

12/7/05 DATE IN	12/27/05 SUSPENSE	DLE ENGINEER	12/7/05 LOGGED IN	CTB-554 TYPE	AMEND PPDC 0534148894 APP NO.
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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



**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.**

_____ Print or Type Name	_____ Signature	_____ Title	_____ Date
_____ e-mail Address			



**Southwestern Energy  
Production Company**

A subsidiary of Southwestern Energy Company  
December 5, 2005

2350 N. Sam Houston Parkway East  
Suite 300  
Houston, Texas 77032  
(281) 618-4700 FAX: (281) 618-4757

State of New Mexico  
Energy, Minerals and Natural Resources  
Oil Conservation Division  
1220 S. St Francis Drive  
Santa Fe, NM 87505  
Attn: Davis Catanach

Re: Surface Commingling Permit  
Karlsbad Corral Facility  
Corral Canyon Delaware, NW Pool (#96464)  
Eddy County, New Mexico

Dear Sirs:

Southwestern Energy Production Company is submitting an amended Form C-107-B in which two newly drilled wells will be added to the previously approved commingle application in the Corral Canyon Delaware, NW Pool (Pool No. 96855). Copies of the application and attachments have been mailed to all interest owners.

If you have any questions regarding this application, please contact the undersigned at 281/618-4775.

Sincerely,

Jill Hegemier  
Production Analyst

Enclosures

State of New Mexico  
Energy, Minerals and Natural Resources Department

District I  
1625 N. French Drive, Hobbs, NM 88240  
District II  
1301 W. Grand Ave, Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St Francis Dr, Santa Fe, NM  
87505

**OIL CONSERVATION DIVISION**  
1220 S. St Francis Drive  
Santa Fe, New Mexico 87505

Submit the original  
application to the Santa Fe  
office with one copy to the  
appropriate District Office.

**APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)**

OPERATOR NAME: Southwestern Energy Production Company  
OPERATOR ADDRESS: 2350 N. Sam Houston Pkwy. E., Suite 300, Houston, TX 77032  
APPLICATION TYPE:

☐ Pool Commingling ☒ Lease Commingling ☐ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☒ State ☐ Federal

Is this an Amendment to existing Order? ☒ Yes ☐ No If "Yes", please include the appropriate Order No. \_\_\_\_\_  
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling  
☒ Yes ☐ No

**(A) POOL COMMINGLING**

Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production	Value of Non- Commingled Production	Calculated Value of Commingled Production	Volumes

- (2) Are any wells producing at top allowables? ☐ Yes ☐ No  
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No.  
(4) Measurement type: ☐ Metering ☐ Other (Specify)  
(5) Will commingling decrease the value of production? ☐ Yes ☐ No If "yes", describe why commingling should be approved

**(B) LEASE COMMINGLING**

Please attach sheets with the following information

- (1) Pool Name and Code. Corral Canyon Delaware, NW (Pool No. 96464)  
(2) Is all production from same source of supply? ☒ Yes ☐ No  
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No  
(4) Measurement type: ☒ Metering ☐ Other (Specify)

**(C) POOL and LEASE COMMINGLING**

Please attach sheets with the following information

- (1) Complete Sections A and E.

**(D) OFF-LEASE STORAGE and MEASUREMENT**

Please attach sheets with the following information

- (1) Is all production from same source of supply? ☐ Yes ☐ No  
(2) Include proof of notice to all interest owners.

**(E) ADDITIONAL INFORMATION (for all application types)**

Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location.  
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.  
(3) Lease Names, Lease and Well Numbers, and API Numbers.

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

SIGNATURE: Jill Hegemier TITLE: Production Analyst DATE: 12/05/2005  
TYPE OR PRINT NAME: Jill Hegemier TELEPHONE NO: 281/618-4775

## **Information Required for Surface Commingling**

### **Working Interest Owner**

Southwestern Energy Prod. Co. – Applicant

### **Royalty Interest Owners**

#### **Section 2 – Lease # - ST NM V - 3361**

Oxy USA, WTP Limited Partnership  
P.O. Box 50250  
Midland, TX 79710

New Mexico State Land Office  
Oil Gas and Minerals Division  
P.O. Box 1148  
Santa Fe, New Mexico 87504-1148

#### **Section 11 – Lease # - ST NM V - 3633-2**

EOG Resources, Inc.  
P.O. Box 2267  
Midland, TX 79702

New Mexico State Land Office  
Oil Gas and Minerals Division  
P.O. Box 1148  
Santa Fe, New Mexico 87504-1148

All Production is from the Corral Canyon Delaware, NW Pool (Pool No. 96464)

Wells to be commingled:

State Lease No. V-3361

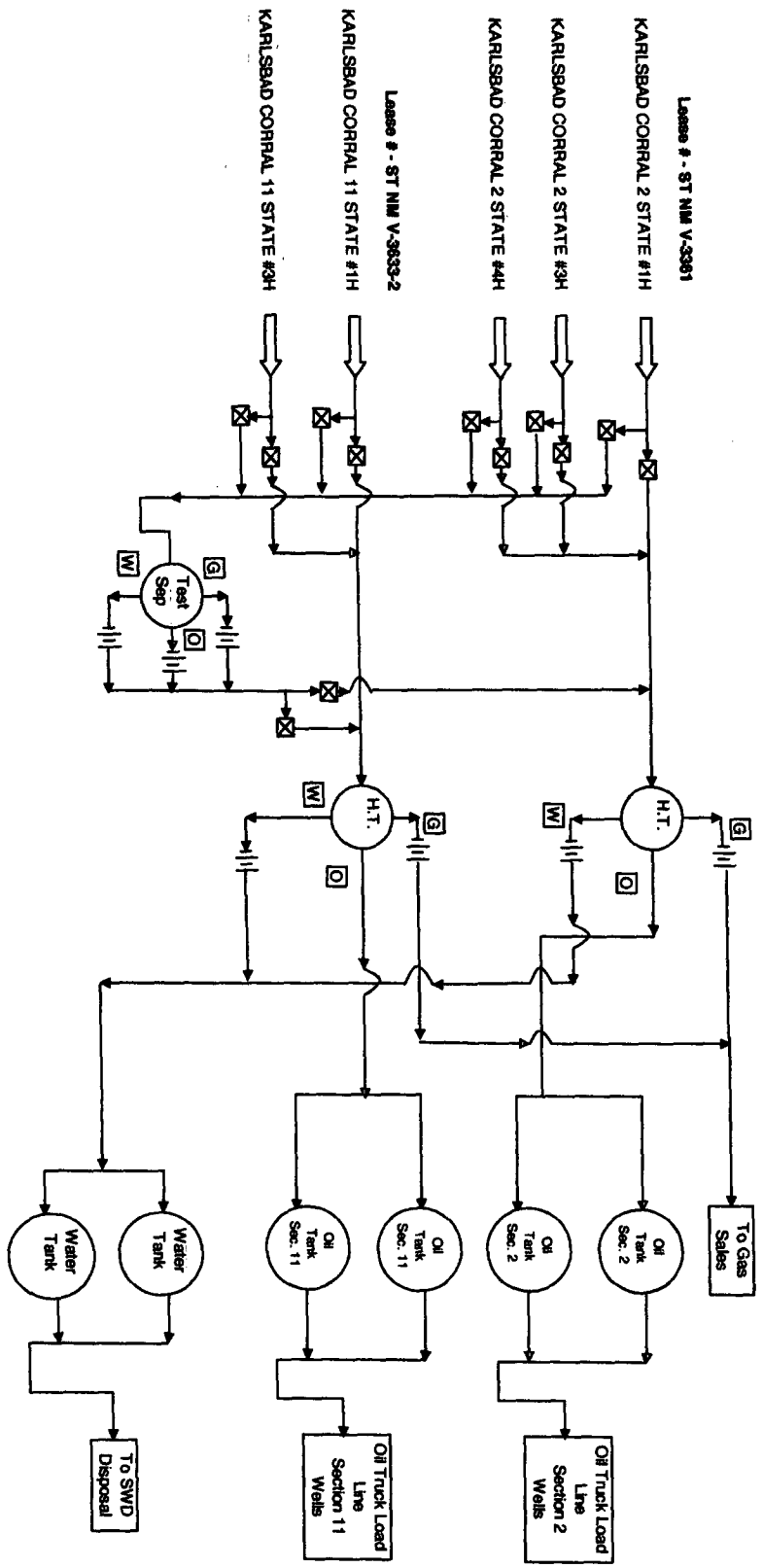
Karlsbad Corral 2 State #1-H – API # 30-015-33324  
Karlsbad Corral 2 State #3-H – API # 30-015-33722  
**Karlsbad Corral 2 State #4-H – API # 30-015-34253**

State Lease No. V-3633-2

Karlsbad Corral 11 State #1-H – API # 30-015-33983  
**Karlsbad Corral 11 State #3-H – API # 30-025-35084**

30-015-34449

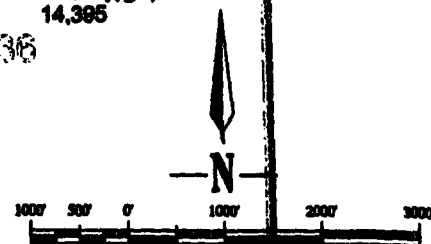
# **KARLSBAD CORRAL PRODUCTION FACILITY FACILITY DRAWING SECTIONS 2 AND 11, T-25-S, R-29-E, EDDY COUNTY, NEW MEXICO**



Gas from each lease will be metered using an orifice meter (calibrated quarterly) before commingling with other leases  
Oil from each lease will be sent to separate tanks for each lease and will not be commingled with other leases  
Water from each lease will be metered using an turbine meter (calibrated quarterly) before commingling with other leases

MITCHELL ENERGY  
Corral Fly '35' Fed  
14,000 35

14,000  
SUPERIOR OIL  
FORCENERGY GAS  
CONCHO  
Oscar St  
WD-1  
14,395



EASTLAND OIL  
New Year Fed  
5,850

State Lease  
No. V-3361

SANTA FE ENERGY  
Corral Fly '11' Fed  
7,340

State Lease  
No. V-3633-2

SWN  
Karlsbad Corral 11

CORRAL FLY  
"CC - 4"

25S 29E

15 MOBIL  
Latham Fed  
5,300

14 MOBIL  
Corral Draw Unit  
15,585

POGO PRODD  
Bradley '13' Fed  
8,000

MOBIL  
Latham Fed  
5,500

POGO PRODD  
Bradley '13' Fed  
8,800



**SOUTHWESTERN ENERGY  
PRODUCTION COMPANY**

KARLSBAD CORAL  
EDDY COUNTY, NEW MEXICO

KARLSBAD CORAL AREA  
GAS GATHERING SYSTEM

INTERP. BY: CHUCK CORNIE DATE: 11-APR-88  
DRAFTED BY: S.D.P. CADFILE: c:\coral fly\coral fly\_02.dwg



**Southwestern Energy  
Production Company**

A subsidiary of Southwestern Energy Company

2350 N. Sam Houston Parkway East  
Suite 300  
Houston, Texas 77032  
(281) 618-4700 FAX: (281) 618-4757

October 27, 2005

Michael E. Stogner  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

**RECEIVED**

OCT 28 2005

**000-111551A**

Dear Mr. Stogner:

30-015-34449

Pursuant to Division Rule 104.F.(2), Southwestern Energy Production Company is requesting approval for of an unorthodox oil well location for the following well:

Well: Karlsbad Corral 11 Well No. 3-H  
Location: 10 feet FNL & 1980 feet FEL  
Well Unit: NE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 11, Township 25 South, Range 29 East,  
N.M.P.M., Eddy County, New Mexico

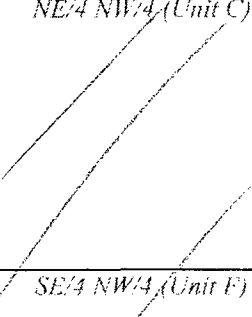

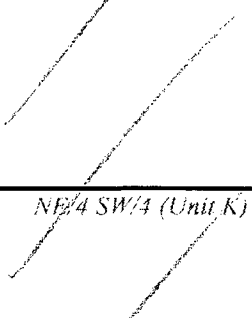
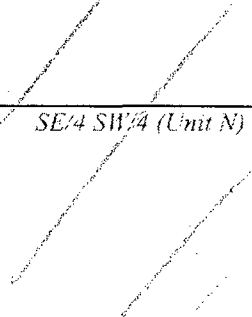
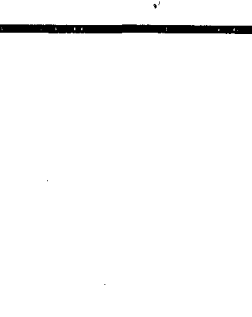
The well will be drilled to test the Cherry Canyon 4 formation (Corral Fly, Delaware Pool). The pool is spaced on 40 acres, with wells to be located no closer than 330 feet to a quarter-quarter section line and for the subject well an exception to this 330' requirement is requested. A form C-102 is attached as Exhibit A.

The proposed location is based on engineering reasons. The proposed well, Karlsbad Corral 11 #3-H, will be directionally drilled from an unorthodox surface location 10 feet from the North Line and 1980 feet from the East Line of Section 11 to a bottom hole location 2,485 feet from the North Line and 1,980 feet from the East line.

The well plan consists of drilling a vertical hole to the KOP (kick off point) at 4,840' MD/TVD. The hole will be directional drilled utilizing a build rate of 12°/100' to penetrate the Cherry Canyon 4 Sand at 5,590' MD / 5,317' TVD at 90° of angle. The Cherry Canyon 4 will be intersected at 487' FNL and 1980' FEL of Section 11 T25S R29E. The well will continue laterally (90°) for 2000' of lateral vertical displacement. The proposed BHL will be 2,485' FNL & 1,980' FEL of Section 11. The top of the Delaware will be intersected at  $\pm$ 3200' MD/TVD at 10' FNL and 1980' FEL of Section 11. A drilling prognosis, directional plot, and proposed survey report are attached as Exhibit B.

Production casing will be run and cemented to TD. The Cherry Canyon 4 Sand will be selectively perforated, with all perforations being placed in accordance of a standard location of Section 11 T25S R29E (greater than 330' from any lease line).

**Section** \_\_\_\_\_ **Township** \_\_\_\_\_ **Range** \_\_\_\_\_

NW/4 NW/4 (Unit D)	NE/4 NW/4 (Unit C) 	NW/4 NE/4 (Unit B) 	NE/4 NE/4 (Unit A)
SW/4 NW/4 (Unit E)	SE/4 NW/4 (Unit F) 	SW/4 NE/4 (Unit G)	SE/4 NE/4 (Unit H)
NW/4 SW/4 (Unit L)	NE/4 SW/4 (Unit K) 	NW/4 SE/4 (Unit J)	NE/4 SE/4 (Unit I)
SW/4 SW/4 (Unit M)	SE/4 SW/4 (Unit N) 	SW/4 SE/4 (Unit O)	SE/4 SE/4 (Unit P)



District I  
1625 N. French Dr., Hobbs, NM 88240  
District II  
1301 W. Grand Ave., Artesia, NM 88210  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
1220 S. St Francis Dr., Santa Fe, NM  
87505

State of New Mexico  
Energy, Minerals and Natural Resources  
Oil Conservation Division  
1220 S. St Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Permit 13818

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

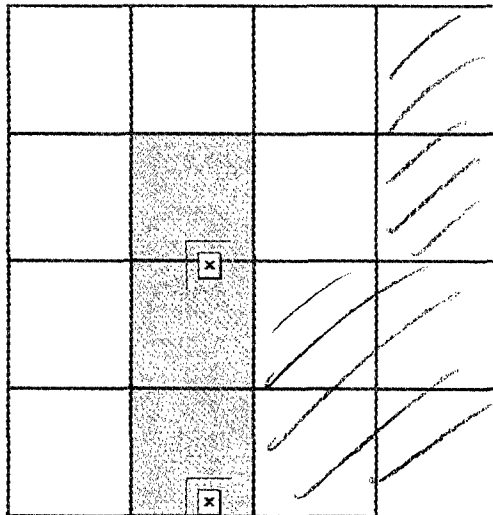
API Number 30-015-34253	Pool Name CORRAL CANYON DELAWARE,NORTHWEST	Pool Code 96464
Property Code 33618	Property Name KARLSBAD CORRAL 2 STATE	Well No. 004H
OGRID No. 148111	Operator Name SOUTHWESTERN ENERGY PRODUCTION COMPANY	Elevation 3062

**Surface Location**

UL or Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
C	2	25S	29E	3	330	S	1980	W	Eddy

**Bottom Hole Location If Different From Surface**

UL or Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
C	2	25S	29E	3	2496	N	1980	W	Eddy
Dedicated Acres 120		Joint or Infill		Consolidation Code		Order No.			



**OPERATOR CERTIFICATION**

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

Electronically Signed By: Justin Bender

Title: Manager

Date: 08/02/2005

**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.*

Surveyed By: GARY EIDSON

Date of Survey: 07/22/2005

Certificate Number: 12641

## DISTRICT I

1400 N. FARMER BL., BOSSCO, NM 87000

## DISTRICT II

1801 S. GRAND AVENUE, ALBUQUERQUE, NM 87102

## DISTRICT III

1000 N. N. RANCHO BL., ALBUQUERQUE, NM 87102

## DISTRICT IV

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

## State of New Mexico

Energy, Minerals and Natural Resources Department

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

Form C-102

Revised JUNE 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

## WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 96464	Pool Name Corral Canyon, Delaware
Property Code	Property Name KARLSBAD CORRAL 2	Well Number 4-H
GRID No.	Operator Name SOUTHWESTERN ENERGY PRODUCTION COMPANY	Elevation 3062'

## Surface Location

UL or lot No.	Section	Township	Range	Lot 10n	Feet from the	North/South line	Feet from the	East/West line	County
N	2	25 S	29-E		10	SOUTH	1980	WEST	EDDY

## Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot 10n	Feet from the	North/South line	Feet from the	East/West line	County
K	2	25-S	29-E		2487	SOUTH	1980	WEST	EDDY
Dedicated acres	Joint or Unit	Consolidation Code	Order No.						
80									

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	LOT 3	LOT 2	LOT 1
<p>BOTTOM HOLE Y=421650.3 N X=616512.5 E</p>			
<p>GEODETIC COORDINATES NAD 27 NME SURFACE LOCATION Y=419173.4 N X=616512.8 E LAT.=32°09'06.71" N LONG.=103°57'24.69" W</p>			
<p>ENTRY point into Cherry Canyon</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>Signature: <i>James Alan Gainsley</i> Printed Name: James Alan Gainsley Title: Drilling Engineer Date: 9/9/2005</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>AUGUST 22, 2005</p> <p>Date Surveyed: _____ Signature: <i>G. F. L. O. S. O. N.</i> Printed Name: _____ Title: _____ Date: 8/26/05</p> <p>NEW MEXICO REGISTERED PROFESSIONAL 05.11.1205</p>			