

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, Appl. Fee
- [F]  Waivers are Attached

RECEIVED  
 2008 JUN 11 PM 2 00

[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.**

Brian Collins \_\_\_\_\_ Petroleum Engineer \_\_\_\_\_ 6/6/08  
 Print or Type Name Signature Title Date  
 \_\_\_\_\_  
 bcollins@heycoenergy.com  
 e-mail Address

Submit 3 Copies To Appropriate District Office  
 District I  
 1625 N. French Dr., Hobbs, NM 88240  
 District II  
 1301 W. Grand Ave., 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 and Natural Resources

Form C-103  
 May 27, 2004

OIL CONSERVATION DIVISION  
 1220 South St. Francis Dr.  
 Santa Fe, NM 87505

WELL API NO. 30-015-22830
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name TRAVIS ST COM
8. Well Number #1
9. OGRID Number 258462
10. Pool name or Wildcat Empire South

SUNDRY NOTICES AND REPORTS ON WELLS  
 (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well  Gas Well  Other

2. Name of Operator  
NADEL AND GUSSMAN HEYCO, LLC

3. Address of Operator  
PO BOX 1936  
ROSWELL NM 88202-1936

4. Well Location  
 Unit Letter K : 1780 feet from the SOUTH line and 2080 feet from the WEST line  
 Section 13 Township 18S Range 28E NMPM County EDDY

11. Elevation (Show whether DR, RKB, RT, GR, etc.)  
3585.5' GR

Pit or Below-grade Tank Application  or Closure

Pit type \_\_\_\_\_ Depth to Groundwater \_\_\_\_\_ Distance from nearest fresh water well \_\_\_\_\_ Distance from nearest surface water \_\_\_\_\_

Pit Liner Thickness: \_\_\_\_\_ mil Below-Grade Tank: Volume \_\_\_\_\_ bbls; Construction Material \_\_\_\_\_

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
OTHER: Downhole Commingling <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

see attached C-107A Application for Downhole commingling.

The proposed allocation is: Empire Morrow South 76400-Oil 27%-Gas 27%  
 Empire Atoka 76375-Oil 73%-Gas 73%

New allocations will be submitted if actual well production is significantly different than that above.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines , a general permit  or an (attached) alternative OCD-approved plan .

SIGNATURE Larry R. Link TITLE PRODUCTION ANALYST DATE 6/6/08

Type or print name \_\_\_\_\_ E-mail address: mlink@heycoenergy.com Telephone No. 505.623.6601  
**For State Use Only**

APPROVED BY: \_\_\_\_\_ TITLE \_\_\_\_\_ DATE \_\_\_\_\_  
 Conditions of Approval (if any): \_\_\_\_\_

# NADEL AND GUSSMAN HEYCO, LLC

June 6, 2008

New Mexico State Land Office  
Oil, Gas & Minerals Division  
P.O. Box 1148  
Santa Fe, NM 87504-1148

Attn: Ms. Jamie Bailey

Re: C-107A Downhole Commingling Application  
Travis St Com #1  
Township 18 South, Range 28 East, NMPM  
Sec. 13: Unit K  
Eddy County, New Mexico

Dear Ms. Bailey:

Enclosed is the \$30.00 application fee and copy of the Form C-107A Application for Downhole Commingling that we submitted to the NMOCD for the Travis St Com #1 well located in Eddy County.

We are seeking approval to downhole commingle the Morrow and Atoka zones to extend the economic life of the well and maximize the financial benefit to the State of New Mexico.

If you have any questions, please feel free to call me at 575-623-6601.

Sincerely,



Brian Collins  
Operations Manager

BC/trl  
Enclosures

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

APPLICATION TYPE  
 Single Well  
 Establish Pre-Approved Pools  
EXISTING WELLBORE  
 Yes  No

APPLICATION FOR DOWNHOLE COMMINGLING

DHC-4049

NADEL AND GUSSMAN HEYCO, LLC P.O. BOX 1936, Roswell, NM 88202-1936  
Operator Address

Travis State Com 1 K-13-18S-28E EDDY  
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 258462 Property Code 305066 API No. 30-015-22830 Lease Type:  Federal  State  Fee

DATA ELEMENT	UPPER ZONE UND <del>ER</del> PALMILO	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	DRILL; Empire Atoka Gas		Empire Morrow South
Pool Code	<del>76375</del> 82958		76400
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	10622-30 Perfed		10674-10830' Perfed
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)	Est 500 PSI Producing BHP		Est 500 PSI Producing BHP
Oil Gravity or Gas BTU (Degree API or Gas BTU)	N/A		N/A
Producing, Shut-In or New Zone	SHUT-IN		SHUT-IN
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: 6/79 Rates: 527 MCFD	Date: Rates:	Date: 6/79 Rates: 198 MCFD
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 73% Gas 73%	Oil % Gas %	Oil 27% Gas 27%

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 Brian Collins TITLE Operations Manager DATE 6/6/08

TYPE OR PRINT NAME Brian Collins TELEPHONE NO. ( 575 ) 623-6601

E-MAIL ADDRESS bcollins@heycoenergy.com

Engineering Summary  
Form C-107A  
Application for Downhole Commingling  
Nadel and Gussman HEYCO, LLC  
Travis State Com #1 (K 13-18S-28E)

Nadel and Gussman HEYCO, LLC proposes to downhole commingle the Morrow and Atoka zones. No crossflow will occur because this well will be produced into a low pressure pipeline at maximum drawdown.

The Morrow and Atoka reserves are calculated as follows:

Morrow:

Best engineering estimate is that the Morrow and Atoka will decline at the same rate. The zonal allocation will be based on initial production rate. The Morrow tested 198 mcfpd (120 psig on 16/64" choke) in June 1979 but was never produced. The best engineering estimate is that oil production will be proportional to gas production.

Atoka:

Best engineering estimate is that the Atoka and Morrow will decline at the same rate. The zonal allocation will be based on initial production rate. The Atoka tested 527 mcfpd (140 psig on 24/64" choke) in June 1979 but was never produced. The best engineering estimate is that oil production will be proportional to gas production.

The proposed allocation follows. If actual tests are significantly different than shown in allocation below, a new allocation will be submitted.

Morrow Gas	$\frac{198 \text{ MCFD}}{527 + 198 \text{ MCFD}}$	=27%
Oil		=27%
Atoka Gas	$\frac{527 \text{ MCFD}}{527 + 198 \text{ MCFD}}$	=73%
Oil		=73%

