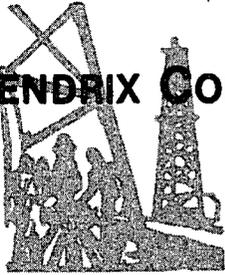


PKRVO305834140

DRC

DHC NA

JOHN H. HENDRIX CORPORATION

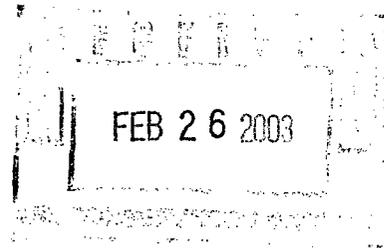


3117

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

(915) 684-6631
FAX (915) 684-7317
110 N. MARIENFELD, SUITE 400
MIDLAND, TEXAS 79701-4412

February 6, 2003



State of New Mexico
Energy, Minerals and
Natural Resources Department
Oil Conservation Division
~~2040 South Pacheco~~
Santa Fe, NM 87505

1220 So. St. Francis Dr.

Attn: Mr. David Catanach

RE: Toni No. 1
Lea County, New Mexico
Request to Down Hole
Commingle

Dear Mr. Catanach:

Attached is an application for down hole commingling for our Toni No. 1 well located in Unit H, Section 22, T19S – R38E, Lea County, New Mexico. As noted the current production (Yates Gas) is uneconomic at 11.7 MCFPD for the last year. (See attached production curve.) The Drinkard was completed 7-3-82 for an initial potential of 5 BOPD plus 2 BWPD plus 112 MCFPD. This well was plugged in 1987. Daily production for the twelve month prior to plugging was 1 BOPD plus 2 BWPD plus 18 MCFPD.

If DHC is not approved the well would have to be plugged. Based on past production history, the Yates will not be allocated any oil production. The gas percentage is based on current Yates production and the last twelve months daily average gas production for the Drinkard. (See attached curve.) As noted from the marginal status of the Drinkard, the well will be kept in a pumped off condition and as the Yates produces no liquids, no cross flow will occur.

Oil Conservation Division

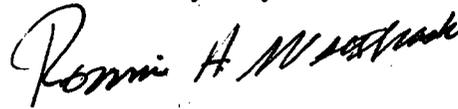
-2-

February 6, 2003

It is also noted that working interest and royalty interest is the same for both zones. Also attached is an approved C-103 to return the Drinkard to producing status.

Thank you for your assistance in this matter. If you have any questions, please do not hesitate to call.

Yours very truly,

A handwritten signature in cursive script that reads "Ronnie H. Westbrook".

Ronnie H. Westbrook
Vice President

RHW/ah
Enclosures

TONI NO. 1

ALLOCATION FORMULA DATA

<u>Yates</u>		<u>Drinkard Abo</u>	
<u>Oil</u>	<u>Gas</u>	<u>Oil</u>	<u>Gas</u>
0	11.7 MCF	1 BOPD	18 MCFPD
Total Gas = 29.7 MCF		Total Oil = 1 BOPD	

Percentages

<u>Oil</u>		<u>Gas</u>
Yates	0%	$11.7/29.7 = 39\%$
Drinkard	100%	$18/29.7 = \underline{61\%}$
		100%

District I
1625 N. French Drive, Hobbs, NM 68240

District II
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District III
1000 Rio Brazos Road, Aztec, NM 87410

District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals, and Natural Resources Department

Form C-107A
Revised May 15, 2000

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87505

APPLICATION TYPE

Single Well

Established Pre-Approved Pools

EXISTING WELLBORE

Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

John H. Hendrix Corporation

P. O. Box 3040 Midland TX 79702-3040

Operator

Address

Toni #1 UL: H Sec: 22 Twn: 19S Rng: 38E Lea

Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 012024 Property Code API No. 30-025-27515 Lease Type Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Nadine (Yates) <i>GAS</i>		Nadine (Drinkard Abo)
Pool Code	81500		47510
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2800 - 3035		6714 - 7008
Method of Production (Flowing of 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)	450 psi		Est. 650 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	No Oil Production		39.1
Producing, Shut-in or New Zone	Producing		To Be Re-opened
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: 11/00/2002 Rates: 13 MCFPD	Date: Rates:	Date: <i>12 Months - 1984-1985</i> Rates: <i>1BOPD + 2 BWPD + 18 MCFPD</i>
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or part production, supporting data or explanation will be required.)	Oil Gas 0 % %	Oil Gas % %	Oil Gas 100 % %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingling 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 commingling 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 02/05/2003

TYPE OR PRINT NAME Ronnie H. Westbrook TELEPHONE NO. (915)684-6631

District I
1625 N. French Dr., Hobbs, NM 88240
District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-025-27515		2 Pool Code 81500		3 Pool Name Nadine (Yates)	
4 Property Code 25236		5 Property Name Toni			6 Well Number #1
7 OGRID No. 012024		8 Operator Name John H. Hendrix Corporation			9 Elevation 3604' GR

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
H	22	19S	38E		1980	North	660	East	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 160	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 hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
				Signature Ronnie H. Westbrook Printed Name Vice President Title 02/05/2003 Date	
			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.		
			Date of Survey Signature and Seal of Professional Surveyor:		
			Certificate Number		

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State of New Mexico
Energy, Minerals & Natural Resources Department

Form C-102
Revised August 15, 2000

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-025-27515		2 Pool Code 47510		3 Pool Name Nadine (Drinkard Abo)	
4 Property Code 25236		5 Property Name Toni			6 Well Number #1
7 OGRID No. 012024		8 Operator Name John H. Hendrix Corporation			9 Elevation 3604' GR

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
H	22	19S	38E		1980	North	660	East	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.
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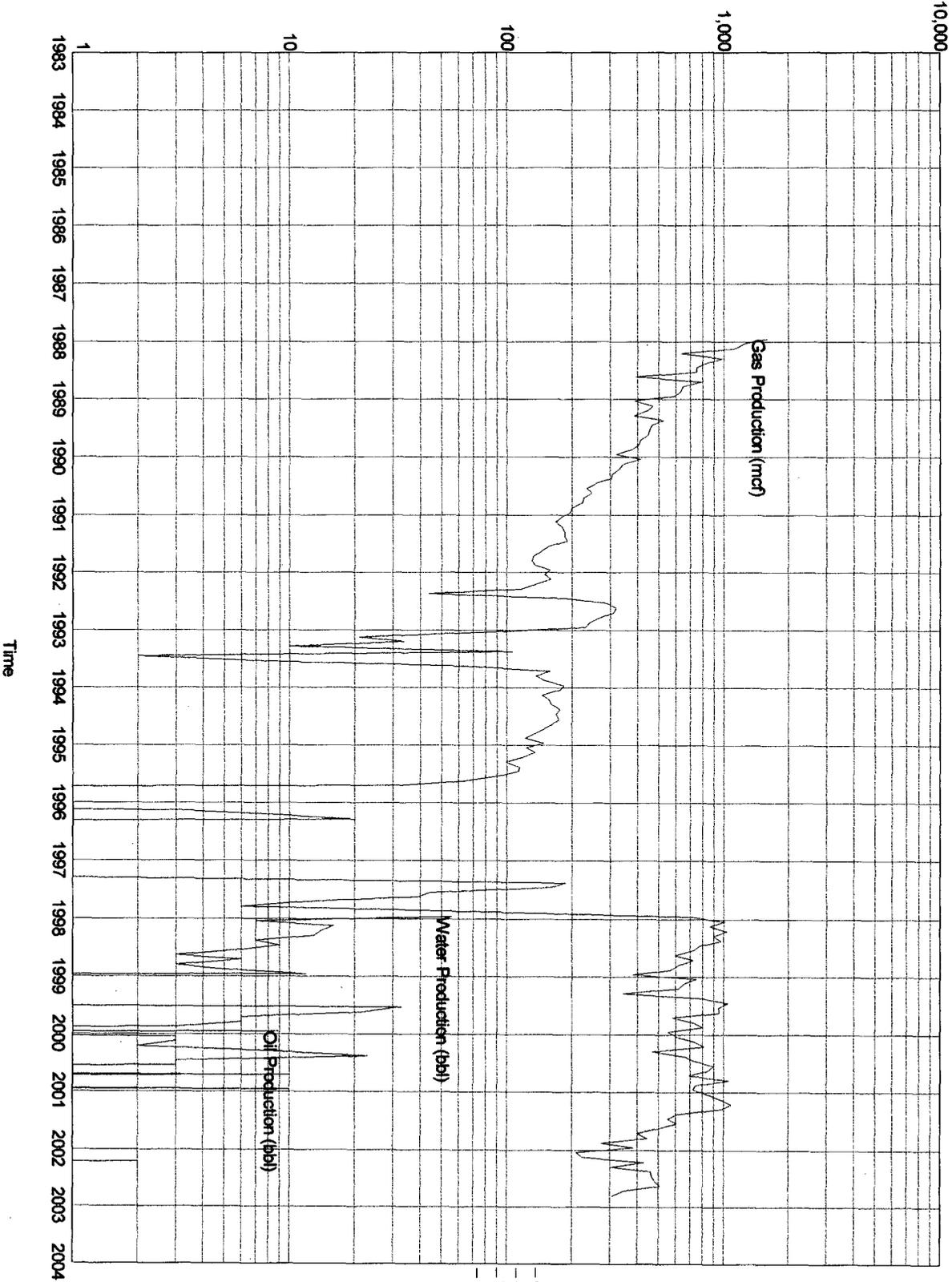
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

16		17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. <i>Ronnie H. Westbrook</i> Signature Ronnie H. Westbrook Printed Name Vice President Title 02/05/2003 Date
		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. Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

Production Rates

Lease Name: TONI
County, State: LEA, NM
Operator: HENDRIX JOHN H CORPORATION
Field: NADINE
Reservoir: YATES
Location: 22 19S 38E SE NE

TONI - NADINE



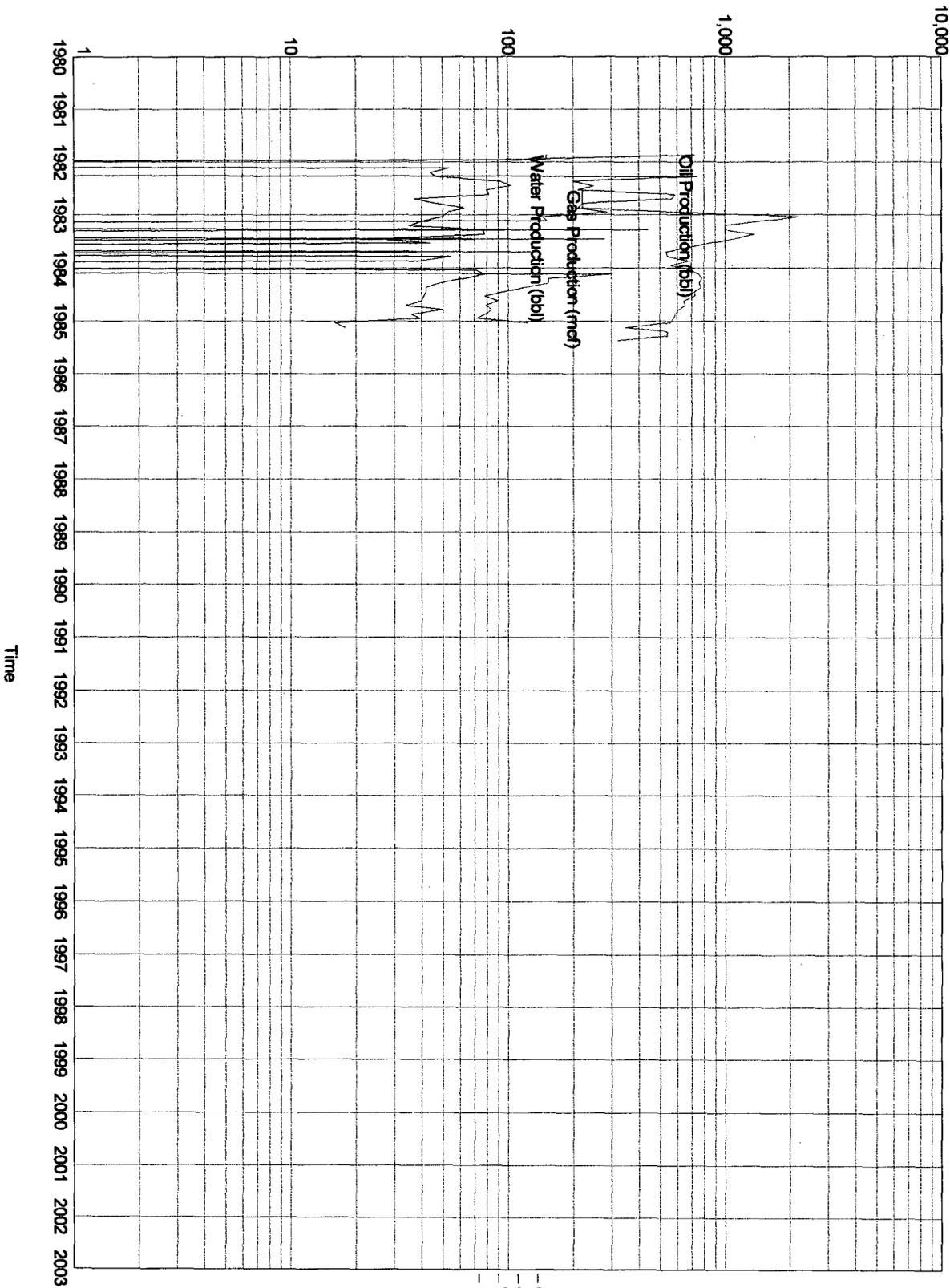
Oil Production (bb)
Gas Production (mcf)
Water Production (bb)
Historical Well Counts

Time

Production Rates

Lease Name: TONI
 County, State: LEA, NM
 Operator: ALPHA TWENTY-ONE PRODUCTION COMPANY
 Field: NADINE
 Reservoir: DRINKARD ABO
 Location: 22 19S 38E SE NE

TONI - NADINE



Oil Production (bbbl)
 Gas Production (mcf)
 Water Production (bbbl)
 Historical Well Counts

Time

District I 1625 N. French Dr., Hobbs, NM 87240
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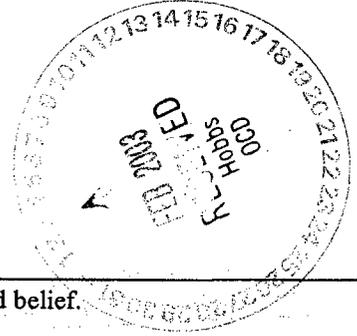
OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

WELL API NO. 30-025-27515
5. Indicate Type of Lease STATE [] FEE [X]
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Toni
8. Well No. 1
9. Pool name or Wildcat Nadine (Yates)(Drinkardo Abo)
10. Elevation (Show whether DR, RKB, RT, GR, etc.) 3604' GL

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 [X] Gas Well [] Other []
2. Name of Operator John H. Hendrix Corporation
3. Address of Operator P. O. Box 3040 Midland TX 79702-3040
4. Well Location MIDLAND, TX
Unit Letter H 1980 feet from the North line and 660 feet from the East line
Section 22 Township 19S Range 38E NMPM County Lea
RECEIVED FEB - 5 2003

11. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data
NOTICE OF INTENTION TO:
PERFORM REMEDIAL WORK [] PLUG AND ABANDON []
TEMPORARILY ABANDON [] CHANGE PLANS []
PULL OR ALTER CASING [] MULTIPLE COMPLETION []
OTHER: Re-Establish Drinkard Abo pro & DHC w/ Yates Gas [X]
SUBSEQUENT REPORT OF:
REMEDIAL WORK [] ALTERING CASING []
COMMENCE DRILLING OPNS. [] PLUG AND ABANDONMENT []
CASING TEST AND CEMENT JOBS []
OTHER: []

12. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting and proposed work). SEE RULE 1103. For Multiple Completions: Attach diagram of proposed completion or recompletion.
1. MI & RU pulling unit.
2. Drill out cement plug at 3112'.
3. Drill out CIBP at 6600' & clean out to 7406'.
4. DHC Drinkard Abo & Yates Gas.
5. Yates has averaged 11.7 MCFPD for the last year. The Drinkard Abo averaged 18 MCFPD + 1 BOPD + 2 BWPD prior to abandonment. Without DHC, this well will need to be plugged. Form C-107A - Application for DHC is also being furnished to OCD in Santa Fe.



I hereby certify that the information above is true and complete to the best of my knowledge and belief.
SIGNATURE [Signature] TITLE Vice President DATE 01/31/2003

Type or print name Ronnie H. Westbrook Telephone No. (915)684-6631
(This space for State use)

APPROVED BY [Signature] ORIGINAL SIGNED BY FILE DATE FEB 01 2003
Conditions of approval, if any: GARY W. WINK OC FIELD REPRESENTATIVE II/STAFF MANAGER