

8/7/06 DATE IN	SUSPENSE	Will Jones ENGINEER	LOGGED IN	8/9/06	DHC TYPE	APP NO. PTD501622134933
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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. French Drive, Hobbs, NM 88240

**District II**  
1301 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

**RECEIVED**  
AUG 07 2006

APPLICATION TYPE  
 Single Well  
 Establish Pre-Approved Pools  
EXISTING WELLBORE  
 Yes  No

**APPLICATION FOR DOWNHOLE COMMINGLING**

Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

Operator Capataz Operating Inc Address PO Box 10549, Santa Fe, NM 87505

Lease Merit II Well No. 1 Unit Letter-Section-Township-Range G-11-T20S-R38E County Lea

OGRID No. 3659 Property Code 27559 API No. 30-025-35448 Lease Type:  Federal  State  Fee 5.00

DATA ELEMENT	UPPER ZONE <u>UNDES</u>	INTERMEDIATE ZONE <u>UNDES</u>	LOWER ZONE <u>UNDES</u>
Pool Name	House; Blinebry <sup>South</sup>	House; Tubb	House; Drinkard
Pool Code	33225 ✓	78760 ✓	33250 ✓
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	6031-6130	6753-6796	7028-34
Method of Production (Flowing or Artificial Lift)	Artificial Lift	Artificial Lift	Artificial Lift
Bottomhole Pressure (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)	--	--	--
Oil Gravity or Gas BTU (Degree API or Gas BTU)	35.6	35.6	35.6
Producing, Shut-In or New Zone	Producing	Producing	Producing
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: 7/15/06 Rates: 5 BO 19 MCF	Date: 7/15/06 Rates: 9 BO 45 MCF	Date: 7/15/06 Rates: 0 BO 6 MCF
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 36 % Gas 27 %	Oil 64 % Gas 64 %	Oil 0 % Gas 9 %

**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  NA

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

NMOCD 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 [Signature] TITLE Agent DATE 8-4-06

TYPE OR PRINT NAME H Scott Davis TELEPHONE NO. (432) 620-8820

E-MAIL ADDRESS Capataz1@sbcglobal.net

**District I**  
1625 N. French Drive, Hobbs, NM 88240

**District II**  
1301 W. Grand Avenue, Artesia, NM 88210

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1000 Rio Brazos Road, Aztec, NM 87410

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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**

Capataz Operating Inc PO Box 10549, Midland, TX 79702

Operator Merit II 1 Address G-11-T20S-R38E Lea  
Lease Well No. Unit Letter-Section-Township-Range County  
OGRID No. 3659 Property Code 27559 API No. 30-025-35448 Lease Type:  Federal  State  Fee

DATA ELEMENT	UPPER ZONE		INTERMEDIATE ZONE		LOWER ZONE	
Pool Name					House; Abo	
Pool Code					33210	
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)					7376-7580	
Method of Production (Flowing or Artificial Lift)					Artificial Lift	
Bottomhole Pressure (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)					--	
Oil Gravity or Gas BTU (Degree API or Gas BTU)					35.6	
Producing, Shut-In or New Zone					Producing	
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:		Date:		Date: 7/15/06	
	Rates:		Rates:		Rates: 0 BO 0 MCF	
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil	Gas	Oil	Gas	Oil	Gas
	%	%	%	%	0	0
					%	%

**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  NA  
 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

NMOCD Reference Case No. applicable to this well: \_\_\_\_\_

**Attachments:**

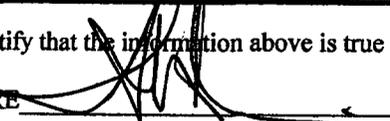
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- Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
- Bottomhole pressure data.

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

SIGNATURE  TITLE Agent DATE 8-4-06  
 TYPE OR PRINT NAME H Scott Davis TELEPHONE NO. (432) 620-8820  
 E-MAIL ADDRESS Capataz1@sbcglobal.net

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

State of New Mexico  
 Department of Energy, Minerals, and Natural Resources

Form C-102  
 Revised 02-10-94

Instructions on back

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

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

Submit to the Appropriate  
 District Office  
 State Lease - 4 copies  
 Fee Lease - 3 copies

DISTRICT III  
 1000 Rio Brazos Rd.  
 Aztec, NM 87410

AMENDED REPORT

DISTRICT IV  
 P. O. Box 2088  
 Santa Fe, NM 87507-2088

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1 API Number 30-025-35448		2 Pool Code 33225		3 Pool Name House Bladney South	
4 Property Code 27559		5 Property Name MERIT II			6 Well Number 1
7 OGRID No. 3659		8 Operator Name CAPATAZ OPERATING INCORPORATED			9 Elevation 3574'

**10 SURFACE LOCATION**

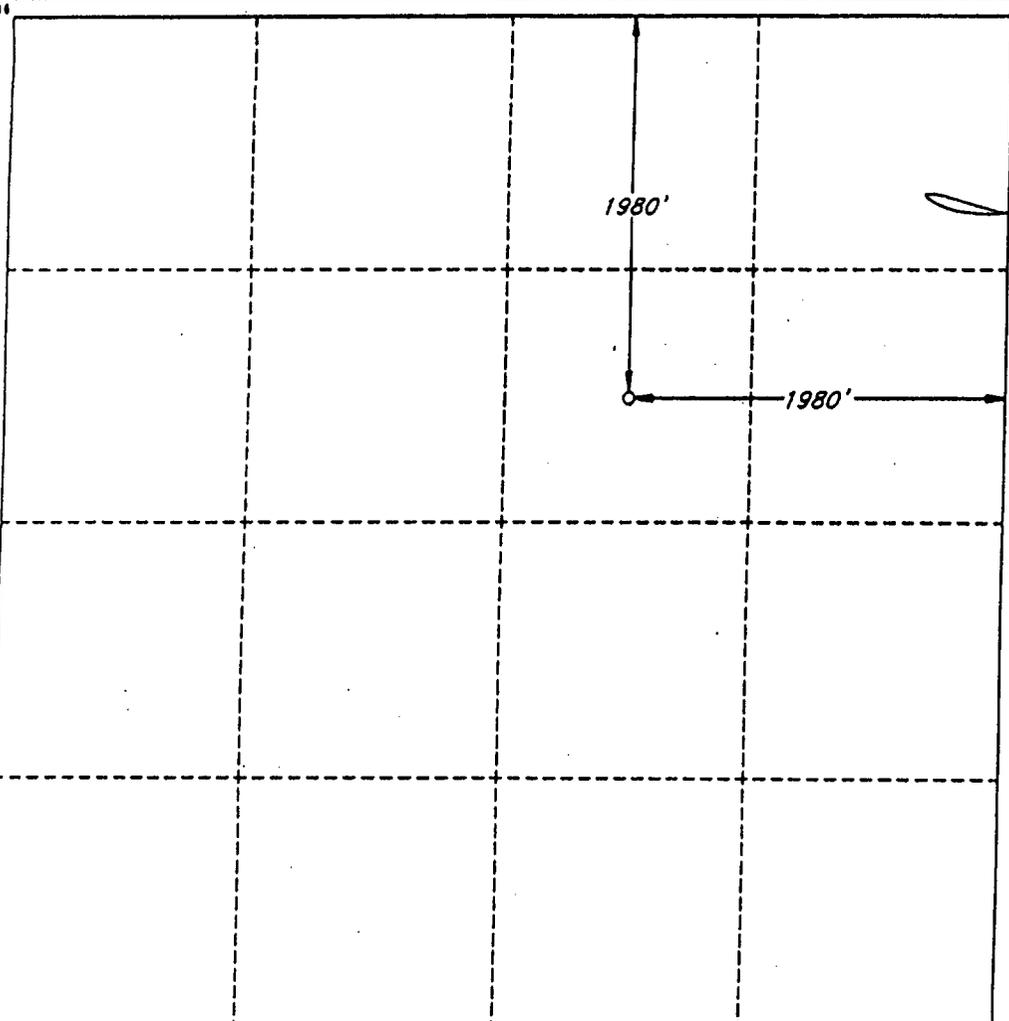
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
G	11	20 SOUTH	38 EAST, N.M.P.M.		1980'	NORTH	1980'	EAST	LEA

**11 BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE**

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres 40	13 Joint or Infill	14 Consolidation Code	15 Order No.
--------------------------	--------------------	-----------------------	--------------

NO ALLOWABLE WELL 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 that the information contained herein is true and complete to the best of my knowledge and belief.

Signature

Printed Name

H Scott Davis

Title

Agent

Date

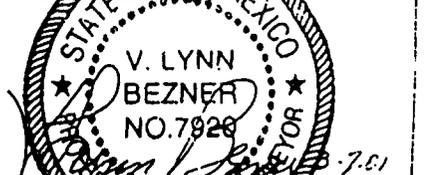
7-10-01

**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  
 MARCH 2, 2001

Signature and Seal of Professional Surveyor



Certification No. 7928  
 V. L. BEZNER, LAND SURVEYOR, #7920  
 JOB # 74331 / 70 SE / J.C.P.

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

State of New Mexico  
 Department of Energy, Minerals, and Natural Resources

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 Revised 02-10-94

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

# OIL CONSERVATION DIVISION

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

AMENDED REPORT

DISTRICT III  
 1000 Rio Brazos Rd.  
 Aztec, NM 87410

DISTRICT IV  
 P. O. Box 2088  
 Santa Fe, NM 87507-2088

## WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number 30-025-35448		2 Pool Code 33250		3 Pool Name House ; Drinkard	
4 Property Code 27559		5 Property Name MERIT II			6 Well Number 1
7 OGRID No. 3659		8 Operator Name CAPATAZ OPERATING INCORPORATED			9 Elevation 3574'

### 10 SURFACE LOCATION

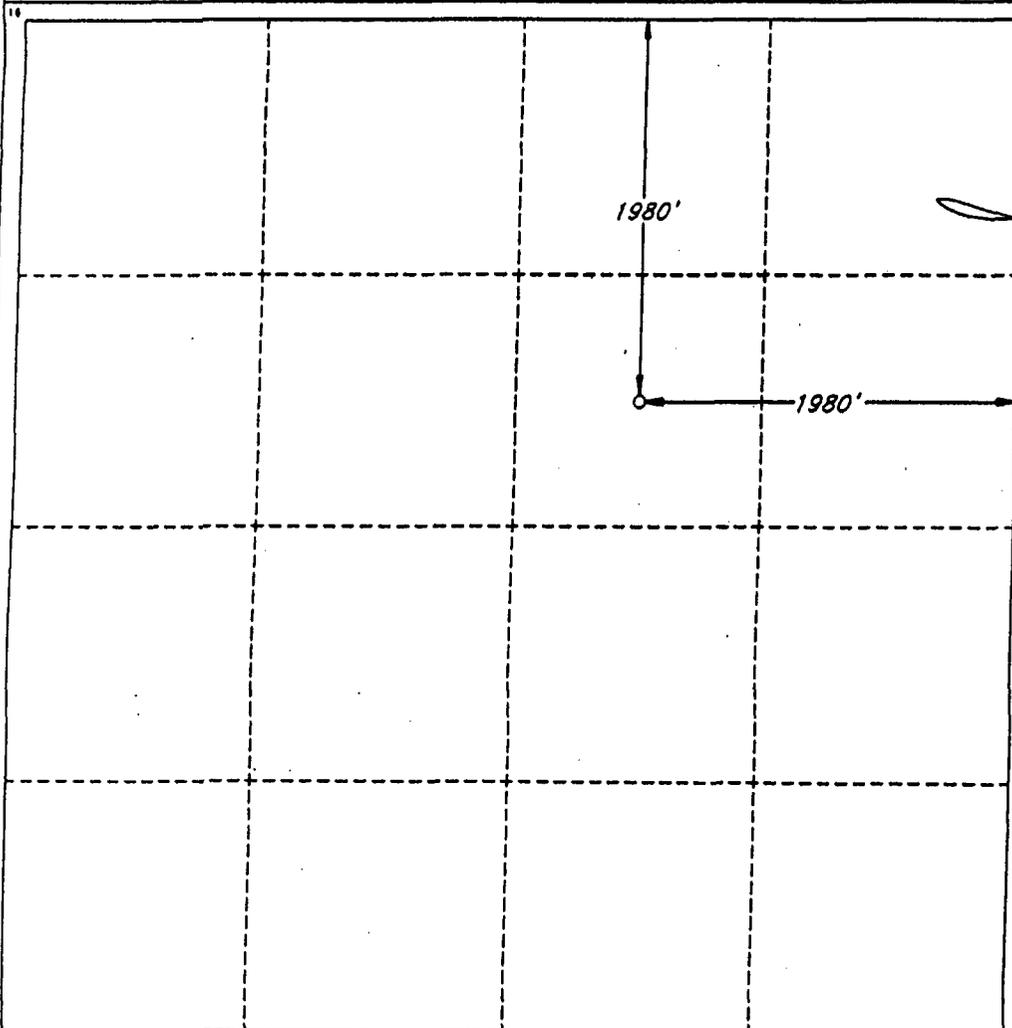
UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
G	11	20 SOUTH	38 EAST, N.M.P.M.		1980'	NORTH	1980'	EAST	LEA

### 11 BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE

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### OPERATOR CERTIFICATION

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

Signature: *[Handwritten Signature]*

Printed Name  
H Scott Davis

Title  
Agent

Date  
7-10-01

### 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  
MARCH 8, 2001

Signature and Seal of Professional Surveyor

*[Professional Seal: STATE OF NEW MEXICO, V. LYNN BEZNER, NO. 7926]*

Certification No. 7-51  
 V. L. BEZNER LAND SURVEYOR #7926  
 JOB # 74551 / 70 SE / J.C.P.

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

State of New Mexico  
 Department of Energy, Minerals, and Natural Resources

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 Revised 02-10-94

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

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

AMENDED REPORT

DISTRICT III  
 1000 Rio Brazos Rd.  
 Aztec, NM 87410

DISTRICT IV  
 P. O. Box 2088  
 Santa Fe, NM 87507-2088

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1 API Number 30-025-35448		2 Pool Code 78760		3 Pool Name House, Tubb	
4 Property Code 27559		5 Property Name MERIT II			6 Well Number 1
7 OGRID No. 3659		8 Operator Name CAPATAZ OPERATING INCORPORATED			9 Elevation 3574'

**" SURFACE LOCATION**

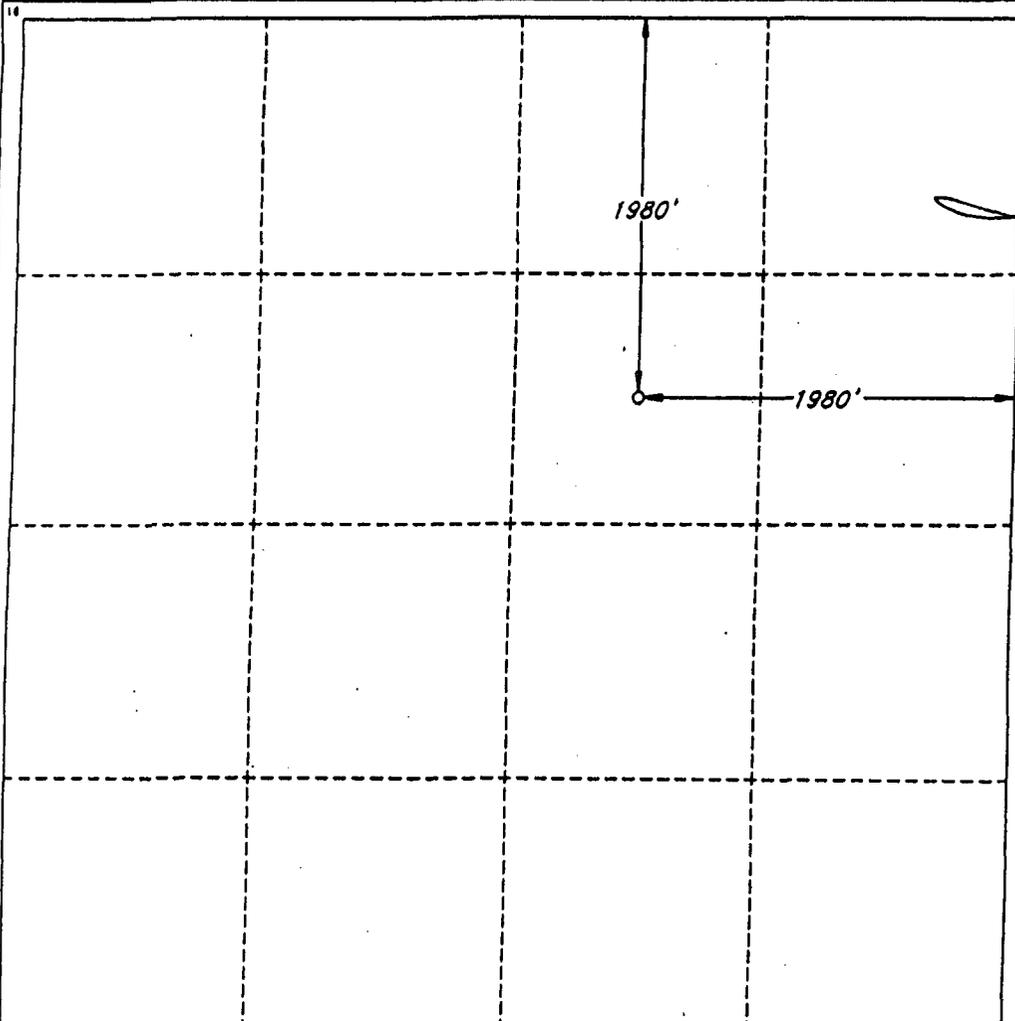
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**" BOTTOM HOLE LOCATION IF DIFFERENT FROM SURFACE**

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**OPERATOR CERTIFICATION**

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Signature: *[Handwritten Signature]*

Printed Name  
H Scott Davis

Title  
Agent

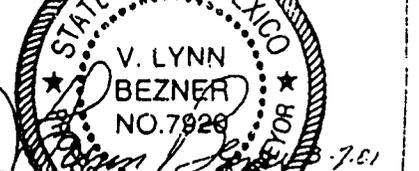
Date  
7-10-01

**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  
MARCH 9, 2001

Signature and Seal of Professional Surveyor



Certification No.  
V. L. MERLAND SURV. #7920

JOB # 74951 / 70 SE / J.C.P.

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

State of New Mexico  
 Department of Energy, Minerals, and Natural Resources

Form C-102  
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DISTRICT II  
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AMENDED REPORT

DISTRICT III  
 1000 Rio Brazos Rd.  
 Aztec, NM 87410

DISTRICT IV  
 P. O. Box 2088  
 Santa Fe, NM 87507-2088

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1 API Number 30-025-35448		2 Pool Code 33210		3 Pool Name House Abo		
4 Property Code 27559		5 Property Name MERIT II				6 Well Number 1
7 OGRID No. 3659		8 Operator Name CAPATAZ OPERATING INCORPORATED				9 Elevation 3574'

**10 SURFACE LOCATION**

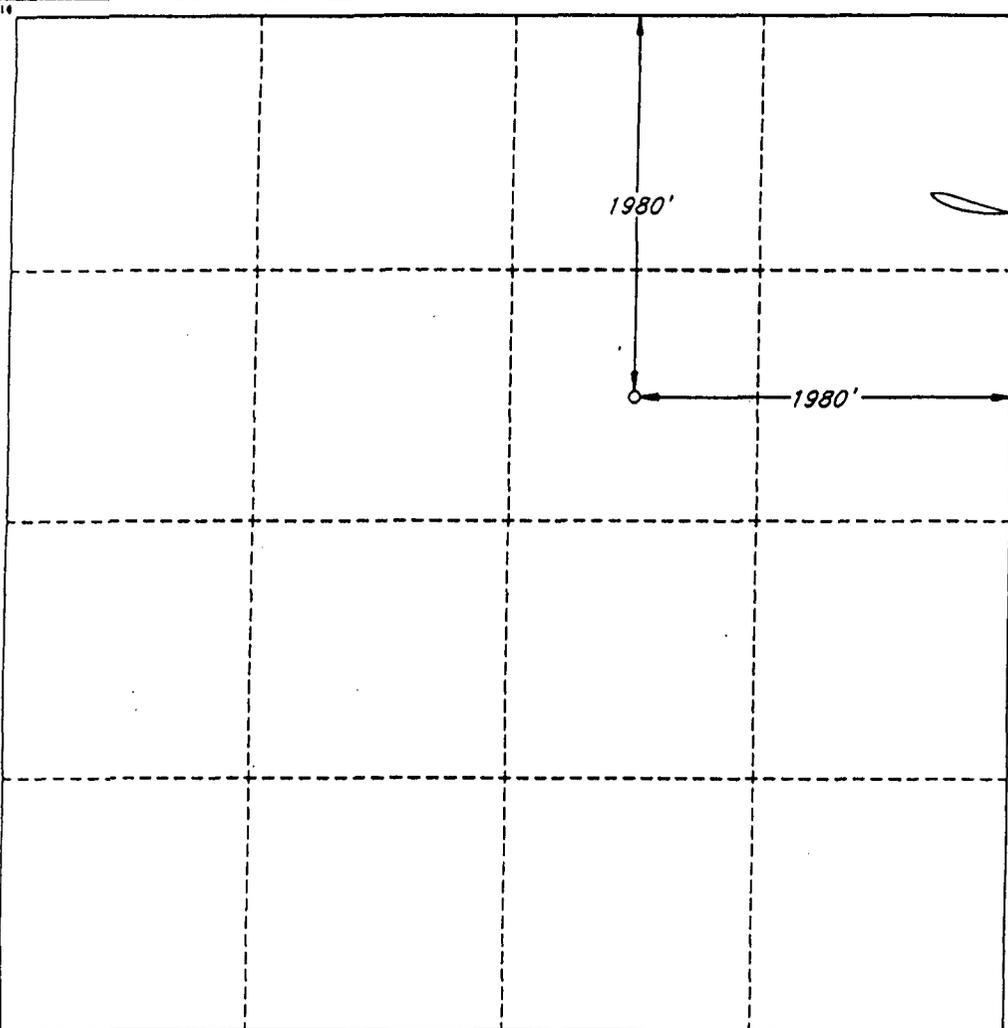
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**OPERATOR CERTIFICATION**

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Signature: *[Handwritten Signature]*

Printed Name  
H Scott Davis

Title  
Agent

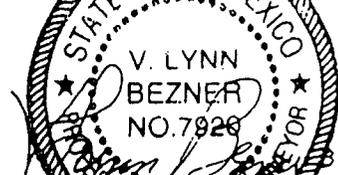
Date  
7-10-01

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Date of Survey  
MARCH 2, 2001

Signature and Seal of Professional Surveyor



Certification No. V. L. BEZNERLAND P.E.S. #7928

JOB # 74934 / 70 SE / J.C.P.