

DATE IN 1-14	SUSPENSE	ENGINEER Jones	LOGGED IN 1-14	TYPE PHC	APP NO. 1001432566
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ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



*Nadel Cassman*  
RECEIVED

2010 JAN 13 PM 1 27

**ADMINISTRATIVE APPLICATION CHECKLIST**

30-015-37111

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]

*Loving 2 State #5*

[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.

Tammy R. Link  
 Print or Type Name

*Tammy R. Link*  
 Signature

Production Analyst  
 Title

1/11/10  
 Date

tlink@heycoenergy.com  
 e-mail Address

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

Operator NADEL AND GUSSMAN HEYCO, LLC P.O. Box 1936, Roswell, NM 88202 Address DAC-4249

Lease Loving 2 State Well No. 5 Unit Letter-Section-Township-Range K, Sec. 2, T23S, R28E County Eddy

OGRID No. 258462 Property Code 305042 API No. 30-015-37111 Lease Type:  Federal  State  Fee

DATA ELEMENT	UPPER ZONE <i>UPPER</i>	INTERMEDIATE ZONE	LOWER ZONE <i>✓</i>
Pool Name	Herradura Bend Delaware East		Culebra Bluff; Bone Springs South
Pool Code	30670		15011
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	6178-6226'		6890-7088' 7338-7520'
Method of Production (Flowing or Artificial Lift)	A.L.		A.L.
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)	Unknown		40
Producing, Shut-In or New Zone	New Zone		New Zone
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: See Attachment Rates: <i>will test</i>	Date: Rates:	Date: See Attachment Rates: <i>14<sup>00</sup> / 150 W / 270 S</i>
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil <i>0% Later</i> <del>50%</del> Gas <del>50%</del>	Oil % Gas %	Oil <del>50.0%</del> Gas <del>50.0%</del>

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 Tammy R. Link TITLE Production Analyst DATE 1/11/10

TYPE OR PRINT NAME Tammy R. Link TELEPHONE NO. ( 575 ) 623-6601

E-MAIL ADDRESS tlink@heycoenergy.com

Loving 2 State 5 Additional notes:

Lower Zone: Culebra Bluff; Bone Spring, South  
6890-7088 and 7338-7520

Tested at 14 BO, 100 BW, and 270 mcf based upon 2 week initial testing.

Upper Zone: Herradura Bend; Delaware East

No test available as of this date, will submit sundry with test information and corrected allocations for all zones.

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I  
1025 N. FRANCH DR., BOBBS, NM 88240

DISTRICT II  
1201 W. GRAND AVENUE, ALBUQUERQUE, NM 87210

DISTRICT III  
1000 Rio Brazos Rd., Asteo, NM 87410

DISTRICT IV  
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

OIL CONSERVATION DIVISION  
1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

Form C-102  
Revised October 12, 2005  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-019-37111	Pool Code 30670	Pool Name Herradura Bend; Delaware, East
Property Code 12960 306042	Property Name LOVING "2" STATE	Well Number 5
OGRID No. 258462	Operator Name NADEL AND GUSSMAN HEYCO, LLC.	Elevation 3052'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	2	23-S	28-E		1865	SOUTH	1980	WEST	EDDY

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
K	2	23-S	28-E		1865	South	1980	West	Eddy

Dedicated Acres 40	Joint or Infill	Consolidation Code	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

LOT 4 39.61 AC	LOT 3 39.56 AC	LOT 2 39.51 AC	LOT 1 39.46 AC
GEODETIC COORDINATES NAD 27 NME  Y=484715.1 N X=584484.9 E  LAT.=32.332301° N LONG.=104.059806° W			

**OPERATOR CERTIFICATION**

I hereby certify that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

*Keith Cannon* 5/20/09  
Signature Date

Keith Cannon  
Printed Name

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**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 Surveyed: MAY 12 2009 AR  
Signature & Seal of Professional Surveyor  
*Ronald J. Eidson* 5/16/09  
20911, Q454

Certificate No. GARY EIDSON 12841  
RONALD J. EIDSON 3239

State of New Mexico

Energy, Minerals and Natural Resources Department

DISTRICT I  
1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II  
1301 V. GRAND AVENUE, ALBERQUAKE, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV  
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

OIL CONSERVATION DIVISION  
1220 SOUTH ST. FRANCIS DR.  
Santa Fe, New Mexico 87505

Form C-102  
Revised October 12, 2005  
Submit to Appropriate District Office  
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Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number <b>30-013-37111</b>	Pool Code <b>15011</b>	Pool Name <b>Culebra Bluff; Bone Spring, South</b>
Property Code <b>12960 306042</b>	Property Name <b>LOVING "2" STATE</b>	Well Number <b>5</b>
GRID No. <b>258462</b>	Operator Name <b>NADEL AND GUSSMAN HEYCO, LLC.</b>	Elevation <b>3052'</b>

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	2	23-S	28-E		1865	SOUTH	1980	WEST	EDDY

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
K	2	23-S	28-E		1865	South	1980	West	Eddy

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
40			

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

LOT 4 39.61 AC	LOT 3 39.56 AC	LOT 2 39.51 AC	LOT 1 39.46 AC	<p><b>OPERATOR CERTIFICATION</b></p> <p><i>I hereby certify that the information 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 mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p><i>Keith Cannon</i> 5/20/09 Signature Date <b>Keith Cannon</b> Printed Name</p> <p><b>SURVEYOR CERTIFICATION</b></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><b>RONALD J. EIDSON</b> NEW MEXICO Date Surveyed: 5/20/09 Signature &amp; Seal: 3239 Professional Surveyor <i>Ronald J. Eidson</i> 5/20/09 0911110254</p> <p>Certificate No. <b>GARY EIDSON 12641</b> <b>RONALD J. EIDSON 3239</b></p>
<p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=484715.1 N X=584484.9 E</p> <p>LAT.=32.332301° N LONG.=104.059806° W</p>				
<p>1980'</p> <p>VB-0407</p> <p>1865'</p>				