

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

District II  
811 South First Street, Artesia, NM 88210

District III  
1000 Rio Brazos Road, Aztec, NM 87410

District IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107A  
Revised May 15, 2000

OIL CONSERVATION DIVISION

2040 South Pacheco  
Santa Fe, New Mexico 87505

APPLICATION TYPE

☒ Single Well

Establish Pre-Approved Pools

EXISTING WELLBORE

☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

Mewbourne Oil Company P. O. Box 7698 Tyler, TX 75711  
Operator Address  
Otis "1" #2 K - Sec 1, T22S, R27E Eddy  
Lease Well No. Unit Letter-Section-Township-Range County  
OGRID No. 14744 Property Code 31914 API No. 30-015-32888 Lease Type: ☐ Federal ☐ State ☒ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Indian Flats; Atoka, West (Gas)		Carlsbad; Morrow, East (Gas)
Pool Code	79070		73920
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	11,166 - 11,231' (OA)		11,313 - 11,436' (OA)
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)	N/A		N/A
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1017 BTU content		1017 BTU content
Producing, Shut-In or New Zone	Producing		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: 6/9/04 Rates: 1120 MCFD, 0 BO, 0 BW	Date: Rates:	Date: 6/9/04 Rates: 745 MCFD, 0 BO, 0 BW
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 60 % 60 %	Oil Gas % %	Oil Gas 40 % 40 %

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 Janet Burns TITLE Reg. Tech. DATE 6/25/04

TYPE OR PRINT NAME Janet Burns TELEPHONE NO. ( 903 ) 561-2900

**Attachments to C-107A**

Mewbourne Oil Company  
Otis "1" #2  
Unit Letter K, Sec 1 T22S R27E  
Indian Flats; Atoka, West (Gas) and Carlsbad; Morrow, East (Gas) Pools  
Eddy Co., NM

**C-102 for each zone to be commingled showing its spacing unit and acreage dedication**

**Production curve is not attached (new well)**

**Estimated production rates and supporting data**

Test Data:

Atoka	6/9/04	1120 MCFD, 0BO, 0 BW: current production
Morrow	6/9/04	745 MCFD, 0 BO, 0 BW: current production

**Data to support allocation method or formula**

Test as shown above for both zones

**Notification list of working, royalty and overriding royalty interests for uncommon interest cases**

No uncommon interests.

**Any additional statements, data or documents required to support commingling**

The well is completed with 5 1/2" OD casing. In order to dually complete the well to recover all economic reserves, the use of small diameter special clearance tubing would be required. Performing a dual completion as described could not be economically justified for a zone with limited deliverability. To produce the Atoka interval (upper zone) up the annulus (5 1/2" - 2 7/8") is not recommended due to liquid loading and insufficient velocity to lift produced fluids with the estimated gas rates listed above. The addition of the Atoka as a commingled zone will prevent waste that would not otherwise be possible due to the increased cost to produce each individual zone. Commingling will prevent early abandonment of each production zone.

The original Morrow completion with perforations from 11,582-11,771' was plugged back by a bridge plug @ 11,532' plus cement, leaving the new PBTD @ 11,482'. The well was recompleted to the Atoka on 4/9/04 with perforations from 11,166 - 11,436'. However, per Bryan Arrant in the Artesia NMOCD office, the perforations from 11,166 - 11,231' are to be considered as producing from the Atoka and those from 11,313 - 11,436' to be considered as producing from the Morrow. Therefore, permission to downhole commingle production is requested.

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Energy, Minerals and Natural Resources Department

Instruction on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

# OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-015-32888	Pool Code 79070	Pool Name Indian Flats; Atoka, West
Property Code 31914	Property Name OTIS "1"	Well Number 2
OGRID No. 1A7AA	Operator Name MEWBOURNE OIL COMPANY	Elevation 3086

### 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	1	22S	27E		1980	SOUTH	1400	WEST	EDDY

### 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 320	Joint or Infill	Consolidation Code	Order No.
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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><b>OPERATOR CERTIFICATION</b></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>Janet Burns</i></p> <p>Signature</p> <p>Janet Burns</p> <p>Printed Name</p> <p>Reg. Tech.</p> <p>Title</p> <p>6/25/04</p> <p>Date</p>
	<p><b>SURVEYOR CERTIFICATION</b></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>6/29/2003</p> <p>Date Surveyed</p> <p><i>James L. Jones</i></p> <p>Signature</p> <p>James L. Jones</p> <p>Printed Name</p> <p>REGISTERED PROFESSIONAL SURVEYOR</p> <p>3640</p> <p>REGISTRATION NO.</p> <p>OTIS 1-2</p> <p>GENERAL SURVEYING COMPANY</p>

0 330' 660' 990' 1650' 1980' 2310' 2310' 1980' 1650' 990' 660' 330' 0'

**MEWBOURNE OIL COMPANY**

P.O. BOX 7698  
TYLER, TEXAS 75711  
903 - 561-2900  
FAX 903 - 561-1870

June 25, 2004



New Mexico Oil Conservation Division, District II  
1301 W. Grand Ave.  
Artesia, NM 88210

RE: Otis "1" #2  
Sec 1 T22S R27E  
Indian Flats; Atoka, West (Gas)  
Eddy Co., NM

Gentlemen:

Please find enclosed an original and four copies of Form C-102 for the referenced well which was recently recompleted to the Atoka formation. According to Mr. Bryan Arrant's instructions, the upper perforations in the new recompletion are to be considered producing from the Atoka, and the lower perforations are to be considered producing from the Morrow. Also enclosed is a copy of Form C-107A.

If you need further information, please call me at (903) 561-2900.

Yours truly,

Janet Burns  
Reg. Tech.

Enclosures

cc: Hobbs  
Midland  
Allen Brinson  
Wayne Jones  
Don Russell