

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

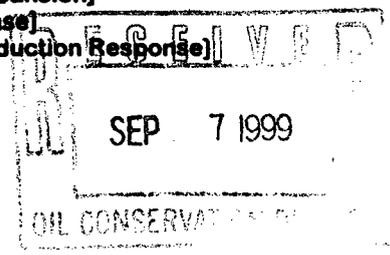
2468

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

- [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
- [DD-Directional Drilling] [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 - Directional Drilling
 NSL NSP DD 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

[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] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, ~~or personnel under my supervision~~, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

David Stewart
Print or Type Name

David Stewart
Signature

Regulatory Analyst
Title

9/6/99
Date

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980
DISTRICT II
811 South First St., Artesia, NM 88210-2835
DISTRICT III
1000 Rio Brazos Rd, Aztec, NM 87410-1693

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



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

APPROVAL PROCESS:

Administrative Hearing

EXISTING WELLBORE

YES NO

Operator: OXY USA Inc. Address: P.O. Box 50250 Midland, TX 79710-0250

Lease: OXY Sparkplug State Well No. 1 Unit Ltr. - Sec - Twp - Rge N 9 19S 29E County Eddy

OGRID NO. 16696 Property Code 20667 API NO. 30-015-29465 Spacing Unit Lease Types: (check 1 or more) 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 | <i>Und.</i> Turkey Track Atoka 86445 | | Turkey Track Morrow 86480 |
| 2. Top and Bottom of Pay Section (Perforations) | 10692-10704' | | 11368-11482' |
| 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 Estimated Or Measured Original | a. (Current) 400 | a. | a. 450 |
| | b. (Original) 4100 | b. | b. 3184 |
| 6. Oil Gravity (. API) or Gas BTU Content | | | .658 |
| 7. Producing or Shut-In? | Producing | | 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 * If Producing, give date and oil/gas/water rates of recent test (within 60 days) | Yes | | Yes |
| | Date: Rates: | Date: Rates: | Date: 4/22/99 Rates: 0-BO 0-BW 122 MCFD |
| | Date: 8/21/99 Rates: 0-BO 0-BW 95 MCFD | Date: Rates: | Date: Rates: |
| 8. Fixed Percentage Allocation Formula - % for each zone (total of %'s to equal 100%) | Oil: % Gas: 48 % | Oil: % Gas: % | Oil: % Gas: 52% |

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 David Stewart TITLE Regulatory Analyst DATE 9/1/99

TYPE OR PRINT NAME David Stewart TELEPHONE NO. (915) 685-5717

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Instruction on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION
P.O. Box 2088
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | | |
|----------------------------|---------------------------------------|--------------------|--|
| API Number 30-015-29465 | | Pool Code 86445 | Pool Name Undesignated Turkey Track Atoka |
| Property Code 20667 | Property Name Oxy Spark Plug State | | Well Number 1 |
| OGRD No. 16696 | Operator Name Oxy USA Inc. | | Elevation 3379' |

Surface Location

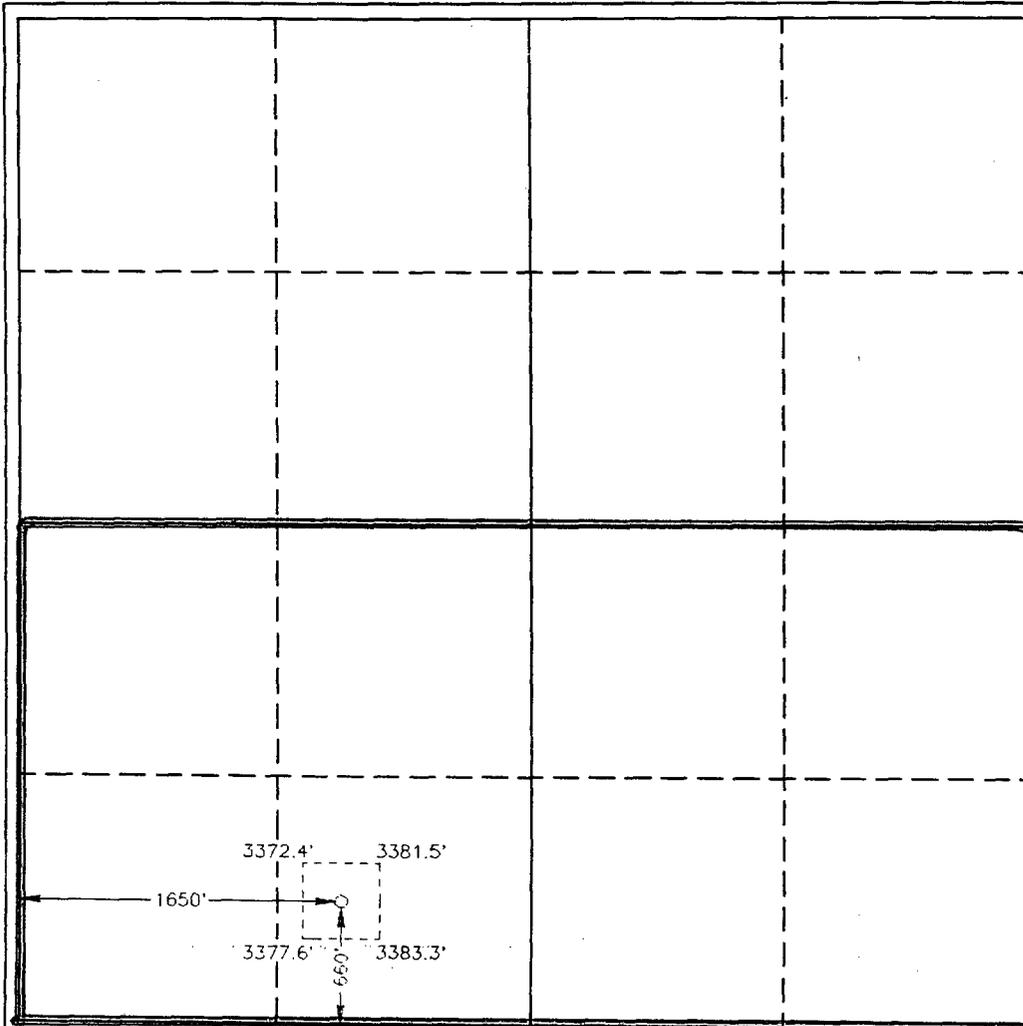
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| N | 9 | 19 S | 29 E | | 660 | South | 1650 | West | 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 N | 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.

David Stewart
Signature

David Stewart
Printed Name

Regulatory Analyst
Title

2/1/97
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.

March 17, 1997
Date Surveyed

W. O. Jones
Signature & Seal of Professional Surveyor

W.O. No 71530
Certificate No. Gary Jones 7977

PROFESSIONAL LAND SURVEYORS

DISTRICT I
P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

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AMENDED REPORT

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|----------------------------|---------------------------------------|----------------------------------|
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| Property Code 20667 | Property Name Oxy Spark Plug State | Well Number 1 |
| OGRID No. 16696 | Operator Name Oxy USA Inc. | Elevation 3379' |

Surface Location

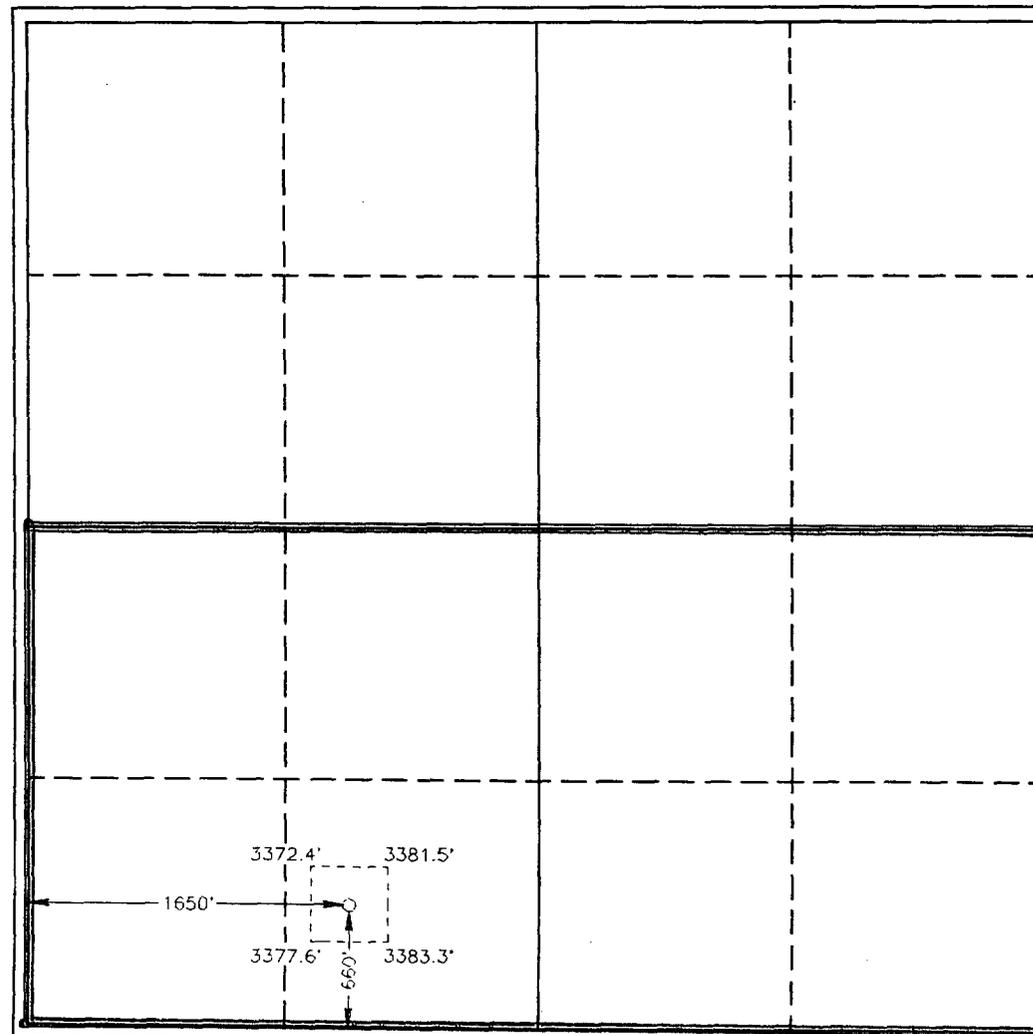
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|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| Dedicated Acres | Joint or Infill | Consolidation Code | Order No. |
|-----------------|-----------------|--------------------|-----------|
| 320 | N | | |

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.

David Stewart
Signature

David Stewart
Printed Name

Regulatory Analyst
Title

9/1/99
Date

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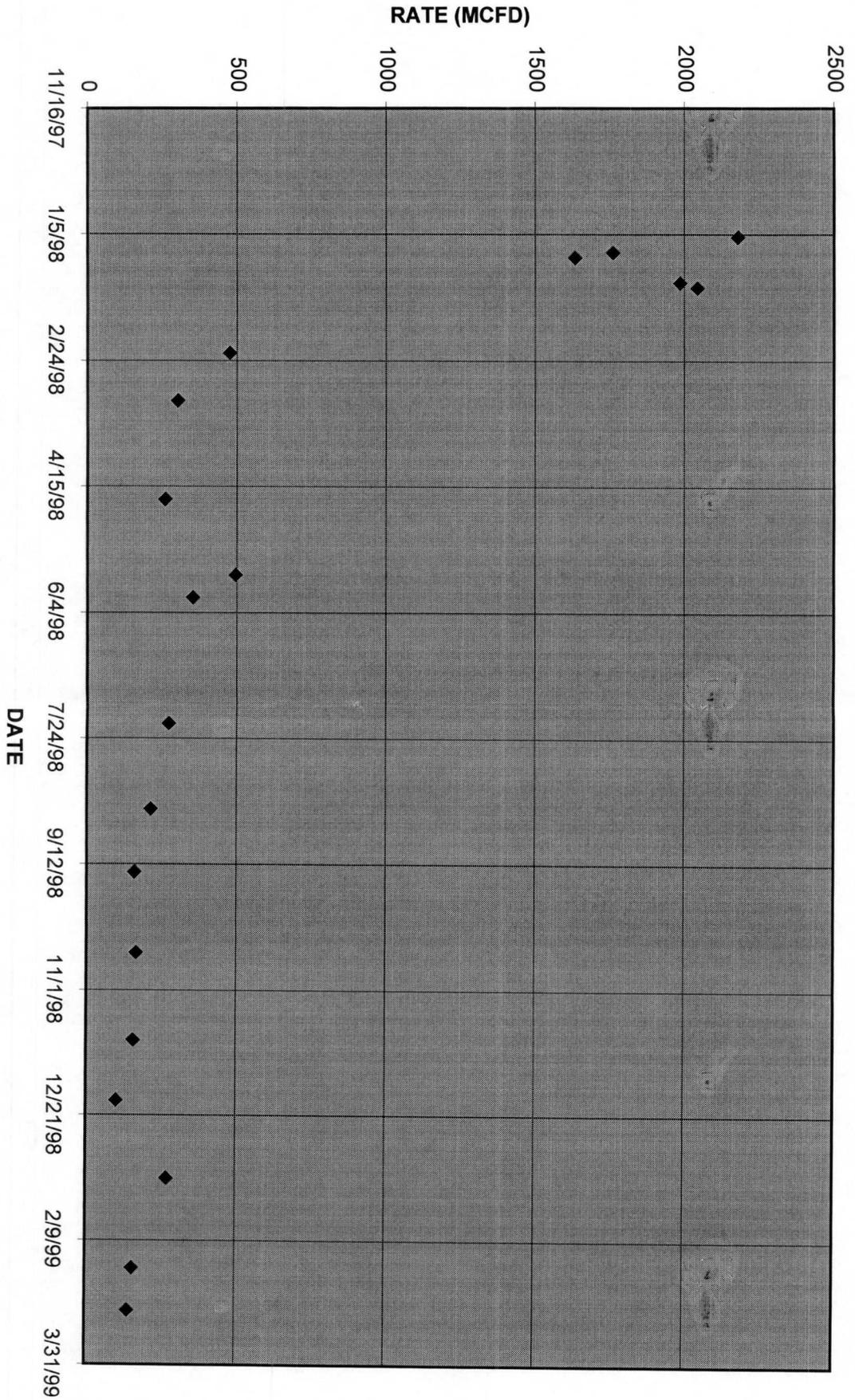
March 17, 1997
Date Surveyed

W. Q. Jones
Signature & Seal of Professional Surveyor

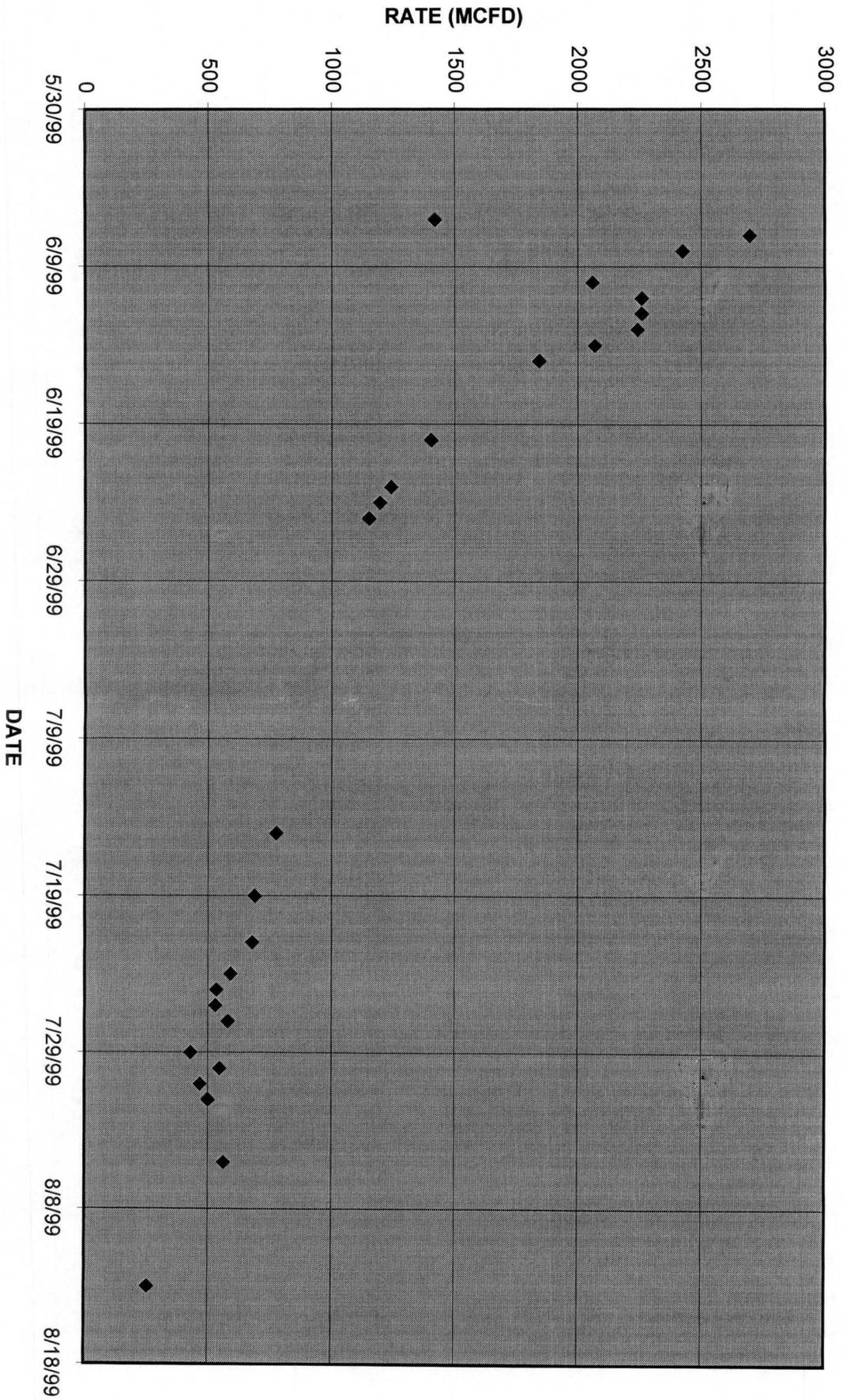
W. Q. No. 71830
Certificate No. 7977

PROFESSIONAL LAND SURVEYORS

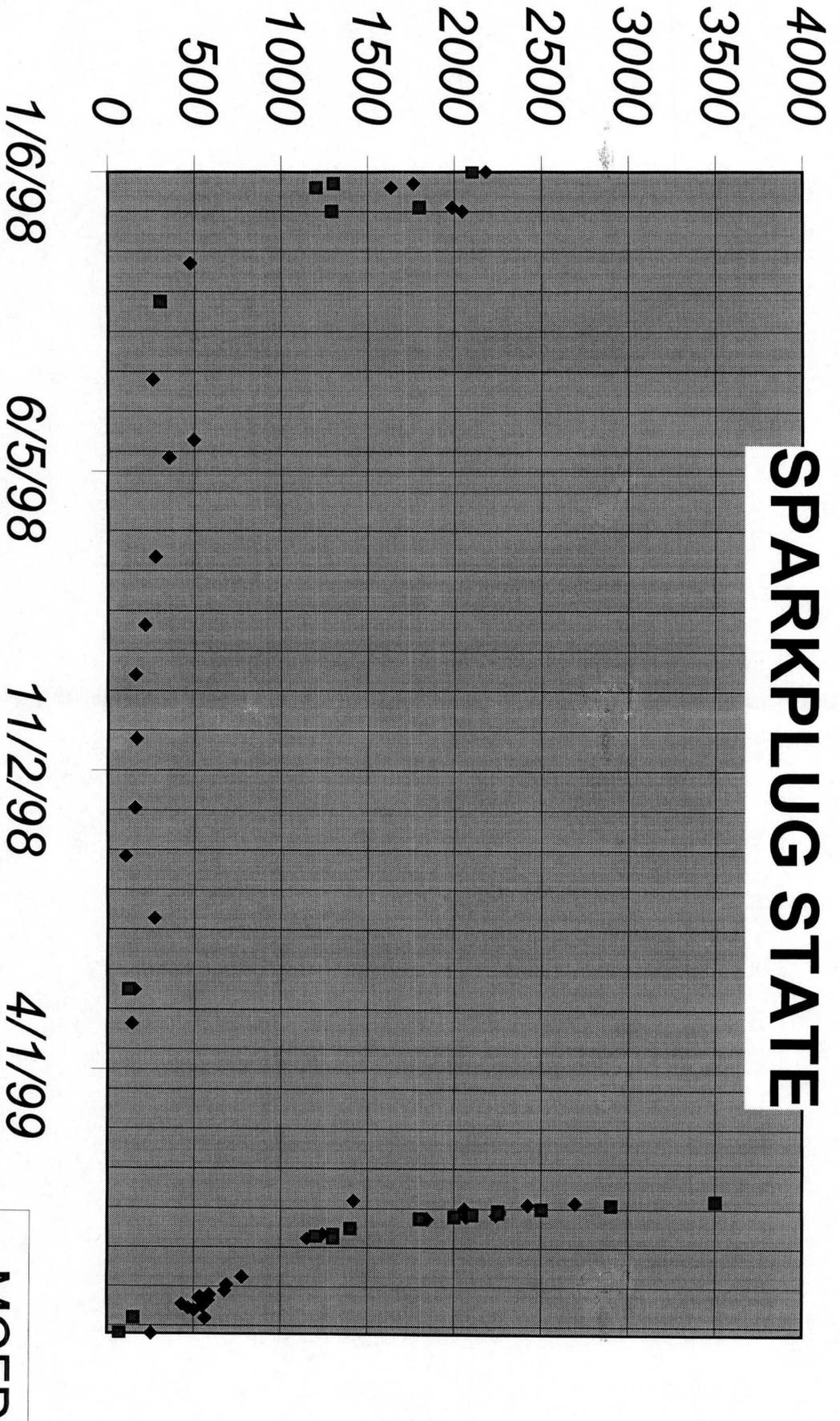
SPARKPLUG MORROW



SPARKPLUG ATOKA



SPARKPLUG STATE



◆ MCFD
 ■ FTP

Morrow Completion 1/98
Atoka Completion 6/99

**ATTACHMENT C-107A
SERVICE LIST
OXY SPARKPLUG STATE #1
SEC 9 T19S R29E
EDDY COUNTY, NM**

STATE OF NEW MEXICO
ENERGY & MINERALS DIVISION
OIL CONSERVATION DIVISION
2040 SOUTH PACHECO
SANTA FE, NM 87505

STATE OF NEW MEXICO
ENERGY & MINERALS DIVISION
OIL CONSERVATION DIVISION
811 S. 1ST STREET
ARTESIA, NM 88210-2834

COMMISSIONER OF PUBLIC LANDS
P.O. BOX 1148
SANTA FE, NM 87504-1148

GRUY PETROLEUM MANAGEMENT CO.
P.O. BOX 140907
IRVING, TX 75014

THRESHOLD DEVELOPMENT CORP.
777 TAYLOR ST. PENTHOUSE II-D
FORT WORTH, TX 76102

OXY USA INC.
P.O. BOX 50250
MIDLAND, TX 79710-0250

