

District I
1625 N. French Dr., 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

Form C-101
May 27, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

JUN 04 2008

Submit to appropriate District Office

OCD-ARTESIA

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

| | | |
|--|--|---|
| ¹ Operator Name and Address Dinero Operating Company P.O. Box 10505 Midland, TX 79702 | | ² OGRID Number 006224 |
| ³ Property Code 34206 | | ⁴ API Number 30-01535337 |
| ⁵ Property Name Big Chief | | ⁶ Well No. 10 |
| ⁹ Proposed Pool 1 Dublin Ranch Morrow 76140 | | ¹⁰ Proposed Pool 2 Dublin Ranch Atoka 76130 |

⁷ Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North | Feet from the | West | County |
|---------------|---------|----------|-------|---------|---------------|-------|---------------|------|--------|
| D | 22 | 22S | 28E | | 990 | Line | 990 | line | Eddy |

⁸ Proposed 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 |
|--------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

Additional Well Information

| | | | | |
|---|--|---|------------------------------------|---|
| ¹¹ Work Type Code A | ¹² Well Type Code G | ¹³ Cable/Rotary | ¹⁴ Lease Type Code P | ¹⁵ Ground Level Elevation 3,091 |
| ¹⁶ Multiple yes | ¹⁷ Proposed Depth 12,400 | ¹⁸ Formation Atoka/Morrow | ¹⁹ Contractor | ²⁰ Spud Date 12-01-07 |
| Depth to Groundwater | | Distance from nearest fresh water well | | Distance from nearest surface water |
| Pit: Liner: Synthetic <input type="checkbox"/> _____mils thick Clay <input type="checkbox"/> Pit Volume: _____bbls Drilling Method: | | | | |
| Closed-Loop System <input checked="" type="checkbox"/> Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/> | | | | |

²¹ Proposed Casing and Cement Program

| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC |
|-----------|-------------|--------------------|---------------|-----------------|---------------|
| Refer to | | | | | |
| C-101 | | | | | |
| | | | | | |
| | | | | | |

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Dinero Operating proposes to add Atoka pay and downhole comingle with the existing Morrow perforations.. A simultaneous C-107A. is being filed with this application.
This well currently produces from Morrow perms @ 12,120-12,154 and 12,198-12,208. Dinero proposes to pull the production equipment and set a composite bridge plug @ 12,000'. The Atoka will then be perforated at 11,382-11,388 and 11,426-11,430. Once Atoka production is established and the C-107A is approved we will drill out the bridge plug using coil tubing. Dinero will use steel wireline for all work. A stack consisting of a double ram (pipe and blind) will be used..

NOTE: New Pit Rule
NMAC 19-15-17

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOC guidelines ☐, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.

Signature:

Printed name: James C. Dewey

Title: President

Email Address: jdewey@dineroinc.com

Date: 5/30/08

Phone: 432-684-5544

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date: 6/9/08

Expiration Date: 6/19/10

Conditions of Approval Attached ☐

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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|---|--|--|
| ¹ API Number 30-015-35337 | ² Pool Code 76130 | ³ Pool Name Dublin Ranch Atoka |
| ⁴ Property Code 34206 | ⁵ Property Name Big Chief | ⁶ Well Number 10 |
| ⁷ OGRID No. 006224 | ⁸ Operator Name Dinero Operating Company | ⁹ Elevation 3091 |

¹⁰ Surface Location



| | | | | | | | | | |
|--------------------|---------------|------------------|---------------|---------|----------------------|---------------------------|----------------------|------------------------|----------------|
| UL or lot no. D | Section 22 | Township 22 S | Range 28 E | Lot Idn | Feet from the 990 | North/South line North | Feet from the 990 | East/West line West | County Eddy |
|--------------------|---------------|------------------|---------------|---------|----------------------|---------------------------|----------------------|------------------------|----------------|

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 North 320 | 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  | | | | <p>¹⁷ OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p> 5/30/08 Signature Date</p> <p>James C. Dewey Printed Name</p> <p>REFER TO ORIGINAL PLAT</p> <p>¹⁸ SURVEYOR CERTIFICATION</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>Date of Survey Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p> | |
| | | | | | |
| | | | | | |
| | | | | | |

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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

Dinero Operating Company P.O. Box 10505 Midland, TX 79702
Operator Address
Big Chief 10 D 22 S 28 E Eddy
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 6224 Property Code 34206 API No. 30-015-35337 Lease Type: Federal State X Fee

| DATA ELEMENT | UPPER ZONE | INTERMEDIATE ZONE | LOWER ZONE |
|--|---------------------|---------------------|---|
| Pool Name | Dublin Ranch Atoka | | Dublin Ranch Morrow |
| Pool Code | 76130 | | 76140 |
| Top and Bottom of Pay Section (Perforated or Open-Hole Interval) | 11,382' - 11,430' | | 12,120' - 12,208' |
| 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) | | | |
| Oil Gravity or Gas BTU (Degree API or Gas BTU) | .65 | | .649 |
| Producing, Shut-In or New Zone | New | | Producing |
| 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: Rates: | Date: Rates: | Date: 5/10/08 Rates: 273 mcf/d, 0 BO, 0 BW |
| Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required) | Oil Gas % % | Oil Gas % % | Oil Gas % % |

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes X No ____
Yes ____ No ____

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 X

NMOCD Reference Case No. applicable to this well: DHC Orders: 3432; 3202

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.