

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

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

APPLICATION FOR DOWNHOLE COMMINGLING

Edge Petroleum Operating Co. Inc. 1301 Travis, Suite 2000 Houston, TX 77002
Operator Address
Southeast Lusk 34 Federal 3 d - 34 - T19S - R32E Lea
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 22440 Property Code 300258 API No. 30-025-37358 Lease Type: ☒ Federal ☐ State ☐ Fee

| DATA ELEMENT | UPPER ZONE | INTERMEDIATE ZONE | LOWER ZONE |
|--|--|-------------------|---|
| Pool Name | Lusk Delaware, East | | Lusk, South (Bone Springs) |
| Pool Code | 41520 | | 41460 |
| Top and Bottom of Pay Section (Perforated or Open-Hole Interval) | 4748 ft -7410 ft | | 7624 ft - 7662 ft |
| 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) | 2273 psi, est | | 1836 psi, est |
| Oil Gravity or Gas BTU (Degree API or Gas BTU) | 39.8 | | 38.8 |
| 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: 5-15-2007 Rate: 62 Bopd + 70 Mcfd + 189 Bwpd Last 30 days online: 1827 BO + 2164 Mcf + 5584 BW | Date: Rates: | Date: 1/29/2006 Rate: 9 Bopd + 19 Mcfd + 1 Bwpd |
| Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.) | Oil 88 % Gas 79 % | Oil % Gas % | Oil 12 % Gas 21 % |

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 ☐
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.) * Bone Springs has swab test only
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 Tom L Powell TITLE Manager, Reservoir Engr. DATE 5/22/2007
TYPE OR PRINT NAME TOM L. POWELL TELEPHONE NO. (713) 427-8886
E-MAIL ADDRESS tpowell@edgepet.com



EDGE PETROLEUM CORPORATION

2007 MAY 24 PM 12 07

May 21, 2007

Mr. William Jones
New Mexico Energy, Minerals, and Natural Resources Department
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Subject

Edge Petroleum Operating Company Inc
Application for downhole commingling
East Lusk Delaware and South Lusk Bone Springs pools
Southeast Lusk 34 Federal #3
API 30-025-37358
Section 34, T-19S R-32E
Lea County, NM

Dear Mr. Jones:

Attached, please find Edge Petroleum Operating Company, Inc's ("Edge") application to downhole commingle production from the East Lusk Delaware pool and South Lusk Bone Springs pool within the wellbore of the Southeast Lusk 34 Federal No. 3.

Attached in support of this application are two copies each of the following:

1. Form C-107A, Application for downhole commingling
2. Forms C-102 for the two pools.
3. Production curve for the Delaware zone, recent daily data from Delaware, swab test results from the Bone Springs. The Delaware zone has been on production about 15 months. The Bone Springs zone only has a swab test; that test was used to estimate a daily rate. The recent daily production data from the Delaware and the swab test from the Bone Springs was used to determine the allocation percentage.
4. Copy of notification letter to the United States Bureau of Land Management.
5. Administrative Application checklist.

All working and royalty interests in the two zones are the same. If any further information is needed, please contact me at the letterhead address or by telephone, 713-427-8886.

Sincerely,

Tom L. Powell
Manager, Reservoir Engineering
Edge Petroleum Operating Company
tpowell@edgepet.com

DISTRICT I

1625 N. FRENCH DR., HOHES, NM 88240

DISTRICT II

1381 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.

Santa Fe, New Mexico 87505

Form C-102

Revised JUNE 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

| | | |
|----------------------------|---|---------------------------------|
| API Number 30-025-37358 | Pool Code 41520 | Pool Name EAST LUSK DELAWARE |
| Property Code 300257 | Property Name LUSK 34 FEDERAL | Well Number 3 |
| OGRID No. 224400 | Operator Name EDGE PETROLEUM OPERATING COMPANY, INC. | Elevation 3562' |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| D | 34 | 19-S | 32-E | | 330 | NORTH | 330 | WEST | 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 40 | 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>GEODETC COORDINATES NAD 27 NME</p> <p>Y=590864.4 N X=676206.1 E</p> <p>LAT.=32°37'23.11" N LONG.=103°45'39.66" W</p> | <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>Amanda Simmons</i> Signature</p> <p>AMANDA SIMMONS Printed Name</p> <p>SR. PRODUCTION ASST. Title</p> <p>5-21-07 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>MARCH 3, 2005</p> <p>Date Surveyed</p> <p>Signature: <i>G. EIDSON</i> Professional Surveyor</p> <p>NEW MEXICO 05.11.0347 Certified Professional Surveyor</p> <p>12841</p> |

DISTRICT I

1625 N. FRENCH DR., HOHES, NM 88240

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Artec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.

Santa Fe, New Mexico 87505

Form C-102

Revised JUNE 10, 2003

Submit to Appropriate District Office

State Lease - 4 Copies

Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

| | | |
|----------------------------|---|--------------------------------------|
| API Number 30-025-37358 | Pool Code 41460 | Pool Name LUSK SOUTH BONE SPRINGS |
| Property Code 300257 | Property Name LUSK 34 FEDERAL | Well Number 3 |
| OGRID No. 224400 | Operator Name EDGE PETROLEUM OPERATING COMPANY, INC. | Elevation 3562' |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| D | 34 | 19-S | 32-E | | 330 | NORTH | 330 | WEST | LEA |

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| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

| | | | |
|-----------------------|-----------------|--------------------|-----------|
| Dedicated Acres 40 | Joint or Infill | Consolidation Code | Order No. |
|-----------------------|-----------------|--------------------|-----------|

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OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

| | | | |
|--|---|--|--|
| | <p>SEE DETAIL</p> | <p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=590864.4 N X=676206.1 E</p> <p>LAT.=32°37'23.11" N LONG.=103°45'39.66" W</p> | <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>Amanda Simmons</i></p> <p>Signature</p> <p>AMANDA SIMMONS</p> <p>Printed Name</p> <p>SR. PRODUCTION ASST.</p> <p>Title</p> <p>5-21-07</p> <p>Date</p> |
| | <p>DETAIL</p> <p>3562.1' 3563.3'</p> <p>3560.9' 3562.1'</p> <p>600'</p> <p>600'</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>MARCH 3, 2005</p> <p>Date Surveyed</p> <p>Signature of Surveyor</p> <p>Professional Surveyor</p> <p>NEW MEXICO</p> <p>05.11.034</p> <p>Certified No. CARY FIDLER</p> <p>12641</p> |

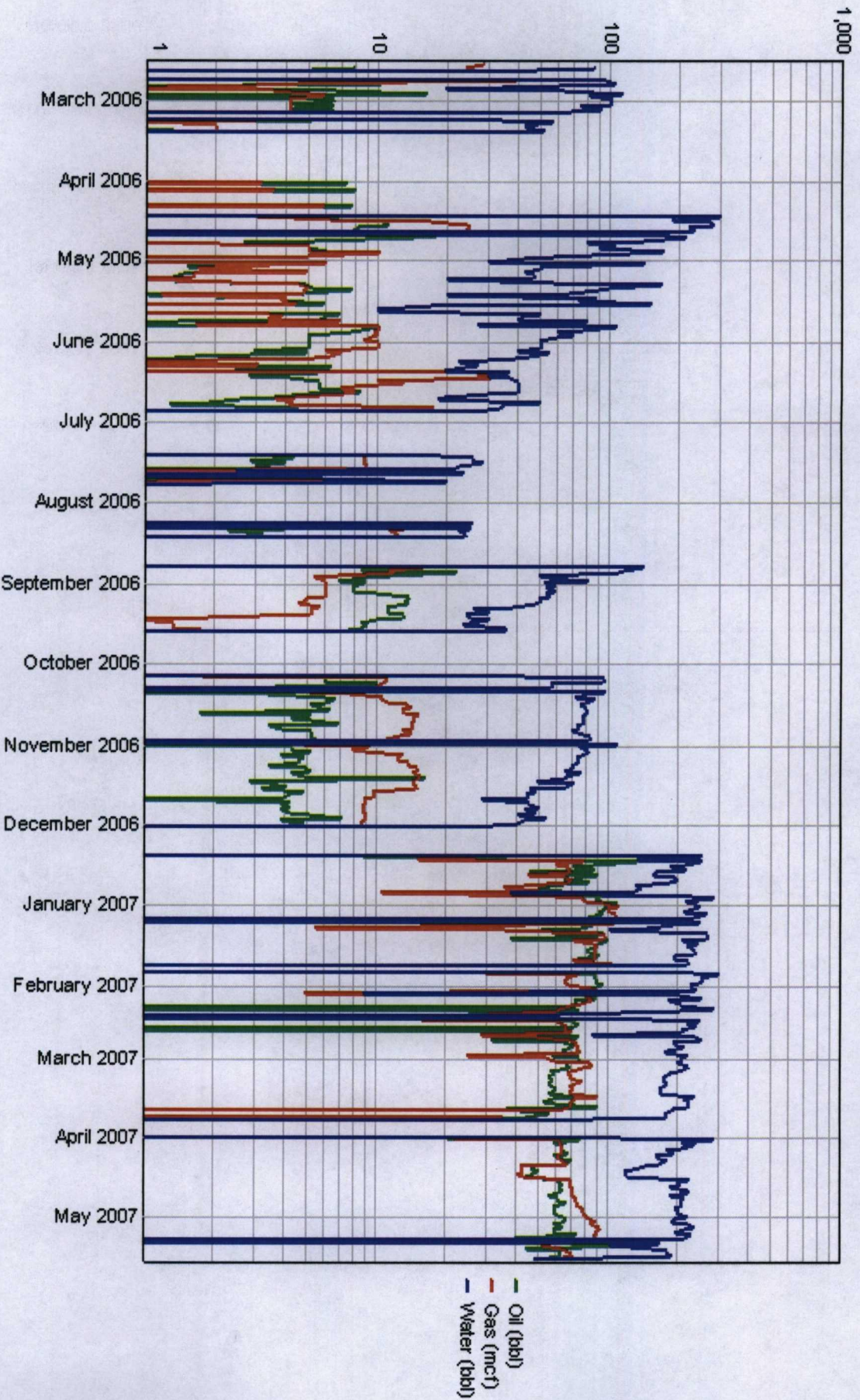
Downhole commingling allocation
Southeast Lusk 34 Federal No. 2
API 30-025-37357
Lea County, New Mexico

| Lusk Delaware, East Last 30 days of production | | | | Lusk South (Bone Springs) | | | |
|---|---------|---------|---------|---------------------------|-----|------|-------|
| Date | Oil | Gas | Water | Date | Oil | Gas | Water |
| 5/16/2007 | 51.81 | 59.49 | 48.92 | 1/29/2006 | 8.6 | 19 | 1 |
| 5/15/2007 | 62.27 | 69.86 | 188.69 | | | | |
| 5/14/2007 | 62.41 | 69.21 | 180.54 | | | | |
| 5/13/2007 | 62 | 65.78 | 179.48 | | | | |
| 5/12/2007 | 44.72 | 62.79 | 153.32 | | | | |
| 5/11/2007 | 135.7 | 51.61 | 102 | | | | |
| 5/10/2007 | 69.22 | 55.38 | 166.1 | | | | |
| 5/9/2007 | 0 | 0 | 0 | | | | |
| 5/8/2007 | 39.91 | 87.69 | 214.95 | | | | |
| 5/7/2007 | 73.85 | 88.62 | 229.61 | | | | |
| 5/6/2007 | 58.55 | 88.62 | 195.41 | | | | |
| 5/5/2007 | 58.55 | 91.38 | 214.95 | | | | |
| 5/4/2007 | 63.87 | 91.38 | 234.5 | | | | |
| 5/3/2007 | 58.55 | 84.92 | 221.79 | | | | |
| 5/2/2007 | 63.87 | 88.41 | 188.8 | | | | |
| 5/1/2007 | 66.53 | 83.22 | 194.52 | | | | |
| 4/30/2007 | 63.87 | 81.35 | 220.78 | | | | |
| 4/29/2007 | 58.55 | 78.55 | 199.38 | | | | |
| 4/28/2007 | 58.57 | 78.55 | 201.33 | | | | |
| 4/27/2007 | 59.18 | 76.68 | 194.52 | | | | |
| 4/26/2007 | 58.51 | 74.81 | 207.16 | | | | |
| 4/25/2007 | 65.83 | 72.94 | 211.05 | | | | |
| 4/24/2007 | 61.17 | 72.94 | 204.25 | | | | |
| 4/23/2007 | 61.17 | 72 | 213.97 | | | | |
| 4/22/2007 | 56.05 | 70.15 | 185.87 | | | | |
| 4/21/2007 | 61.39 | 70.15 | 222.66 | | | | |
| 4/20/2007 | 64.06 | 70.31 | 218.98 | | | | |
| 4/19/2007 | 61.39 | 69.38 | 186.87 | | | | |
| 4/18/2007 | 64.06 | 68.44 | 204.39 | | | | |
| 4/17/2007 | 61.43 | 69.38 | 199.52 | | | | |
| Total | 1827.04 | 2163.99 | 5584.31 | Total | 8.6 | 19 | 1 |
| Average | 60.9 | 72.1 | 186.1 | Average | 8.6 | 19.0 | 1.0 |

| Allocation | Oil | % | Gas | % |
|--------------|------|-----|------|-----|
| Delaware | 60.9 | 88% | 72.1 | 79% |
| Bone Springs | 8.6 | 12% | 19.0 | 21% |
| Total | 69.5 | | 91.1 | |

Southeast Lusk 34 Federal No. 3 – Delaware Production Graph, daily rate

SE Lusk 34 Fed 3 - SE Lusk 34 Fed 3 Wn





May 21, 2007

United States Bureau of Land Management
Carlsbad Field Office
620 E. Greene Street
Carlsbad, NM 87505

Subject

Edge Petroleum Operating Company Inc
Application for downhole commingling
East Lusk Delaware and South Lusk Bone Springs pools
Southeast Lusk 34 Federal #3
API 30-025-37358
Section 34, T-19S R-32E
Lea County, NM

To Whom It May Concern:

Attached, please find a copy of Edge Petroleum Operating Company, Inc's ("Edge") application to downhole commingle production from the East Lusk Delaware pool and South Lusk Bone Springs pool within the wellbore of the Southeast Lusk 34 Federal Well No.3.

This application has been filed with the Oil Conservation Division in Santa Fe New Mexico.

If any further information is needed, please contact me at the letterhead address or by telephone, 713-427-8886.

Sincerely,

Tom L. Powell
Manager, Reservoir Engineering
Edge Petroleum Operating Company
tpowell@edgepet.com

DISTRICT I

1825 N. FRENCH DR., HOHES, NM 88240

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Artec, NM 87410

DISTRICT IV

1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.

Santa Fe, New Mexico 87505

Form C-102

Revised JUNE 10, 2003

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WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

| | | |
|----------------------------|---|--------------------------------------|
| API Number 30-025-37358 | Pool Code 41460 | Pool Name LUSK SOUTH BONE SPRINGS |
| Property Code 300257 | Property Name LUSK 34 FEDERAL | Well Number 3 |
| OGRID No. 224400 | Operator Name EDGE PETROLEUM OPERATING COMPANY, INC. | Elevation 3562' |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| D | 34 | 19-S | 32-E | | 330 | NORTH | 330 | WEST | 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 40 | Joint or Infill | Consolidation Code | Order No. | | | | | | |

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OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

| | | |
|--|---|---|
| | <p>GEODETTIC COORDINATES NAD 27 NME</p> <p>Y=590864.4 N X=676206.1 E</p> <p>LAT.=32°37'23.11" N LONG.=103°45'39.66" W</p> | <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>Amanda Simmons</i> Signature AMANDA SIMMONS Printed Name SR. PRODUCTION ASST. Title 5-21-07 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>MARCH 3, 2005</p> <p>Date Surveyed Signature & Seal Professional Surveyor NEW MEXICO 05.11.0345 Certified No. CAPY-12841</p> | |

DISTRICT I

1625 N. FRANCHIS DR., BOBBS, NM 88240

DISTRICT II

1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV

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State of New Mexico

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102

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WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

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|----------------------------|---|---------------------------------|
| API Number 30-025-37358 | Pool Code 41520 | Pool Name EAST LUSK DELAWARE |
| Property Code 300257 | Property Name LUSK 34 FEDERAL | Well Number 3 |
| OGRIID No. 224400 | Operator Name EDGE PETROLEUM OPERATING COMPANY, INC. | Elevation 3562' |

Surface Location

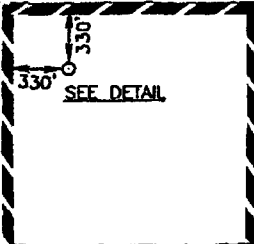
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| D | 34 | 19-S | 32-E | | 330 | NORTH | 330 | WEST | LEA |

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 40 | Joint or Infill | Consolidation Code | Order No. |
|-----------------------|-----------------|--------------------|-----------|

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OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

| | | | |
|---|---|--|---|
|  | <p>DETAIL</p> <p>3562.1' 3563.3'</p> <p>3560.9' 3562.1'</p> <p>600'</p> <p>600'</p> | <p>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=590864.4 N X=676206.1 E</p> <p>LAT.=32°37'23.11" N LONG.=103°45'39.66" W</p> | <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>Amanda Simmons</i></p> <p>Signature</p> <p>AMANDA SIMMONS</p> <p>Printed Name</p> <p>SR. PRODUCTION ASST.</p> <p>Title</p> <p>5-21-07</p> <p>Date</p> |
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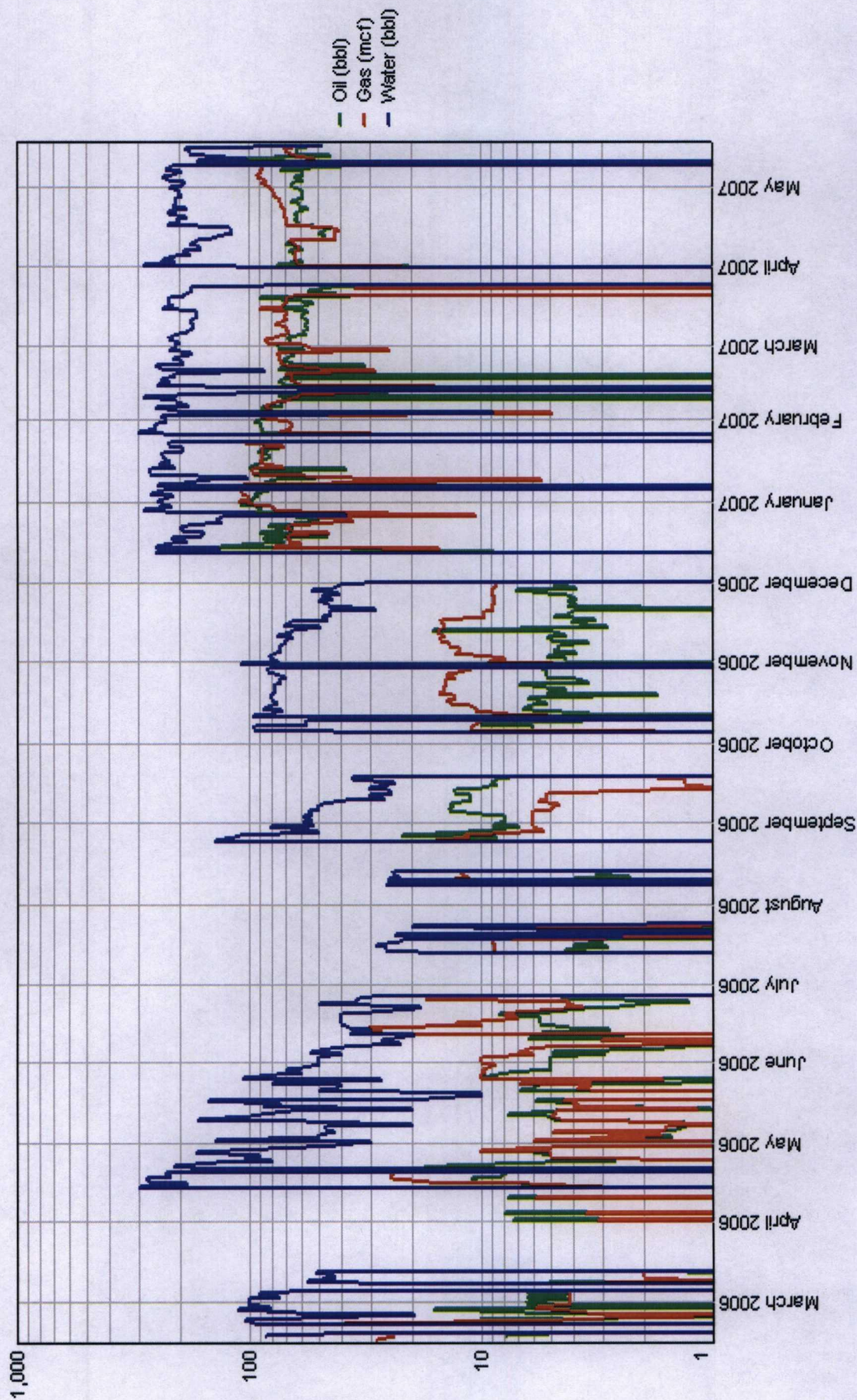
Downhole commingling allocation
Southeast Lusk 34 Federal No. 2
API 30-025-37357
Lea County, New Mexico

| Lusk Delaware, East Last 30 days of production | | | | Lusk South (Bone Springs) | | | |
|---|---------|---------|---------|---------------------------|-----|------|-------|
| Date | Oil | Gas | Water | Date | Oil | Gas | Water |
| 5/16/2007 | 51.81 | 59.49 | 48.92 | 1/29/2006 | 8.6 | 19 | 1 |
| 5/15/2007 | 62.27 | 69.86 | 188.69 | | | | |
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| 4/22/2007 | 56.05 | 70.15 | 185.87 | | | | |
| 4/21/2007 | 61.39 | 70.15 | 222.66 | | | | |
| 4/20/2007 | 64.06 | 70.31 | 218.98 | | | | |
| 4/19/2007 | 61.39 | 69.38 | 186.87 | | | | |
| 4/18/2007 | 64.06 | 68.44 | 204.39 | | | | |
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| Allocation | Oil | % | Gas | % |
|--------------|------|-----|------|-----|
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| Bone Springs | 8.6 | 12% | 19.0 | 21% |
| Total | 69.5 | | 91.1 | |

Southeast Lusk 34 Federal No. 3 – Delaware Production Graph, daily rate

SE Lusk 34 Fed 3 - SE Lusk 34 Fed 3 Wh





May 21, 2007

United States Bureau of Land Management
Carlsbad Field Office
620 E. Greene Street
Carlsbad, NM 87505

Subject

Edge Petroleum Operating Company Inc
Application for downhole commingling
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Southeast Lusk 34 Federal #3
API 30-025-37358
Section 34, T-19S R-32E
Lea County, NM

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Attached, please find a copy of Edge Petroleum Operating Company, Inc's ("Edge") application to downhole commingle production from the East Lusk Delaware pool and South Lusk Bone Springs pool within the wellbore of the Southeast Lusk 34 Federal Well No.3.

This application has been filed with the Oil Conservation Division in Santa Fe New Mexico.

If any further information is needed, please contact me at the letterhead address or by telephone, 713-427-8886.

Sincerely,

Tom L. Powell
Manager, Reservoir Engineering
Edge Petroleum Operating Company
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