

ABOVE THIS LINE FOR DIVISION USE ONLY

RECEIVED NEW MEXICO OIL CONSERVATION DIVISION

2009 JUN 4 PM 1:12 - Engineering Bureau -
20 South St. Francis Drive, Santa Fe, NM 87505



30-04-20828
Perry 001
Sovereign Eagle
263940

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 - As per phone call 6-4-09 T.W.

Check One Only for [B] or [C]

- [B] Commingling - Storage - Measurement
 DHC CTB PLC PC OLS OLM

DHC
4190

- [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

6825-7041'
Tule-Pennsylvanian
Top of Montoya
7140'

320 Acres (Gas)
Hobbs
Eagle Resources -> Sov.
1-1-2009
Some projects
different
C.O.

[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.

Jennifer Zapata
Print or Type Name

Jennifer Zapata
Signature

Production Analyst
Title

6/03/09
Date

jzapata@stratanm.com
e-mail Address

SOVEREIGN EAGLE, LLC

P.O. BOX 968

ROSWELL, NM 88202-0968

575-623-1957 TEL

575-623-3535 FAX

RECEIVED

2009 JUN 4 PM 1 12

April, 24 2009

SENT VIA FEDERAL EXPRESS

State of New Mexico
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe NM 87505

CC: Hobbs District Office
1625 N. French Drive
Hobbs, NM 88240

RE: C-107A for Sovereign Eagle, LLC
Application for Downhole Commingling
Perry #1
Roosevelt County, NM

Dear Examiner,

The Perry #1 is a producing gas well in Roosevelt County New Mexico. Sovereign Eagle, LLC would like to request downhole commingling for the Montoya and Pennsylvania pools. The name, its location, and all attachments included are listed below:

Well Name

Attachments

Perry #1
Sec. 23, T2S, R29E
Roosevelt County, NM

C-107 A, C-102 for Penn, Administrative Checklist,
production curve for April 08 – April 09,
formula for allocation and well bore diagram

The original application was sent to NMOCD in Santa Fe. Should you have any questions feel free to call Jennifer Zapata @ (575) 622-1127 or e-mail @ jzapata@stratanm.com. Thank you for your attention to this matter.

Sincerely,



Jennifer Zapata
Production Analyst

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

Sovereign Eagle, LLC Operator P.O. Box 968, Roswell NM 88202-0968 Address

Perry Lease #1 Well No. M; S23, T2S, R29E Unit Letter-Section-Township-Range Roosevelt County

OGRID No. 263940 Property Code 306461 API No. 30-041-20828 Lease Type: Federal State X Fee

Table with 4 columns: DATA ELEMENT, UPPER ZONE, INTERMEDIATE ZONE, LOWER ZONE. Rows include Pool Name, Pool Code, Top and Bottom of Pay Section, Method of Production, Bottomhole Pressure, Oil Gravity or Gas BTU, Producing, Shut-In or New Zone, Date and Oil/Gas/Water Rates of Last Production, and Fixed Allocation Percentage.

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes X No
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No n/a
Are all produced fluids from all commingled zones compatible with each other? Yes X No
Will commingling decrease the value of production? Yes No X
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 n/a

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 Jennifer Zapata TITLE Production Analyst DATE 6-3-09

TYPE OR PRINT NAME Jennifer Zapata TELEPHONE NO. (575) 622-1127

E-MAIL ADDRESS jzapata@stratanm.com

Allocation Formula:

Monthly Well Test x Days Produced = monthly average

Perry monthly average / total monthly average = decimal

Production/sales x decimal = Perry volumes/value

All distances must be from the outer boundaries of the Section.

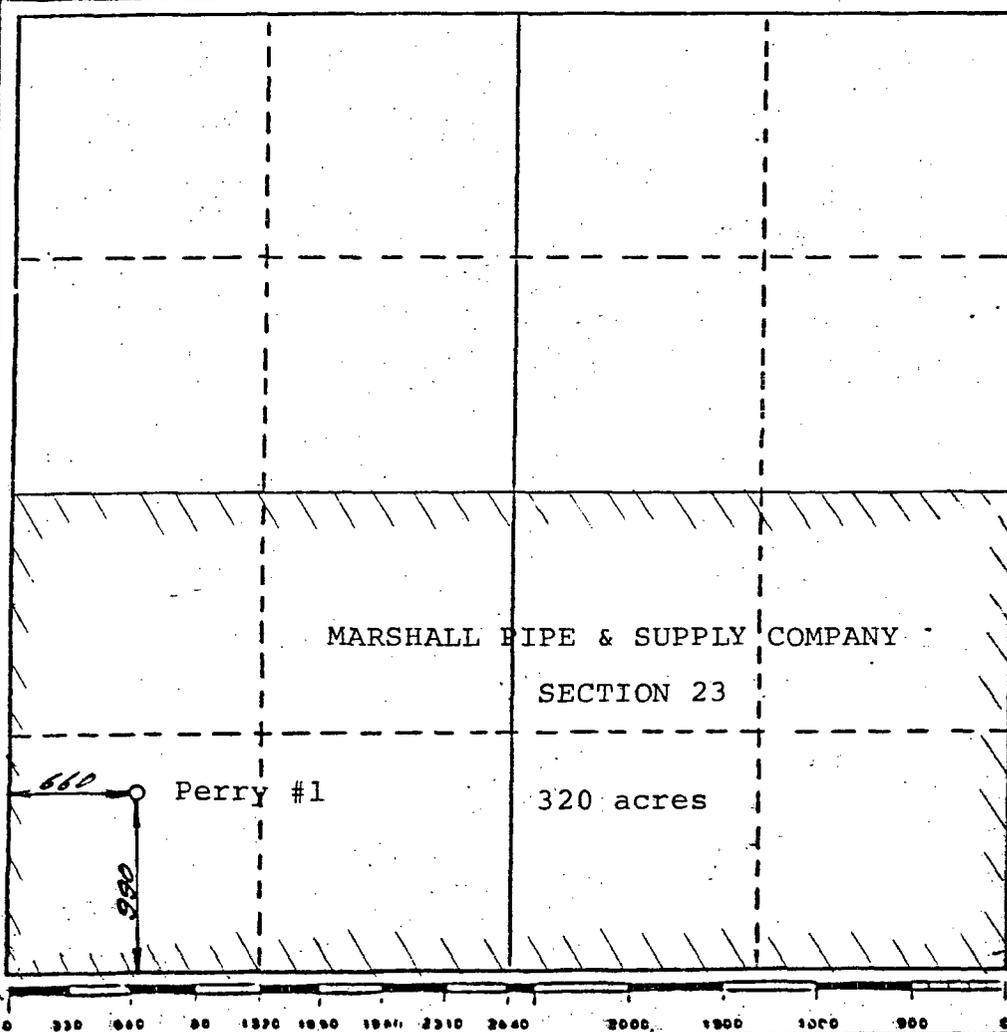
Operator Marshall Pipe And Supply		Lease Perry		Well No. 1
Unit Letter M	Section 23	Township 2 South	Range 29 East	County Roosevelt
Actual Footage Location of Well: 990 feet from the South line and 660 feet from the West line				
Ground Level Elev. 4382	Producing Formation Montoya & Penn.	Pool Tule-Montoya Tule-Penn	Dedicated Acreage: 320 if gas tires	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation communitization

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



CERTIFICATION

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

J. W. Marshall

Name **J. W. Marshall**

Position **Partner/Operator**

Company **MARSHALL PIPE & SUPPLY**

Date **February 3rd, 1988**

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 knowledge and belief.

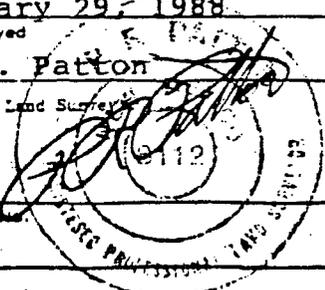
Date Surveyed **January 29, 1988**

P. R. Patton

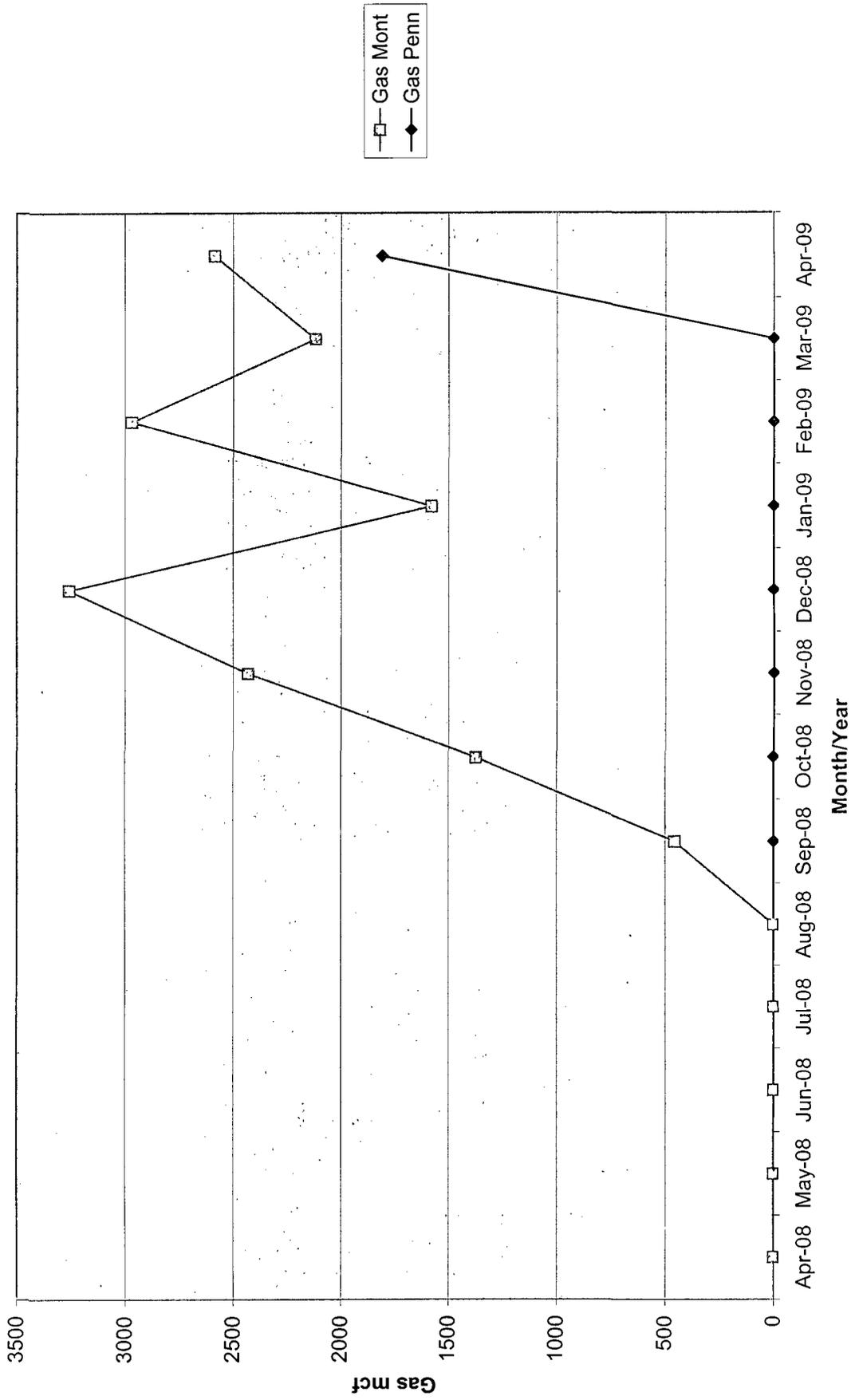
Registered Land Surveyor

8112

Certificate No.



Perry Production Curve



COMPANY SOVEREIGN EAGLE, LLC		LEASE TYPE <input type="checkbox"/> STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> FEDERAL				API NO. #30-041-20828	SPUD DATE 08/10/88	
WELL NAME PERRY #1		SECTION 23	TWP. 2-S	RANGE 29-E		COUNTY / STATE ROOSEVELT / NM	COMP. DATE 10/18/88	
FOOTAGE 990' FSL & 660' FWL		ELEVATION = 4382'	KELLY BUSHING = 4392'		STATUS GAS	TOTAL DEPTH = 7275'	P.B.T.D. 7080'	
FIELD/POOL/AREA TULE			Size	Sks. Cmt.	TOC	Weight	Grade	
LOCATION DESCRIPTION 18.5 MI SW OF FLOYD, NM		SURF. CASING	13 3/8"	300	CIRC.	68#	343'	
		INT. CASING	8 5/8"	200	CIRC.	24# (new)	2,168'	
		CASING	5 1/2"	250	6050'	17#(LT&C)	7,274'	
Depth ft.		Description				O.D.	Length	Depth
300		13 3/8" CSG. 68# @343' w/300 sacks						343'
1000								
2000								
3000		8 5/8" CSG. 24# (NEW)SET @ 2168' w/200 sacks						2168'
4000								
5000								
6000		T.O.C. = 6090' by CBL 10/04/88						TOC=6090'
6500		10/25/08-Perf: Penn "B"- 7009, 10', 11' (3 hole) Acidize w/ 750 gal 7 1/2% Nefe Penn "A"- 6971', 72', 73' (3 hole) Acidize w/ 750 gal 7 1/2% Nefe Coal- 6911', 12' 13' (3 hole) Acidize w/ 750 gal 7 1/2% Nefe						
		09/26/90 SET PACKER @ 6626' CMT. SQZ. w/350 sx. DRILLED OUT TO 7080'						
7000		10/09/88 PENN "A" Ls/Oolite. PERF. 6825'-30'. ACIDIZE w/3000 gal. 15% MA 10/07/88 PENN "B" ss. PERF. 6948'-58'. ACIDIZE w/3000 gal. 15% MA 10/07/88 SET OTIS WB PACKER @ 6992' 9/25/90 DRILLED OUT 10/06/88 PENN "C" ss. PERF. 7034'-44' - PENN "B" ss. PERF 7006'-7014' ACIDIZE w/3000 gal. 15% MA w/60 BS						
8000	10/03/90 RE-PERF. PENN "B" 7006'-14' & "C" 7034'-44'. ACIDIZE w/2000 gal. 15% MCA 10/06/88 SET CIBP @ 7135'. 35' Cement on Top. TOC @ 7100' 10/05/88 MONTOYA. PERF. 7174'-84'. ACIDIZE w/1000 gal. 15% MA 5 1/2" CSG. 17# (LT&C) SET @ 7274' w/ 250 sacks						7274'	
	TD = 7275' PBTd = 7080'							
COMMENTS: DST #1 7012-7053- (LOWER PENN.)-PENN "B" & "C" ss 10/24/90 WELL DEAD 09/06/04 thru 07/21/05 PUMPING FL BETWEEN 4700'-6000'. APPROX 1000'-2300' FLUID IN HOLE		<ul style="list-style-type: none"> =Existing Packer =Packer drilled out =Perfs-Open =Perfs-Squeezed =CIBP In Place 		SOVEREIGN EAGLE, LLC P.O. BOX 3900 ROSWELL, NEW MEXICO 88202 Revised 04/16/09				