

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.

Print or Type Name _____

Signature _____

Title _____

Date _____

e-mail Address

Pecos Production Company
400 W. Illinois Suite 1070
Midland, TX 79701

2005 FEB 11 PM 1 32

February 7, 2005

New Mexico Oil Conservation Division
1220 South St Francis Drive
Santa Fe, NM 87505

RE: Application for Downhole Commingling
Brunson Tr. 2 Well No. 7
Eumont -Yates-7R-Qn (oil) and Penrose Skelly (Grayburg) Fields
Section 3, Twp 22-S, Rge 37-E, Lea County, NM

Pecos Production respectfully submits the attached application for downhole commingling the above designated fields in the above referenced wellbore.

All requested data is supplied on the attached Form C-107-A, with the exception of a years production history on each zone. In place of this data and in support of the proposed fixed allocation percentages, Pecos submits the following:

The subject well was drilled within the the past 30 days, and has has tested each zone during the completion operations. The Grayburg zone zone swabbed 84 BO, 100 BW, and 75 MCFG in one day on January 24, 2005. The Queen formation swabbed at a rate of 12 BO, 6 BLW and 25 MCFD on January 25, 2005.

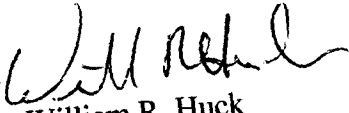
At these rates the well can be maintained in a pumped off condition so that no cross flow would occur. All fluids from both reservoirs have been proven compatible in this and other wellbores in the area.

These particular zones have been previously approved for downhole commingling in numerous wells surrounding the subject lease namely:

Operator	Well	Location	API
Apache Corp	Rinewalt #5	C-4-22-37	025-34582
BEC	Baker B #2	K-10-22-37	025-10183
BEC	Grizzell-A #2	K-5-22-37	025-10065
Chevron-Texaco	Falby-A #2	D-8-22-37	025-10104
XTO Energy	Christmas-C #7	H-18-22-37	025-10350
Zia Energy	DJ #1	P-17-22-37	025-24616
Zia Energy	Elliott-B #6	A-17-22-37	025-10333

Your consideration of this matter is greatly appreciated. If you have any questions please contact me at the above address, or at 432-620-8480.

Yours truly,

A handwritten signature in black ink, appearing to read 'Will Huck', written in a cursive style.

William R. Huck
VP Engr & Opns.

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

District II
1301 W. Grand Avenue, Artesia, NM 88210

District III
10001 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

PECOS PRODUCTION COMPANY
Operator

400 W. ILLINOIS, SUITE 1070, MIDLAND, TX, 79701
Address

R. L. Brunson Tract 2 7 K-3-22S-37E LEA
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 215758 Property Code 32088 API No. 30-025-36925 Lease Type: ____ Federal ____ State P ____ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	EUMONT-7RVS-QU (DIL) UNDES		PENROSE SKELLY; GRAYBURG oil
Pool Code	22800 ✓		50350 ✓
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	Perforated 3463'-3647'		Perforated 3667'-3849'
Method of Production (Flowing or Artificial Lift)	SWAB		Swab
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)	NA		NA
Oil Gravity or Gas BTU (Degree API or Gas BTU)	36.2° API		34.4° API
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.)	NEW ZONE Date: 1/25/2005 Rates: 12 BO, 6 BLW & 25 MCFD	Date: Rates:	NEW ZONE Date: 1/24/2005 Rates: 84 BO, 100 BW & 75 MCFD
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 12 % 25%	Oil Gas % %	Oil Gas 88% 75%

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes X No ____
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? NA Yes ____ No ____

Are all produced fluids from all commingled zones compatible with each other? Yes X No ____

Will commingling decrease the value of production? Yes ____ No X

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 X

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 William R. Huck TITLE VP- ENGR & OPERATIONS DATE 2-7-05

TYPE OR PRINT NAME William R. Huck TELEPHONE NO. (432) 620-8480

E-MAIL ADDRESS billh@pecosproduction.com

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

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

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

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

State of New Mexico
Energy, Minerals and Natural Resources Department

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

Form C-102
Revised JUNE 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-36925	Pool Code 22800	Pool Name Eumont-7RVS-Queen
Property Code 32088	Property Name R. L. BRUNSON TRACT 2	Well Number 7
OGRID No. 215758	Operator Name PECOS PRODUCTION COMPANY	Elevation 3412'

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	3	22-S	37-E		1650	SOUTH	2250	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 40	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

LOT 4	LOT 3	LOT 2	LOT 1
39.73 AC	38.74 AC	39.78 AC	38.77 AC
<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><i>Dora Lara</i> Signature Dora Lara Printed Name Engr Asst Title 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>OCTOBER 13, 2004</p> <p>Date Surveyed Signature & Seal of Professional Surveyor RONALD J. EDISON 10/19/04 0411.1349 Certificate No. RONALD J. EDISON 3239 CARL EDISON 12641</p>			

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State of New Mexico
Energy, Minerals and Natural Resources Department

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

Form C-102
Revised JUNE 10, 2003
Submit to Appropriate District Office
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WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number 30-025-36925	Pool Code 50350	Pool Name Penrose Skelly; Grayburg
Property Code 32088	Property Name R. L. BRUNSON TRACT 2	Well Number 7
OGRID No. 215758	Operator Name PECOS PRODUCTION COMPANY	Elevation 3412'

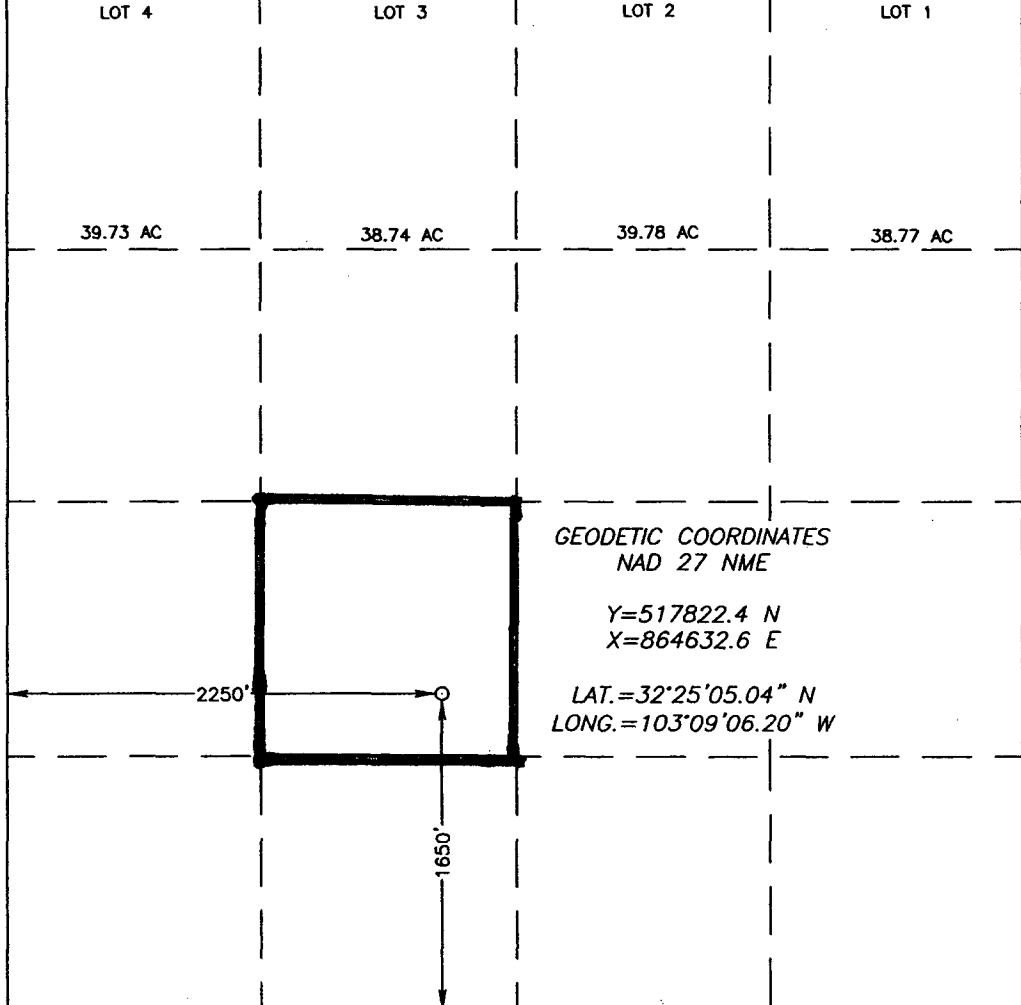
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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GEODETIC COORDINATES NAD 27 NME Y=517822.4 N X=864632.6 E LAT.=32°25'05.04" N LONG.=103°09'06.20" W			

OPERATOR CERTIFICATION

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

Dora Lara
Signature
Dora Lara
Printed Name
Engr Asst
Title
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.

OCTOBER 13, 2004

Date Surveyed
Signature & Seal of Professional Surveyor
RONALD J. EIDSON
NEW MEXICO
04.11.1349
10/19/04

Certificate No. RONALD J. EIDSON 3239
CARY EIDSON 12641