

DATE IN 8/13/08	SUSPENSE	ENGINEER W Jones	LOGGED IN 8/13/08	TYPE DHC 4678	APP NO. PKVR0822651444
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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.

Kem E. McCready
 Print or Type Name

Kem E. McCready
 Signature

NM Operations Manager
 Title

08/12/2008
 Date

kem@naguss.com
 e-mail Address

RECEIVED
 2008 AUG 13 AM 11 34

NADEL AND GUSSMAN PERMIAN, L.L.C.

601 N. Marienfeld, Suite #508
Midland, Texas 79701
(432) 682-4429
Fax (432) 682-4325

RECEIVED

2008 AUG 13 AM 11 34

Oil Conservation Division
Attn: William Jones
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

RE: Downhole Commingling and Measurement of
Hydrocarbon Production for:
Cebo State #1
Section 10, T16S, R33E
Lea County, New Mexico

Nadel and Gussman Permian L.L.C as operator of the referenced well respectfully requests administrative approval for downhole commingling and measurement of production.

Nadel and Gussman Permian proposes to commingle Hume Queen West and Hume Grayburg West production in the Cebo State #1 API 30-025-38954 (Property Code 37182). Production of both pools will be measured at the Cebo State Tank Battery.

Nadel and Gussman has notified to all parties owning an interest in this lease of the intent to commingle.

Nadel and Gussman Permian is respectfully requesting administrative approval of this application to downhole commingle. Several downhole commingling orders have been approved for these two zones. The approved orders are DHC - 3442, 3466, 3497, 3498, 3499 and 3599. In addition, our existing Angler State #1 and #2 wells are producing from both zones under DHC Orders 3628 and 3752.

NGP also requests that we be allowed 60 days following completion to submit the allocation percentages. A 60 day time period is necessary to allow us to adequately test all intervals to be commingled.

Yours truly,



Kem E. McCready
Operations Manager
Nadel and Gussman Permian
kemmm@naguss.com

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

____ Nadel and Gussman Permain 601 N. Marienfeld Suite 508 Midland Texas 79701
Operator Address

____ Cebo State ____ 1 ____ P S10 T16S R 33E ____ LEA ____
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 155615 Property Code 37182 API No. 30-025-38954 Lease Type: ____ Federal ____ ☒ State ____ Fee

DATA ELEMENT	UPPER ZONE <i>UNDER</i>	INTERMEDIATE ZONE	LOWER ZONE <i>UNDER</i>
Pool Name	Hume Queen West <i>012</i>		Hume Grayburg West <i>012</i>
Pool Code	33560		97444
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3649-3937 OH		3968-4381 OH
Method of Production (Flowing or Artificial Lift)	Artificial		Artificial
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)	36.8		36.8
Producing, Shut-In or New Zone	New Zone		New Zone
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: Rates:	Date: Rates:	Date: Rates:
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 % <i>allocation</i> %	Oil Gas % <i>Later</i> %	Oil Gas % <i>(60 DAYS)</i> %

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: DHC 3762

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.

DISTRICT I
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1301 W. Grand Avenue, Artesia, NM 88210

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1000 Rio Brazos Ed., Artesia, 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

RECEIVED C-102
May 12, 2008

Submit to Appropriate District Office

State Lease - 4 Copies
Federal Lease - 3 Copies

HOBBS OGD
AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-38954	Pool Code 33560	Pool Name Hume Queen West
Property Code 37182	Property Name CEBO STATE	Well Number 1
GRID No. 155615	Operator Name NADEL AND GUSSMAN PERMIAN	Elevation 4202'

Surface Location

UL or lot No. P	Section 10	Township 16 S	Range 33 E	Lot Idn	Feet from the 660	North/South line SOUTH	Feet from the 990	East/West line EAST	County LEA
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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

OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature: *M. Sena* Date: 5/21/08

Printed Name: Michelle Sena

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.

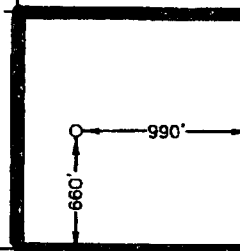
Date Signed: MAY 9, 2008
Signature: *Gary L. Jones*
Professional Surveyor

Certificate No. Gary L. Jones 7977

Basin Surveys

SURFACE LOCATION

Lat.: N32°55'51.08"
Long.: W103°38'44.40"
SPC- N.: 703066.770
E.: 752328.348
(NAD-83)



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

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Submit to Appropriate District Office
State Lease - 4 Copies
MAY 2 9 2009
Fee Lease - 3 Copies

HOBBS OGD

<div style="border: 1px dashed black; height: 400px; margin-bottom: 10px;"></div> <div style="border: 1px dashed black; height: 150px;"></div>	<div style="border: 1px solid black; padding: 5px;"> <h3 style="text-align: center; margin: 0;">OPERATOR CERTIFICATION</h3> <p style="font-size: small; margin: 5px 0;">I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="border-bottom: 1px solid black; width: 70%; text-align: center;"> M Sena </div> <div style="text-align: right;"> 5/21/08 </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> Signature Date </div> <div style="border-bottom: 1px solid black; margin-top: 10px; text-align: center;"> Michelle Sena </div> <div style="font-size: small; margin-top: 5px;">Printed Name</div> </div>
<div style="border: 1px solid black; padding: 5px;"> <h3 style="text-align: center; margin: 0;">SURVEYOR CERTIFICATION</h3> <p style="font-size: small; margin: 5px 0;">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> <div style="text-align: right; margin-top: 10px;"> MAY 9, 2008 </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <div style="border-bottom: 1px solid black; width: 70%; text-align: center;"> [Signature] </div> <div style="text-align: right;"> 7977 </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> Date Signed Professional Surveyor </div> </div>	<div style="border: 1px solid black; padding: 10px; margin-top: 10px;"> <h4 style="text-align: center; margin: 0;">SURFACE LOCATION</h4> <p style="margin: 5px 0;">Lat.: N32°55'51.08"</p> <p style="margin: 5px 0;">Long.: W103°38'44.40"</p> <p style="margin: 5px 0;">N.: 703066.770</p> <p style="margin: 5px 0;">E.: 752328.348</p> <p style="text-align: center; margin: 5px 0;">(NAD-83)</p> </div> <div style="border: 1px solid black; width: 150px; height: 150px; margin-top: 10px; position: relative;"> <div style="position: absolute; top: 0; right: 0; left: 0; bottom: 0; border: 1px solid black; border-radius: 50%; width: 100%; height: 100%;"></div> <div style="position: absolute; top: 50%; left: 50%; transform: translate(-50%, -50%);"> <div style="display: flex; align-items: center; justify-content: center;"> <div style="text-align: center; margin-right: 5px;"> 660' </div> <div style="border-top: 1px solid black; width: 100%; height: 2px;"></div> </div> <div style="display: flex; align-items: center; justify-content: center;"> <div style="text-align: center; margin-right: 5px;"> 990' </div> <div style="border-left: 1px solid black; width: 100%; height: 2px;"></div> </div> </div> </div>
<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="border: 1px solid black; padding: 5px; flex: 1;"> <h4 style="text-align: center; margin: 0;">BASIN SURVEYS</h4> <p style="font-size: small; margin: 5px 0;">A Division of</p> <p style="font-size: small; margin: 5px 0;">Geological Services, Inc.</p> <p style="font-size: small; margin: 5px 0;">P.O. Box 10000</p> <p style="font-size: small; margin: 5px 0;">Houston, Texas 77255-1000</p> <p style="font-size: small; margin: 5px 0;">Tel: 713-661-1000</p> <p style="font-size: small; margin: 5px 0;">Fax: 713-661-1001</p> <p style="font-size: small; margin: 5px 0;">E-Mail: info@basinsurveys.com</p> </div> <div style="text-align: right; flex: 1;"> <p style="margin: 0;">Certificate No. Gary L. Jones 7977</p> </div> </div>	