

DATE IN 10.25.04	SUSPENSE	ENGINEER Jones	LOGGED IN 10.26.04	TYPE DHC	APPRO. RSCMO430043714
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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



RECEIVED

OCT 25 2004

OIL CONSERVATION
DIVISION

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
- 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.

Jimmy D. Carlile
 Print or Type Name

Jimmy D. Carlile
 Signature

Regulatory Affairs Coord. 10/22/04
 Title Date

jimmyc@forl.com
 e-mail Address

District I
1625 N. French 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

Fasken Oil and Ranch, Ltd. 303 West Wall, Suite 1800 Midland, TX 79701
Operator Address
Howell State Com 2 I, Sec. 32, T20S, R25E Eddy
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 151416 Property Code 18197 API No. 30-015-32854 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Cemetary; Wolfcamp (Gas)		Cemetary Morrow <i>San</i>
Pool Code	74680 ✓		74640 ✓
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	7241' - 7294'		9403' - 9699'
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)	1500 psi		2000 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1160		1050
Producing, Shut-In or New Zone	Producing		Shut in
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: 10/21/04 Rates: 19/1100/11	Date: Rates:	Date: 6/16/04 Rates: 0/204/3
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 100 % 50 %	Oil Gas % %	Oil Gas 0 % 50 %

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 *Jimmy D. Carlile* TITLE Regulatory Affairs Coord. DATE 10/22/04
TYPE OR PRINT NAME Jimmy D. Carlile TELEPHONE NO. (432) 687-1777
E-MAIL ADDRESS jimmyc@for1.com

DISTRICT I
1825 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 and Natural Resources Department

Form C-102
Revised March 17, 1999

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

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-32854	Pool Code 74680	Pool Name Cemetary;Wolfcamp (Gas)
Property Code 18197	Property Name HOWELL STATE COM	Well Number 2
OGRID No. 151416	Operator Name FASKEN OIL & RANCH, LTD.	Elevation 3633'

Surface Location

UL or lot No. 1	Section 32	Township 20 S	Range 25 E	Lot Idn	Feet from the 1810	North/South line SOUTH	Feet from the 660	East/West line EAST	County EDDY
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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
Dedicated Acres 320	Joint or Infill	Consolidation Code	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

	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. Signature Jimmy D. Carlile Printed Name Regulatory Affairs Coord. Title 10/19/04 jimmyc@forl.com Date	
	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. APRIL 09, 2003 Date Surveyed Signature & Seal of Professional Surveyor W.O. No. 3201A Certificate No. Gary L. Jones 7977 BASIN SURVEYS	

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

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OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-32854		Pool Code 74640	Pool Name Cemetery Morrow
Property Code 18197	Property Name HOWELL STATE COM		Well Number 2
OGRID No. 151416	Operator Name FASKEN OIL & RANCH, LTD.		Elevation 3633'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	32	20 S	25 E		1810	SOUTH	660	EAST	EDDY

Bottom Hole Location If Different From Surface

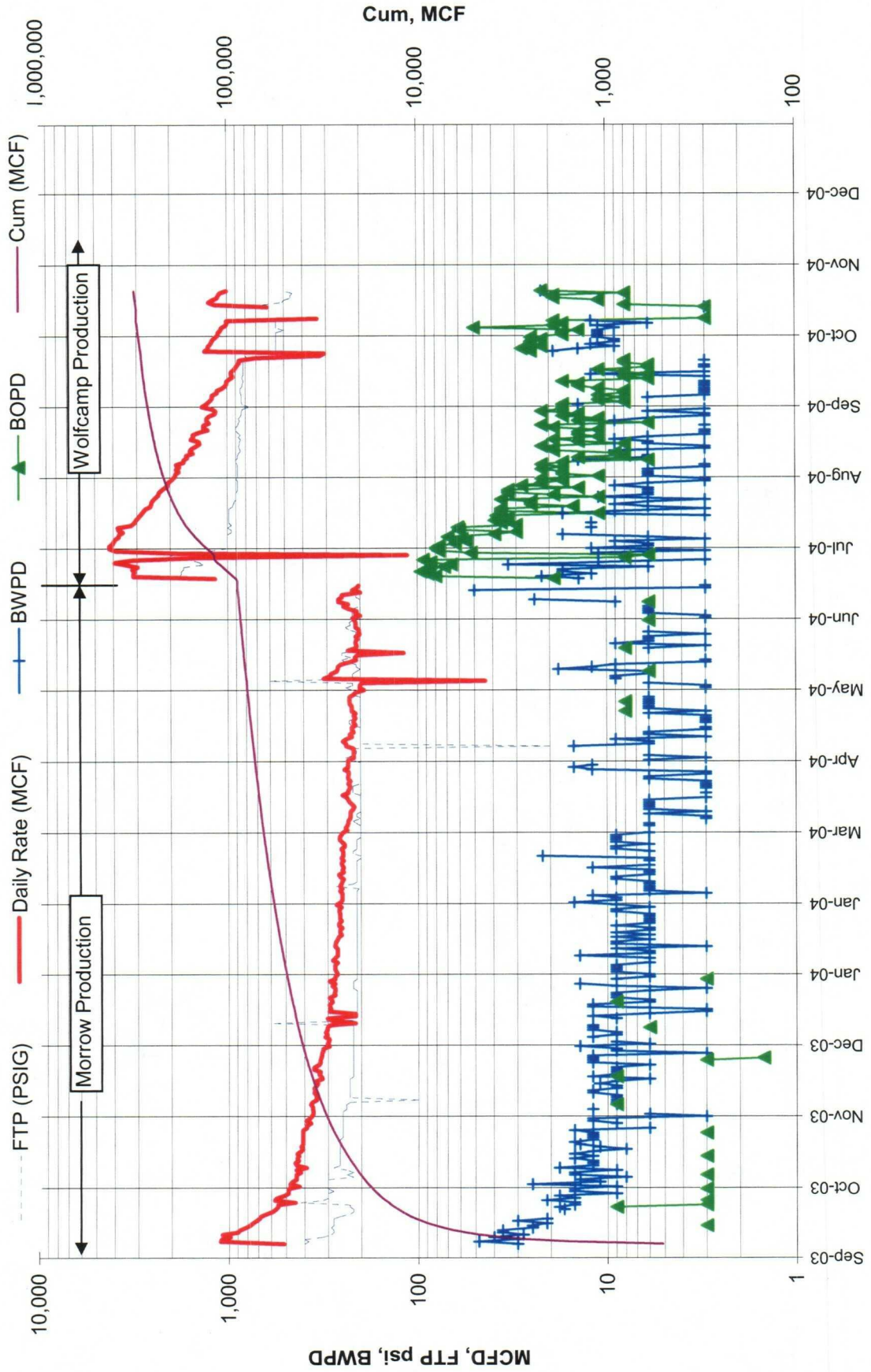
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres 320	Joint or Infill	Consolidation Code	Order No.
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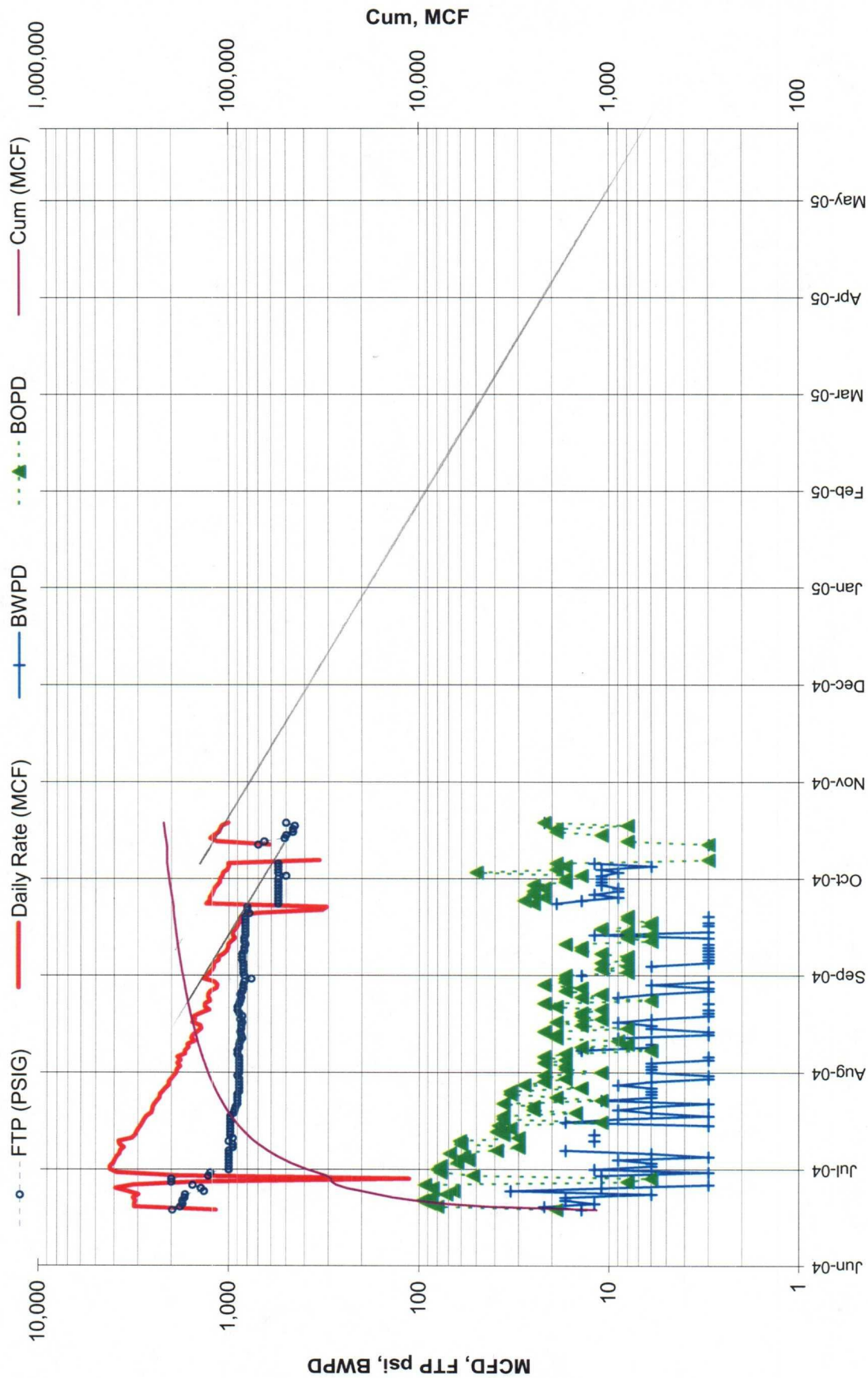
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>LAT - N32°31'39.9" LONG - W104°30'01.8"</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Jimmy D. Carlile</i> Signature Jimmy D. Carlile Printed Name Regulatory Affairs Coord. Title 10/19/04 jimmyc@forl.com Date</p>
	<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>APRIL 09, 2003 Date Surveyed Signature & Seal of Professional Surveyor <i>[Signature]</i> W.O. No. 3201A Certificate No. Gary L. Jones 7977 BASIN SURVEYS</p>

Howell State Com No. 2



Howell State Com No. 2 - Cemetary (Wolfcamp)



Application for Downhole Commingling
Fasken Oil and Ranch, Ltd.
Howell State Com No. 2
1810' FSL, 660' FEL, Sec 32, T20S, R25E
Eddy County, NM

Allocation Method

The well was completed September 2003 in the Morrow zone 9403'-9699'. The Morrow produced fairly steady 200 mcf/d through June 2004 prior to the Wolfcamp recompletion.

The well was recompleted in June 2004 to the Wolfcamp zone 7241'-7294' after area activity in the correlative interval indicated significantly higher productivity than the Morrow. A blanking plug was placed in the packer above the Morrow to isolate the zones. The Morrow zone pressure is estimated at 2000 psi. The zone pressure in the Wolfcamp is currently 1500 psi measured by a pressure buildup. The performance of the Wolfcamp indicates steep production decline to an estimated 200 mcf/d within 3 months. The rate decrease will continually make the well more susceptible to liquid loading and premature abandonment. Commingling the Wolfcamp with the Morrow will extend the life of the Wolfcamp.

A mechanical check valve will be placed in the packer above the Morrow to prevent liquids off of the Morrow zone. No condensate is produced from the Morrow at this time.

Therefore, the recommended gas allocation method calculation is:

Morrow	200 mcf/d	90%
Wolfcamp	<u>200</u> mcf/d	<u>10</u> %
Total	400 mcf/d	100%

The recommended condensate allocation method calculation is:

Morrow	0 bpd	0%
Wolfcamp	<u>10</u> bpd	<u>100</u> %
Total	10 bpd	100%

Carl Brown
Fasken Oil and Ranch, Ltd.
October 22, 2004