

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240
DISTRICT II
811 South First St., Artesia, NM 88210
DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

NOV - 6 1998

OIL CONSERVATION

Form C-107-A
New 3-12-96

APPROVAL PROCESS:

Administrative ☐ Hearing ☐

EXISTING WELLBORE

☐ YES ☐ NO

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Nadel and Gussman Permian, L.L.C. Address 601 N. Marienfeld, Suite 508, Midland, TX 79701

Champeau Federal #1 C 31-15S-30E Chaves
Well No. Unit Ltr. - Sec - Twp - Rge County

OGRID NO. 155615 Property Code 20732 API NO. 30-005-00518 Spacing Unit Lease Types: (check 1 or more)
Federal ☒ State ☐ Land/ort Fee ☐

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zones	Lower Zone
1. Pool Name and Pool Code	Wildcat (Strawn)		Little Lucky Lake (Morrow)
2. Top and Bottom of Pay Section (Perforations)	9334' - 9359'		9894' - 9955'
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a. (Current) 217 b. (Original) Unknown	a. b.	a. 251 b. 3858
6. Oil Gravity ($^{\circ}$ API) or Gas BTU Content	N/A		1273
7. Producing or Shut-In?	Shut-In		Shut-In
Production Marginal? (yes or no)			
• If Shut-In, give 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: 9/95 Rates: 46 MCFD	Date: Rates:	Date: 11/92 Rates: 70 MCFD
• If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: Rates:	Date: Rates:	Date: Rates:
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 0 % Gas: 18.7 %	Oil: % Gas: %	Oil: 100 % Gas: 81.3 %

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.
10. Are all working, overriding, and royalty interests identical in all commingled zones? ☒ Yes ☐ No
If not, have all working, overriding, and royalty interests been notified by certified mail? ☐ Yes ☐ No
Have all offset operators been given written notice of the proposed downhole commingling? * ☒ Yes ☐ No
11. Will cross-flow occur? ☐ Yes ☒ No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. ☐ Yes ☐ No (If No, attach explanation)
12. Are all produced fluids from all commingled zones compatible with each other? ☒ Yes ☐ No
13. Will the value of production be decreased by commingling? ☐ Yes ☒ No (If Yes, attach explanation)
14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. ☒ Yes ☐ No
15. NMOCD Reference Cases for Rule 303(C) Exceptions: ORDER NO(S). _____
16. 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 all offset operators.
 - Notification list of working, overriding, and royalty interests for uncommon interest cases.
 - Any additional statements, data, or documents required to support commingling.

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

SIGNATURE Joel Martin TITLE Engineering Manager DATE 11/2/98

TYPE OR PRINT NAME Joel Martin TELEPHONE NO. (915) 682-4429

*See attached

Attachment to C-107-A (Downhole Commingling Permit)

**Champeau Federal #1
NW/4 31-15S-30E
Chaves, NM**

Plan of Operations:

1. Perforate Morrow at approximately at 9940'-9954' through tubing, with a packer set just above this zone. Stimulate if necessary and take a bottom hole pressure. If zone is commercial and is higher pressured than higher Morrow and Strawn intervals, produce via tubing and packer this interval only until pressure depletes and interval can be commingled with upper intervals.
2. If zone is not commercial, plug back to Morrow at approximately 9894'-9930' and produce this interval with the Strawn at 9334'-9359' (downhole commingled).

**Continuation of C-107-A
#10**

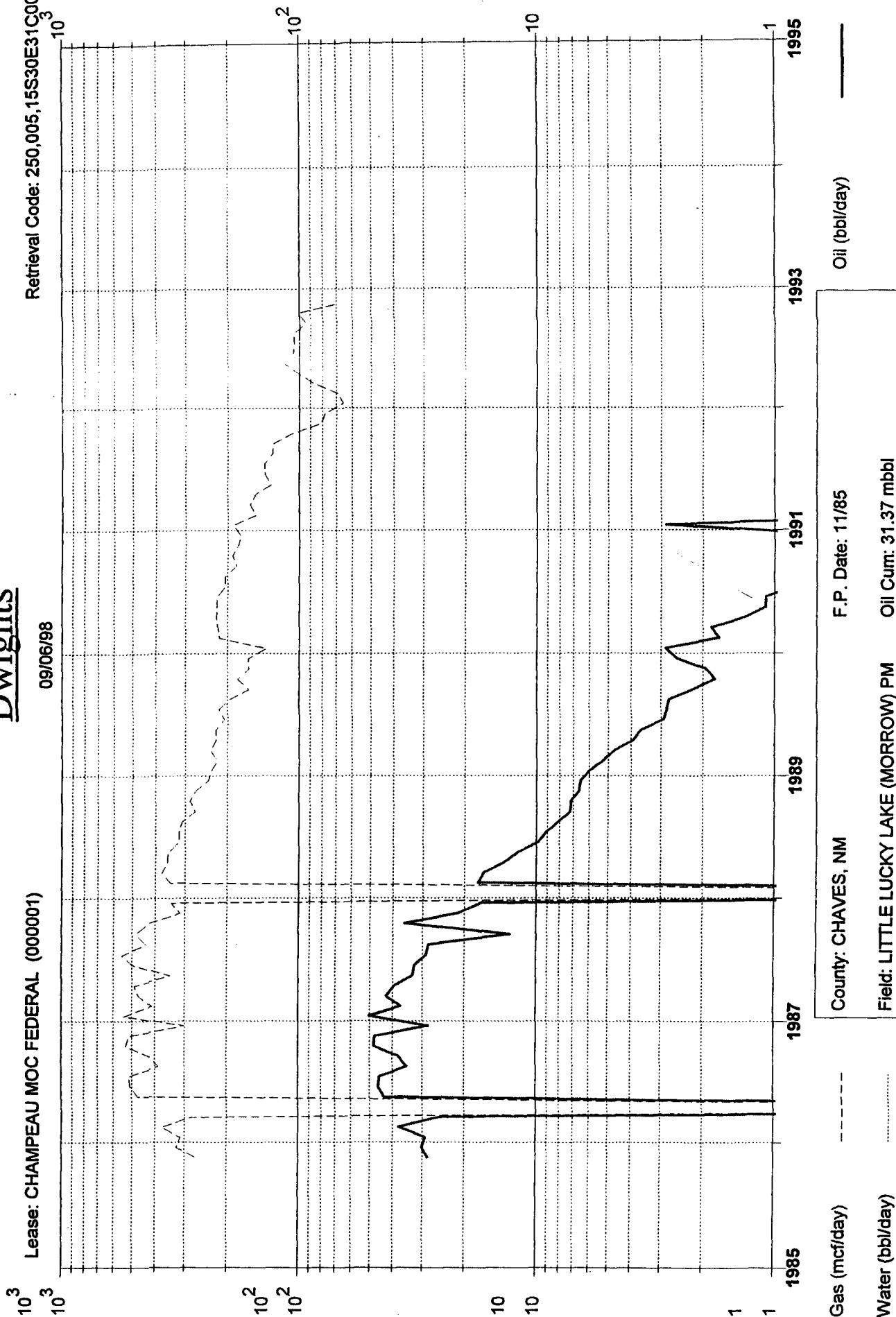
The only off-set operator within one mile of the Champeau Federal (see attached plat) is Matador in Section 32. Their well produces from the Devonian.

Dwights

Lease: CHAMPEAU MOC FEDERAL (000001)

Retrieval Code: 250,005,15S30E31C00PM

09/06/98



Gas (mcf/day)

Water (bbl/day)

Oil (bbl/day)

County: CHAVES, NM

Field: LITTLE LUCKY LAKE (MORROW) PM

Reservoir: MORROW

Operator: MCCLELLAN OIL CORP

F.P. Date: 11/85

Oil Cum: 31.37 mbbl

Gas Cum: 649.5 mmcf

Location: 31C 15S 30E

McClellan Oil Corporation
Drawer 730
Roswell N.M. 88201-0730

9/21/95

Well Test

Champeau Federal #1
660' FNL & 1980' FWL
Sec:31, T15S - R30E
Chaves County NM

Bradenhead Test: no flow

Production Verification Test:

Initial flow: 595 psi on 1/8" orifice = 158.9 mcf/hr

Middle flow: (1' & 15") 60 psi - 1/8" orifice = 15.9 mcf/hr (Changed orifice to 1/16" @ this time)

Initial flow on 1/16" = 45 psi - 3.2 mcf/hr

Final flow : 35 psi - 1/16" orifice = 1.92 mcf/hr

MCCLELLAN OIL CORPORATION
CHAMPEAU FEDERAL #1
660' FNL & 1980' FWL
Sec. 31-T15S-R30E
Chaves County, New Mexico
Elevation: 3901' G.L.

RECOMPLETION REPORT

- 6/14/93 Rigged up with Pride Well Service. 400# tbg. psi. 1000# csg. psi. Bled tubing and casing off. Killed well with 55 bbls of 2% KCL water. Installed BOP. Tripped out of hole with tubing. Rigged WSI Wireline. Perforated well from 9334' to 9350', 9356' to 9359' w/.48" holes, 2 jet shots per foot, totaling 38 shots. Ran in the hole with 150 stands and Baker Lockset Packer to 9371'.
- 6/15/93 Loaded hole with 2% KCL water. Spotted 500 gallons of 15% NEFE acid. Pulled packer to 9275'. Reversed acid into tubing. Packer would not set. Reversed acid out of hole. Trip out of hole with packer. Trip in hole with New Mexico Packer-Model R. Would not go lower than 45 feet from surface. Trip in hole with Baker Lockset Packer. Able to lower packer past 45 feet. Decision made to redress Baker Lockset Tool and bring back in the a.m.
- 6/16/93 Trip in hole with exchanged Baker Lockset Packer. Prep to acidize well. Broke down perfs at 3500# psi. Rate 1.4 barrels per minute at 4000# psi. Instant shut-in pressure - 3000# psi., after 10 minutes - 2562# psi. Swabbed well down to seat nipple. Acidized with 2500 gallons 15% NEFE acid, dropping a total of 60 balls. Good ball action throughout the job.
Average pressure - 4750# - 4950#.
Average rate - 1.2 barrels per minute.
Instant shut-in pressure 4750#
5 minutes - 4350#
10 minutes - 4250#
15 minutes - 4150#.
Well appears to be very tight. Swabbed back acid load. Swabbed down to seat nipple. At end of day small show of gas.
- 6/17/93 Tubing pressure - 80# psi. Casing pressure - 0. Fluid level 7700' from surface. Swabbed down in 3 runs. No oil. Shut in well. Clean location. Released rig.

Attachment to C-107-A (Downhole Commingling Permit)

**Champeau Federal #1
NW/4 31-15S-30E
Chaves, NM**

Production Allocation Formula

1. The Morrow is expected to produce 200 mcf/d in the Champeau Fed #1, based upon Morrow production levels on the Big Lucky Lake #2, which is making 190 mcf/d with the same bottom hole pressure as is expected on the Champeau Fed #1.
2. The Strawn in the Champeau Fed #1 appears to have low permeability (see attached morning report, the average pressure and rate on the acid stimulation were 4850 psig and 1.2 bpm, respectively). The flow verification test run by McClellan Oil Corporation in the Strawn in September 1995 showed the well to be capable of no more than 46 mcf/d with no oil/condensate production.

Total Expected Gas Production: $46 + 200 = 246$ mcf/d

Morrow Gas Percentage: $200/246 = 81.3\%$

Strawn Gas Percentage: $46/246 = 18.7\%$

Condensate/Oil Production

Although No Condensate/Oil is Expected, the Strawn has never made any liquids, whereas the Morrow has produced 31370 barrels of condensate. Any condensate/oil production will be attributed to the Morrow.

NADEL AND GUSSMAN PERMIAN, L.L.C.
601 N. Marienfeld, Suite 508
Midland, TX 79701
Office: (915)682-4429
Fax: (915)682-4325

November 2, 1998

Mr. Russ Mathis
Matador Petroleum Corporation
415 W. Wall Street, Suite 1101
Midland, TX 79701

RE: Champeau Federal #1
Sec. 31-T15S-R30E
Chaves Co., NM

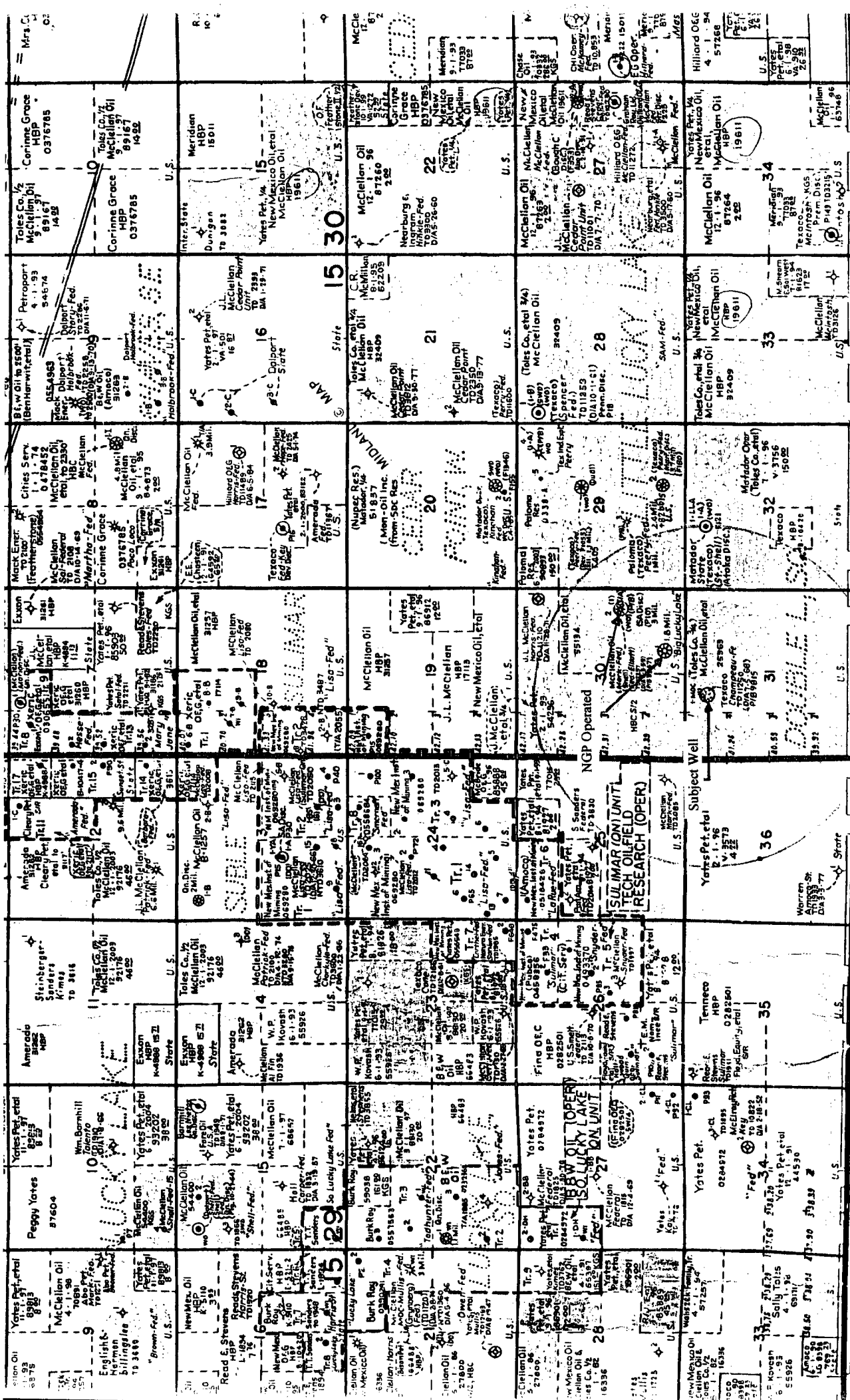
Dear Mr. Mathis:

Nadel and Gussman Permian, L.L.C. filed an Application for Downhole Commingling of the Strawn and Morrow reservoirs with the New Mexico Oil Conservation Division on the above referenced well on 11/2/98. This letter is to serve as notification of such.

Should you have any questions, please contact the undersigned.

Sincerely,


Joel F. Martin
Engineering Manager



EDDY East

R 30 E

LEGEND

- ◎ CO₂ Wells Not Shown
- ◎ Wildcat Below 5000' or Discovery
- Location
- ✕ Abandoned Producer
- Complete — Producing Oil
- ✱ Completed — Producing Gas
- ✧ Dry & Abandoned

Attachment to C-107-A (Downhole Commingling)
Champeau Federal #1
N/W Sec. 31-15S-30E
Chaves, NM

MEXICO OIL CONSERVATION COMMISSION WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102
Supersedes C-128
Effective 1-1-85

All distances must be from the outer boundaries of the Section.

Owner McClellan Oil Corporation				Lease MOC Champeau Federal		Well No. 1
Unit Letter C	Section 31	Township 15S	Range 30E	County Chaves		

Actual Well Location of Well:

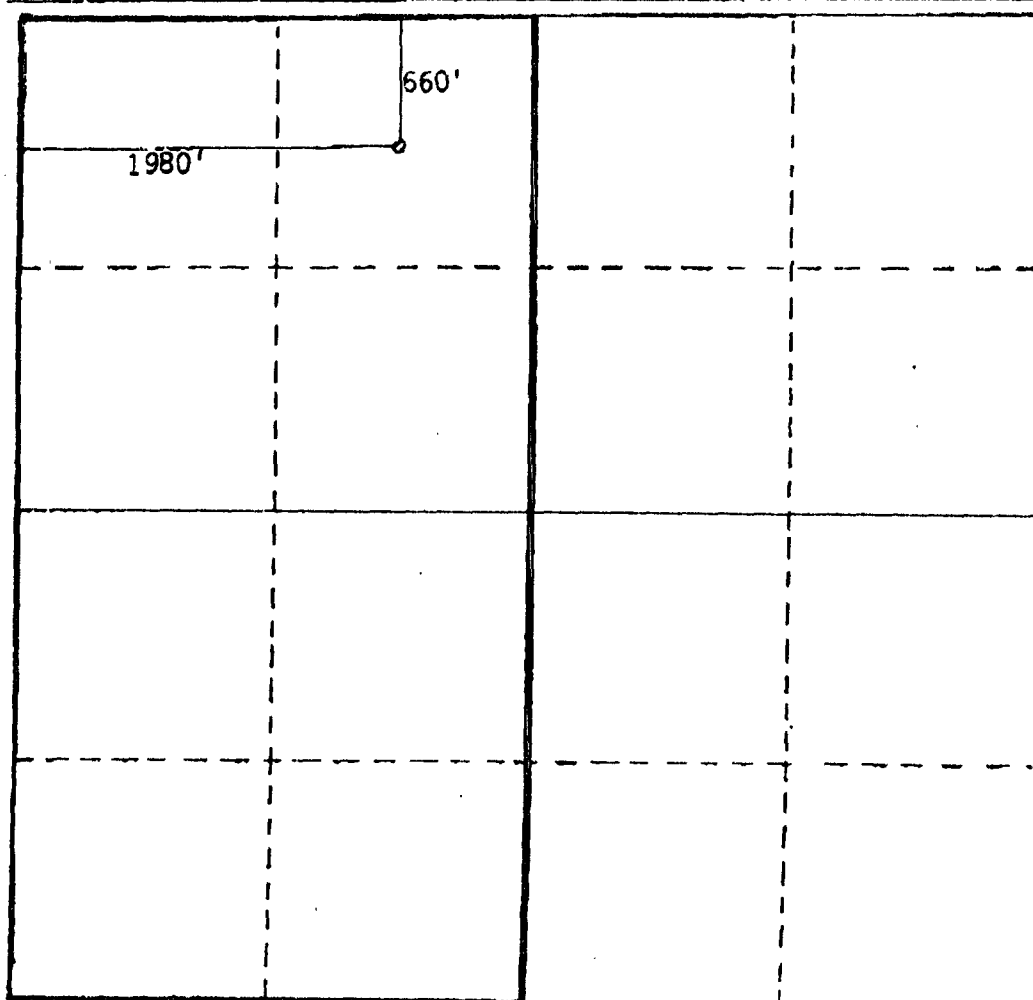
660	feet from the	North	line and	1980	feet from the	West	line
Ground Level Elev. 3902'	Producing Formation Morrow		Post Wildcat	Dedicated Acreage 320		Acres	

- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

☐ Yes ☐ No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

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

Mark McClellan

Name

Mark McClellan

Position

Geologist

Company

McClellan Oil Corporation

Date

July 23, 1985

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 knowledge and belief.

See Attached Plat

Date Surveyed

Registered Professional Engineer
and/or Land Surveyor

Certificate No.

FOR YOUR INFORMATION

SUBMIT IN TRIPLICATE*
(Other instructions on reverse side)

Form 5-331
(May 1963)

UNITED STATES DEPARTMENT OF THE INTERIOR GEOLOGICAL SURVEY

Form approved
Budget Bureau No. 42-R1424.

5. LEASE DESIGNATION AND SERIAL NO.

NM-25363

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

MOC Champeau Federal

9. WELL NO.

1

10. FIELD AND POOL, OR WILDCAT

Wildcat

11. SEC., T., R., M., OR BLK. AND
SUEBY OR AREA

Sec. 31-T15S-R30E

14. PERMIT NO.

16. ELEVATIONS (Show whether DP, BT, OR, etc.)

3902' G.L.

12. COUNTY OR PARISH

Chaves

13. STATE

NM

10. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF

☐
☐
☐
☐
☐

PULL OR ALTER CASING

☐
☐
☐
☐
☐

FRACTURE TREAT

MULTIPLE COMPLETE

ABANDON OR ACIDIZE

ABANDON*

REPAIR WELL

CHANGE PLANS

(Other) Change acreage dedication

☒

SUBSEQUENT REPORT OF:

WATER SHUT-OFF

☐
☐
☐
☐
☐

FRACTURE TREATMENT

ABANDONING OR ACIDIZING

(Other)

REPAIRING WELL

ALTERING CASING

ABANDONMENT*

☐
☐
☐
☐
☐

(NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

This well was originally permitted as a 40 acre undesignated Morrow oil well.

Request change of acreage dedication to 320 acres as this well has been completed as a Morrow gas well.

18. I hereby certify that the foregoing is true and correct

SIGNED

Mark McClellan

TITLE Geologist

DATE July 23, 1985

(This space for Federal or State office use)

APPROVED BY

TITLE

DATE

CONDITIONS OF APPROVAL, IF ANY:

District I
PO Box 1980, Hobbs, NM 88241-1980
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 & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised October 18, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-005-00518	Pool Code	Pool Name Little Lucky Lake Strawn (Gas)
Property Code 20732	Property Name MOC Champeau Federal	Well Number #1
OGRID No. 155615	Operator Name Nadel and Gussman Permian, L.L.C.	Elevation 3902'

¹⁰ Surface Location

UL or lot no. C	Section 31	Township 15S	Range 30E	Lot Idn	Feet from the 660	North/South line N	Feet from the 1980	East/West line W	County Chaves
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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
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

¹⁶ 660' 1980'	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature: <u>Joel Martin</u> Printed Name: <u>Joel Martin</u> Title: <u>Engineering Manager</u> Date: <u>11/23/93</u>			
	¹⁸ 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 of Survey: Signature and Seal of Professional Surveyer: Certificate Number:			