

9/22/08 DATE IN	SUSPENSE	W. Jones ENGINEER	9/23/08 LOGGED IN	PC TYPE	PKVR0826638284 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



Rangel
PC-1204

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 (Notice has been sent out)

[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.

Paula Hale
Print or Type Name

Signature

Sr. Reg. Sp.
Title

9-22-08
Date

phale@rangeresources.com
e-mail Address

RECEIVED
2008 SEP 22 AM 10 05

RECEIVED

September 17, 2008 2008 SEP 18 AM 10 16



RANGE RESOURCES

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

Re: Surface & Pool Commingling Application
Federal Lease NM89872 (OCD 301548), Wells #1, #2 and #1-17 #3
Lea County, New Mexico

Gentlemen:

Enclosed is Range Operating New Mexico Inc.'s application to Surface and Pool commingle the subject leases. Included in this application are:

- a) Form C-107-B
- b) Statement of Notification to all Interest Owners
- c) Interest Owner List
- d) Exhibit 1 – List of leases involved with descriptions and pools
- e) Exhibit 2 & 3 – Plats showing locations of wells
- f) Exhibit 4 & 5 – Schematic diagrams and descriptions
- g) Exhibit 6 – Volume Contribution Per Well
- h) Copy of Bureau of Land Management Form 3160-5

Should you have any questions or need further information please contact the undersigned.

Sincerely,

Paula Hale
Sr. Reg. Sp.

phale@rangeresource.com
Enclosure(s)

CC: New Mexico Oil Conservation Division
1625 N. French Dr.
Hobbs, New Mexico 88240

District I
1625 N. French Drive, Hobbs, NM 88240
District II
1301 W. Grand Ave, 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-107-B
Revised June 10, 2003

OIL CONSERVATION DIVISION

1220 S. St Francis Drive
Santa Fe, New Mexico 87505

Submit the original
application to the Santa Fe
office with one copy to the
appropriate District Office.

APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)

OPERATOR NAME: Range Operating New Mexico, Inc.

OPERATOR ADDRESS: 100 throckmorton St., Ste. 1200, Fort Worth, TX 76102

APPLICATION TYPE:

☒ Pool Commingling ☐ Lease Commingling ☐ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☐ State ☒ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. _____

Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling
☒ Yes ☐ No

(A) POOL COMMINGLING
Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes
See Attachment					

(2) Are any wells producing at top allowables? ☒ Yes ☐ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No.

(4) Measurement type: ☒ Metering ☐ Other (Specify)

(5) Will commingling decrease the value of production? ☐ Yes ☒ No If "yes", describe why commingling should be approved

(B) LEASE COMMINGLING
Please attach sheets with the following information

(1) Pool Name and Code.

(2) Is all production from same source of supply? ☐ Yes ☐ No

(3) Has all interest owners been notified by certified mail of the proposed commingling? ☐ Yes ☐ No

(4) Measurement type: ☐ Metering ☐ Other (Specify)

(C) POOL and LEASE COMMINGLING
Please attach sheets with the following information

(1) Complete Sections A and E.

(D) OFF-LEASE STORAGE and MEASUREMENT
Please attached sheets with the following information

(1) Is all production from same source of supply? ☐ Yes ☐ No

(2) Include proof of notice to all interest owners.

(E) ADDITIONAL INFORMATION (for all application types)
Please attach sheets with the following information

(1) A schematic diagram of facility, including legal location.

(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.

(3) Lease Names, Lease and Well Numbers, and API Numbers.

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

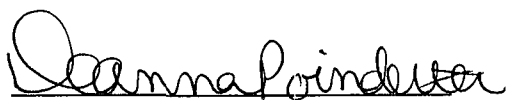
SIGNATURE:  TITLE: Sr. Reg. Sp. DATE: 9-27-2008

TYPE OR PRINT NAME: Paula Hale TELEPHONE NO.: 817-869-4216

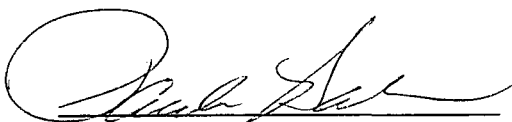
E-MAIL ADDRESS: phale@rangeresources.com

**STATEMENT OF NOTIFICATION
FEDERAL LEASE
NM 89872/OCD 301548
SURFACE & POOL COMMINGLING**

A copy of the BLM Form C 3610-5 and OCD Form C-107-B have been sent to all interest owners, as notice of Range Operating's application to surface commingle multiple pools.



Deanna Poindexter
Area Production Engineer
Date: 9-17-2008



Paula Hale
Sr. Reg. Sp.
Date: 9-17-2008

**FEDERAL LEASE NM89872/301548
INTEREST OWNER LIST**

Bureau of Land Management
1474 Rodeo Road
Santa Fe, NM 87505

Donaldson Brown Royalty Trust
P. O. Box 1183
Abingdon, MD 21009-1222

Dominion Reserves, Inc.
P. O. Box 1248
Jane Lew, WV 26378

Hawkins ACQ Limited Partnership
Frisco Energy LLC General Partner
Attn: Butch Smith
2531 East 51st Street, Ste. 300
Tulsa, OK 74105

Range Operating New Mexico, Inc.
100 Throckmorton St., Ste. 1200
Fort Worth, TX 76102

EXHIBIT 1

Lease Name & Number	API #	FEDERAL LEASE #	OCD LEASE CODE #	LOCATION	Unit-Sec-Twn-Rng	Pool	OCD Pool #
Federal #1	30-025-26304	NM 89872	301548	2310' FSL & 2310' FWL	K-17-22S-37E	Eumont Yates SRQ	22800
Federal 1-17 #3	30-025-38550	NM 89872	301548	1650' FSL & 2310' FWL	K-17-22S-37E	Drinkard	19190
						Wantz, Abo	62700

DISTRICT I
1625 N. FRENCH DR., HOBBBS, NM 88240

State of New Mexico
Energy, Minerals and Natural Resources Department

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

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

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-38550	Pool Code	Pool Name
Property Code 301548	Property Name FEDERAL 1-17	Well Number 3
GRID No. 227588	Operator Name RANGE RESOURCES	Elevation 3387'

Surface Location

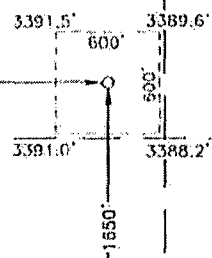
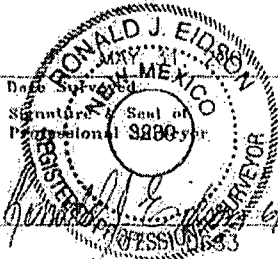
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	17	22-S	37-E		1650	SOUTH	2310	WEST	LEA

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	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>GEODETIC COORDINATES NAD 27 NME</p> <p>Y=507135.4 N X=854264.1 E</p> <p>LAT.=32.389005° N LONG.=103.185687° W</p> 	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information 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 or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature _____ Date _____</p> <p>Printed Name _____</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></p> <p>Certificate No. GARY EIDSON 12641 RONALD J. EIDSON 3239</p>

NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT

30-025-26304

Form 1-1
Superseded 1-1-68
Printed 1-1-68

All dedications must be made on the outer boundaries of the Section

Zia Energy, Inc.

Federal

K

17

22 South

37 East

Lea

2310

South

2310

West

3386.7

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure 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, lease-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 (if so reverse side of this form if necessary): _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, lease-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.

M. F. Nelson

Engineer

Zia Energy, Inc.

3/29/79

I hereby certify that the well location shown on this plat was located 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.

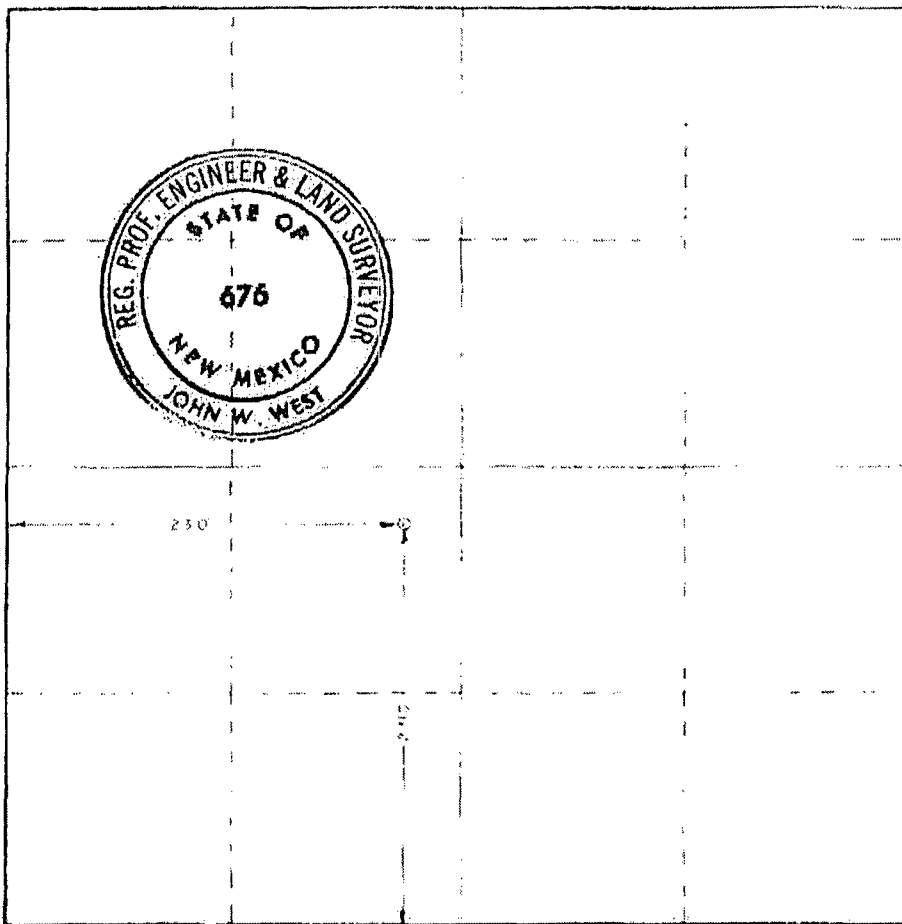
March 15, 1979

 Certified by _____
 and _____

John W. West

Certified by John W. West 676

Ronald J. Edison 3239





Range Operating New Mexico, Inc.
Federal #1 & 1-17 #3 BATTERY
Eunice, NM

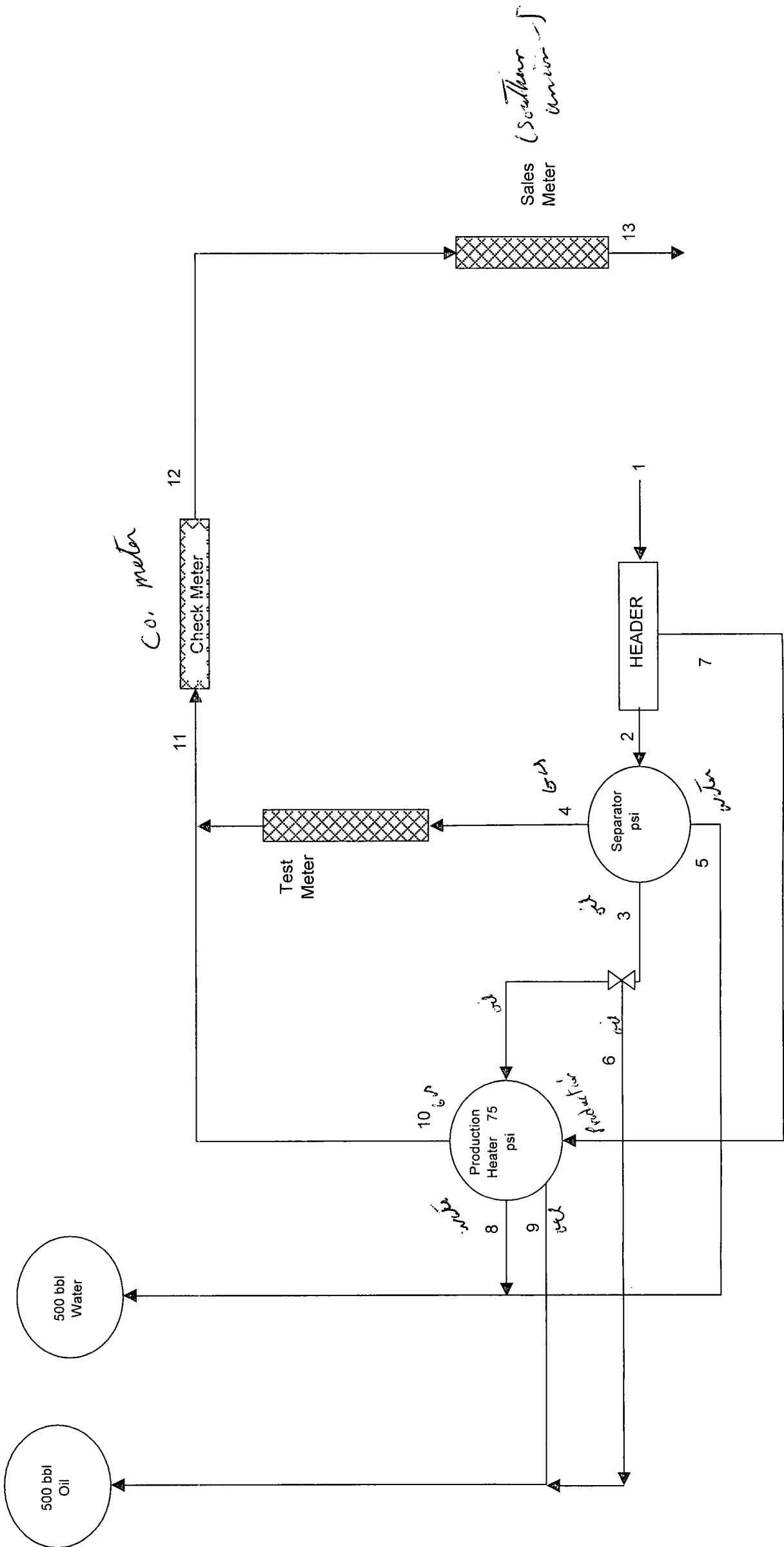


EXHIBIT 4



Range Operating New Mexico, Inc.
Federal #1 & 1-17 #3 BATTERY
Eunice, NM

Line Description

- 1 - Gas, Oil, and Water coming in from the Federal #1 and the Federal 1-17 #3
- 2 - Gas, Oil, and Water from one or both wells going through the Separator
- 3 - Oil exiting the separator and going to the heater if both wells are going to Production, Oil exiting to Oil Tanks via the valve connected to line #6 if one well is going through the Heater and one well through the separator for testing.
- 4 - Gas exiting the separator going through the Test meter
- 5 - Water exiting the separator going to the tank
- 6 - Oil from the separator going to the oil tanks (through an oil meter) with one well on Test
- 7 - Gas, Oil, and Water from one well going through Production through the Heater while the other well goes through the separator for Test
- 8 - Water exiting the heater going to the tank
- 9 - Oil exiting the heater going to the tank (through an oil meter)
- 10 - Gas exiting the heater going to the check meter
- 11 - Gas combined from the heater and separator (and during the testing, gas combined from the well on Test and the well on Production)
- 12 - All gas commingled through company owned check meter
- 13 - All gas commingled through Southern Union (gatherer) owned sales meter

EXHIBIT 6
FEDERAL LEASE
Volume Contribution Per Well

Lease Name	OCD/BLM Lease Code	Well No.	BOPD	MCFPD	Gravity	BTU Content @ 14.73	BTU Content @ 15.025
Federal	301548/NM89872	1	1	5	0.734	0.9990	0.9794
Federal 1-17	301548/NM89872	3	43	164	0.735	1.227	1.2029

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well
☒ Oil Well ☐ Gas Well ☐ Other

2. Name of Operator
Range Operating New Mexico, Inc.

3a. Address
100 Throckmorton St., Ste. 1200, Fort Worth, TX 76102

3b. Phone No. (include area code)
817-869-4216

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

**2310' FSL & 2310' FWL, Unit K, Sec. 17, 22S, 37E
1650' FSL & 2310' FWL, Unit K, Sec. 17, 22S, 37E**

5. Lease Serial No.
NM 89872

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
Federal #1 and Federal 1-17 #3

9. API Well No.
30-025-26304; 30-025-38550

10. Field and Pool, or Exploratory Area
Eum. Yates SRQ-Drinkard-Wantz Abo

11. County or Parish, State

Lea

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other Surface Commingle
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Due to the Federal #1 and Federal 1-17 #3 having different interest owners, Range Operating New Mexico, Inc. requests to surface commingle the two wells. Both wells are in the same 40 acre unit and the same lease. The production from the Federal 1-17 #3 will be run through the test facilities every month in order maintain accurate allocation of volumes.

Please review attached OCD form C-107B, Application for Surface Commingling (Diverse Ownersip), and technical data.

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Paula Hale

Title **Sr. Reg. Sp.**

Signature

Date

09/17/2008

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)