

DATE 11 April 07	SUSPENSE	W. Jones ENGINEER	12 April 07 DHC LOGGED IN	TYPE	APLPO710239785 APP NO.
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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

Amended

District I

State of New Mexico

Form C-107A

425 N. First Drive, Hobbs, NM 88240

Energy, Minerals and Natural Resources Department

Revised June 10, 2003

District II

1301 W. Grand Avenue, Artesia, NM 88210

Oil Conservation Division

APPLICATION TYPE

District III

APR 11 2007

1220 South St. Francis Dr.

☒ Single Well

1000 Rio Brazos Road, Aztec, NM 87410

Santa Fe, New Mexico 87505

☐ Establish Pre-Approved Pools

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

Oil Conservation Division

APPLICATION FOR DOWNHOLE COMMINGLING

EXISTING WELLBORE

☒ Yes ☐ No

1220 S. St. Francis Drive

Santa Fe, NM 87505

DHC-3632-A

SDX Resources, Inc., PO Box 5061, Midland, TX 79704

Operator

Address

Kersey Williams A Federal

7

H, Sec 28, T17S, R28E

Eddy Co., NM

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 020451 Property Code 33871 API No. 30-015-33689 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Red Lake, QN-GB-SA		Artesia, GL-YE <i>DIL</i>
Pool Code	51300		96830 30830 3250
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2038 - 2548		3489 - 99
Method of Production (Flowing or Artificial Lift)	Pump		Pump
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)	900#		950#
Oil Gravity or Gas BTU (Degree API or Gas BTU)	36		38
Producing, Shut-In or New Zone	Producing		SI
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: 1/30/06 Rates: 14 oil, 45 wtr, 50 gas	Date: Rates:	Date: 9/1/05 Rates: 16 oil, 39 wtr, 36 gas
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 47 % 58 %	Oil Gas % %	Oil Gas 53 % 42 %

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: DHC-3632 (Amend to correct pool)

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 Chuck Morgan TITLE Engineer DATE 4/5/07

TYPE OR PRINT NAME Chuck Morgan TELEPHONE NO. (432) 685-1761

Jones, William V., EMNRD

From: Chuck Morgan [cmorgan@sdxresources.com]
Sent: Tuesday, April 03, 2007 9:29 AM
To: Jones, William V., EMNRD
Subject: DHC-3632

SDX Resources Kersey Williams A Fed. #7 well (API 30-015-33689) was originally placed in the wrong pool. We have corrected the error, but now we need to amend the downhole commingling order to reflect the correct pool. The original commingle order commingled the Artesia Glorieta Yeso (96830) and the Red Lake San Andres (97253). The Red Lake San Andres Pool is incorrect. It should be the Red Lake Queen Grayburg San Andres Pool (51300). Fortunately, we have not yet commingled these two pools, but plan to in the near future. You may contact me or Bonnie Atwater at 1-800-344 1761 if you need any additional information. Thanks for your help on this.

Chuck Morgan

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