

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

District I  
1625 N. Francis Drive, Hobbs, NM 88240  
District II  
13111 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

Gruy Petroleum Management Co. P. O. Box 140907 Irving, Tx 75014-0907  
Operator Address  
Forni 5 J15-22S-27E Eddy  
Lease Well No. Unit Letter-Section-Township-Range County  
OGRID No. 162683 Property Code 300595 API No. 30-015-34455 Lease Type: ☐ Federal ☐ State ☒ Fee

| DATA ELEMENT  | UPPER ZONE   | INTERMEDIATE ZONE | LOWER ZONE                                   |
|---|--|-------------------|--|
| Pool Name   | <del>Carlsbad; Atoka, South</del> UNDES OTIS ATOKA GOA |                   | Carlsbad; Morrow, South <del>EAST</del> OK   |
| Pool Code   | <del>73800</del> 96891                                 |                   | <del>73960</del> 73920 OK                    |
| Top and Bottom of Pay Section<br>(Perforated or Open-Hole Interval)   | 10921' - 10934'  |                   | 11439' - 11600'                              |
| Method of Production<br>(Flowing or Artificial Lift)  | Flowing  |                   | Flowing                                      |
| Bottomhole Pressure<br>(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)    |  |                   | Within 150% of 10921'                        |
| Oil Gravity or Gas BTU<br>(Degree API or Gas BTU)   | 0.990 est.   |                   | 1.015 est.                                   |
| Producing, Shut-In or New Zone  | Waiting on completion                                  |                   | Waiting on completion                        |
| Date and Oil/Gas/Water Rates of Last Production.<br>(Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.) | Date: To be supplied<br>Rates: after testing           | Date:<br>Rates:   | Date: To be supplied<br>Rates: after testing |
| Fixed Allocation Percentage<br>(Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)                  | Oil Gas<br>% %   | Oil Gas<br>% %    | Oil Gas<br>% %                               |

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 ☐  
NMOC 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 Zeno Farris TITLE Manager Operations, Administration DATE 3-9-05  
TYPE OR PRINT NAME Zeno Farris TELEPHONE NO. ( 972 ) 443-6489  
E-MAIL ADDRESS zfarris@cimarex.com



**Gruy Petroleum management Co.**

5215 N. O'Connor Blvd. ♦ Suite 1500 ♦ Irving, TX 75039 ♦ (972) 401-3111 ♦ Fax (972) 443-6486

Mailing Address: P.O. Box 140907 ♦ Irving, TX 75014-0907

*A subsidiary of Cimarex Energy Co. • A NYSE Listed Company • "XEC"*

March 10, 2006

New Mexico Oil Conservation Division  
1220 South Saint Francis Drive  
Santa Fe, NM 87505  
Attn: Mr. William V. Jones

Re: Forni No. 5  
Section 15-22S-27E  
Eddy County New Mexico

Dear Mr. Jones:

Enclosed is an original of Form C-107A Application for Downhole Commingling for referenced well. We recently drilled the Forni No. 5 to a depth of 12210' ran logs and set 5 ½" casing. Our analysis of the logs indicates two pay intervals, an Atoka interval from 11924' – 11934' and a Morrow interval from 11439' – 11600'. It is anticipated that the reservoir pressures from these zones will be compatible and the resulting volumes would not warrant a tubing casing/dual completion.

In this regard we plan to isolate each zone during completion, and test sufficiently to compile a well test. After testing we will remove all plugs and commingle the Atoka and Morrow. The well test will be used to establish the pools with the NMOCD and as the basis for allocation between the two pools.

All royalty, overriding royalty, and working interest owners are identical in the two zones, and will not be harmed by the commingling of Atoka/Morrow production.

If you have any questions or require additional information regarding this issue, please feel free to write or call the undersigned at 972-443-6489.

Sincerely,

Zeno Farris  
Manager Operations, Administration

New Mexico Oil Conservation Division  
1301 W. Grand Ave.  
Artesia, NM 88210  
Attn: Mr. Bryan Arrant

2006 MAR 16 PM 12 47

## DISTRICT I

1625 N. FRENCH DR., HOBBS, NM 88240

## DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

## DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

## DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87605

## 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<br>30-015-34455 | Pool Code<br>73960                                 | Pool Name<br>Carlsbad; Morrow, South |
| Property Code              | Property Name<br>FORNI                             | Well Number<br>5                     |
| OGRID No.<br>162683        | Operator Name<br>GRUY PETROLEUM MANAGEMENT COMPANY | Elevation<br>3079'                   |

## Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| J             | 15      | 22-S     | 27-E  |         | 1620          | SOUTH            | 1790          | 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<br>320 | Joint or Infill<br>Y | 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

|  |   |  |
|--|---|--|
| <p>GEODETIC COORDINATES<br/>NAD 27 NME</p> <p>Y=505564.9 N<br/>X=549134.8 E</p> <p>LAT.=32°23'23.32" N<br/>LONG.=104°10'26.96" W</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>Zeno Farris</i></p> <p>Signature</p> <p>Zeno Farris</p> <p>Printed Name</p> <p>Mgr Operations Admin</p> <p>Title</p> <p>March 10, 2006</p> <p>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>NOVEMBER 30, 2005</p> <p>Date Surveyed</p> <p>Signature &amp; Seal of Professional Surveyor</p> <p><i>Ronald J. Edson</i> 12/05/05</p> <p>05.11.1750</p> <p>Certificate No. RONALD J. EDSON 3239<br/>GARY EDSON 12641</p> |  |

Forni #5

Forni #2

660'

660'

1790'

1620'

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Form C-102

Revised JUNE 10, 2003

Submit to Appropriate District Office

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Fee Lease - 3 Copies

## WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

|                            |  |                                     |
|----------------------------|--|-------------------------------------|
| API Number<br>30-015-34455 | Pool Code  | Pool Name<br>Carlsbad; Atoka, South |
| Property Code              | Property Name<br>FORNI                             | Well Number<br>5                    |
| OGRID No.<br>162683        | Operator Name<br>GRUY PETROLEUM MANAGEMENT COMPANY | Elevation<br>3079'                  |

## Surface Location

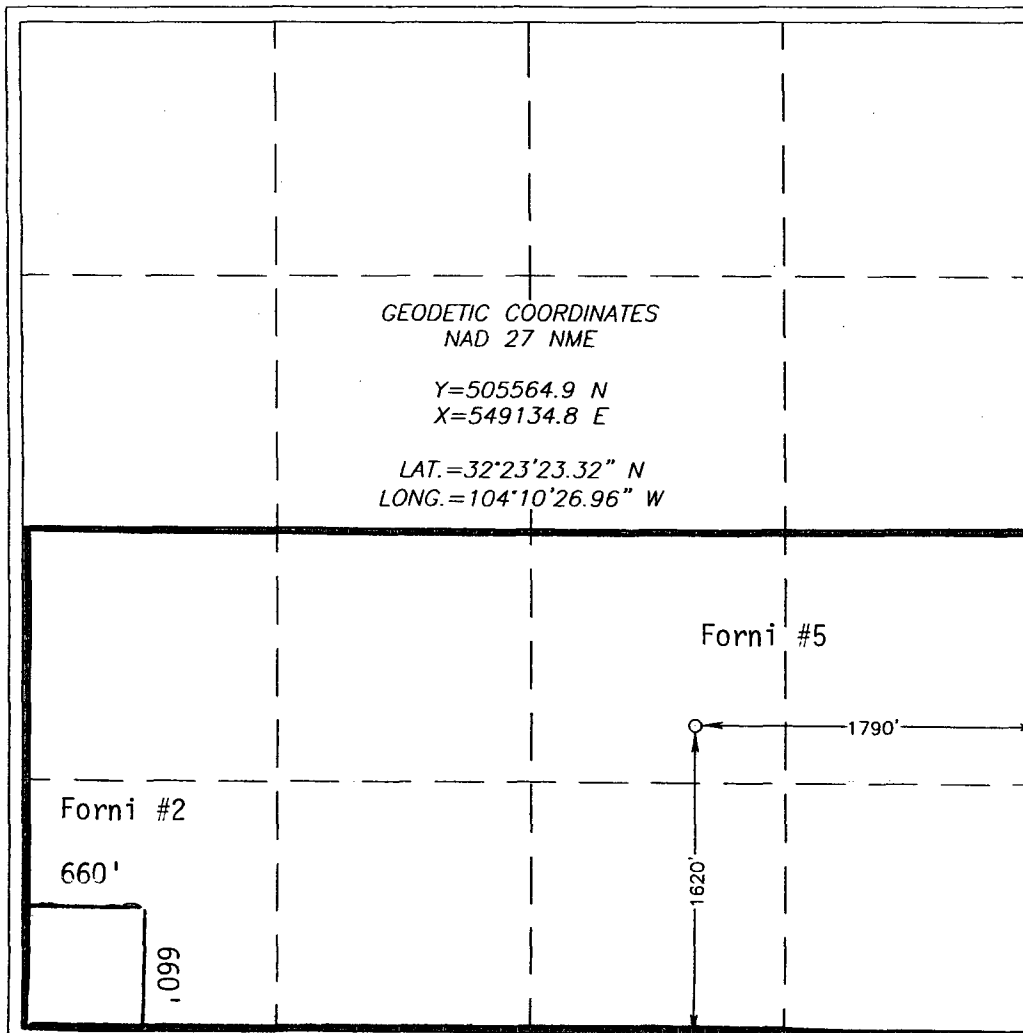
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
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|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

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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



## OPERATOR CERTIFICATION

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

*Zeno Farris*  
Signature

Zeno Farris  
Printed Name

Mgr Operations Admin  
Title

March 10, 2006  
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.

NOVEMBER 30, 2005

Date Surveyed  
Signature & Seal of  
Professional Surveyor

*Ronald J. Edson*  
05.11.1750

Certificate No. RONALD J. EDSON 3239  
GARY EDSON 12641