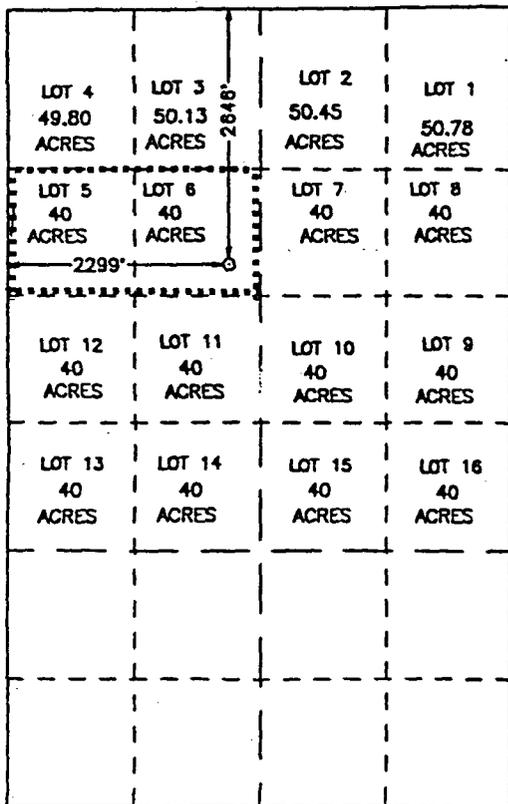
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F/6	2	16 S	35 E	6	2646	NORTH	2299	WEST	LEA

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
F/6	2	16 S	35 E	6	2646	NORTH	2299	WEST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
80			

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



SCALE: 1" = 2000'

OPERATOR CERTIFICATION

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

Robert C. Leibrock

Signature

ROBERT C. LEIBROCK

Printed Name

GENERAL PARTNER

Title

MAY 5, 2000

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.

APRIL 10, 1996

Date Surveyed J. EIDSON JLP

Signature & Seal of Professional Surveyor

J. Eidson
3279
NEW MEXICO
APR 11 1996

P.O. Num. 96-11-0438

Certified to: J. EIDSON, 3279
WEST, 676
J. EIDSON, 3279

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-33385	² Pool Code 96690	³ Pool Name Big Dog Strawn
⁴ Property Code 303318	⁵ Property Name Gallagher State	
⁷ OGRID No. 246798	⁸ Operator Name Pecos Operating Company	⁶ Well Number 2
		⁹ Elevation 3992

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
F/6	2	16S	35E	6	2646	North	2299	West	

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 80	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.

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, 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.</i>		
		March 10, 2008	
	Signature	Date	
	Steven Gray Printed Name		
16	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>		
	Refer to Original Plat		
	Date of Survey		
	Signature and Seal of Professional Surveyor:		
	Certificate Number		

DISTRICT I
P.O. Box 1800, Hobbs, NM 88241-1800

State of New Mexico

Energy, Minerals and Natural Resources Department

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

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0710

OIL CONSERVATION DIVISION

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

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

AMENDED REPORT

DISTRICT IV
P.O. Box 2088, Santa Fe, NM 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-33385	Pool Code 59847	Pool Name TOWNSEND PERMO UPPER PENN
Property Code 18838	Property Name GALLAGHER STATE	Well Number 2
OGRID No. 000671	Operator Name AMERIND OIL COMPANY LIMITED PARTNERSHIP	Elevation 3992

Surface Location

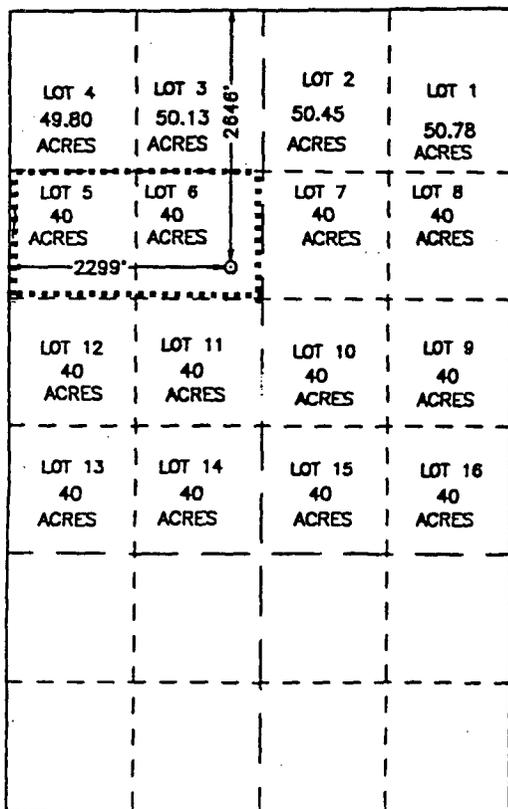
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F/6	2	16 S	35 E	6	2646	NORTH	2299	WEST	LEA

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
F/6	2	16 S	35 E	6	2646	NORTH	2299	WEST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
80			

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



SCALE: 1" = 2000'

OPERATOR CERTIFICATION

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

Robert C. Leibrock

Signature

ROBERT C. LEIBROCK

Printed Name

GENERAL PARTNER

Title

MAY 5, 2000

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.

APRIL 10, 1996

Date Surveyed JLP

Signature & Seal of Professional Surveyor

Robert J. Eidson
3239

No. Num. 96-150438

Certified by: ROBERT J. EIDSON, 3239
WEST, 676

4 copies mailed 5/12/00

Pecos Operating Company, LLC.

FACSIMILE TRANSMITTAL SHEET

TO:	FROM:
Kimberly	Steve GRAY
COMPANY:	DATE:
OCD	
FAX NUMBER:	TOTAL NO. OF PAGES INCLUDING COVER:
505-476-3462	2
PHONE NUMBER:	SENDER'S REFERENCE NUMBER:
RE:	YOUR REFERENCE NUMBER:

URGENT
 FOR REVIEW
 PLEASE COMMENT
 PLEASE REPLY
 PLEASE RECYCLE

NOTES/COMMENTS:

Administrative app attached. There were no notifications made since the ownership of both zones is common.

Steve

400 WEST ILLINOIS, SUITE 1210
MIDLAND, TEXAS 79701
PHONE: (432) 620-8480 FAX: (432) 682-2197