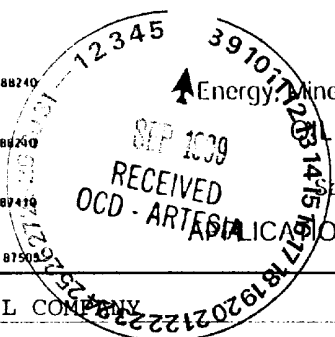


1625 N. French Dr., Hobbs, NM 88240
DISTRICT II
811 South First St., Artesia, NM 88200
DISTRICT III
1000 Rio Brazos Rd., Arice, NM 87419
DISTRICT IV
2040 S. Pacheco, Santa Fe, NM 87505



State of New Mexico
Energy, Minerals and Natural Resources Department
OIL CONSERVATION DIVISION
2040 S. Pacheco
Santa Fe, New Mexico 87505-6429
APPLICATION FOR DOWNHOLE COMMINGLING

Form C-107-A
Revised March 17, 1999

APPROVAL PROCESS:

___ Administrative ___ Hearing

EXISTING WELLBORE

___ YES ___ NO

MEWBOURNE OIL COMPANY

Operator

Address

Northeast Avalon Hills 36 State Com #1 0-Sec 30, T20S-R27E

Eddy

Lease

Well No.

Unit Ltr - Sec - Twp - Rge

County

Spacing Unit Lease Types: (check 1 or more)

OGRID NO. 14744 Property Code 23648 API NO. 30-0-15-30390 Federal ___ State X (and/or) Fee ___

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zone	Lower Zone
1. Pool Name and Pool Code	Burton Flat West (Strawn) - 73440		Burton Flat Morrow #73280
2. Top and Bottom of Pay Section (Perforations)	10,013' - 10,021'		11,029' - 11,212' OA
3. Type of production (Oil or Gas)	Gas		Gas
4. Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
5. Bottomhole Pressure	a. (Current) 3300#	a.	a. 2750#
Oil Zones - Artificial Lift: Estimated Current	b. (Original) 3800#	b.	b. 4650#
Gas & Oil - Flowing: Measured Current			
All Gas Zones: Estimated Or Measured Original			
6. Oil Gravity (° API) or Gas BTU Content			1,078 BTU
7. Producing or Shut-In?	SHUT IN		Producing
Production Marginal? (yes or no)	Unknown		No
* If Shut-In, give date and oil/gas/ water rates of last production	Date: Rates:	Date: Rates:	Date: Rates:
Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data	Date: 110 MCF/D est Rates: 1.7 BOP/D est 0 BWP/D est	Date: Rates:	Date: 8/10/99 Rates: 520 MCF/D 1.5 BWP/D, 0 BO
* If Producing, give date and oil/gas/ water rates of recent test (within 60 days)			
8. Fixed Percentage Allocation Formula: % for each zone (total of %s to equal 100%)	Oil % Gas %	Oil % Gas %	Oil % Gas %

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing rate projections or other required data.

10. Are all working, overriding, and royalty interests identical in all commingled zones? ☒ Yes ___ No
If not, have all working, overriding, and royalty interests been notified by certified mail? ___ Yes ___ No
Have all offset operators been given written notice of the proposed downhole commingling? ___ Yes ___ No N/A

11. Will cross-flow occur? ☒ Yes ___ No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. ☒ Yes ___ No (If No, attach explanation)

12. Are all produced fluids from all commingled zones compatible with each other? ☒ Yes ___ No

13. Will the value of production be decreased by commingling? ___ Yes ☒ No (If Yes, attach explanation)

14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. ☒ Yes ___ No

15. NMOCD Reference Cases for Rule 303(D) Exceptions ORDER NO(S):

16. 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 all offset operators.
- Notification list of working, overriding, and royalty interests for uncommon interest cases.
- Any additional statements, data, or documents required to support commingling.

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

SIGNATURE K.M. Calvert TITLE Eng. Mgr. DATE 8/20/99

TYPE OR PRINT NAME K.M. Calvert TELEPHONE NO. 903) 561-2900

Attachments
Mewbourne Oil Company
Northeast Avalon Hills 36 State Com #1 (36 #1)
Unit O, Section 30, T20S, R27E
Eddy Co., New Mexico

New Zone

1) Production Estimates:

100 MCF/D, 1.7 BO/D, no water. The Fasken - El Paso Federal #3 is a southwest offset in the Strawn Formation. The attached decline curve is labeled as Exhibit I.

2) Allocation Formula:

The Strawn formation which will produce from the 36 #1 (see Exhibit II) is expected to perform in much the same way as the El Paso Federal #3 (see Exhibit III) at this stage of depletion. The attached log sections from the two wells have a high similarity as to reservoir quality. Current producing characteristics should also be similar.

Gas:	Strawn	17%
	Morrow	83%
Condensate:	Strawn	100%
	Morrow	9%

Attachments

- 1) Original C-102 dated 8/27/99. C-102 showing spacing units for Burton Flat (Morrow) and Burton Flat, West (Strawn).
- 2) Production curve for 36 #1 for initial delivery (1-15-99) to date.
- 3) Estimated production: See New Zone item 1.
- 4) Allocation Formula: See New Zone item 1 and 2.
- 5) Offset Operators - Not applicable.
- 6) No uncommon interest.
- 7) The addition of the Strawn as a commingled zone will prevent drainage that would not otherwise be possible. The well is completed with 5 1/2" od casing. In order to dually complete the well to ultimately 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.

EXHIBIT I

GAS-MCF 9-9-0
 Ref= 11/97
 Cum= 873.232
 OIL-BBL X-X-X
 Ref= 11/97
 Cum= 21.050

LEASE : EL PASO FEDERAL #3
 FIELD : BURTON FLAT WEST
 RESERVOIR : STRAWN (PENN)
 COUNTY : EDDY
 OPERATOR : FASKEN OIL AND RANCH LTD
 LOCATION : 1-21S-26E H

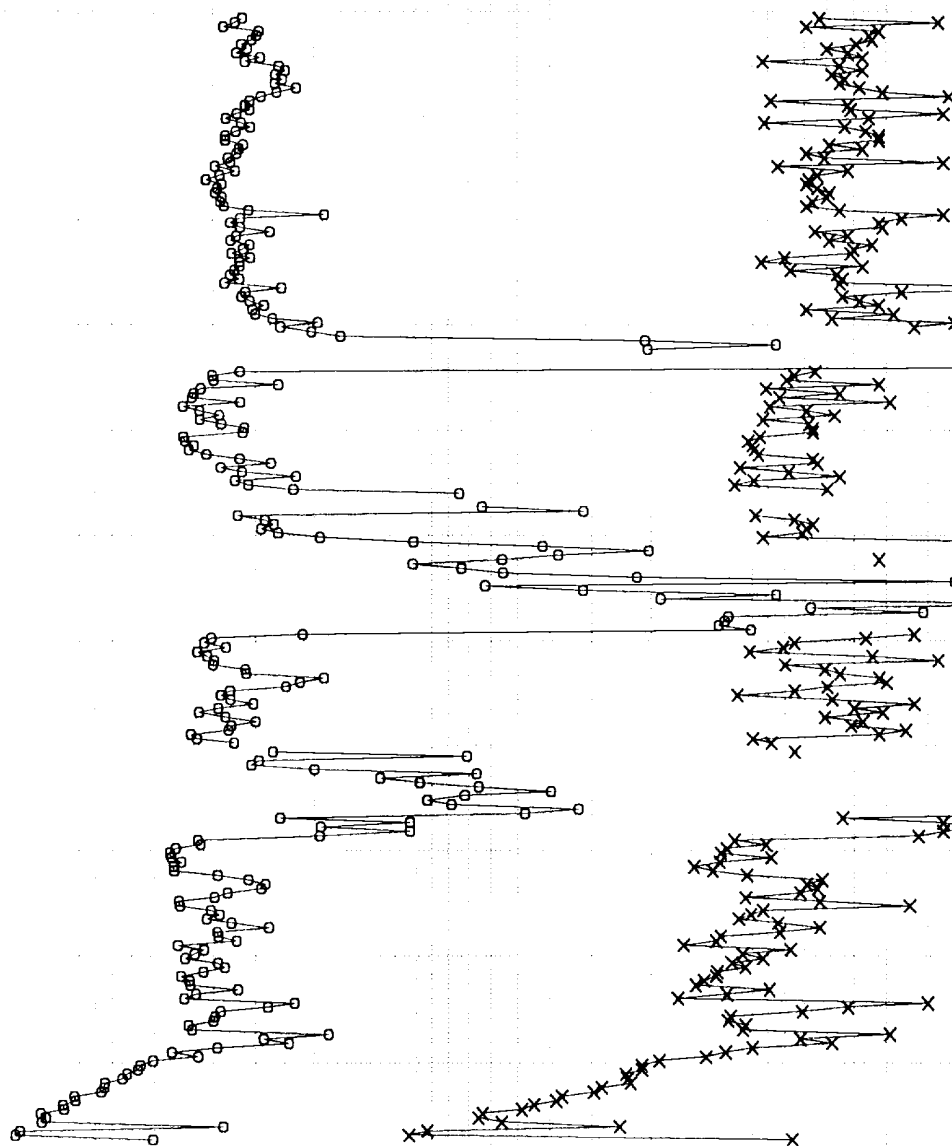
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 OIL-BBL

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