

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 of 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.

Jason Wacker

Jason Wacker

Petroleum Engineer

8/12/2008

Print or Type Name

Signature

Title

Date

jwacker@usaonline.net
 e-mail Address

RECEIVED
 2008 AUG 15 PM 3 07

BC OPERATING, INC.

P.O. Box 50820
Midland, Texas 79710

303 Veterans Air Park Lane, Suite 600
Midland, Texas 79705
(432) 684-9696
Fax (432) 686-0600

August 12, 2008

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Re: Robinia Draw Federal #1 - Down Hole Commingling Permit Application

Dear Sirs:

BC Operating respectfully requests administrative approval to down hole commingle oil and gas production from the Robinia Draw Federal #1; L-4-T23S-R24E, Eddy County, New Mexico.

BC Operating proposes to commingle production from the Bandana Point; Strawn South (71490) and Bandana Point; Upper Penn (71500) pools in the above mentioned well. Production from both pools will be metered at a common tank battery. Ownership is common to both pools. Notification of our intent to down hole commingle has been made to the US Bureau of Land Management.

If you have any questions regarding this work, please give me a call. Thank you in advance for your prompt attention to this matter.

Sincerely,



Jason Wacker

Cc: Artesia District Office

Well File

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

District II
1301 W. Grand Avenue, Artesia, NM 88210

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE

District III
1000 Rio Brazos Road, Aztec, NM 87410

Single Well

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

Establish Pre-Approved Pools

EXISTING WELLBORE

APPLICATION FOR DOWNHOLE COMMINGLING

Yes No

BC Operating, Inc.
Operator

P.O. Box 50820, Midland, Texas 79710
Address

DHC-4877

Robinia Draw Federal
Lease

#1
Well No.

L-4-23S-24E
Unit Letter-Section-Township-Range

Eddy
County

OGRID No. 160825 Property Code 303760 API No. 30-015-26097 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Bandana Point; Upper Penn (Gas)		Bandana Point; Strawn, South (Gas)
Pool Code	71500		71490
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	8402' - 8412'		9342' - 9354'
Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
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)	58.9° API		1055 BTU
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: 9/1/1999 Rates: 0.1 BOPD, 58 MCFD	Date: Rates:	Date: 7/1/2008 Rates: 0 BOPD, 34 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 100% Gas 63%	Oil % Gas %	Oil 0% Gas 37%

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.)
- 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.

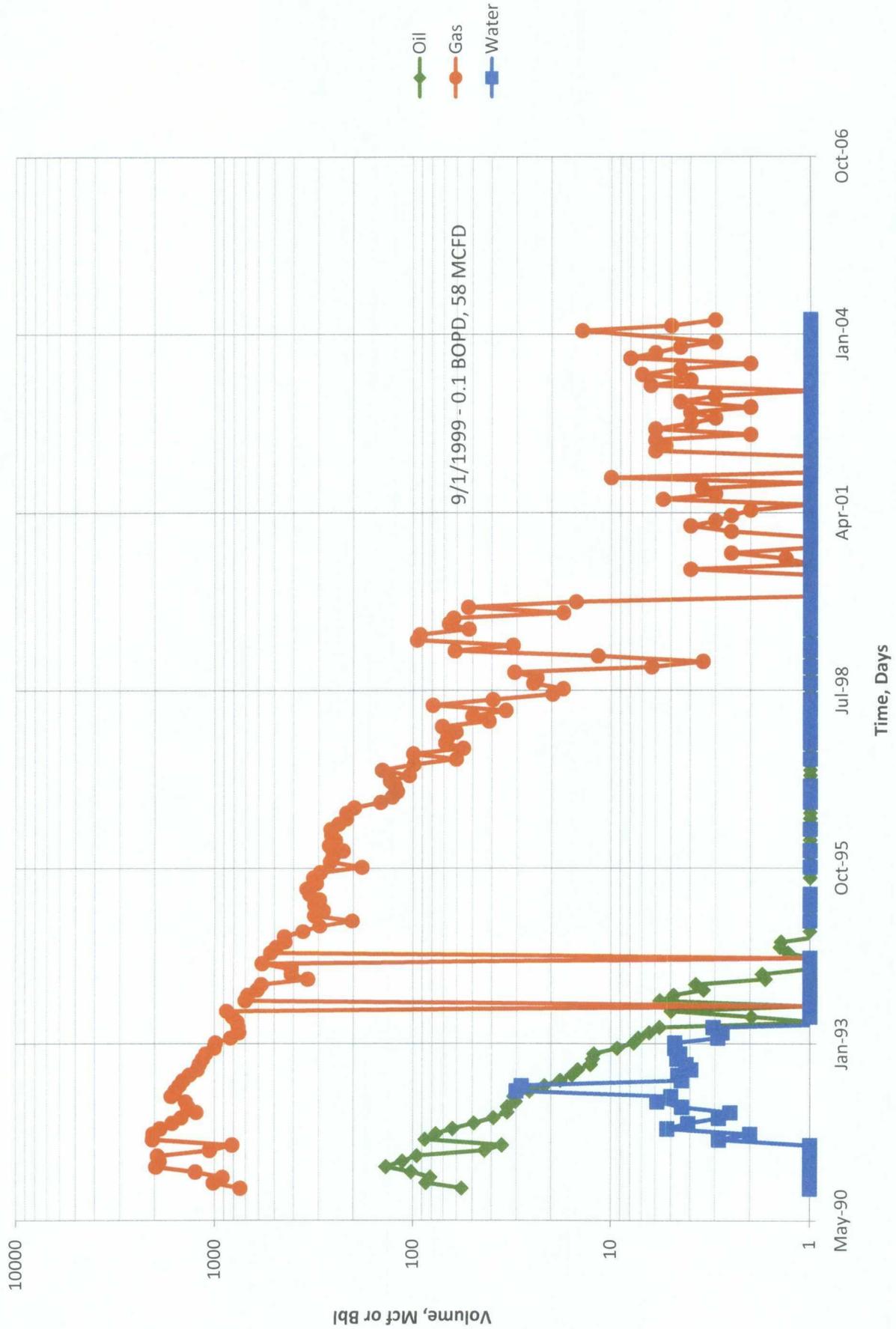
I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Jason Wacker TITLE Petroleum Engineer DATE 8/11/2008

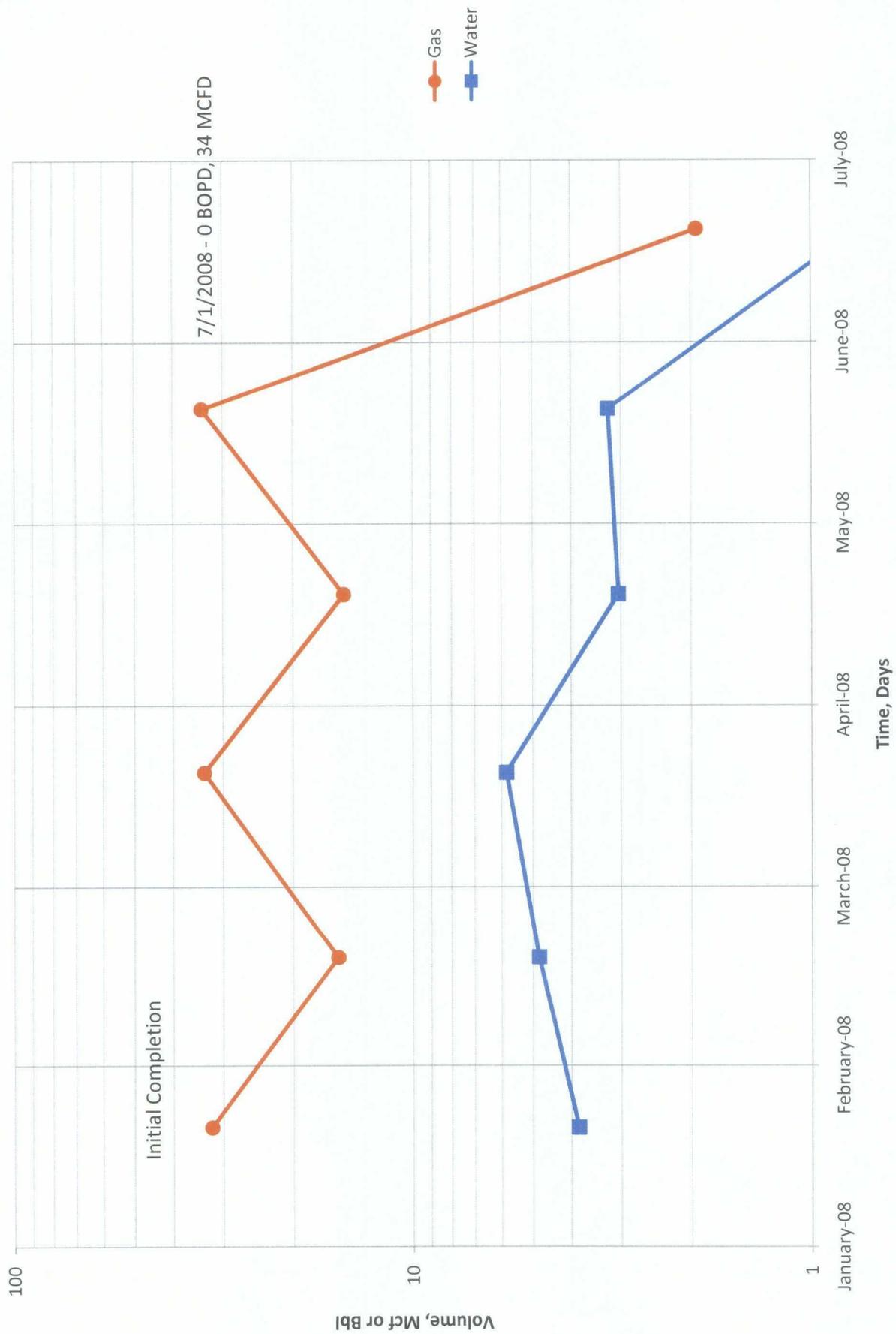
TYPE OR PRINT NAME Jason Wacker TELEPHONE NO. (432) 684-9696

E-MAIL ADDRESS jwacker@usaonline.net

Robinia Draw Federal #1 - Upper Penn



Robinia Draw Federal #1 - Strawn



Robinia Draw Federal #1

Down Hole Commingling Allocation Method

Gas Production

Upper Penn gas production 9/1/1999 =	58 MCFD	(63% of total)
Strawn gas production 7/1/2008 =	34 MCFD	(37 % of total)
Total gas production from both zones =	92 MCFD	(100% of total)

Oil Production

Upper Penn oil production 9/1/1999 =	0.1 BOPD	(100% of total)
Strawn oil production 7/1/2008 =	0 BOPD	(0 % of total)
Total oil production from both zones =	0.1 BOPD	(100% of total)

Note: The Strawn formation in this well has not produced any oil since completion. All future oil production will be booked to the Upper Penn formation.