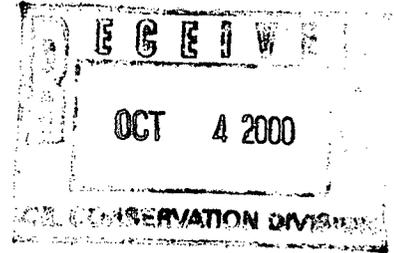


29342036

DHC

10/24/00

Xeric Oil & Gas Corporation
P O Box 352
Midland, Texas 79701
(915) 683-3171 Fax: (915) 683-3152



September 29, 2000

Attention: Mark Ashley
State of New Mexico
Energy, Minerals and
Natural Resources Department
Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

2052

Re: Downhole Commingling
Capps Federal #1
API 30-025-34267
Lea County, New Mexico

Dear Mr. Ashley:

Xeric Oil & Gas Corporation respectfully requests an exception for the above captioned well to NM Statewide Rule 303. The well is currently producing from a recompletion in the DK Abo (15200) and was previously producing from the Blinebry Oil & Gas (06660). Xeric proposes the following production allocations for the two zones based on production rates from each zone as follows:

	<u>Gas</u>	<u>Oil</u>
Blinebry Oil & Gas	44%	22%
DK Abo	56%	78%

Please find attached our Form C-107A , Application for Downhole Commingling, for the captioned well for your review and approval together with supporting documentation.

Thank you for your attention to this matter and should you have any questions or need additional information, please advise.

Sincerely yours,

Mitchell Morris

Mitchell Morris
Production Analyst

Cc: OCD, Hobbs

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised May 15, 2000

District II
811 South First Street, Artesia, NM 88210

OIL CONSERVATION DIVISION

APPLICATION TYPE

District III
1000 Rio Brazos Road, Aztec, NM 87410

2040 South Pacheco
Santa Fe, New Mexico 87505

Single Well
 Establish Pre-Approved Pools

District IV
2040 South Pacheco, Santa Fe, NM 87505

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE
 Yes No

XERIC OIL & GAS CORPORATION P. O. Box 352 Midland, TX 79701

Operator Address
Capps Federal #1 B Sec. 24, T20S, R38E Lea
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 025482 Property Code 22251 API No. 30-025-34267 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Blinebry Oil & Gas		Dk Abo
Pool Code	06660		15200
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	6026-6216' Perf		7320-7552' Perf
Method of Production (Flowing or 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)	42°		40°
Producing, Shut-In or New Zone	Shut-in		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: 1/00-6/00 Average Rates: 19 O 24 W 116G	Date: Rates:	Date: 8/16/00 Rates: 69 O 14 W 145 G
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 22 % 44 %	Oil Gas % %	Oil Gas 78 % 56 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes No
Yes No

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 Mitchell Morris TITLE Production Analyst DATE 09-29-00

TYPE OR PRINT NAME Mitchell Morris TELEPHONE NO. (915) 683-3171

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

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 30-025-34267	Pool Code 15200	Pool Name DK Abo
Property Code 22251	Property Name CAPPS FEDERAL	Well Number 1
OGRID No. 025482	Operator Name XERIC OIL AND GAS CORPORATION	Elevation 3569

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	24	20 S	38 E		660	NORTH	1980	EAST	LEA

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	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

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Mitchell Morris</i> Signature</p> <p>Mitchell Morris Printed Name</p> <p>Production Analyst Title</p> <p>9/29/00 Date</p>
	<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>OCTOBER 24, 1997 Date Surveyed</p> <p>DMCC</p> <p>Signature & Seal of Professional Surveyor <i>Ronald E. Eidson</i></p> <p>10-24-97</p> <p>97-11-1719</p> <p>Certificate No. JOHN W. WEST 676 RONALD E. EIDSON 3239 GARY EIDSON 12641</p>

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

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

OIL CONSERVATION DIVISION
P.O. Box 2088

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

Santa Fe, New Mexico 87504-2088

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

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-34267	Pool Code 06660	Pool Name Blinebry Oil & Gas
Property Code 22251	Property Name CAPPS FEDERAL	Well Number 1
OGRID No. 025482	Operator Name XERIC OIL AND GAS CORPORATION	Elevation 3569

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	24	20 S	38 E		660	NORTH	1980	EAST	LEA

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	Joint or Infill	Consolidation Code	Order No.

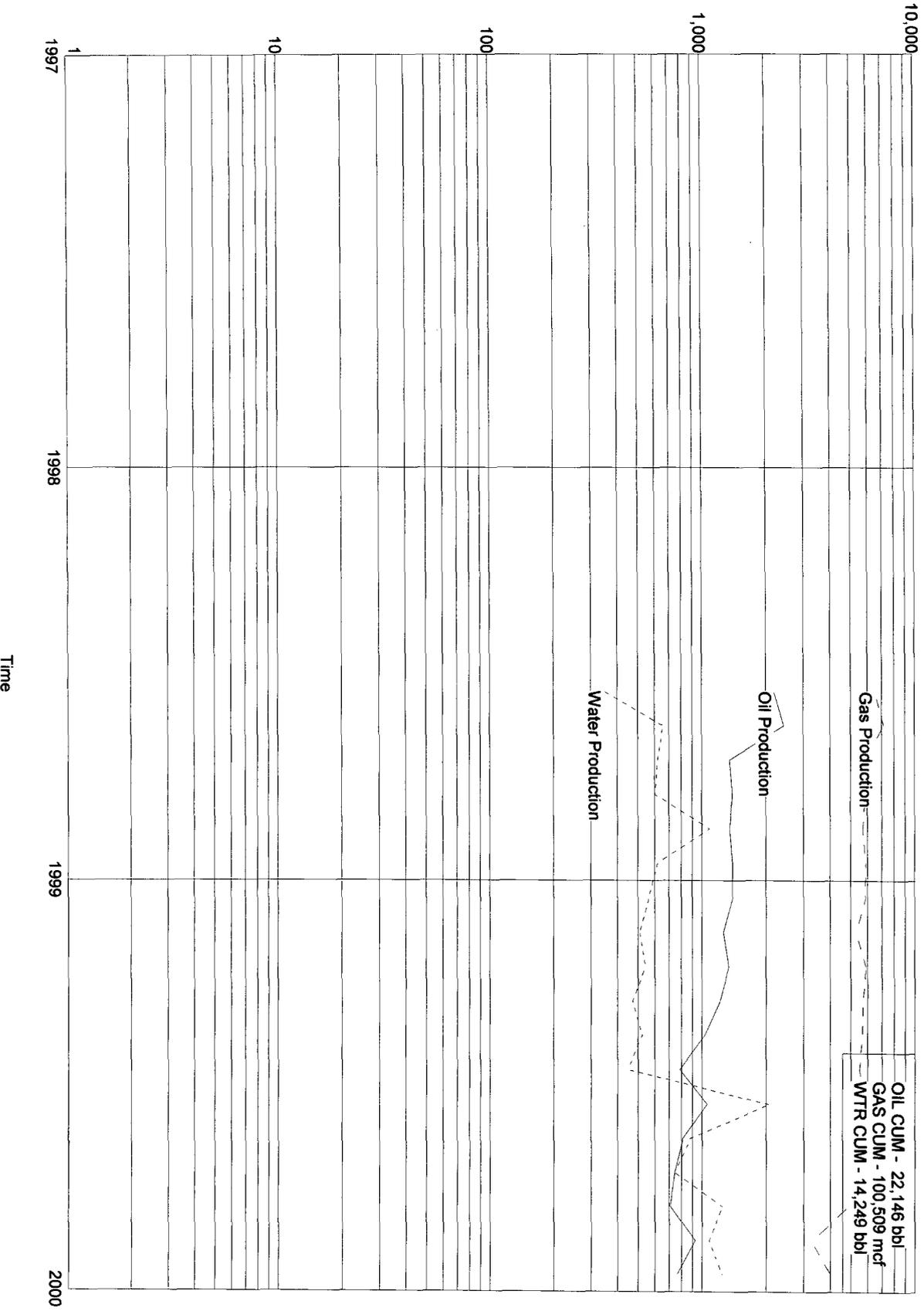
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Mitchell Morris</i> Signature</p> <p>Mitchell Morris Printed Name</p> <p>Production Analyst Title</p> <p>9/29/00 Date</p>
	<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>OCTOBER 24, 1997 Date Surveyed</p> <p>DMCC</p> <p>Signature & Seal of Professional Surveyor <i>Ronald J. Eidson</i></p> <p>10-24-97</p>
	<p>Certificate No. JOHN W. WEST 676 RONALD J. EIDSON 3239 GARY EIDSON 12641</p>
	<p>REGISTERED PROFESSIONAL SURVEYOR</p>

Lease Name: CAPPS FEDERAL
 County, State: LEA, NM
 Operator: XERIC OIL & GAS COMPANY
 Field: BLINEBRY OIL AND GAS
 Reservoir: BLINEBRY
 Location: S20 E38 0 NW NE

CAPPS FEDERAL - BLINEBRY OIL AND GAS 001

Production Rates



Xeric Oil & Gas Corporation
Application for Downhole Commingling
Capps Federal #1

There is no production curve for the DK Abo zone as this zone was perforated on June 28, 2000.

XERIC OIL & GAS CORPORATION
 CAPPS FEDERAL #1
 ALLOCATION OF PRODUCTION

	OIL BBLs/DAY	OIL BBLs/DAY %	GAS MCF/DAY	GAS MCF/DAY %	SOURCE OF PRODUCTION INFORMATION
BLINEBRY OIL	19	22%	116	44%	6 MONTH AVERAGE FROM C-115'S
DK ABO	69	78%	145	56%	GAS-OIL RATIO TEST FROM C-116
TOTAL	88	100%	261	100%	

XERIC OIL & GAS CORPORATION
CAPPS FEDERAL #1
ALLOCATION OF PRODUCTION
BLINEBRY OIL
SOURCE OF INFORMATION: C-115

MONTH	OIL	GAS	WATER	DAYS
Jun-00	419	2891	407	29
May-00	537	3150	638	31
Apr-00	489	3158	738	30
Mar-00	669	3335	760	29
Feb-00	620	3434	734	29
Jan-00	718	4819	978	31
TOTAL	3452	20787	4255	179
6 MTH DAILY AVG	19	116	24	

Submit 2 copies to Appropriate District Office.

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

2040 Pacheco St.
 Santa Fe, NM 87505

Form C-116
 Revised 1/1/89

OIL CONSERVATION DIVISION

GAS-OIL RATIO TEST

Operator Xeric Oil & Gas Corporation		Pool D-K: Abv		County Lee												
Address P. O. Box 352, Midland Texas 79702		TYPE OF TEST - (X)		Scheduled <input type="checkbox"/> Special <input type="checkbox"/>												
LEASE NAME	WELL NO.	LOCATION				DATE OF TEST	TYPE OF TEST	CHOKE SIZE	TBG. PRESS.	DAILY ALLOW-ABLE	LENGTH OF TEST HOURS	PRODUCTION DURING TEST			GAS M.C.F.	GAS-OIL RATIO CU.FT/BBL.
		U	S	T	R							WATER BBL.	GRAV. OIL	OIL BBL.		
Capps Federal	1	B	24	20	38	08/16/00	P	N/A	35	M	24	14	39.90	69	145	2101
Jerry State	1	J	36	20	38	08/19/00	P	N/A	40	M	24	60	40.10	28	32	1143

Instructions:

During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Division.
 Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60° F.
 Specific gravity base will be 0.60.
 Report casing pressure in lieu of tubing pressure for any well producing through casing.

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

Michael G. Mooney
 Signature

Michael G. Mooney - Consultant
 Printed name and title

Date 08/22/00 Telephone No. 915/683-3171

(See Rule 301, Rule 1116 & appropriate pool rules.)

DHC-2852



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
HOBBS DISTRICT OFFICE

10/11/00

POST OFFICE BOX 1980
HOBBS, NEW MEXICO 88241-1980
(505) 393-6161

GOVERNOR

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

RE: Proposed:

- MC _____
- DHC _____ *X*
- NSL _____
- NSP _____
- SWD _____
- WFX _____
- PMX _____

Gentlemen:

I have examined the application for the:

<i>Xeric Oil & Gas Corp</i>	<i>Capps Federal</i>	<i>#</i>	<i>1-B-24-20s-38e</i>
Operator	Lease & Well No.	Unit	S-T-R
			<i>30-025-34267</i>

and my recommendations are as follows:

OK

Yours very truly,

Chris Williams
Supervisor, District 1

/ed