

ABOVE THIS LINE FOR DIVISION USE ONLY

3603

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 _____

Mr. Richard Ezeanyim
New Mexico Oil & Gas Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico
87505

RECEIVED
DEC 9 - 2005
OIL CONSERVATION
DIVISION

December 5, 2005

Re: Montura Fed Com #1 down hole commingle application (API #30-015-34127)

Dear Mr. Ezeanyim,

Please find the enclosed application to down hole commingle the Cisco and Morrow zones in the Montura Fed Com #1 well located in Eddy County, New Mexico. Please forward this application to the persons responsible for reviewing this application.

The well was drilled as a Morrow test with the Cisco as a fallback having been produced in the area. Logs over both the Cisco and Morrow looked good and therefore the well was initially completed in the Morrow back in August of this year, with plans to come up to the Cisco. The Morrow sands initially potentialized for 1,200 MCFPD but have fallen off and are now currently producing at an average rate of 500 MCFPD with no oil or water. At this rate, we now wish to set a temporary plug over the Morrow while we complete the Cisco. Once the Cisco is completed, the plug will be removed and the two zones will be commingled.

The estimated production rate from the Cisco has been determined using computer models based upon petrophysical analysis and reservoir characteristics of the zone. This work has estimated the Cisco will potential for 1,705 MCFPD. At this time the Cisco has not been produced and therefore the percentage allocation of production is based upon this computer modeling. Logs indicate that the Cisco will outperform the Morrow in this well.

The ownership interests in these two zones are the same and these parties have participated in commingling operations before with the offsetting Atoka and Morrow down hole commingle project in the Mesa Federal#1. We believe that combining these two zones down hole will increase revenues and help maintain a gas rate sufficient to keep the well unloaded as opposed to producing them separately.

Attached to the form C-107A is a production history plot of the Morrow as well as the computer modeling on the Cisco zone along with the C-102 form for your review. If you find any information that is needed to complete your review please let us know as soon as possible. Your prompt attention to this matter is much appreciated.

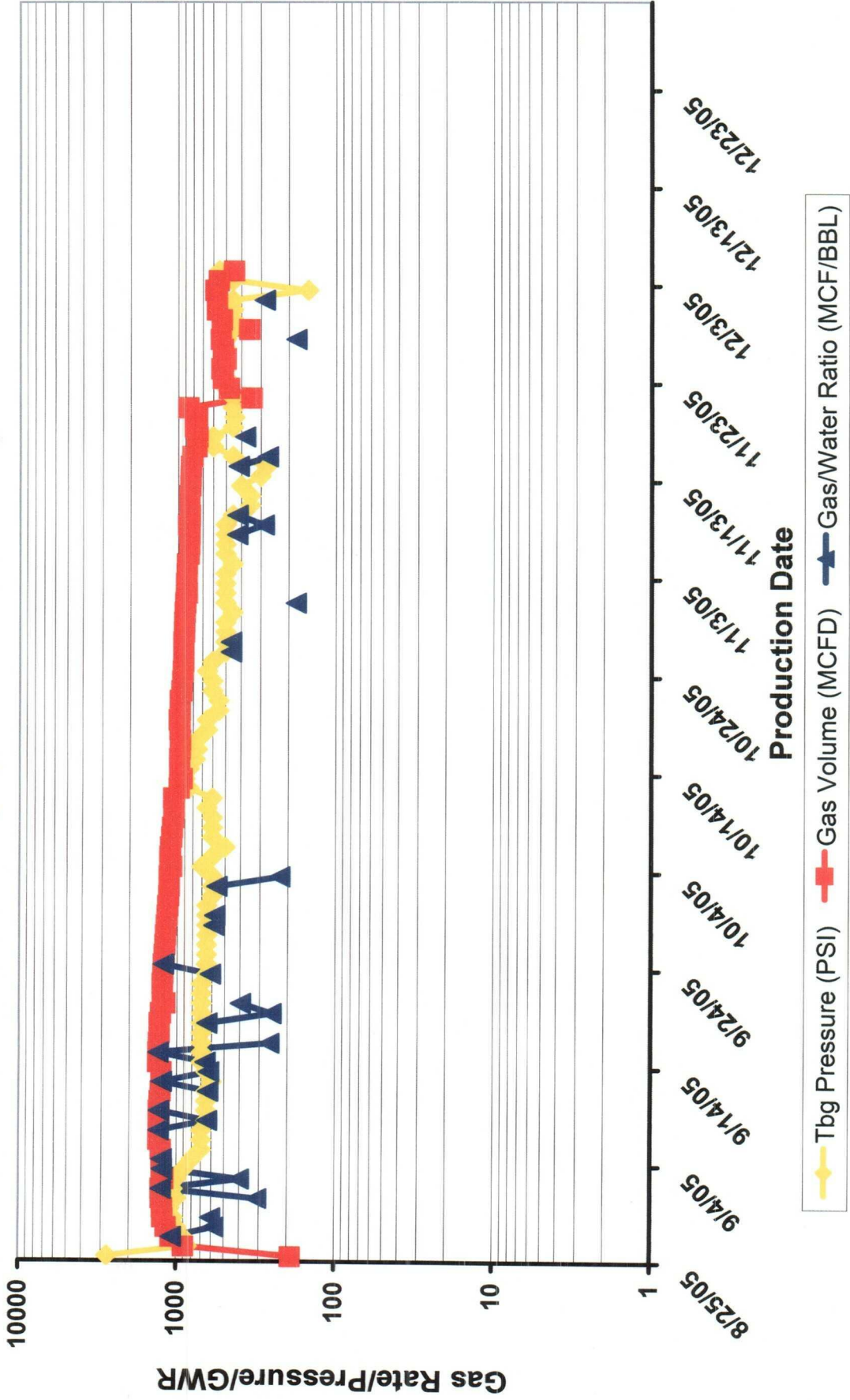
Sincerely,

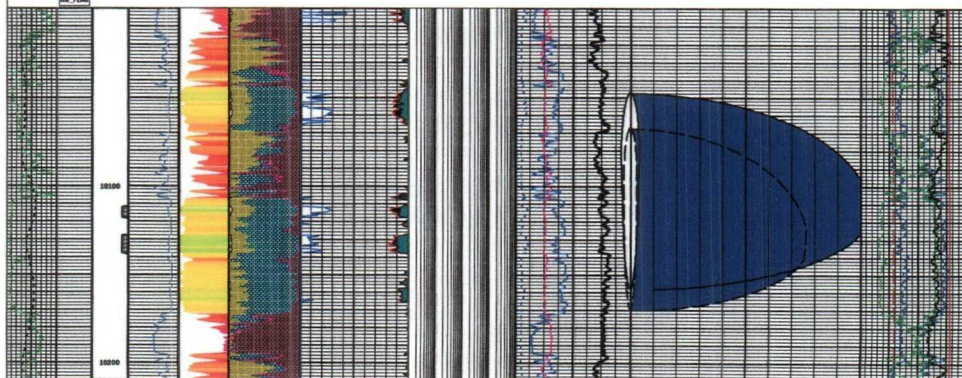


Douglas Dietrich
Engineer
J. Cleo Thompson Oil producers

Montura Fed Com #1

Performance Graph (Volume/Pressure/GWR)





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
X Single Well
 Establish Pre-Approved Pools
EXISTING WELLBORE
X Yes No

APPLICATION FOR DOWNHOLE COMMINGLING

THOMPSON, J. CLEO P.O. BOX 12577 ODESSA, TX 79768-2577
Operator Address
MONTURA FED. COM 1 UNIT N-SEC. 15-TWP 22-S-26-E EDDY
Lease Well No. Unit Letter-Section-Township-Range County
OGRID No. 11181 Property Code 34849 API No. 30-015-34127 Lease Type: Federal X State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	WILDEAT HAPPY VALLEY CISCO G-2		UNDES. HAPPY VALLEY MORROW
Pool Code	96058		7 8060
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	10,080' - 10,100'		11,372' - 11,511'
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)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1117.22		1034.98
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: Rates: 1705 MCFPD	Date: Rates:	Date: 12/05/2005 Rates: 500 MCFPD
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 100 % 77 %	Oil Gas % %	Oil Gas % 0 % 23 %

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? 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 X No
NMOCD Reference Case No. applicable to this well: DHC-3304

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 Doug Dietrich TITLE ENGINEER DATE 12/06/2005
TYPE OR PRINT NAME DOUG DIETRICH TELEPHONE NO. () (432)550-8887
E MAIL ADDRESS douglas.dietrich@mts-online.net

DISTRICT I
P. O. Box 1990, Lordsburg, NM 88240

DISTRICT II
P. O. Drawer DD, Artesia, NM 88210

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

DISTRICT IV
P. O. Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised May 17, 2002

Instructions on back

Submit to Appropriate District Office

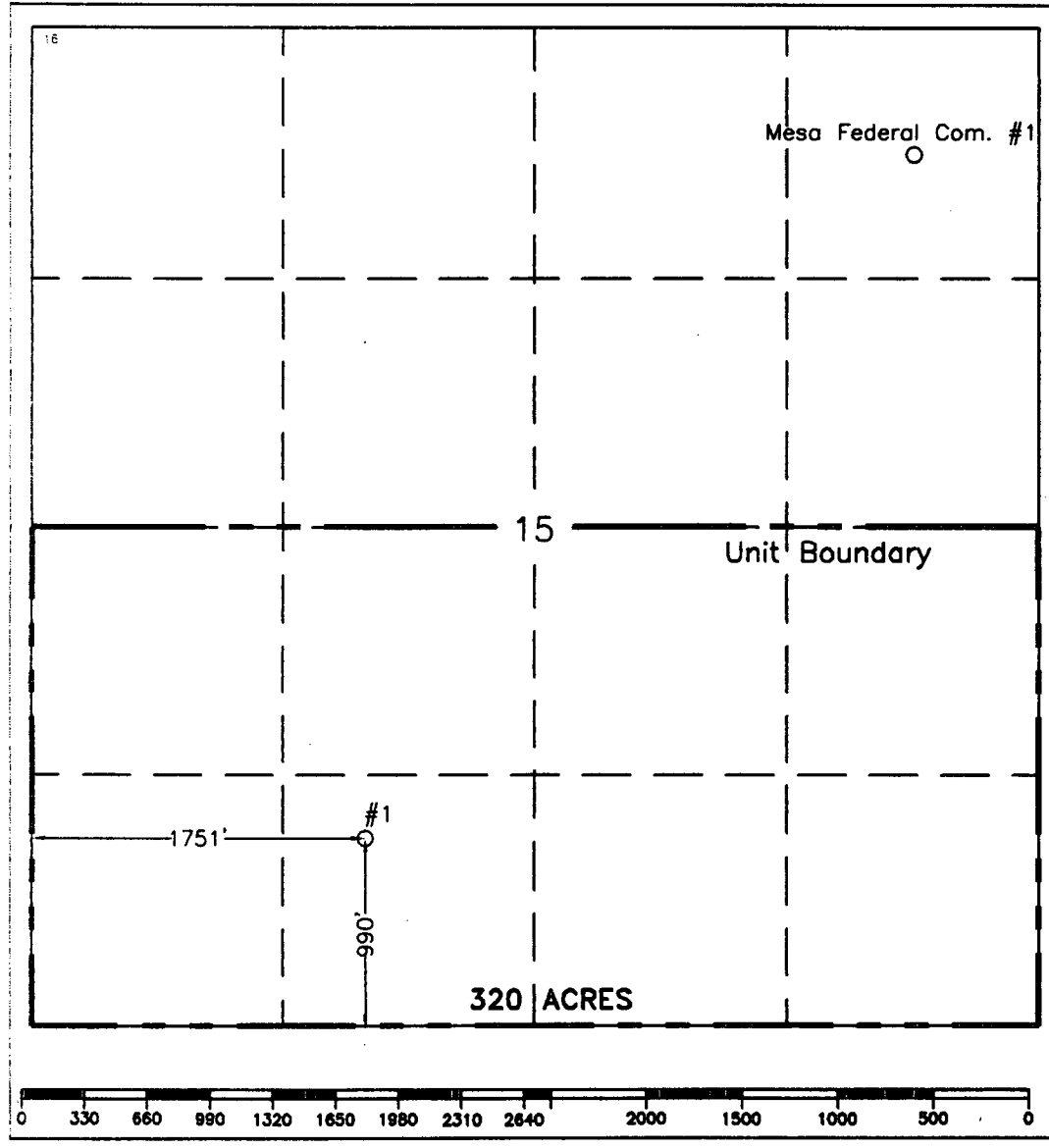
State Lease-4 copies
Fee Lease-3 copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code		3 Pool Name					
4 Property Code		5 Property Name Montura Federal Com					6 Well Number 1		
7 GRID No. 11181		8 Operator Name J. CLEO THOMPSON & JAMES CLEO THOMPSON, JR., L.P.					9 Elevation 3404'		
10 Surface Location									
UL or lot no. N	Section 15	Township 22-S	Range 26-E	Lot Idn	Feet from the 990'	North/South line South	Feet from the 1751'	East/West line West	County Eddy
11 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
12 Dedicated Acres 320		13 Joint or Infill		14 Consolidation Code		15 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.



16 OPERATOR CERTIFICATION

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

Signature: *[Signature]*

Printed Name: **Jim Stevens**

Position: **Operations Manager**

Company: **J. Cleo Thompson & James Cleo Thompson JR., L.P.**

Date: **April 7, 2005**

17 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 knowledge and belief.

Date Surveyed: **April 4, 2005**

Signature & Seal of Professional Surveyor: *[Signature]*

Certificate No.: **7254 John S. Piper**

Sheet 1 of 1

○ = Staked Location • = Producing Well = Injection Well = Water Supply Well = Plugged & Abandon Well

⊙ = Found Section Corner, 2 or 3" Iron Pipe & GLO B.C. ○ = Found 1/4 Section Corner, 1" Iron Pipe & GLO B.C.

ADDITIONAL INFORMATION ON THE LOCATION

State Plane Coordinates			
Northing 504851.73		Easting 556685.83	
Latitude 32°23'16.427"		Longitude 104°17'00.997"	
Zone	North American Datum	Combined Grid Factor	Coordinate File
East	1983	0.999909	Carlsbad.cr5
Drawing File	Revised	Field Book	
Carlsbad.Dwg	5/25/05 by G.M.R.	Eddy #8, Pg. 54	