

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

Mewbourne Oil Company P. O. Box 7698, Tyler, TX 75711
Operator Address

Ruger "6" Federal #1 H - Sec 6, T20S, R29E Eddy
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 14744 Property Code 34572 API No. 30-015-33905 Lease Type: ☒ Federal ☐ State ☐ Fee

| DATA ELEMENT | UPPER ZONE | INTERMEDIATE ZONE | LOWER ZONE |
|--|---|---------------------|---|
| Pool Name | Burton Flat; Atoka, East (Gas) | | Burton Flat; Morrow, East (Gas) |
| Pool Code | 73200 | | 73320 |
| Top and Bottom of Pay Section (Perforated or Open-Hole Interval) | 10,702 - 10,726' | RECEIVED | 10,987 - 11,394' |
| Method of Production (Flowing or Artificial Lift) | Flowing | MAR 13 2006 | 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) | | OCO-ARTESIA | |
| Oil Gravity or Gas BTU (Degree API or Gas BTU) | | | |
| Producing, Shut-In or New Zone | New Zone | | 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: Estimated rate: Rates: 300 MCFD, 5 BO, 5 BW | Date: Rates: | Date: 2/26/06 Rates: 300 MCFD, 2 BO, 5 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 70 % 50 % | Oil Gas % % | Oil Gas 30 % 50 % |

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  TITLE Reg. Tech. DATE 3/7/06

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

E-MAIL ADDRESS _____

DISTRICT I
1825 N. French Dr., Hobbs, NM 88240

DISTRICT II
811 South First, Artesia, NM 88210

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

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

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|----------------------------|--|---------------------------------------|
| API Number 30-015-33905 | Pool Code 73200 | Pool Name East Burton Flat (Atoka) |
| Property Code 34572 | Property Name RUGER "6" FEDERAL | Well Number 1 |
| GRID No. 14744 | Operator Name MEWBOURNE OIL COMPANY | Elevation 3286' |

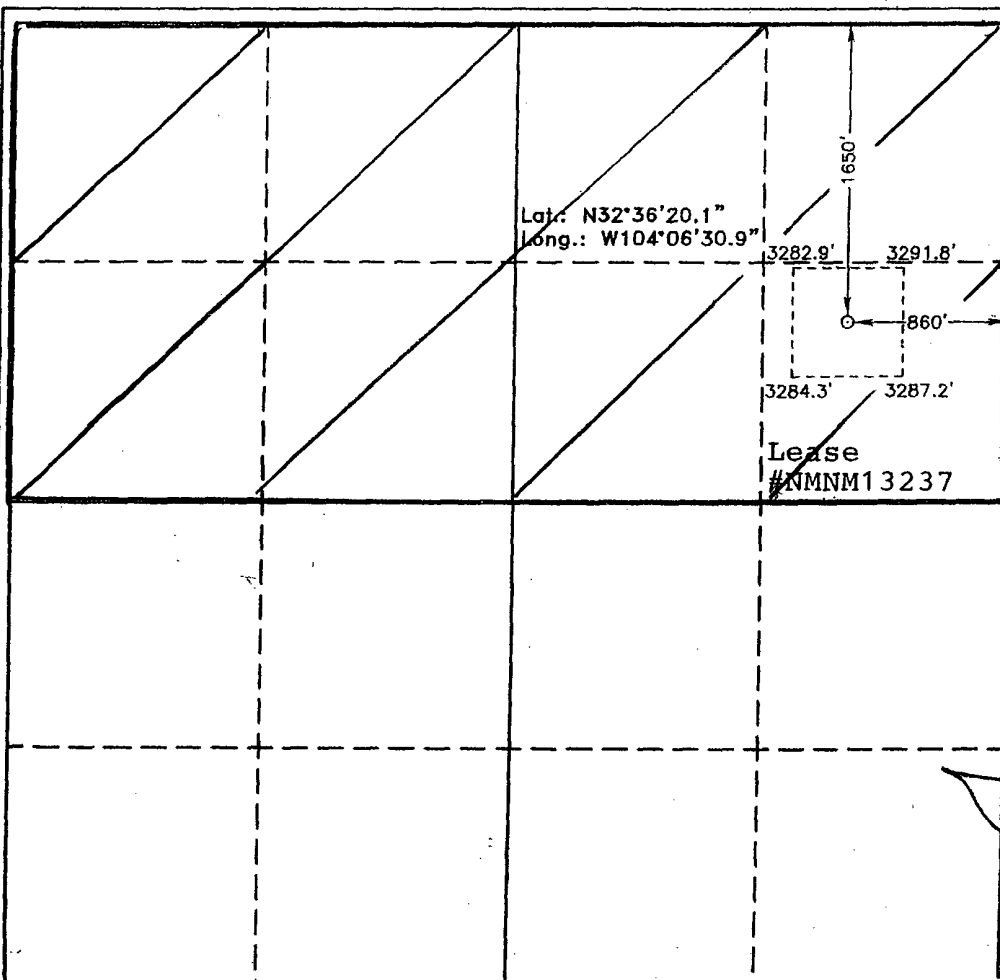
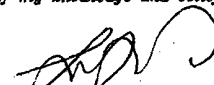
Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| H | 6 | 20 S | 29 E | | 1650 | NORTH | 860 | EAST | 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. | | | | | | |

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>Lat.: N32°36'20.1" Long.: W104°06'30.9"</p> <p>3282.9' 3291.8'</p> <p>3284.3' 3287.2'</p> <p>Lease #NMNM13237</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></p> <p>Signature Janet Burns Printed Name Reg. Tech. Title 3/7/06 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>NOVEMBER 17, 2004</p> <p>Date Surveyed Signature & Seal of Professional Surveyor Professional Surveyor 7977 Certified by Professional Surveyor 7977</p> |
|--|--|

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State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised March 17, 1999

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

OIL CONSERVATION DIVISION

2040 South Pacheco
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

| | | |
|-------------------|--|--------------------------------------|
| API Number | Pool Code | Pool Name East Burton Flat Morrow |
| Property Code | Property Name RUGER "6" FEDERAL | Well Number 1 |
| GRID No. 14744 | Operator Name MEWBOURNE OIL COMPANY | Elevation 3286' |

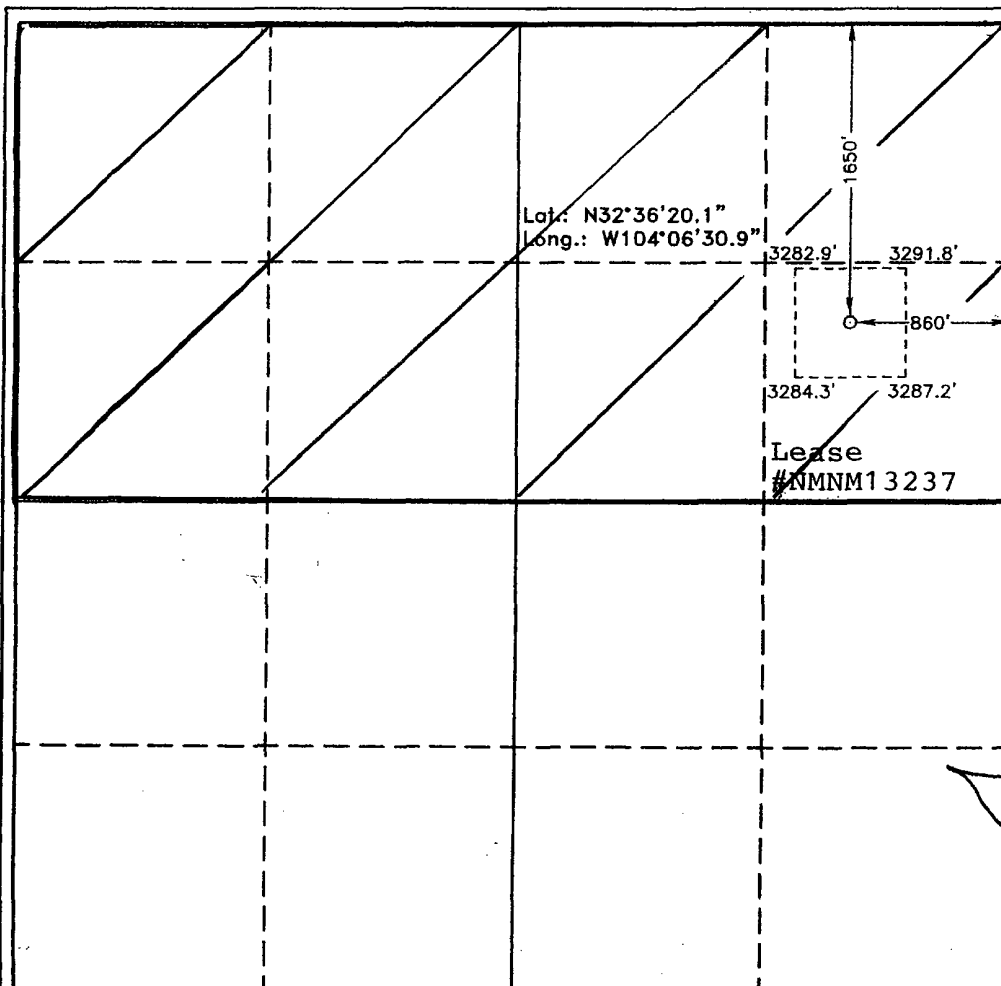
Surface Location

| | | | | | | | | | |
|--------------------|--------------|------------------|---------------|---------|-----------------------|---------------------------|----------------------|------------------------|----------------|
| UL or lot No. H | Section 6 | Township 20 S | Range 29 E | Lot Idn | Feet from the 1650 | North/South line NORTH | Feet from the 860 | East/West line EAST | County 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. | | | | | | |

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 the the information
contained herein is true and complete to the
best of my knowledge and belief.

Kristi Green
Signature

Kristi Green
Printed Name
Hobbs Regulatory

Title
11/29/04

Date

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.

NOVEMBER 17, 2004

Date Surveyed L. JONES
Signature & Seal of
Professional Surveyor

7977
W.O. No. 4840

Certified by L. JONES
PROFESSIONAL SURVEYOR

BASIN SURVEYS

Attachments to C-107A

Mewbourne Oil Company
Ruger "6" Federal #1
Unit Letter H, Sec 6 T20S R29E
Burton Flat; Atoka, East (Gas) and Burton Flat; 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 attached (Morrow only)

Estimated production rates and supporting data

Test Data:

| | | |
|--------|---------|--|
| Morrow | 2/26/06 | 300 MCFD, 2 BO, 5 BW: current production |
| Atoka | | 300 MCFD, 5 BO, 5 BW: estimated initial production |
| | | Nearest Atoka production about 1 mile away. |

Data to support allocation method or formula

Test as shown above for both zones

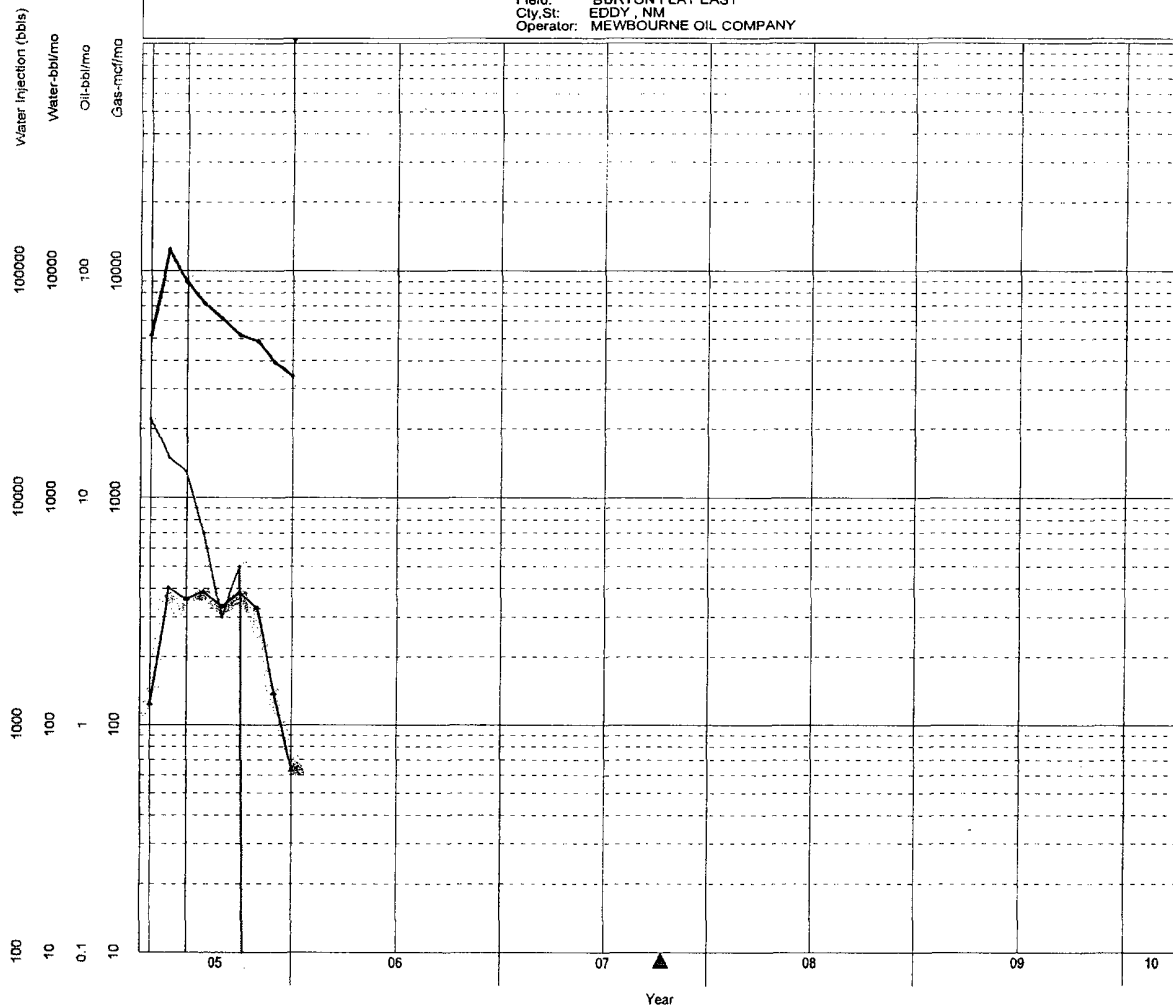
Notification list of working, royalty and overriding royalty interests for uncommon interest cases

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.

Lease: RUGER 6 FED #1
 Location: 06-20S-29E
 Reservoir: LOWER MORROW
 Field: BURTON FLAT EAST
 Cty,St: EDDY, NM
 Operator: MEWBOURNE OIL COMPANY



Gas-mcf/mo
 Ref= 1/2006
 Cum= 57232
 Oil-bbl/mo
 Ref= 1/2006
 Cum= 65
 Water-bbl/mo
 Ref= 1/2006
 Cum= 2519
 Water Inject
 Ref= 1/2006
 Cum= 0

| | | | | | |
|---------|----------|----------|-----------|------|---------|
| DATE IN | SUSPENSE | ENGINEER | LOGGED IN | TYPE | APP NO. |
|---------|----------|----------|-----------|------|---------|

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.

Monty L. Whetstone

Print or Type Name

Monty L. Whetstone
 Signature

Vice-President Operations 3/7/06

Title

Date

e-mail Address

MEWBOURNE OIL COMPANY

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

March 7, 2006

UPS NEXT DAY AIR #1Z F69 8E8 01 9394 6291

Mr. William Jones
New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

RE: Form C-107A
Ruger "6" Federal #1
Sec 6 T20S R29E
Burton Flat; Atoka East (Gas) Pool and Burton Flat; Morrow East (Gas) Pool
Eddy Co., NM

Dear Mr. Jones:

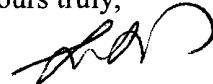
Please find enclosed the following for the application to downhole commingle production from the Atoka and Morrow zones in the referenced well:

Form C-107A
Attachments information
Form C-102 for both zones
Production curve (Morrow only)
Administrative Application Checklist

RECEIVED
MAR 13 2006
OCD-ARTESIA

A copy of Form C-107A is being mailed today to the Bureau of Land Management in Roswell. If you need further information, please call me at (903) 561-2900.

Yours truly,



Janet Burns
Reg. Tech.

cc: ☒ NMOCD - Artesia
☒ Bureau of Land Management
Hobbs
Midland
Allen Brinson
Wayne Jones
Don Russell