

1 DHC 9/29/99

**CONCHO RESOURCES INC.**

Suite 410

110 W. Louisiana

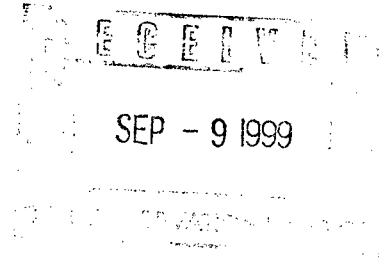
Midland, Texas 79701

2/69

(915) 683-7443  
FAX 683-7441

September 7, 1999

Mr. David Catanach  
New Mexico Oil Conservation Division  
2040 South Pacheco  
Santa Fe, New Mexico 87505



Mr. Catanach:

Re: Application for Downhole Commingle  
F. H. 28 State No. 1  
Eddy County, New Mexico

Concho Resources Inc. hereby requests approval to downhole commingle production from the Strawn and Morrow pools in the F. H. 28 State No. 1 well.

This well is a dual completion in the Strawn and Morrow pools. We would like to install plunger lift equipment to help keep the well unloaded and to increase production. This equipment would work more effectively if the annulus were open for the energy storage effect of the annulus. To do this would require for the zones to be downhole commingled. The gas is currently commingled at the sales point and the value of the gas would not be changed. A flowing BHP bomb was recently run in the well and indicated there would not be an appreciable amount of crossflow.

Ownership and working interest for the two zones are common. The C-107A, C-102s, production curve for each pool, and a map are attached for your review. Concho Resources Inc. purchased the well in February 1999 and it was discovered that the allocation meter for the Strawn side was inaccurate. Therefore, production numbers since March 1999 were used to determine production allocations. Also, I have included the approved Application for Multiple Completion for your records.

Please feel free to contact me if you have any questions or need any additional information.

Sincerely,

James Blount  
Senior Operations Engineer

## 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 87505-6429Form C-107-A  
New 3-12-96

APPROVAL PROCESS:

☒ Administrative ☐ Hearing

EXISTING WELLBORE

☒ YES ☐ NO

## APPLICATION FOR DOWNHOLE COMMINGLING

Operator Concho Resources Inc. Address 110 W. Louisiana, Ste 410; Midland, Tx 79701Lease F. H. 28 State Well No. 1 Unit Ltr. - Sec - Twp - Rge C 28-23S-26E County Eddy, NMOGRID NO. 166111 Property Code 024326 API NO. 30-015-28800 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	77190 Strawn		73960 Morrow
2. Top and Bottom of Pay Section (Perforations)	10179-10380		11703-11713
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. (Current) 207 b. (Original) 4752	a.  b.	a. 495 b. 5041
6. Oil Gravity (° API) or Gas BTU Content	NA		NA
7. Producing or Shut-In?	Producing		Producing
Production Marginal? (yes or no)	Yes		Yes
* 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: Rates:	Date: Rates:	Date: Rates:
* If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: 9/1/99 Rates: 0 BO, 3 BW, 180 MCF	Date: Rates:	Date: 9/1/99 Rates: 0 BO, 0 BW 169 MCF
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 50 % Gas: 50 %	Oil: % Gas: %	Oil: 50 % Gas: 50 %

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 ☐ No11. 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 ☐ No13. 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 Terri Stathem TITLE Production Analyst DATE 9/7/99TYPE OR PRINT NAME Terri Stathem TELEPHONE NO. ( 915 ) 683-7443

DISTRICT I  
P.O. Box 1000, Hobbs, NM 88241-1000

State of New Mexico  
Energy, Minerals and Natural Resources Department

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

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88211-0719

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

DISTRICT IV  
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number <b>30-015-28800</b>	Pool Code <b>77190</b>	Pool Name <b>Frontier Hills Strawn Gas</b>
Property Code <b>024236</b>	Property Name <b>FH STATE "28"</b>	Well Number <b>1</b>
ACRIN No. <b>166111</b>	Operator Name <b>Concho Resources Inc.</b>	Elevation <b>3336</b>

Surface Location

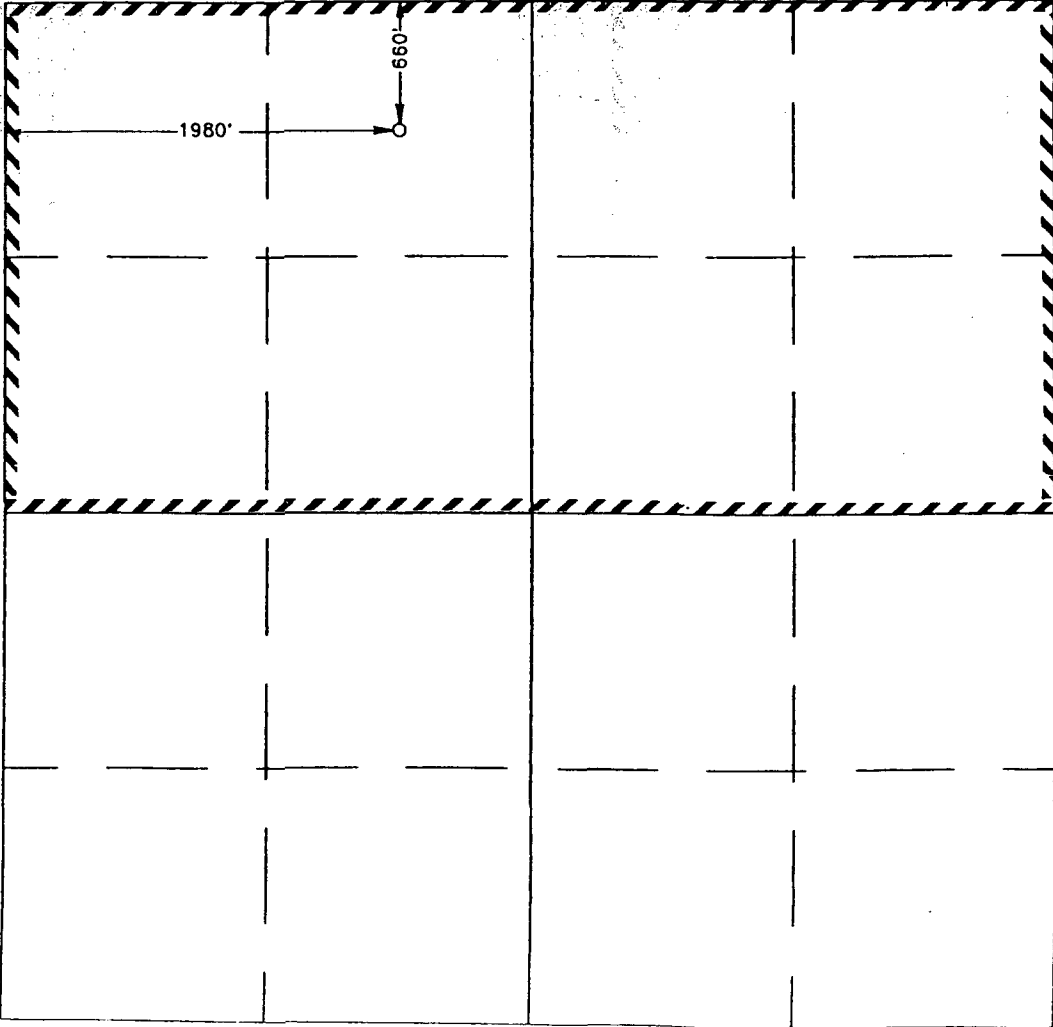
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	28	23 S	26 E		660	NORTH	1980	WEST	EDDY

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 <b>320</b>	Joint or Infill	Consolidation Code	Order No.
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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.

*Joe T. Janica*  
Signature  
Joe T. Janica  
Printed Name  
Agent  
Title  
01/22/96  
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.

JANUARY 4, 1996

Date Surveyed  
Signature & Seal of Professional Surveyor  
DMCC  
*Bonnie E. Eidsen* 1-08-96  
W.O. Num 96-14-0015  
Certificate No. JOHN W. WEST 676  
BONNIE E. EIDSON 3239  
PROFESSIONAL SURVEYOR 12641

DISTRICT I  
P.O. Box 1988, Hobbs, NM 88241-1988

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88211-0719

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

DISTRICT IV  
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised February 10, 1994  
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 <b>30-015-28800</b>	Pool Code <b>73960</b>	Pool Name <b>Carlsbad South Morrow</b>
Property Code <b>024236</b>	Property Name <b>FH STATE "28"</b>	Well Number <b>1</b>
ACRIN No. <b>166111</b>	Operator Name <b>Concho Resources Inc.</b>	Elevation <b>3336</b>

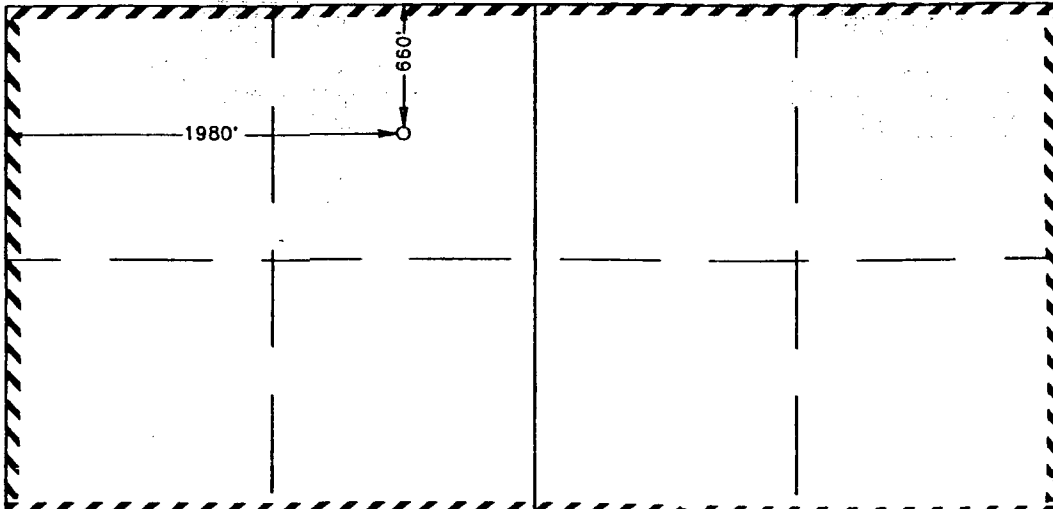
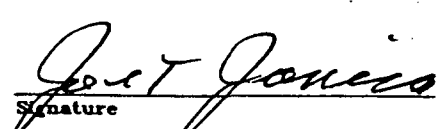
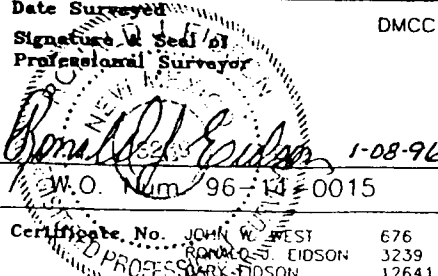
Surface Location

UL or lot No. <b>C</b>	Section <b>28</b>	Township <b>23 S</b>	Range <b>26 E</b>	Lot Idn	Feet from the <b>660</b>	North/South line <b>NORTH</b>	Feet from the <b>1980</b>	East/West line <b>WEST</b>	County <b>EDDY</b>
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Bottom Hole Location If Different From Surface

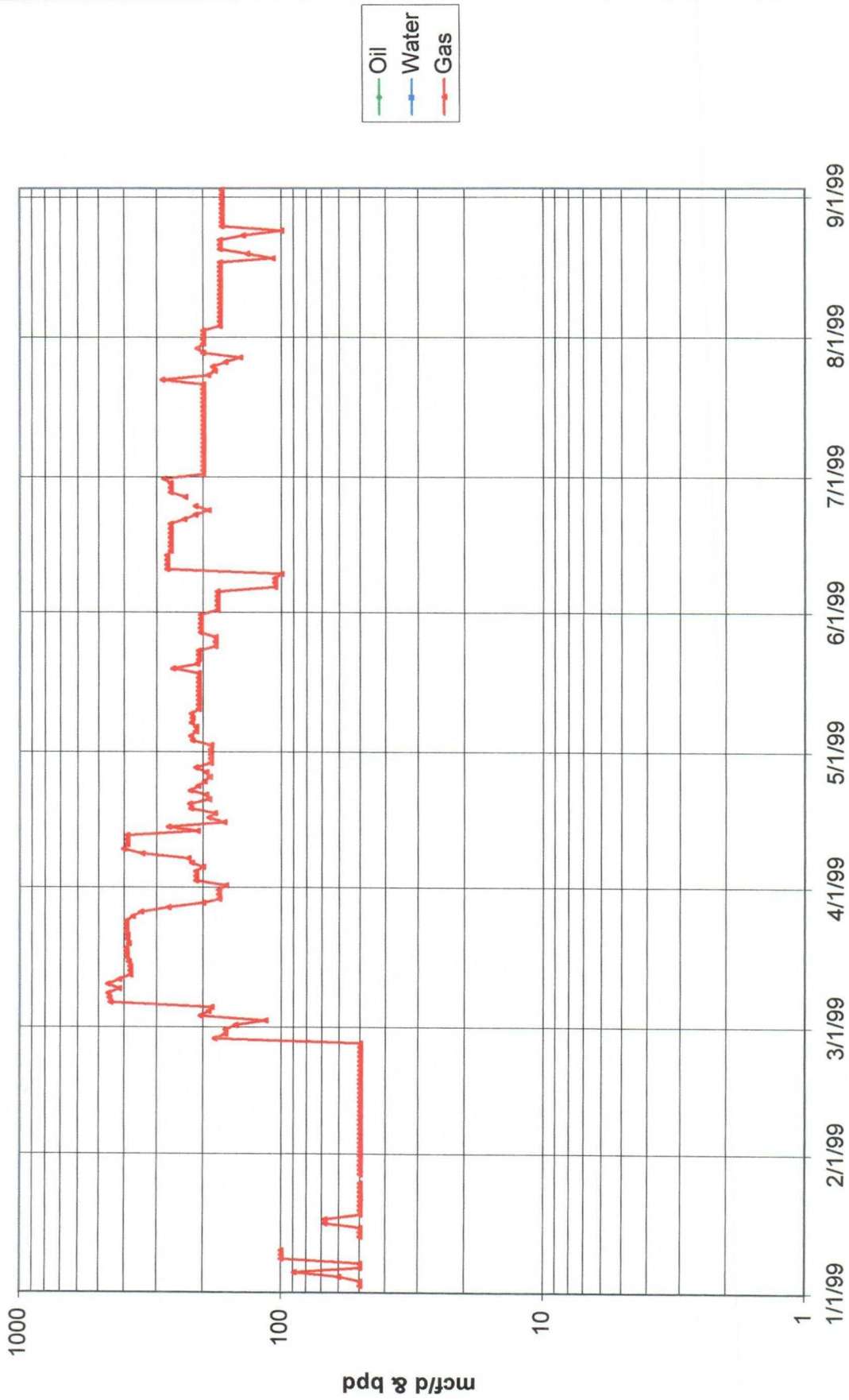
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres <b>3.20</b>	Joint or Infill	Consolidation Code	Order No.						

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

	<b>OPERATOR CERTIFICATION</b>  I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.   Signature <b>Joe T. Janica</b> Printed Name Agent Title <b>01/22/96</b> Date	
	<b>SURVEYOR CERTIFICATION</b>  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.  <b>JANUARY 4, 1996</b> Date Surveyed Signature & Seal of Professional Surveyor  W.O. Num 96-12641-0015 Certificate No. JOHN W. WEST 676 RONALD S. EIDSON 3239 PROFESSIONAL SURVEYOR EIDSON 12641	

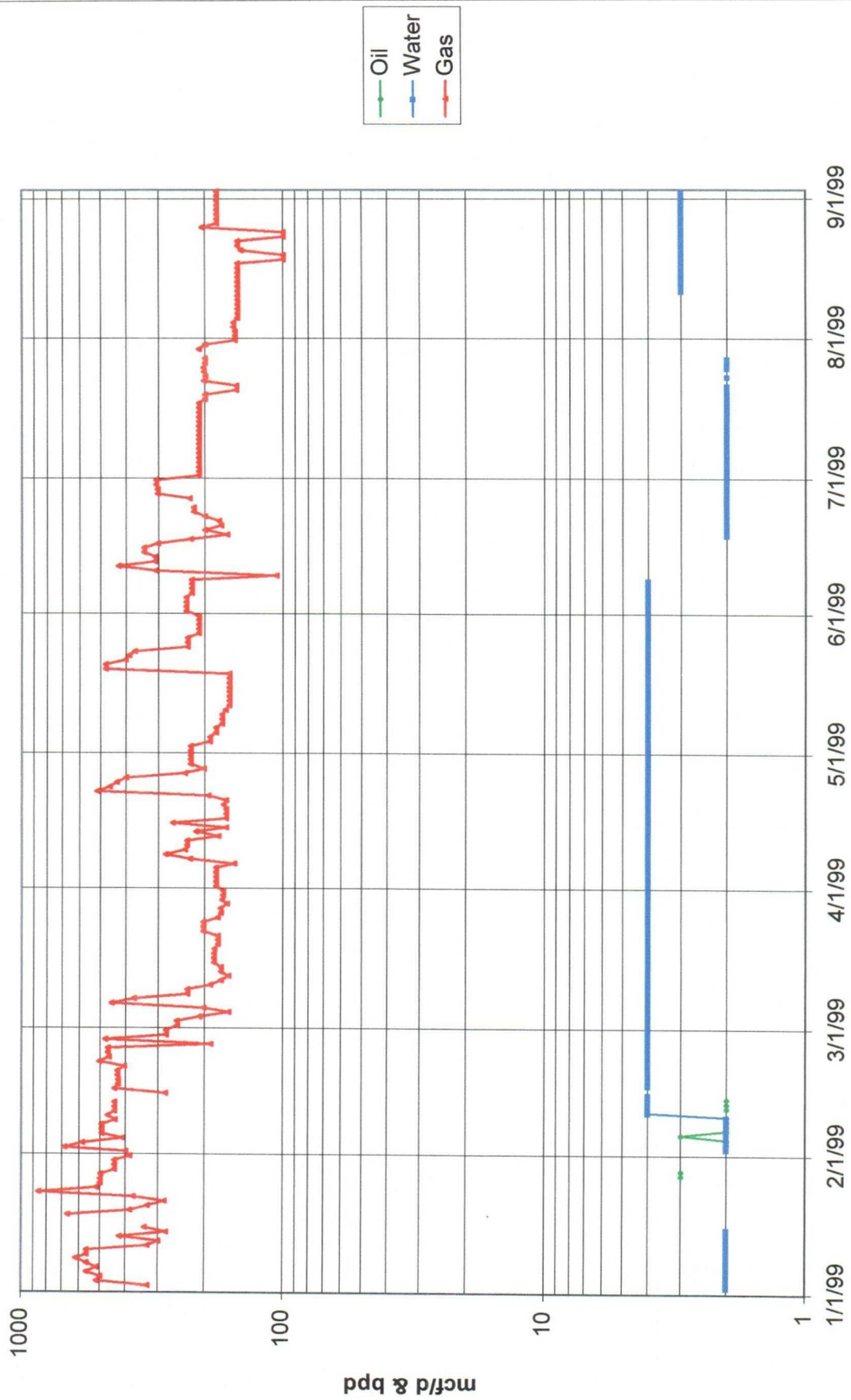
# FH 28 St #1 Morrow

MISALLOCATED

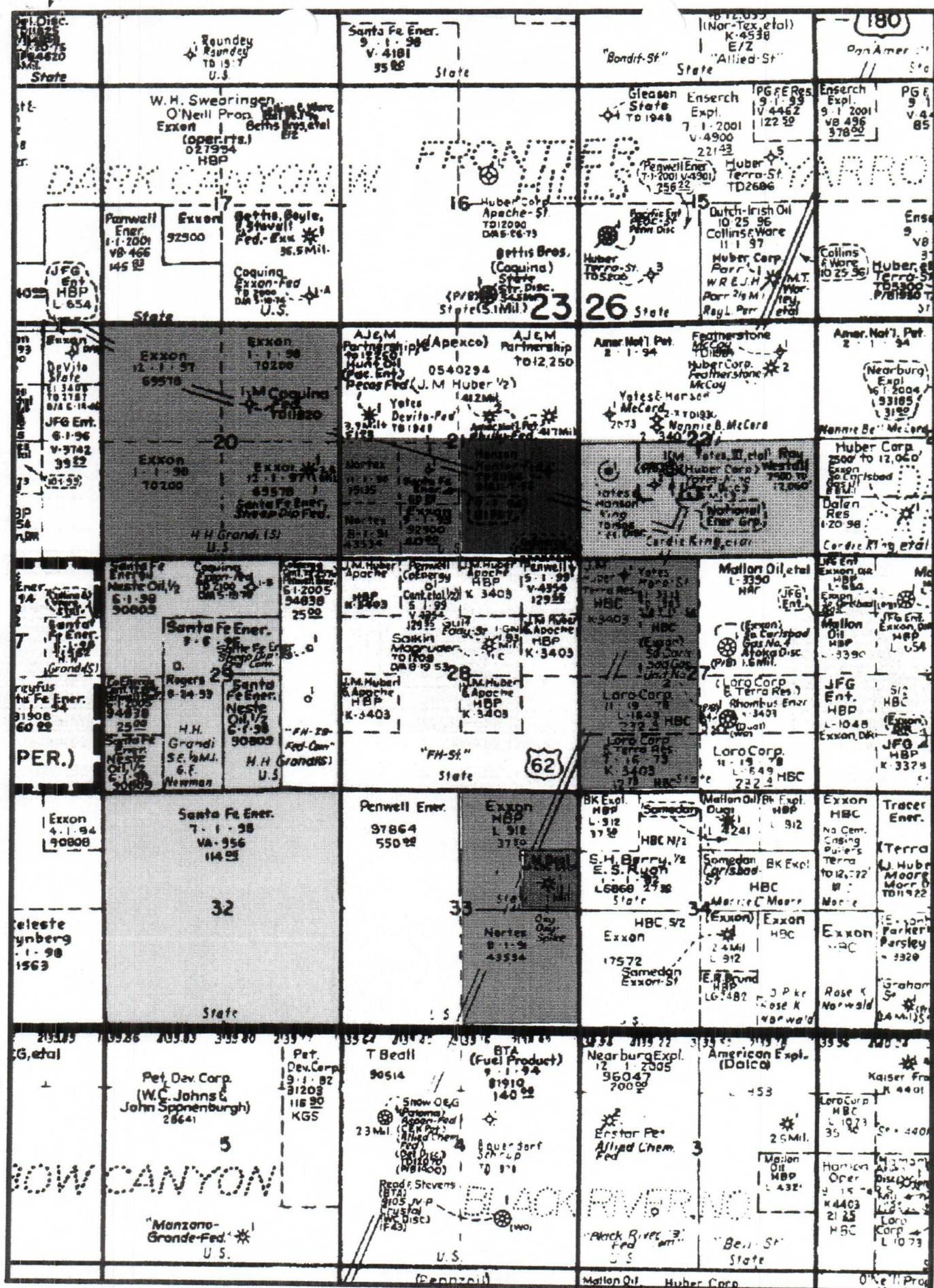


# FH 28 St #1 Strawn

MISALLOCATED







DISTRICT I  
P.O. Box 1980, Hobbs, NM 88241-1980

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88211-0719

DISTRICT III  
1000 Rio Brazos Rd, Aztec, NM 87410

State of New Mexico  
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION  
2040 Pacheco St.  
Santa Fe, NM 87505

Form C-107  
Revised 4-1-91

DEC 05 '96

Filing Instructions  
Bottom of Page

APPLICATION FOR MULTIPLE COMPLETION O. C. D.  
ARTESIA OFFICE

Operator Address  
Penwell Energy, Inc. 600 N. Marienfeld, Ste. 1100, Midland, Texas 79701

Lease Well No. Unit Ltr. - Sec - Twp - Rge County  
FH "28" State Com. 1 C 28 23 26 Eddy

All applicants for multiple completion must complete Items 1 and 2 below.

1. The following facts are submitted:	Upper Zone	Intermediate Zone	Lower Zone
a. Name of Pool and Formation	Frontier Hills Strawn	-	Carlsbad South-Morrow
b. Top and Bottom of Pay Section (Perforations)	Proposed perfs 10,179 - 10,380 Selective 139 holes	-	Existing perfs - Morrow 11,713 - 724' (22 hole
c. Type of production (Oil or Gas)	Gas	-	Gas
d. Method of Production (Flowing or Artificial Lift)	Flowing	-	Flowing
e. Daily Production <input checked="" type="checkbox"/> Actual <input checked="" type="checkbox"/> Estimated Oil Bbls. Gas MCF Water Bbls.	Estimated 50 bbls. condensate; 3.0 MMCFG/d 5 BW/d	-	Actual 0 BC/d 2.0 MMCFG/d 0 BW/d

2. The following must be attached:

- Diagrammatic Sketch of the Multiple Completion, showing all casing sl and location thereof, quantities used and top of cement, perforated inter of packers and side door chokes, and such other information as may be
- Plat showing the location of all wells on applicant's lease, all offset we offsetting applicant's lease.
- Electrical log of the well or other acceptable log with tops and bottoms log is not available at the time application is filed it shall be submitted

Post-it® Fax Note	7671	Date 4-1-97	# of pages
To BRIAN		From Brenda	
Co./Dept. OGD		Co. Penwell	
Phone #		Phone #	
Fax # 505 748-9720		Fax #	

OPERATOR:

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

Signature Bill Pierce

Printed Name & Title Bill Pierce, Senior Operations Engineer

Date 11-27-96 Telephone (915) 683-2534

OIL CONSERVATION DIVISION

Approved by: ORIGINAL SIGNED BY TIM W. GUM  
DISTRICT II SUPERVISOR

Date: FEB 3 1997

NOTE: If the proposed multiple completion will result in an unorthodox well location and/or a non-standard proration unit in one or more of the producing zones, then separate application for approval of the same should be filed simultaneously with this application.

FILING INSTRUCTIONS:

- District Approval -- See rule 112-A-B -- Submit 4 copies of Form C-107 with attachments to appropriate district office.
- Division Director Administrative Approval -- See Rule 112-C -- Submit 2 copies of Form C-107 with attachments to Division office in Santa Fe and 2 copies of Form C-107 with attachments to appropriate district office.
- Multiple completions not qualifying for District or Division Director approval may be set for hearing as outlined in Rule 112-A-E.