

102249788 DHC 2/6/01

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

2040 South Pacheco
Santa Fe, New Mexico 87505

APPLICATION TYPE

☒ Single Well

☐ Establish Pre-Approved Pools

EXISTING WELLBORE

☒ Yes ☐ No

District III
1000 Rio Brazos Road, Aztec, NM 87410

JAN 17 RECD

District IV
2040 South Pacheco, Santa Fe, NM 87505

APPLICATION FOR DOWNHOLE COMMINGLING

VERNON E. FAULCONER, INC.

P.O. BOX 7995 TYLER, TEXAS 75711

Operator

Address

CHALLENGER-RAYROUX #1

P SEC 19, T21S, R27E

EDDY

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 148394 Property Code 26969 API No. 30-015-24596 Lease Type: ☒ Federal ☐ State ☒ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	East Calibred WOLFCAMP		Burton Flat MORROW
Pool Code	74160		73280
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	8936 - 8964		11108 - 11140
Method of Production (Flowing or Artificial Lift)	FLOW		FLOW
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)	600		720
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1060		1060
Producing, Shut-In or New Zone	PRODUCING		SHUT-IN
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: 6/2000 Rates: 300 MCFD	Date: Rates:	Date: 3/2000 Rates: 70 MCFD
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 % 81 %	Oil Gas % %	Oil Gas % 19 %

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 Roy Sloan, Jr. TITLE ENGINEER DATE 1-8-01

TYPE OR PRINT NAME ROY SLOAN, JR. TELEPHONE NO. (903) 581-4382

MEXICO OIL CONSERVATION COMMISS
WELL LOCATION AND ACREAGE DEDICATION PLAT

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

All distances must be from the outer boundaries of the Section

Operator TXO Oil Co.			Lease Challanger Rayroux		Well No. 1
Unit Letter P	Section 19	Township 21 South	Range 27 East	County Eddy	
Actual Footage Location of Well: 660 feet from the south line and 660 feet from the east line					
Ground Level Elev. 3147.3'	Producing Formation		Pool		Dedicated Acreage: 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 _____

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.

Name _____

Position _____

Company _____

Date _____

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

March 31, 1983

Registered Professional Engineer
 and/or Land Surveyor

John W. West

Certificate No
John W. West, NM L.S. 676

0 330 660 990 1320 1650 1980 2310 2640 2000 1800 1600 1400 1200 1000 800 0



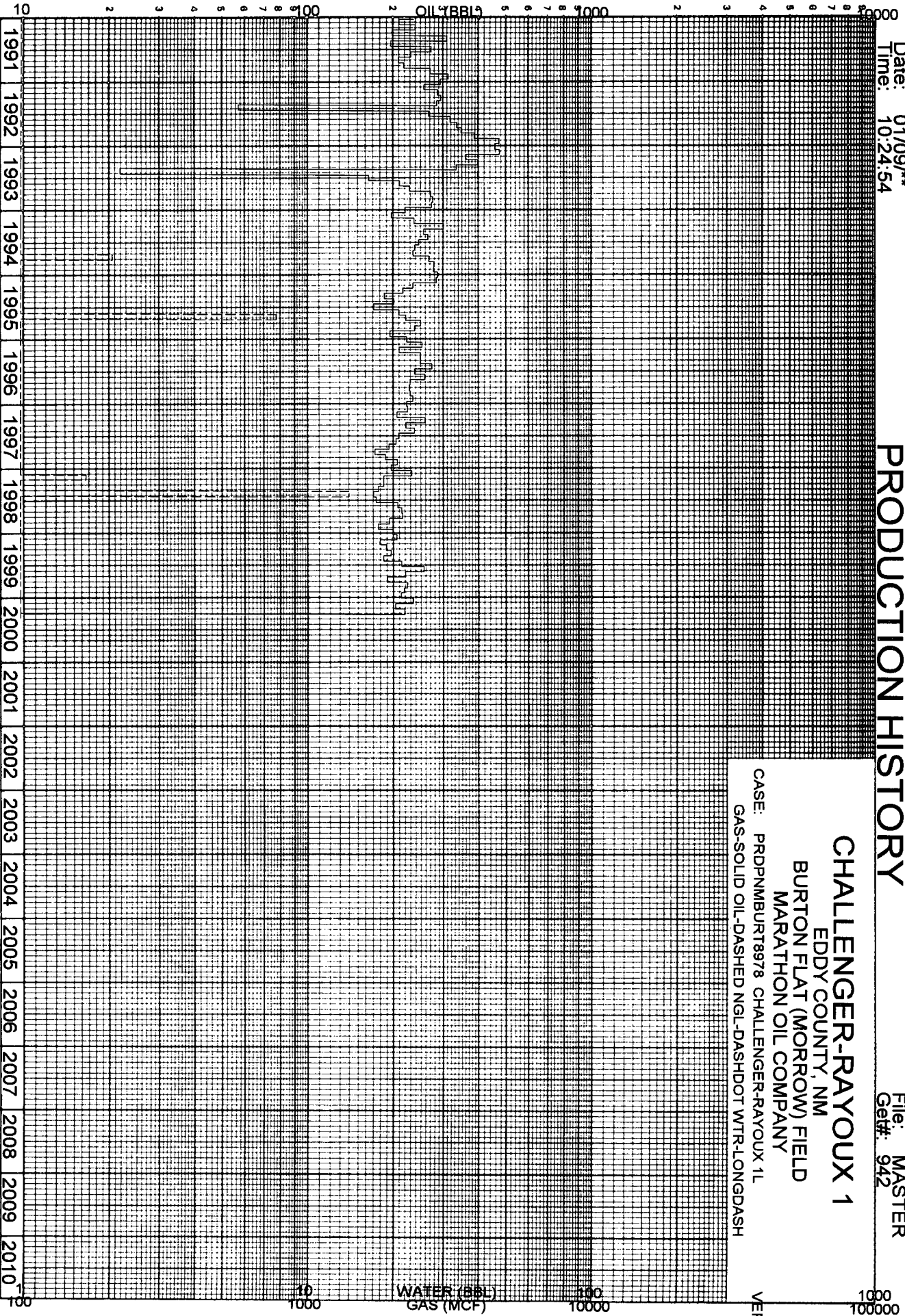
VERNON E. FAULCONER
INCORPORATED

Date: 01/09/**
Time: 10:24:54

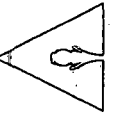
PRODUCTION HISTORY

File: MASTER
Get#: 942

CHALLENGER-RAYOUX 1
EDDY COUNTY, NM
BURTON FLAT (MORROW) FIELD
MARATHON OIL COMPANY
CASE: PRDPNMBURT8978 CHALLENGER-RAYOUX 1L
GAS-SOLID OIL-DASHED NGL-DASHDOT WTR-LONGDASH



YEARS



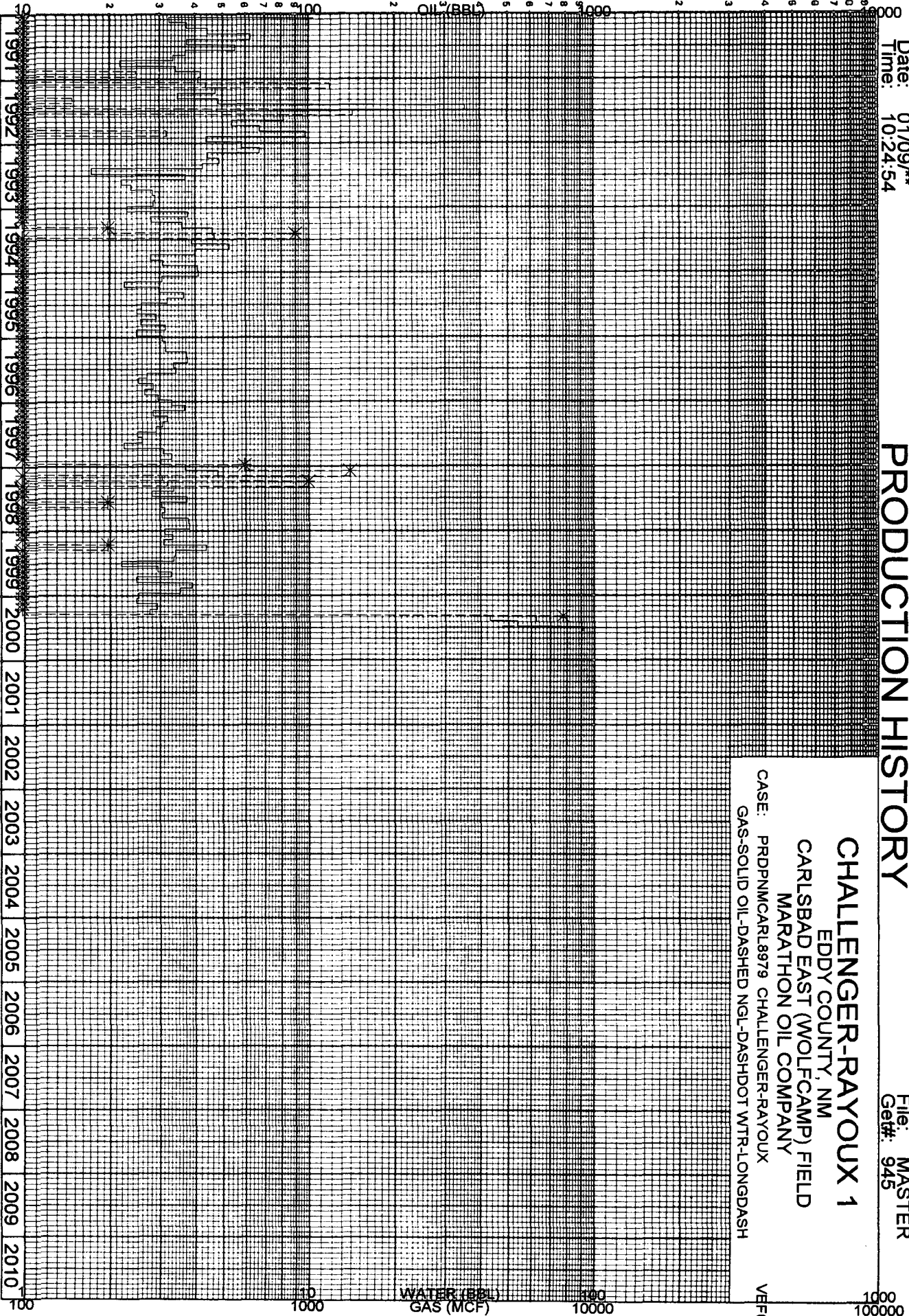
VERNON E. FAULCONER
INCORPORATED

Date: 01/09/**
Time: 10:24:54

PRODUCTION HISTORY

File: MASTER
Get#: 945

CHALLENGER-RAYOUX 1
EDDY COUNTY, NM
CARLSBAD EAST (WOLFCAMP) FIELD
MARATHON OIL COMPANY
CASE: PRDPNMCARL8979 CHALLENGER-RAYOUX
GAS-SOLID OIL-DASHED NGL-DASHDOT WTR-LONGDASH



PRODUCTION HISTORY
Challenger-Rayroux #1C & #1T
BURTON FLAT FIELD
EDDY COUNTY, NEW MEXICO

Vernon E. Faulconer, Inc. requests permission to commingle the Burton Flat (Morrow) with the Burton Flat(Wolfcamp) so the economic life of the well can be extended, resulting in an increase in recoverable reserves.

The two reservoirs have been mechanically isolated by means of a packer. The Woolfcamp zone until recently flowed poorly up the casing. The Morrow is shut in now so the Woolfcamp can flow up the tubing. The Wolfcamp has improved dramatically with the better hydraulic configuration. However, reserves are being left behind in the Morrow. Downhole commingling and the installation of a plunger lift will allow maximum recovery of econmic reserves.

If both zones are commingled, the recoverable reserves will increase. This is due in large part to the fact that once the well is configured with a plunger lift it will be able to unload the liquid volumes more efficiently and prevent loading in both zones. The commingled configuration will allow the remaining reservoir energy to aid the plunger in keeping produced fluids from accumulating across both zones.

We believe that downhole commingling of these zones to increase the economically recoverable reserves is a prudent operation that is in the best interest of the royalty and working interest owners.