

ABOVE THIS LINE FOR DIVISION USE ONLY 3586

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.

James Bruce
 Print or Type Name

Signature

Attorney for applicant
 Title

Date

jamesbruc@aol.com
 e-mail Address

2005 OCT 27 AM 9 24

NADEL AND GUSSMAN PERMIAN, L.L.C.

601 N. Marienfeld, Suite #508

Midland, Texas 79701

(432) 682-4429

Fax (432) 682-4325

State of New Mexico
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Attn: William Jones

October 20, 2005

Please find attached:

Form C-107A Application for Downhole Commingling

Copy C-105 Well Completion or Recompletion Report

Copy of Form C-102 Well location and Acreage Dedication Plat

Well bore Schematic for Current and Proposed Completion

Production Plot

We recompleted the well to the Upper Penn and put it on line in June of this year. The attached plot contains the production data from both zones.

As shown on the attached plot neither zone is commercial by itself. The spacing unit and acreage dedication is the same for both zones.

If you require additional information or have any questions please contact this office at the above listed number.

Yours truly,



Kem E. McCready

Operations Engineer

Nadel and Gussman Permian

432-682-4429 office

432-425-6347 cell

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

Nadel and Gussman Permian 601 N. Marienfeld Suite 508
Operator Address

Dulce Amor 1 2 S 4. T 18S, R 26E Eddy
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 156615 Property Code 32673 API No. 30-015-32925 Lease Type: Federal State X Fee

| DATA ELEMENT | UPPER ZONE <i>UNDES</i> | INTERMEDIATE ZONE | LOWER ZONE <input checked="" type="checkbox"/> |
|---|---|-------------------|---|
| Pool Name | Kennedy Farms Upper Penn | | Kennedy Farms Marrow |
| Pool Code | 79525 <input checked="" type="checkbox"/> | | 79520 <input checked="" type="checkbox"/> |
| Top and Bottom of Pay Section (Perforated or Open-Hole Interval) | 6872-6892 Perforated | | 8640-8650 Perforated |
| 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) | 2000 psi | | 2600 psi |
| Oil Gravity or Gas BTU (Degree API or Gas BTU) | 1100 BTU | | 1050 BTU |
| Producing, Shut-In or New Zone | Producing | | Shut in |
| 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: 8/23/ ⁰⁵ ₂₅ Rates: 0 bopd, 0 bwpd 23 mcf | Date: Rates: | Date: 8/01/05 Rates: 0 bopd, 45 mcf, 0 bwpd |
| 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 34 % 34 % | Oil Gas % % | Oil Gas 66 % 66 % |

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? (Minerals are all to) 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 *K. E. McCree* TITLE *Operations Engineer* DATE *9/6/05*
TYPE OR PRINT NAME *K. E. McCree* TELEPHONE NO. *(432) 682-4329*

Submit To Appropriate District Office
State Lease - 6 copies
Fee Lease - 5 copies
District I
1625 N. French Dr., Hobbs, 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

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-105
Revised June 10, 2003

WELL API NO.30-015-32925

5. Indicate Type of Lease
STATE ☐ FEE ☒
State Oil & Gas Lease No.

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

| | | |
|---|--|---|
| 1a. Type of Well: OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> DRY <input type="checkbox"/> OTHER <input type="checkbox"/> | | 7. Lease Name or Unit Agreement Name Dulce Amor |
| b. Type of Completion: NEW <input type="checkbox"/> WORK <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG <input checked="" type="checkbox"/> DIFF. WELL OVER BACK RESVR. <input type="checkbox"/> OTHER | | |
| 2. Name of Operator Nadel and Gussman Permian | | 8. Well No. 1 |
| 3. Address of Operator 601 N Marienfeld, Suite 508 | | 9. Pool name or Wildcat Kennedy Farms Upper Penn |

| | | | | | |
|--|----------------------------------|---|---|----------------------------------|---------------------------------|
| 4. Well Location Unit Letter 2 : 900 Feet From The North Line and 1980 Feet From The East Line Section 4 Township 18S Range 26E NMPM Eddy County | | | | | |
| 10. Date Spudded 8/26/03 | 11. Date T.D. Reached 9/21/04 | 12. Date Compl. (Ready to Prod.) 3/22/05 | 13. Elevations (DF& RKB, RT, GR, etc.) 3291 GL | 14. Elev. Casinghead 3291' GL | |
| 15. Total Depth 8925 | 16. Plug Back T.D. 7210 | 17. If Multiple Compl. How Many Zones? | 18. Intervals Drilled By | Rotary Tools 100% | Cable Tools |
| 19. Producing Interval(s), of this completion - Top, Bottom, Name 6872-6896 | | | | | 20. Was Directional Survey Made |
| 21. Type Electric and Other Logs Run | | | | 22. Was Well Cored | |

| 23. CASING RECORD (Report all strings set in well) | | | | | |
|--|----------------|-----------|-----------|------------------|---------------|
| CASING SIZE | WEIGHT LB./FT. | DEPTH SET | HOLE SIZE | CEMENTING RECORD | AMOUNT PULLED |
| 13-3/8 | 48 | 436 | 17" | 351 sxs circ | |
| 8-5/8" | 24 | 1315 | 11" | 745 sxs circ | |
| 5-1/2" | 17 | 8925 | 7-7/8" | 1510 sxs circ | |
| | | | | | |
| | | | | | |

| | | | | | | | |
|---|-----|--------|--------------|--|--------|-----------|------------|
| 24. LINER RECORD | | | | 25. TUBING RECORD | | | |
| SIZE | TOP | BOTTOM | SACKS CEMENT | SCREEN | SIZE | DEPTH SET | PACKER SET |
| | | | | | 2-7/8" | 6830 | 6830 |
| 26. Perforation record (interval, size, and number) 6872-6896 .41" holes 4 jsfp 96 holes | | | | 27. ACID, SHOT, FRACTURE, CEMENT, SQUEEZE, ETC. DEPTH INTERVAL 6872-6896 AMOUNT AND KIND MATERIAL USED 7000 gals 15% HCl | | | |
| | | | | | | | |
| | | | | | | | |

| | | | | | | | |
|--|--------------------------|--|------------------------|----------------|--|------------------------------------|-----------------|
| 28. PRODUCTION | | | | | | | |
| Date First Production 3/22/05 | | Production Method (Flowing, gas lift, pumping - Size and type pump) Flowing | | | Well Status (Prod. or Shut-in) Prod | | |
| Date of Test 6/05/05 | Hours Tested 24 | Choke Size 1" | Prod'n For Test Period | Oil - Bbl 0 | Gas - MCF 34 | Water - Bbl. 0 | Gas - Oil Ratio |
| Flow Tubing Press. 50 | Casing Pressure 0 psi | Calculated 24-Hour Rate | Oil - Bbl. | Gas - MCF | Water - Bbl. | Oil Gravity - API - (Corr.) | |
| 29. Disposition of Gas (Sold, used for fuel, vented, etc.) Sold | | | | | | Test Witnessed By Lee Ledbetter | |
| 30. List Attachments | | | | | | | |

31 I hereby certify that the information shown on both sides of this form as true and complete to the best of my knowledge and belief

K. E. McCready
Signature
Date 9/01/05
E-mail Address Kemm@naguss.com

Printed
Name K. E. McCready

Title Operations Engineer

DISTRICT I
1635 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 30-015-32925 | Pool Code 79525 | Pool Name Kennedy Farms Upper Penn |
| Property Code | Property Name DULCE AMOR | Well Number 1 |
| OGHD No. 155615 | Operator Name NADEL AND GUSSMAN PERMIAN, L.L.C. | Elevation 3358' |

Surface Location

| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|----------|-------------|-------------|---------|---------------|------------------|---------------|----------------|-------------|
| Lot 2 | 4 | 18 S | 26 E | | 900 | NORTH | 1980 | 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

| | | |
|------------------|------------------|---------------------|
| Lot 4 - 40.04 Ac | Lot 3 - 40.12 Ac | Lot 1 - 40.28 Ac |
| | | Lot 2 - 40.20 Ac |
| | | Lot - N32°46'54.8" |
| | | Lon - W104°23'04.7" |
| | | |
| | | |
| | | |
| | | |

OPERATOR CERTIFICATION

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

Joel Martin
Signature
Engineering Manager
Printed Name
Joel Martin
Title
7/25/03
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.

MAY 22 2003
Date Surveyed
GARY L. JONES
Signature & Seal of
Professional Surveyor
W.O. No. 3306
Certified No. **GARY L. JONES** 7977
BASIN SURVEYS

DISTRICT I
1625 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

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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 Undesignated Morrow |
| Property Code | Property Name DULCE AMOR | Well Number 1 |
| OGRID No. | Operator Name NADEL AND GUSSMAN PERMIAN, L.L.C. | Elevation 3358' |

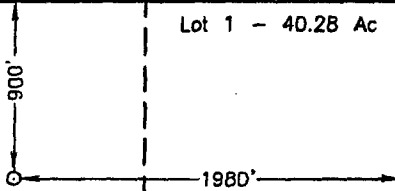
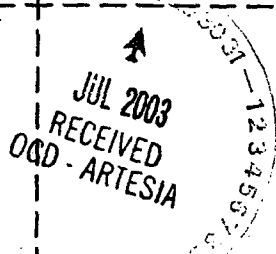
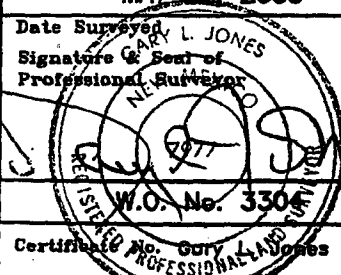
Surface Location

| | | | | | | | | | |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| 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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Bottom Hole Location If Different From Surface

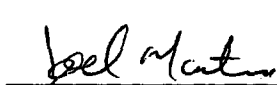
| | | | | | | | | | |
|------------------------|-----------------|--------------------|-----------|---------|---------------|------------------|---------------|----------------|--------|
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| | | | | | | | | | |
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OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

| | | |
|---|------------------|------------------|
| Lot 4 - 40.04 Ac | Lot 3 - 40.12 Ac | Lot 1 - 40.28 Ac |
| Lot 2 - 40.20 Ac | | |
| Lot - N32°46'54.8" Lon - W104°23'04.7" | | |
|  | | |
|  | | |
|  | | |

OPERATOR CERTIFICATION

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


Signature
✓ Engineering Manager
Printed Name
Joel Martin
Title
7/25/03
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.

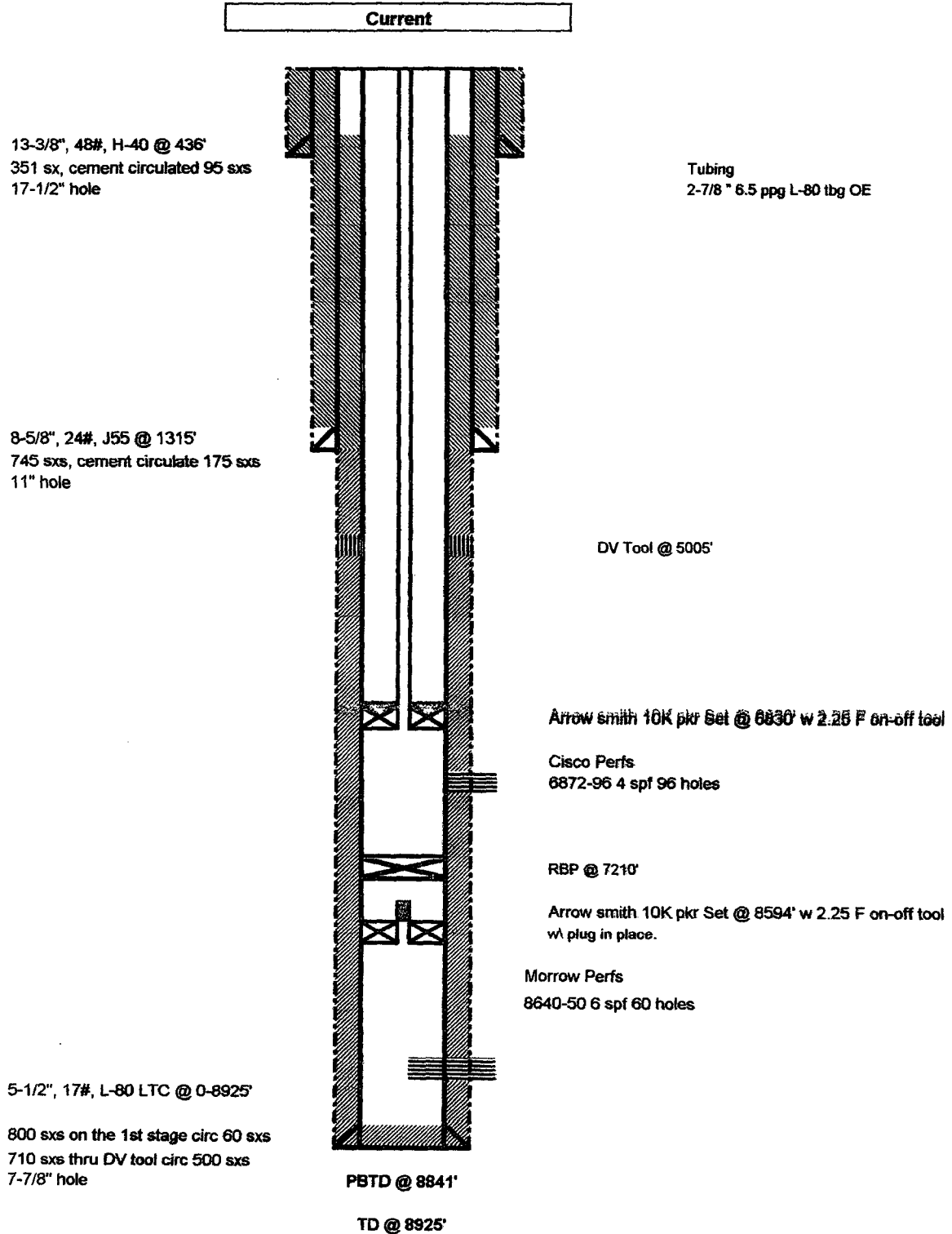
MAY 22 2003
Date Surveyed
Signature & Seal of Professional Surveyor
GARY L. JONES
7977
W.O. No. 3304
Certified No. Gary L. Jones 7977
BASIN SURVEYS

NADEL AND GUSSMAN PERMIAN

Dulce Amor No. 1

900' FNL, 1980' FEL, Unit H Sec 4, 18S, 26E, Eddy County, NM
API # 30 - 015 - 32925-00

Elev: 3291', KB: 3309'



NADEL AND GUSSMAN PERMIAN

Dulce Amor No. 1

900' FNL, 1980' FEL, Unit H Sec 4, 18S, 26E, Eddy County, NM
API # 30 - 015 - 32925-00

Elev: 3291', KB: 3309'

Proposed

13-3/8", 48#, H-40 @ 436'
351 sx, cement circulated 95 sxs
17-1/2" hole

Tubing
2-7/8" 6.5 ppg L-80 tbg OE

EOT @ 8600'

8-5/8", 24#, J55 @ 1315'
745 sxs, cement circulate 175 sxs
11" hole

DV Tool @ 5005'

Cisco Perfs
6872-96 4 spf 96 holes

Morrow Perfs
8640-50 6 spf 60 holes

5-1/2", 17#, L-80 LTC @ 0-8925'

800 sxs on the 1st stage circ 60 sxs
710 sxs thru DV tool circ 500 sxs
7-7/8" hole

PBTD @ 8841'

TD @ 8925'

NADEL and GUSSMAN PERMIAN

Dulce Amor #1

Cum Production: 0 MBO, 28 MMCF, 0. MBW

