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TEXLAND PETROLEUM, L.P.
EXPLORATION AND PRODUCTION
777 MAIN STREET, SUITE 3200
FORT WORTH, TEXAS 76102

2008 SEP 17 PM 12 44

(817) 336-2751

September 16, 2008

Oil Conservation Division
Attn: Will Jones
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: **W.D. Grimes (NCT-A) 025697**
W.D. Grimes (NCT-B) 025698
Sec. 33, T18S, R38E
Lea County, New Mexico

Dear Will,

Please find enclosed one original and two copies each of Form C-107A and C-107B and required attachments, per our phone conversation. Form C-107B is being requested for all three formations due to a misinterpretation of the rules of Down Hole commingling and surface commingling. Form C-107A is being requested for future work to reopen the lower zone.

If you have any questions or need further information, please do not hesitate to give me a call.

Sincerely,



Vickie Smith
Regulatory Analyst

District I
1625 N. Franch 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

Texland Petroleum-Hobbs, LLC

777 Main Street, Suite 3200, Fort Worth, Texas 76102

Operator **W.D. Grimes (NCT-B)** #9 Address **Unit A, Sec. 33, T18S, R38E** Lea, NM **DAC-4118**

Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 113315 Property Code 25698 API No. 30-025-28299 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Hobbs, Blinebry ^{lower}	UNIT 33 T18S R38E Hobbs, Tubb 33	Hobbs, Drinkdard ✓
Pool Code	<u>31680</u>	60240	31730
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)		6572-6587'	6638-6952'
Method of Production (Flowing or Artificial Lift)		Pumping	Pumping
Bottomhole Pressure <small>(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)</small>		Not required	Not required
Oil Gravity or Gas BTU (Degree API or Gas BTU)		34.0	34.0
Producing, Shut-In or New Zone	<u>plugged off</u>	New Zone	Shut-In
Date and Oil/Gas/Water Rates of Last Production. <small>(Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)</small>	Date: Rates:	Date: 9/12/08 Rates: 16 BO; 16 MCF, 7 BW	Date: 7/31/2000 Rates: 3 BO, 8 MCF, 1 BW
Fixed Allocation Percentage <small>(Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)</small>	Oil % Gas %	Oil % Gas % <u>PCT</u> <u>Later</u> <u>100</u> % <u>100</u> %	Oil % Gas %

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 Vickie Smith TITLE Regulatory Analyst DATE 9/16/08

TYPE OR PRINT NAME Vickie Smith TELEPHONE NO. (817) 336-2751

E-MAIL ADDRESS vsmith@texpetro.com