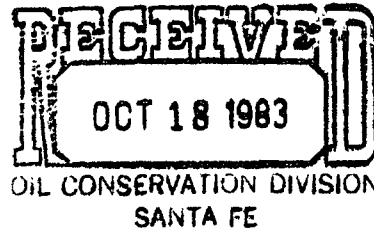


DINERO
P. O. DRAWER 10505
MIDLAND, TEXAS 79702

October 13, 1983



State of New Mexico
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

We respectfully request authority for the downhole commingling of the Delaware and Bone Spring pools for the following well:

Giovengo No. 1 Well
Unit L, Sec. 25, T-23-S, R-28-E,
Eddy County, New Mexico

This well is completed in the lower Delaware formation with perforations from 6013 feet to 6060 feet (16 holes), and is temporarily plugged back from the Bone Spring formation with perforations from 6292 feet to 6461 feet (23 holes). We request permission to remove the bridge plug at 6280 feet and produce the commingled zones. In support of this request, the following are attached:

1. The most recent 24 hour productivity test available for each zone on Form C-116.
2. A production decline curve for the Bone Spring zone, and because of its recent completion, a complete resume of the completion history for the Delaware zone.
3. Estimated bottom hole pressure for each zone. (The most recent bottom hole pressure test for the Bone Spring zone was performed April 6, 1982.)
4. A chemical breakdown of the reservoir water from each zone showing that the reservoir fluids are compatible.
5. Calculations showing that the production from commingling this zone will not be less than the sum of production from the individual zones.

A letter has been sent to all of the offset operators notifying them of our request for the downhole commingling of these zones.

State of New Mexico

-2-

October 13, 1983

Please contact the undersigned if there are any questions on this
submittal.

Very truly yours,

DINERO OPERATING COMPANY

A handwritten signature in dark ink, appearing to read "M Belque". The signature is fluid and cursive, with the first name "M" being particularly prominent.

Mitch Belque
Petroleum Engineer

MB/ln

Attachments

NEW MEXICO OIL CONSERVATION COMMISSION
GAS-OIL RATIO TESTS

C-116
Revised 1-1-65

Operator Dinero Operating Company		Pool Und. South Culebra Bluff (Bone Spring)		County Eddy											
Address P.O. Drawer 10505, Midland, Texas, 79702.		TYPE OF TEST - (X)		Completion ☐ Scheduled ☐											
LEASE NAME	WELL NO.	LOCATION			DATE OF TEST	CHOKE SIZE	TBG. PRESS.	DAILY ALLOWABLE	LENGTH OF TEST HOURS	PROD. DURING TEST				SPECIFIC GRAVITY	
		U	S	T						R	WATER BBLs.	GRAV. OIL	OIL BBLs.	GAS M.C.F.	GAS - OIL RATIO CU.FT/BBL
Giovengo	1	L	25	23-S	28-E	4-15-83	P		24	27	43	6.01	-	-	-

No well will be assigned an allowable greater than the amount of oil produced on the official test.

During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Commission.

Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60° F. Specific gravity base will be 0.60.

Report casing pressure in lieu of tubing pressure for any well producing through casing.

Well original and one copy of this report to the district office of the New Mexico Oil Conservation Commission in accordance with Rule 301 and appropriate pool rules.

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

John P. Freeman
(Signature)
PRODUCTION FOREMAN
(Title)

NEW MEXICO OIL CONSERVATION COMMISSION
GAS-OIL RATIO TESTS

C-116
Revised 1-1-65

Operator Dinero Operating Company		Pool Und. South Culebra Bluff (Delaware)		County Eddy										
Address P.O. Drawer 10505, Midland, Texas, 79702		TYPE OF TEST - (X)		Completion ☐ Spectral ☒										
LEASE NAME	WELL NO.	LOCATION			DATE OF TEST	CHOKE SIZE	TBG. PRESS.	DAILY ALLOW-ABLE	LENGTH OF TEST HOURS	PROD. DURING TEST			GAS - OIL RATIO CU.FT/EBL	
		U	S	T						R	WATER BBLs.	GRAV. OIL		OIL BBLs.
Giovengo	1	L	25	23-S	28-E	9-6-83	P			24	40	43	5.00	-

No well will be assigned an allowable greater than the amount of oil produced on the official test.

During gas-oil ratio test, each well shall be produced at a rate not exceeding the top unit allowable for the pool in which well is located by more than 25 percent. Operator is encouraged to take advantage of this 25 percent tolerance in order that well can be assigned increased allowables when authorized by the Commission.

Gas volumes must be reported in MCF measured at a pressure base of 15.025 psia and a temperature of 60° F. Specific gravity base will be 0.60.

Report casing pressure in lieu of tubing pressure for any well producing through casing.

Well original and one copy of this report to the district office of the New Mexico Oil Conservation Commission in accordance with Rule 301 and appropriate pool rules.

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

AM Benign
(Signature)
Production Foreman
(Title)

DINERO OPERATING COMPANY

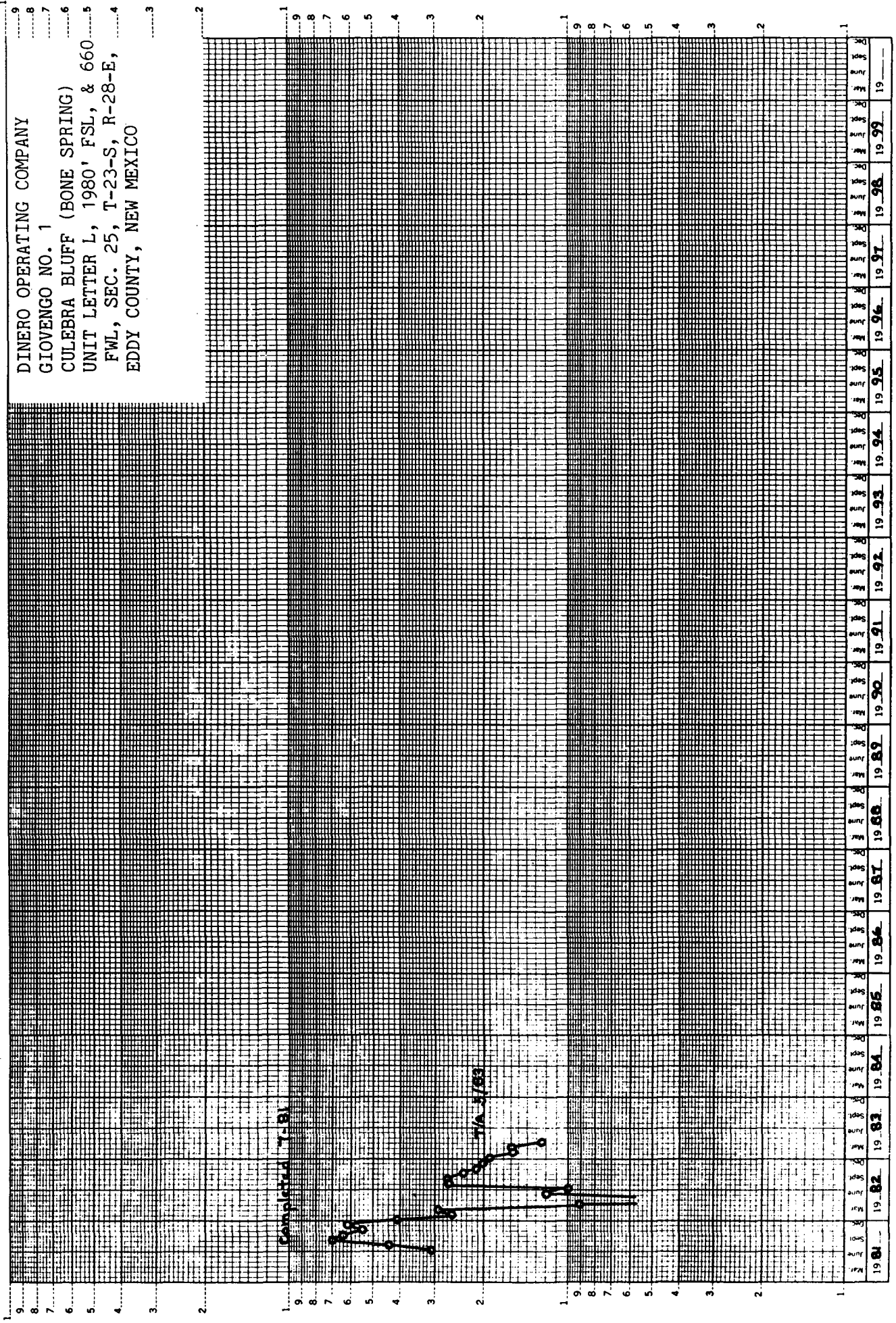
GIOVENGO NO. 1

CULEBRA BLUFF (BONE SPRING)

UNIT LETTER L, 1980' FSL, & 660

FWL, SEC. 25, T-23-S, R-28-E,

EDDY COUNTY, NEW MEXICO



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

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OIL CONSERVATION DIVISION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

Form C-103
Revised 10-1-78

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK OR TO ABANDON A WELL. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. OIL WELL ☒ GAS WELL ☐ OTHER ☐		5a. Indicate Type of Lease State ☐ Fee ☒
2. Name of Operator DINERO OPERATING COMPANY		5. State Oil & Gas Lease No.
3. Address of Operator P. O. DRAWER 10505, MIDLAND, TEXAS 79702		7. Unit Agreement Name
4. Location of Well UNIT LETTER L 1980 FEET FROM THE South LINE AND 660 FEET FROM THE West LINE, SECTION 25 TOWNSHIP 23-S RANGE 28-E NMPM.		8. Farm or Lease Name GIOVENGO
15. Elevation (Show whether DF, RT, GR, etc.) 2991		9. Well No. 1
		10. Field and Pool, or Wildcat Und. South Culebra Blue Delaware
		12. County EDDY

Check Appropriate Box To Indicate Nature of Notice, Report or Other Data
NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐
TEMPORARILY ABANDON ☐
PULL OR ALTER CASING ☐
OTHER ☐

PLUG AND ABANDON ☐
CHANGE PLANS ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐
COMMENCE DRILLING OPS. ☐
CASING TEST AND CEMENT JOB ☐
OTHER Plug back Bone Spring & Recomplete in the Delaware ☒

ALTERING CASING ☐
PLUG AND ABANDONMENT ☐

17. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1703.

June 9, 1983: Set CIBP at 6,280'. Set 25' of cement on top.

June 10, 1983: Perforated lower Delaware (Brushy Canyon) at 6,223', 32', 36', 40', 45', 48', and 6,254' with 4 JSPF (28 holes). Acidized with 500 gallons 12% HCL & 6% HF acid at average rate of 2.1 barrels per min. at 700 psi treating pressure.

June 14, 1983: Acidized with 3000 gallons 15% HCL NeFe acid at average rate of 3.0 barrels per min. at -0-psi treating pressure.

June 15, 1983: Swabbing load back.

June 18, 1983: Run Pump and rods in hole. 24 hour test=5 bopd, 40 bwpd, -0-gas.

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

SIGNED Lanardo N. Nana TITLE Production Supervisor DATE 9/12/83

APPROVED BY _____ TITLE _____ DATE _____
CONDITIONS OF APPROVAL, IF ANY:

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

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SANTA FE, NEW MEXICO 87501

Form C-103
Revised 10-1-78

5a. Indicate Type of Lease	
State ☐	Fee ☒
5. State Oil & Gas Lease No.	

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR.
USE "APPLICATION FOR PERMIT -" (FORM C-101) FOR SUCH PROPOSALS.)

1. OIL WELL ☒ GAS WELL ☐ OTHER ☐		7. Unit Agreement Name	
2. Name of Operator DINERO OPERATING COMPANY		8. Farm or Lease Name GIOVENGO	
3. Address of Operator P. O. DRAWER 10505, MIDLAND, TEXAS 79702		9. Well No. 1	
4. Location of Well UNIT LETTER <u>L</u> 1980 FEET FROM THE <u>South</u> LINE AND <u>660</u> FEET FROM THE <u>West</u> LINE, SECTION <u>25</u> TOWNSHIP <u>23-S</u> RANGE <u>28-E</u> NMPM.		10. Field and Pool, or Wildcat Und. South Culebra Blv Delaware	
15. Elevation (Show whether DF, RT, GR, etc.) 2991		12. County EDDY	

Check Appropriate Box To Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐	PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐	CHANGE PLANS ☐
PULL OR ALTER CASING ☐	OTHER ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐	ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐	PLUG AND ABANDONMENT ☐
CASING TEST AND CEMENT JOB ☐	OTHER ☒ Perforate & Stimulate additional Delaware zones.

17. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1708.

August 23, 1983: Pull rods, pump, and tubing.

August 24, 1983: Rig up wireline service. Perforate at 6,013', 18', 25', 32', 38', 44', 54', and 6,060' with 2JSPF (16 holes). Rig down wireline. Run in hole and set retrievable bridge plug at 6,160'. Set packer at 5,940'. Acidized with 3000 gallons 15% HCL NeFe Acid at average rate of 2 barrels per min. at 1,100 psi treating pressure. ISIP=850 psi, 15 min. SIP=820#.

August 25, 1983: Swabbed back acid load. Retrieved bridge plug and pulled out of hole. Went in with tubing, rods, and pump. 24 hour test shows 6 BOPD, 45 BWP, and -0- gas.

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

SIGNED Laura D. Pama TITLE Production Supervisor DATE 9/12/83

APPROVED BY _____ TITLE _____ DATE _____

CONDITIONS OF APPROVAL, IF ANY:

TYPE OF REPORT - (X)
Initial Completion
Special
General Survey

NEW MEXICO OIL CONSERVATION COMMISSION

Form 10-74
Revised 1-75

RESERVOIR PRESSURE REPORT

Operator		Pool		County		Date								
DINERO OPERATING		SOUTH CULEBRA		EDDY		4-6-82								
Address		Producing Formation		Water Gradient		Datum Plane								
DRAWER 10505 MIDLAND, TX 79701		BONE SPRINGS		.477		0.0424								
LEASE		DATE TESTED		BOMB TEST DATA		SONIC INSTRUMENT TEST DATA								
WELL NO.	LOCATION	OIL OR GAS	ELEV.	DATE	SHUT-IN PRESS.	TEST DEPTH	B.M. TEMP. °F	PROD. TEST (BBL/DAY)	LIQUID LEVEL	LIQUID GRADIENT PSI/FT.	WT. OF LIQUID COL. PSI	WT. OF GAS COL. PSI	CSG. PRESS.	PRE A. DAT

GIVENGO NO. 1

1898

***NOTE: Shut-in casing pressure as of 5-3-83 was 540 psig. Estimated BHP at this time is as follows.

CALCULATED TO CENTER OF PERFORATION'S

Giovengo

Hst. from above

1052

All depths plus or minus sea level; all pressures per Bomb shall be calibrated frequently enough against a dead weight tester to ensure an accuracy of one per cent; gas gravity shall be determined by analysis; fluid level shall be feet above datum plane. SEE RULE 302.

* Well shall be produced or less than 24 hours prior to shutting in for sonic test.

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


(Signature)
BILLY JOE CATHEY

TESTER

6-21-82

(Date)

TYPE OF REPORT - (X)	
Initial Completion	
Special	
General Survey	

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

Form C-124
Revised 10-1-78

RESERVOIR PRESSURE REPORT

Operator DINERO OPERATING CO.		Pool SOUTH CULEBRA BLUFF		County EDDY		Date 9-16-83									
Address DRAWER 10505, MIDLAND, TX 79701		Producing Formation DELAWARE		Oil Gradient .352 psi/ft.		Water Gradient .511 psi/ft.									
Gas Gravity 0.424		Datum Plane 3666		SONIC INSTRUMENT TEST DATA*											
LEASE	WELL NO.	LOCATION U S T R	ELEV. OIL (o) OR GAS (g)	DATE TESTED	SHUT-IN TSG. PRESS.	BOMB TEST DATA		PROD. TEST (BBLs./DAY)	LIQUID LEVEL	LIQUID GRAD- IENT PSI/FT.	WT. OF LIQUID COL. PSI	WT. OF GAS COL. PSI	CSG. PRESS.	PRESS. AT DATUM	
						TEST DEPTH	OB- SERVED PRESS.								
Giovengo	1	L 25 2328	2991	9-16-83				6	40	5704	.489	478	75	380	933

All depths plus or minus sea level; all pressures psi; Bomb shall be calibrated frequently enough against a dead weight tester to ensure an accuracy of one per cent; gas gravity shall be determined by analysis; liquid level shall be feet above datum plane. SEE RULE 302.

* Well shall be produced at least 24 hours prior to shutting in for sonic test.

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

M. Bergman (Signature) Petroleum Engineer September 21, 1983 (Date)

LOCATION

YOUR EXT. NO.

THE WESTERN COMPANY

WATER ANALYSIS

ANALYSIS NO.

GENERAL INFORMATION

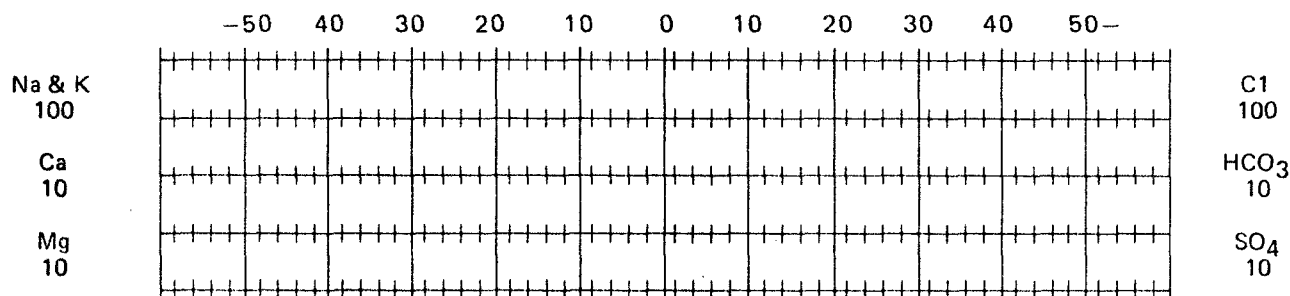
OPERATOR <i>DINERO OPERATING Co.</i>	DATE SAMPLED <i>10-6-82</i>
WELL <i>Giovangi No.1</i>	DATE RECEIVED <i>10-7-82</i>
FIELD <i>Und. South Culebra Bluff</i>	SUBMITTED BY <i>Charlie Harris</i>
FORMATION <i>BONE SPRING</i>	WORKED BY <i>HALLIBURTON</i>
COUNTY <i>Eddy</i>	SAMPLE DESCRIPTION: <i>Produced Formation</i>
STATE <i>N.M.</i>	<i>water from Bone Spring</i>
DEPTH <i>6300 - 6500'</i>	

PHYSICAL AND CHEMICAL DETERMINATIONS

SPECIFIC GRAVITY <i>1.192</i> AT <i>60</i> °F	TOTAL DISSOLVED SOLIDS <i>—</i> PPM
pH <i>6</i>	RESISTIVITY <i>0.051 @ 68°F</i> PPM
IRON <i>Heavy</i>	SULFATE <i>— small —</i> PPM
HYDROGEN SULFIDE <i>—</i>	BICARBONATE <i>300</i> PPM
HARDNESS <i>—</i>	CHLORIDE <i>186,000</i> PPM
CALCIUM <i>10,400</i>	SODIUM CHLORIDE <i>—</i> PPM
MAGNESIUM <i>7,000</i> PPM	SODIUM <i>—</i> PPM
SODIUM & POTASSIUM <i>—</i> PPM	POTASSIUM <i>—</i> PPM
PHOSPHATE <i>—</i>	

REMARKS:

for Stiff type plot (in meq./l.)



LABORATORY WATER ANALYSIS

No. W83-613

Dinero Operating Company

Date July 19, 1983

Dinero Plaza Attn: Mr. L. C. Mc Clure

Drawer 10505

Midland, Tx 79703

This report is the property of Halliburton Company and neither it nor any part thereof nor a copy thereof is to be published or disclosed without first securing the express written approval of laboratory management; it may however, be used in the course of regular business operations by any person or concern and employees thereof receiving such report from Halliburton Company.

Submitted by Floyd Dill (Halliburton Service Sales-Midland) Date Rec. July 15, 1983

Well No. Giovengo #1 Depth (Bone Spring Area) Formation Brushy Canyon (Delaware)

County Cluebra Bluff Field Cluebra Bluff

Source

Resistivity 0.046 @ 76°

Specific Gravity 1.184 @ 60°

pH 5.9

Calcium (Ca) 19,100

*MPL

Magnesium (Mg) 3.900

Chlorides (Cl) 173,200

Sulfates (SO₄) 532

Bicarbonates (HCO₃) 94

Soluble Iron (Fe) Light

API Oil Gravity: 40 @ 60°

Remarks:

*Milligrams per liter

Respectfully submitted,

Analyst: Wright
Floyd Dill

HALLIBURTON COMPANY

By Jim M. Lean

DIVISION CHEMIST

NOTICE

This report is limited to the described sample tested. Any user of this report agrees that Halliburton shall not be liable for any loss or damage, whether it be to act or omission, resulting from such report or its use.

DINERO
P. O. DRAWER 10505
MIDLAND, TEXAS 79702

October 13, 1983

State of New Mexico
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

This is a computation showing that the value of the commingled production will not be less than the sum of the values of the individual streams.

I. Sum of the value of production from individual zones:

a. Est. Bone Spring Production	6 BOPD
Current Price of Oil	\$30. Per Barrel
Total Value	\$180. Per Day
b. Est. Delaware Production	5 BOPD
Current Price of Oil	\$30. per Barrel
Total Value	\$150. Per Day
c. Total value of both streams	\$330. Per Day

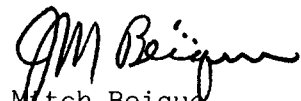
II. Value of Commingled Production:

Est. commingled production	11 BOPD
Current Price of Oil	\$30. Per Day
Total value of Production	\$330. Per Day

Therefore, the value of the commingled production equals the sum of the values of the individual streams.

Very truly yours,

DINERO OPERATING COMPANY



Mitch Beique
Petroleum Engineer

MB/ln