

DHC 5/17/99
2341

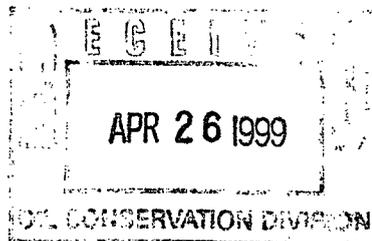
REDSTONE



OIL & GAS COMPANY

April 23, 1999

Energy, Minerals and Natural Resources Department
Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87505-6429



Re: Rock Tank Unit #1
Section 7-T23S-R25E, NMPM
Eddy County, New Mexico

Gentlemen,

Attached please find your form C-107-A, Application for Downhole Commingling for the above captioned well.

Redstone Oil & Gas Company is requesting that you approve this application at your earliest convenience.

Should you have any questions or comments regarding this application, please contact me or Scott Royal at this office at extension 114.

Very truly yours,

REDSTONE OIL & GAS COMPANY

Joe E. Small, CPL
Vice President - Land
(214) 368-0202 (Ext. 116)

cc: w/encl. Oil Conservation Division
District II
811 South First Street
Artesia, NM 88210

DISTRICT II

811 South First St., Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd, Aztec, NM 87410

DISTRICT IV

2040 S. Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

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

APPLICATION FOR DOWNHOLE COMMINGLING

APPROVAL PROCESS:

Administrative Hearing

EXISTING WELLBORE

X YES NO

Redstone Oil & Gas Company

8235 Douglas Avenue Suite 1050 Dallas, TX 75225

Operator: Rock Tank 1 D 7 T23S R26E Eddy
 Lease: 034397 Well No: 018809 Unit Ltr. Sec Twp Rge: 30-015-20095 Spacing Unit Lease Types: (check 1 or more) X
 OGRID NO. Property Code API NO. Federal State (and/or) Fee

The following facts are submitted in support of downhole commingling	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	ROCK TANK Upper Morrow 84040		ROCK TANK Lower Morrow 87000
2. Top and Bottom of Pay Section (Perforations)	9965-78		10,290-324
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: Gas & Oil - Flowing: All Gas Zones: Estimated Current Measured Current Estimated Or Measured Original	a 1500 Current	a.	a. 550
	B 3879 Original	b.	b. 4203
6. Oil Gravity (API) or Gas BTU Content	1055		1055
7. Producing or Shut-In?	Producing		SI
8. 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 * If Producing, give date and oil/gas/water rates of recent test (within 60 days)	NO		NO
	Date: Rates:	Date: Rates:	Date: 4/25/98 Rates: 860 Mcf/D 0 BCPD 30 BWPD
	Date: 4/12/99 Rates: 430 Mcf/D 0 BCPD 0 BWPD	Date: Rates:	Date: Rates:
8. Fixed Percentage Allocation Formula - % for each zone (total of %'s to equal 100%)	Oil: % Gas: 33 %	Oil: % Gas: %	Oil: % Gas: 67 %

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(D) 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 C. S. Royal TITLE Engineer DATE 4/23/99

TYPE OR PRINT NAME C. S. Royal TELEPHONE NO. (214) 368-0202

MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

ANNEXED

Form C-102
Supersedes C-128
Effective 1-3-65

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

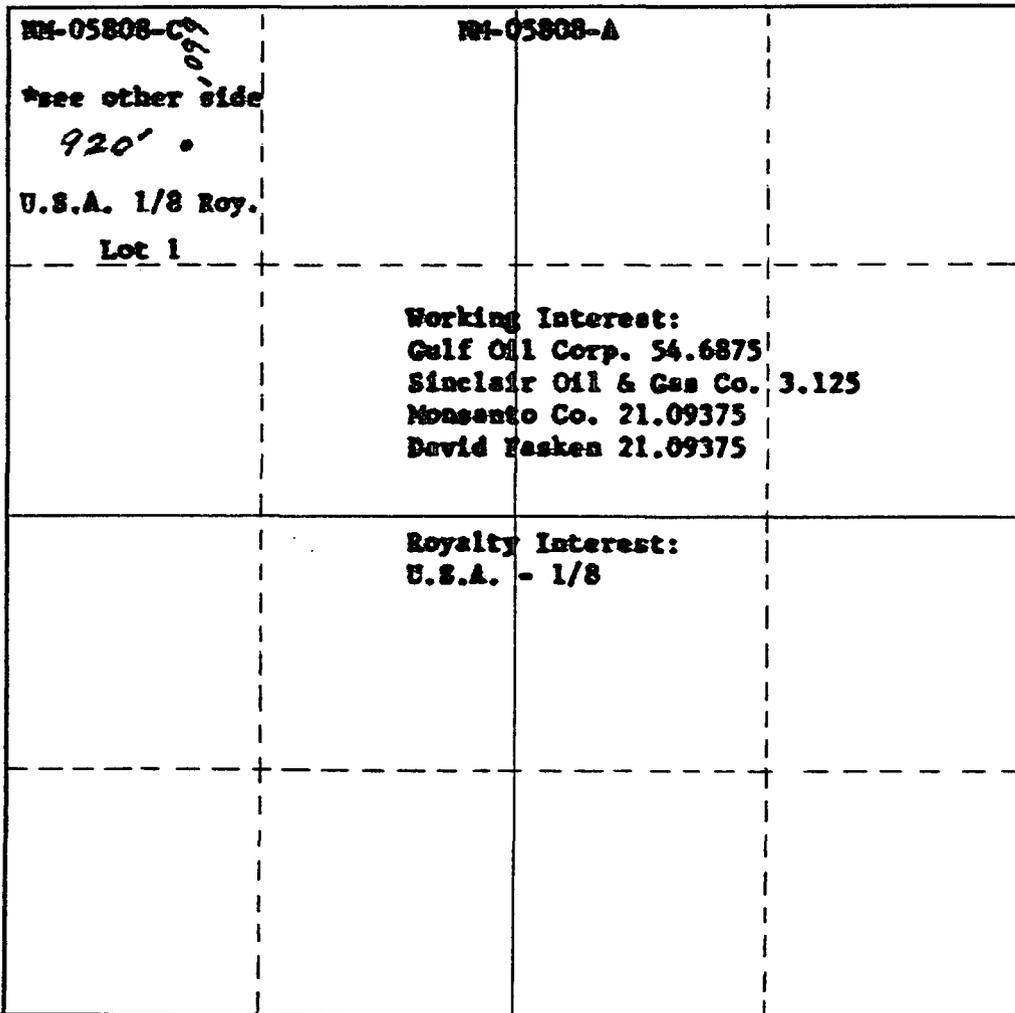
Operator MONSANTO COMPANY		Lease ROCK TANK UNIT		Well No. 1
Unit Letter D	Section 7	Township 23-B	Range 25-E	County Eddy
Actual Footage Location of Well: 660 feet from the North line and 920 feet from the West line				
Ground Level Elev. 3943	Producing Formation Lower Morrow	Pool Rock Tank-Lower Morrow Gas	Dedicated Acreage: 640 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. 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 **Communitization**

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.

A. V. Wood

Name A. V. Wood
Position Dist. Prod. Supt.
Company MONSANTO COMPANY
Date 6-12-68

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.

Date Surveyed
Registered Professional Engineer and/or Land Surveyor

Certificate No.



MEXICO OIL CONSERVATION COMMISS
WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED

Form C-102
Supersedes C-128
Effective 1-1-65

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

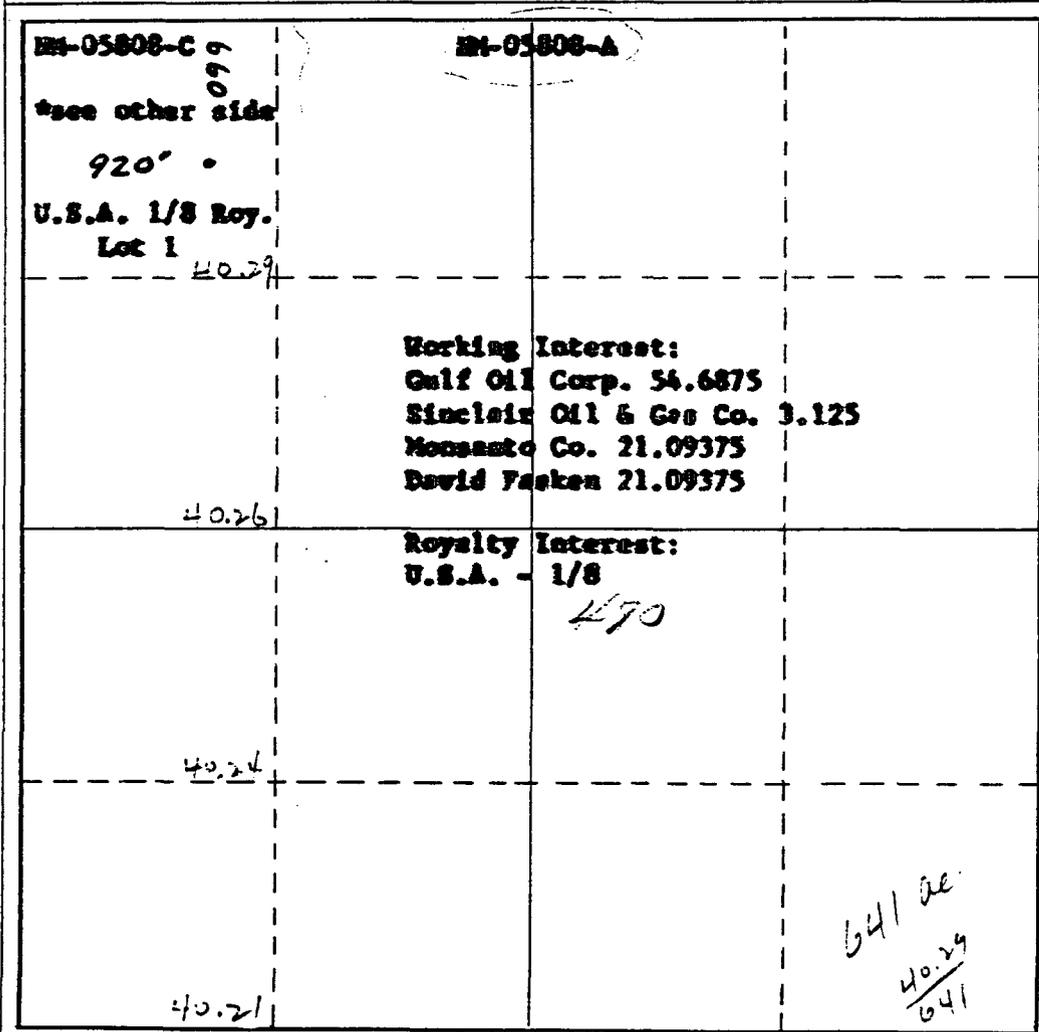
Operator MONSANTO COMPANY		Lease ROCK TANK UNIT		Well No. 1
Unit Letter D	Section 7	Township 23-S	Range 25-S	County Eddy
Actual Footage Location of Well: 660 feet from the North line and 920 feet from the West line				
Ground Level Elev: 3943	Producing Formation Upper Morrow	Pool Rock Tank - Upper Morrow Gas	Dedicated Acreage: 640 640 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. 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 Communitization

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.



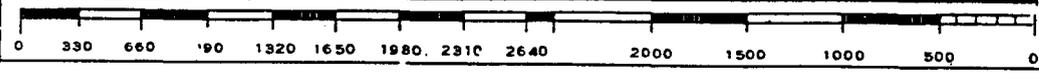
CERTIFICATION

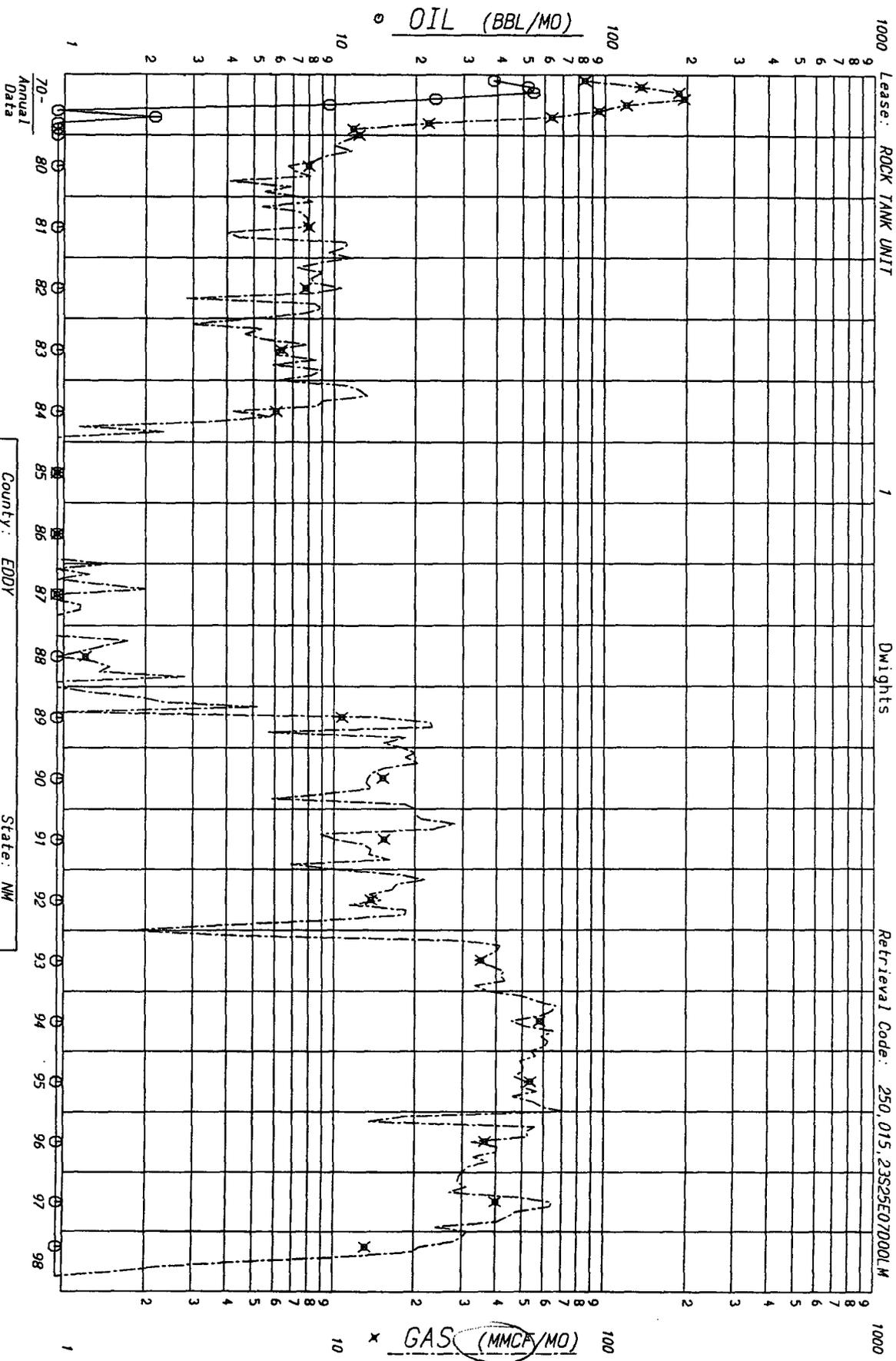
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

A. W. Wood
Name
A. W. Wood
Position
Dist. Prod. Supt.
Company
MONSANTO COMPANY
Date
~~6-12-68~~ **6-12-68**

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.

Date Surveyed _____
Registered Professional Engineer and/or Land Surveyor _____
Certificate No. _____



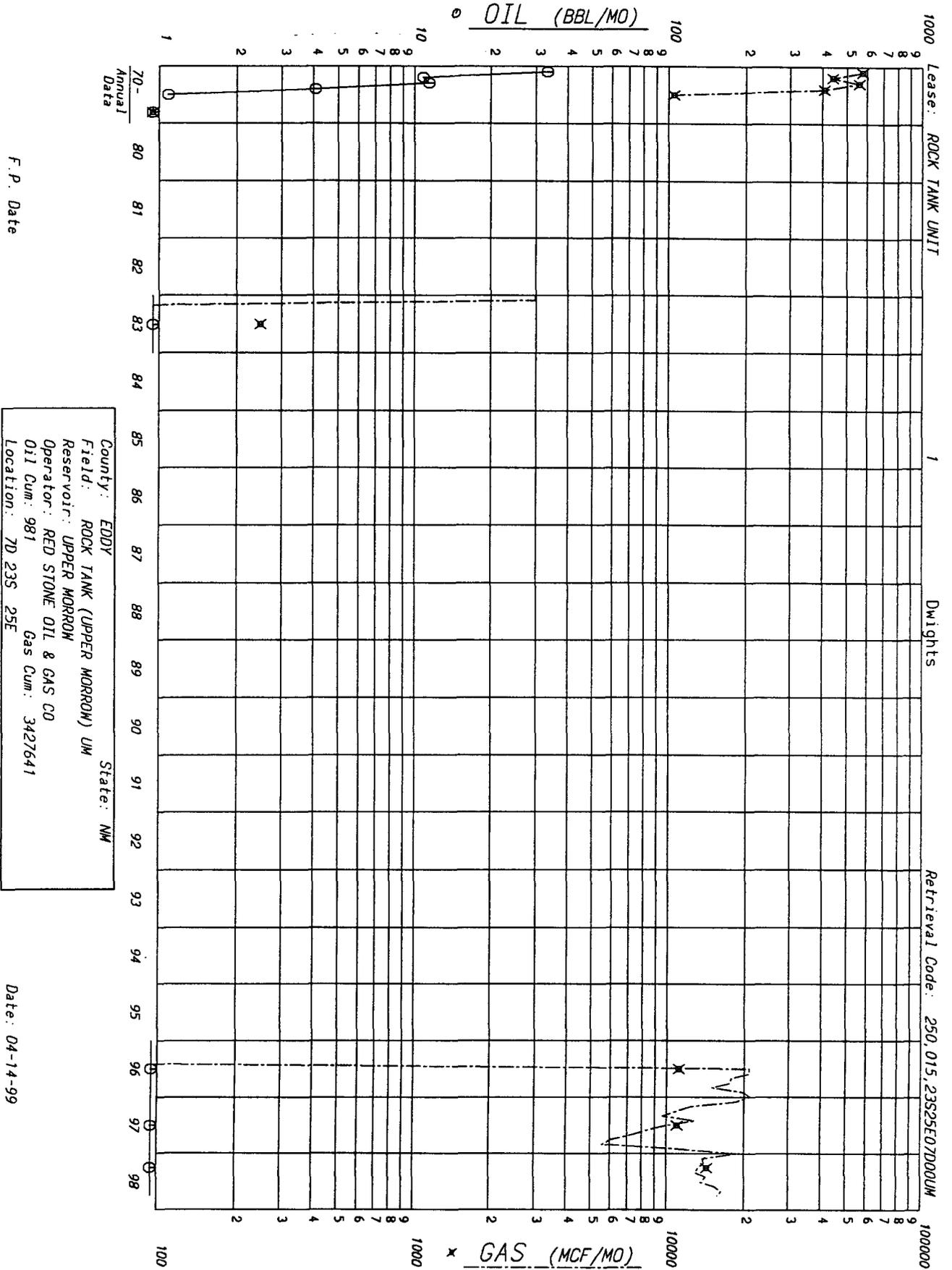


Lease: ROCK TANK UNIT
 1
 Dwights
 Retrieval Code: 250.015.23525E07000LM
 1000

County: EDDY
 State: NM
 Field: ROCK TANK (LOWER MORROW) LM
 Reservoir: LOWER MORROW
 Operator: RED STONE OIL & GAS CO
 Oil Cum: 2859 Gas Cum: 16223904
 Location: 7D 23S 25E

F. P. Date

Date: 04-14-99



F.P. Date

County: EDDY
 Field: ROCK TANK (UPPER MORROW) UM
 Reservoir: UPPER MORROW
 Operator: RED STONE OIL & GAS CO
 Oil Cum: 981
 Gas Cum: 3427641
 Location: 7D 235 25E
 State: NM

Date: 04-14-99

Lease: ROCK TANK UNIT
 Retrieval Code: 250, 015, 23525E07D00UM

Zone	Date	Rate - MCFD	% of Total
Upper Morrow	4/12/99	430	0.33
Lower Morrow	4/25/98	860	0.67
Total		1290	

% based on simple proportionate share of total flow;
I.e. $430/1290 = 0.33$ & $860/1290 = 0.67$

STATEMENT AND DECLARATION

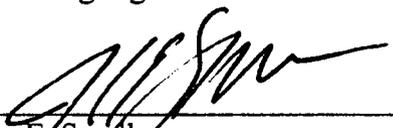
Attached to that certain Application for Downhole Commingling (Form C-107-A) dated April 23, 1999 for the Rock Tank Unit #1 well located in Section 7-T23S-R25E, NMPM, Eddy County, New Mexico.

I, Joe E. Small, Vice President - Land of Redstone Oil & Gas Company, do hereby state and declare as follows:

1. That the ownership is not common among the zones to be commingled pursuant to the application which this statement is attached. Further, I state and declare that notification of this application has been sent, by certified mail, to all of the owners of production in the spacing unit for each of the commingle zones. A list of these owners of production is attached hereto as Exhibit "A"

2. That all offset operators have been given written notice, by certified mail, of the proposed downhole commingling.

3. That the United States Bureau of Land Management has received a completed form C-107-A and the necessary attachments, notifying them of the proposed commingling.



Joe E. Small
Vice President - Land

STATE OF TEXAS)
) ss
COUNTY OF DALLAS)

Before me on this 23rd day of April, 1999, came **Joe E. Small**, Vice President - Land of Redstone Oil & Gas Company, personally known to me to be such, and he duly acknowledged the execution of this instrument for said corporation for the uses and purposes therein set forth.

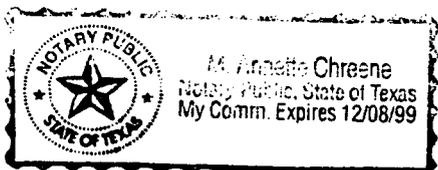
IN WITNESS WHEREOF, I set my hand and official seal on the day and year last above written.

My Commission Expires:

12-8-99



Notary Public





Via Certified Mail
Return Receipt Requested

April 23, 1999

TO THE OWNERS OF PRODUCTION ON THE ATTACHED LIST:

Re: Rock Tank Unit #1
Section 7-T23S-R25E, NMPM
Eddy County, New Mexico

Gentlemen,

The Rock Tank Unit #1 was originally drilled in 1968 and commercial production was established in the Lower Morrow formation (10,290' to 10,298' and 10,308' to 10,324') and has been producing in commercial quantities since that time. The well was also completed in the Upper Morrow formation (9,965' to 9,978'), however, by letter dated January 22, 1970, the USGS determined that the Upper Morrow formation was not commercial and, therefore, a participating area was not established for the Upper Morrow zone. A participating area of 2,235.80 acres was approved for the Lower Morrow zone.

Effective June 1, 1996, this well was dually completed with the Upper and Lower zones being measured separately at the surface. The Lower Morrow revenues were paid based upon the 2,235.80 acres participating area and the Upper Morrow zone was paid based upon the 640 acre proration unit consisting of all of Section 7-Township 23 South-Range 25 East, NMPM.

Analysis of the respective reservoirs now indicates that for optimum operations and recovery, these gas zones should be commingled downhole. Based upon the production history of each of these zones, Redstone proposes to commingle these zones with the production being allocated as shown on the attached copy of the State of New Mexico form C-107-A. We trust that you will concur that the commingling of these zones will benefit all owners of the Upper and Lower Morrow formations as found in the Rock Tank Unit #1.

Should you have any questions, comments, or objections related to this matter, please contact me or the OCD at the address below:

8235 DOUGLAS AVENUE, SUITE 1050
DALLAS, TEXAS 75225

(214) 368-0202
FAX (214) 739-0061

Rock Tank #1 Owners
April 23, 1999
Page 2

Energy, Minerals and Natural Resources Department
Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87505-6429

Very truly yours,

REDSTONE OIL & GAS COMPANY

A handwritten signature in black ink, appearing to read 'JES', is written over the company name.

Joe E. Small, CPL
Vice President – Land
(214) 368-0202 (Ext. 116)

Exhibit "A"

Attached to and made a part of the Application to Commingle
Rock Tank Unit #1 Well
Redstone Oil & Gas Company, Operator
Section 7-T23S-R25E, NMPM
Eddy County, New Mexico
Date: April 23, 1999

Page 1

Royalty Owners:

Certified Mail

David R Drennan & Nita Drennan
HCR 64 Box 240
Ft. Sumner, NM 88117

Z 270 331 876

Minerals Management Service
Gas Royalties
P. O. Box 5810
Denver, CO 80217

Z 270 331 877

Bureau of Land Management
2909 West Second Street
Roswell, NM 88201

Z 270 331 878

Overriding Royalty Owners:

Boy Scouts of America Trust Fund
Sunwest Bank of Albuquerque
P. O. Box 26900
Albuquerque, NM 87125-6900

Z 270 331 879

Claremont Corporation
P. O. Box 549
Claremore, OK 74018

Z 270 331 880

Jonathan Reece Davis
P. O. Box 1272
San Angelo, TX 76902

Z 270 331 881

Fritts Living Trust #2 Trust A
Ruth Fritts, Sole Trustee
P. O. Box 868
Roswell, NM 88202-0868

Z 270 331 882

Fred G. Goodman
#8 Winchester Ct.
Midland, TX 79701

Z 270 331 883

James E. Logan
401 W. Texas Ave., Ste. 507
Midland, TX 79701

Z 270 331 884

Exhibit "A"

Attached to and made a part of the Application to Commingle
Rock Tank Unit #1 Well
Redstone Oil & Gas Company, Operator
Section 7-T23S-R25E, NMPM
Eddy County, New Mexico
Date: April 23, 1999

Page 2

NM Military Institute Z 270 331 885
Attn: Business Office-Trust
North Hill
Roswell, NM 88201

Mew Mexico Oil Corporation Z 270 331 886
P.O. Box 1714
Roswell, NM 88202-1714

Petroleum Reserve Corporation Z 270 331 887
4815 S. Harvard, Suite 305
Tulsa, OK 74135

R. M. Richardson Z 270 331 888
P. O. Box 2423
Roswell, NM 88202

Estate of Harold L. Runnels Z 270 331 889
Dorothy Runnels Executrix
P. O. Box 937
Lovington, NM 88260

University of New Mexico Z 270 331 890
Pre-Audit Department
Scholes Hall Room #260
Albuquerque, NM 87131

Andrew Elliott, Jr. Z 270 331 891
18 Sundown Pkwy.
Austin, TX 78746

Jacqueline Holleman Z 270 331 892
P.O. Box 1064
Austin, TX 78767

John Robert Elliott Z 270 331 893
P.O. Box 575
Tyler, TX 75710

Robert Zinke Z 270 331 894
475 17th St. #810
Denver, CO 80202

Production Payment Owners:

Bryan Bell Family Ltd. Partnership Z 270 331 895
1331 Third Street
New Orleans, LA 70130

Exhibit "A"

Attached to and made a part of the Application to Commingle
Rock Tank Unit #1 Well
Redstone Oil & Gas Company, Operator
Section 7-T23S-R25E, NMPM
Eddy County, New Mexico
Date: April 23, 1999

Page 3

Ruth Crosby Bell Family Pship. #1 1331 Third Street New Orleans, LA 70130	Z 270 331 896
T. J. Deason, Jr. & June Deason P. O. Box 1517 Roswell, NM 88201	Z 270 331 897
Elizabeth W. Knowles P. O. Box 285 Roswell, NM 88201	Z 270 331 898
McClellan Oil Corporation Suite 100, J. P. White Bldg. Drawer 730 Roswell, NM 88202	Z 270 331 899
Leslie A. McPherson P. O. Box 1598 Roswell, NM 88202	Z 270 331 900
Riggs-Mills Ltd. Partnership R-M Management LLC General P.O. Box 727 Cedaredge, CO 81413-0727	Z 270 331 901
Charles W. Perry, Jr. P. O. Box 371 Midland, TX 79701	Z 270 331 902
PBR, Inc. P. O. Box 371 Midland, TX 79701	Z 270 331 903
Barbara I. Pollock P.O. Box 426 Balboa Island, CA 92662	Z 270 331 904
Sally I. Stella P.O. Box 2137 Midland, TX 79702	Z 270 331 905
The Toles Company Ltd. Ptnrshp P. O. Drawer 1300 Roswell, NM 88201	Z 270 331 906

Exhibit "A"
Attached to and made a part of the Application to Commingle
Rock Tank Unit #1 Well
Redstone Oil & Gas Company, Operator
Section 7-T23S-R25E, NMPM
Eddy County, New Mexico
Date: April 23, 1999

Page 4

Wills Royalty, Inc. Z 270 331 907
P. O. Box 1658
Carlsbad, NM 88220

Working Interest Owners:

Olwick Corporation Z 270 331 908
P. O. Box 10886
Midland, TX 79702

Brooks Oil & Gas Interests Z 270 331 909
9550 Skillman LB 138
Dallas, TX 75243

Max W. Coll II Z 270 331 910
Rt. 9, Box 72F
Santa Fe, NM 87505

Fasken Oil & Ranch, Ltd. Z 270 331 911
303 W. Wall Ave., Suite 1800
Midland, TX 79701-5116

Finwing Corporation Z 270 331 912
P.O. Box 10886
Midland, TX 79702

Wm. Taylor Lagrone Z 270 331 913
P.O. Box 802046
Dallas, TX 75380

Manta Oil & Gas Corp. Z 270 331 914
P.O. Box 10886
Midland, TX 79702

Petraitis Oil & Gas, Inc. Z 270 331 915
P.O. Box 10886
Midland, TX 79702

S.E.S. Oil & Gas, Inc. Z 270 331 916
214 W. Texas, Suite 900
P.O. Box 371
Midland, TX 79702-0371

Exhibit "A"

Attached to and made a part of the Application to Commingle
Rock Tank Unit #1 Well
Redstone Oil & Gas Company, Operator
Section 7-T23S-R25E, NMPM
Eddy County, New Mexico
Date: April 23, 1999

Page 5

Offset Operators:

Santa Fe Energy Resources, Inc. Z 270 331 917
550 W. Texas, Suite 1330
Midland, TX 79701

Mineral Technologies, Inc. Z 270 331 918
600 N. Merienfield, Suite 445
Midland, TX 79701

ICA Energy, Inc. Z 270 331 919
P.O. Box 233
Odessa, TX 79760-0233

Listed for Curative:

Curtis R. Inman Z 270 331 920
P. O. Box 2137
Midland, TX 79702

Lawrence C. Harris Z 270 331 921
P. O. Box 1714
Roswell, NM 88201

R. M. Patterson Estate Z 270 331 922
P. O. Box 419248
Kansas City, MO 64141