

7/13/98 | 8/3/98 | DC | MV | DHC

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

2075

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
[DD-Directional Drilling] [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 - Directional Drilling

☐ NSL ☐ NSP ☐ DD ☐ SD

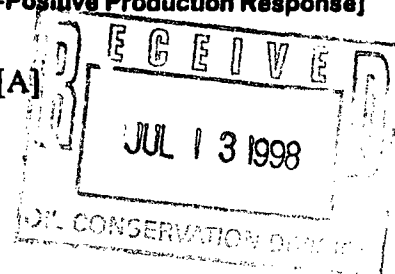
Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement

☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR



[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] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

Ernie L. Hegwer
Print or Type Name

Ernie L. Hegwer
Signature

Operator
Title

7-8-98
Date

DISTRICT I

P.O. Box 1000, Hobbs, NM 88240

DISTRICT II

811 South First St., Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd. Artesia, NM 87410

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 S. Pacheco
Santa Fe, New Mexico 87505-8429Form C-1
New 3-

APPROVAL PROC

Administrative ☐ H

EXISTING WELL

YES ☐

APPLICATION FOR DOWNHOLE COMMINGLING

Operator Ernie L. Hegwer Co. P.O. Box 1637 Hobbs, N.M. 88240
Address
CROSS Edith Butler # 2 Well No. E Sec 18 T-22-S R-38-E Lea
Unit ID. - Sec - Twp - Rgs
County
OGRID NO. 07508 Property Code 21579 API NO. 30-025-12120 Federal ☐ State ☐ (and/or) Fee ☒

The following facts are submitted in support of downhole commingling:	Upper Zone	Intermediate Zones	Lower Zone
1. Pool Name and Pool Code	Blinebry ⁶⁶⁶⁰ 96344	Tubb 86440 ✓	Drinkard ⁷⁹⁰⁰ 46313
2. Top and Bottom of Pay Section (Perforations)	5510-5738	6102-6220	6358-7010
3. Type of production (Oil or Gas)	Oil	Gas	Oil
4. Method of Production (Flowing or Artificial Lift)	AL	Flow	Flow
5. Bottomhole Pressure Oil Zones - Artificial Lift: Estimated Current Gas & Oil - Flowing: Measured Current All Gas Zones: Estimated Or Measured Original	a. (Current) 400 b. (Original)	a. 300 b.	a. 400 b.
6. Oil Gravity (° API) or Gas BTU Content	37.8	1249	38.0
7. Producing or Shut-In?	P	S	S
Production Marginal? (yes or no)	Y	Y	Y
• If Shut-In, give 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: 6-98 Rates: 10 Oil 100 MCF	Date: 12-91 Rates: 10 MCF 0 Oil	Date: 12-93 Rates: 2 Oil 10 MCF
• If Producing, give date and oil/gas/water rates of recent test (within 60 days)	Date: Rates:	Date: Rates:	Date: Rates:
8. Fixed Percentage Allocation Formula - % for each zone	Oil: 83 % Gas: 83 %	Oil: 0 % Gas: 9 %	Oil: 17 % Gas: 8 %

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

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(C) 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 Ernie L. Hegwer TITLE Operator DATE 7-8-98

TYPE OR PRINT NAME Ernie L. Hegwer TELEPHONE NO. (505) 393-6327

ERNIE L. HEGWER COMPANY

OIL & GAS OPERATOR

P.O. BOX 1637

HOBBS, NEW MEXICO 88241

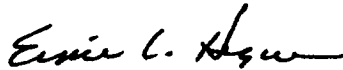
July 8, 1998

Re: DHC- Edith Butler # 2
Unit Letter E, Sec 18, T-22-S, R-38-E
Lea County, N.M

To: All Offset Operators

We have filed application to downhole commingle the above referenced lease. Zones to be commingled are the Blinbry, Tubb and Brunson Drinkard Abo South. If you have any questions concerning the application, please feel free to call me at (505) 393-6327.

Sincerely,

A handwritten signature in black ink, appearing to read "Ernie L. Hegwer". The signature is fluid and cursive, with a long horizontal stroke at the end.

Ernie L. Hegwer
Operator

ERNIE L. HEGWER COMPANY

OIL & GAS OPERATOR

P.O. BOX 1637

HOBBS, NEW MEXICO 88241

EXHIBIT 1

DHC- Edith Butler # 2

Unit Letter E, Sec 18, T-22-S, R-38-E
Lea County, N. M

Offset Operators..

1. Texaco Exploration & Production
P.O. Box 3109
Midland, TX 79702
2. Marathon Oil Co.
P.O. Box 552
Midland, TX 79702
3. Exxon USA
P.O. Box 1600
Midland, TX 79702

District I
PO Box 1980, Hobbs, NM 88241-1980
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 & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-1
Revised October 18, 19
Instructions on b:
Submit to Appropriate District Off
State Lease - 4 Cop
Fee Lease - 3 Cop

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-12120		Pool Code 96314, 96313, 86440		Pool Name Blinebry	
Property Code 21579		Property Name Edith Butler			Well Number 2
OGRID No. 07508		Operator Name Ernie L. Hegwer Co.			Elevation 3351 DF

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	18	22-S	38-E	E	1980	North	660	West	Le ^a

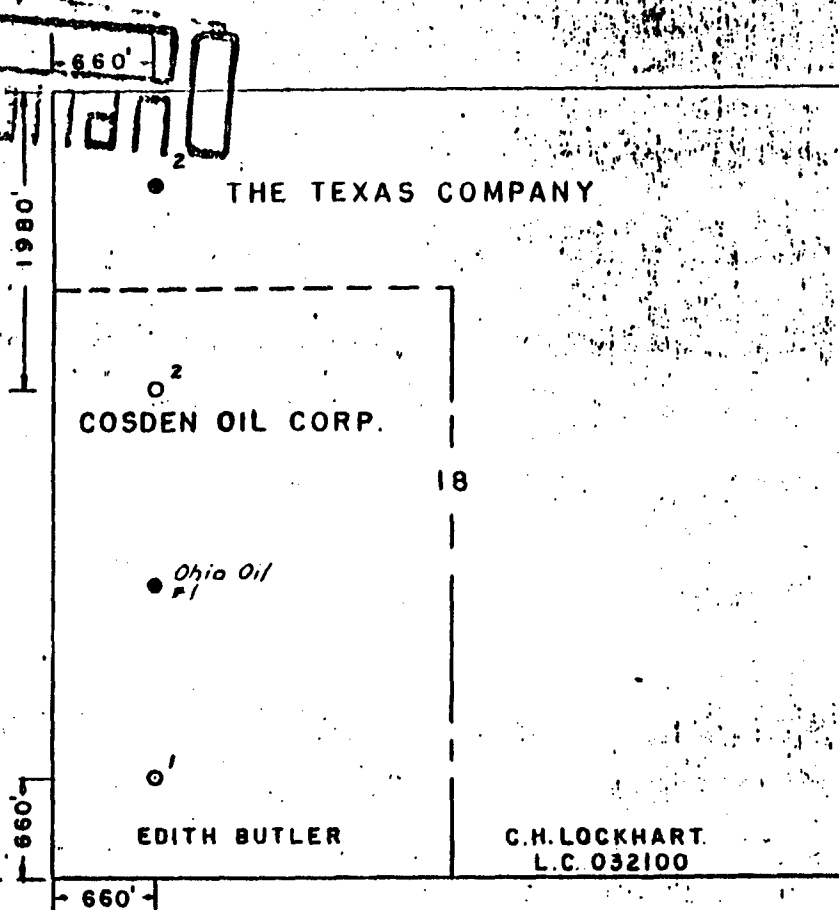
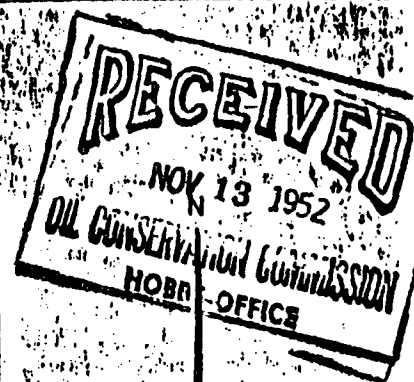
¹¹ Bottom Hole Location If Different From Surface

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 40	¹³ Joint or Infill No	¹⁴ Consolidation Code	¹⁵ Order No.
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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 1980' FWL 660' FWL					¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Ernie Hegwer Signature Ernie L. Hegwer Printed Name Operator July 8, 1998 Date
					¹⁸ 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. Date of Survey Signature and Seal of Professional Surveyer: Certificate Number



SEC. 18 - T22S - R38E

SCALE 4" = 1 MILE

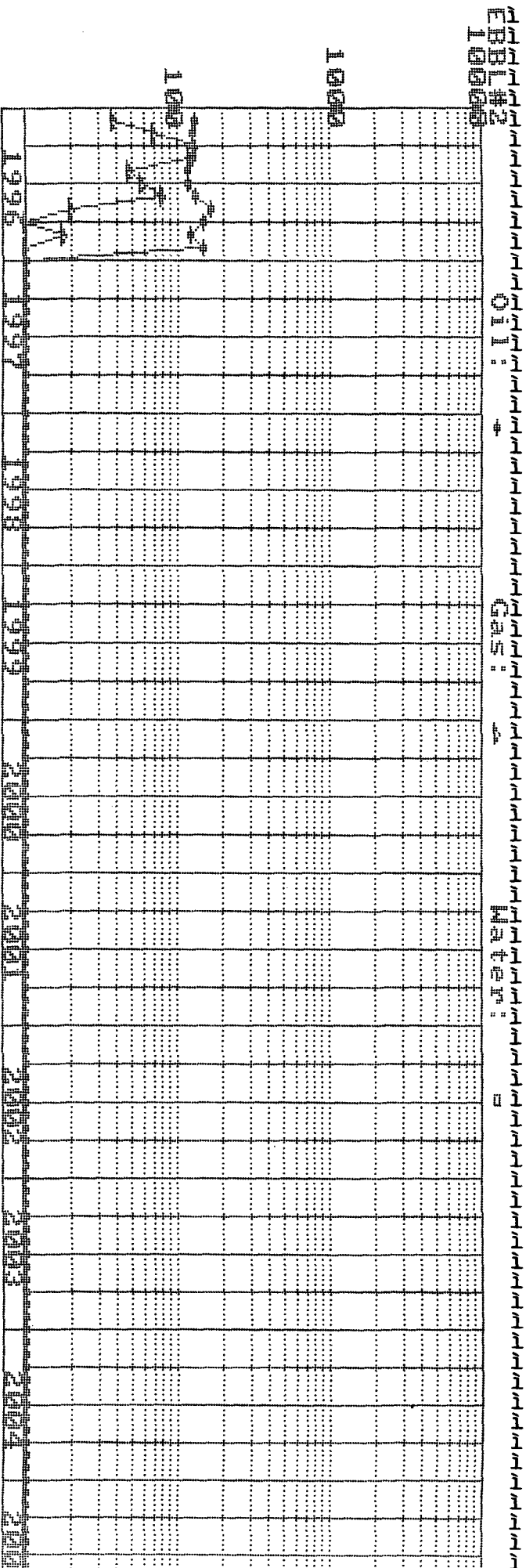
I, Charles P. Miller a licensed surveyor of the State of New Mexico, hereby certify that I have surveyed upon the ground as platted herewith two locations for COSDEN OIL CORPORATION and that said locations are described as follows: Butler #1 660 feet from South and West lines of section 18; Butler #2 1980 feet from the North line and 660 feet from the West line of section 18, both in township 22 South, range 38 East, N.M.P.M.

In witness whereof I hereunto affix my hand and seal this 3rd day of October 1952.

Charles P. Miller
Charles P. Miller

Production History
Edith Butler # 2
Blinebry

Year Total Oil- 1,434 Oil
Gas 564 MCF



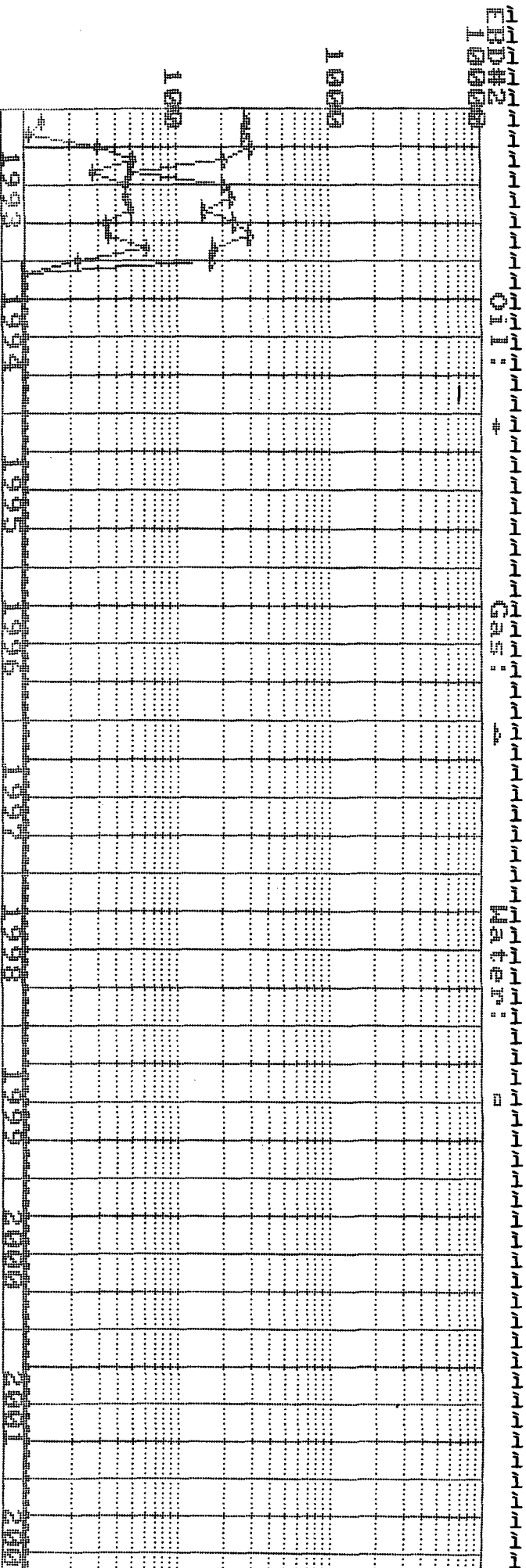
Production History

Year Total Oil - 432 Bbls.

Edith Butler # 2

Brunson Drinkard Abo South

Gas-2,637 MCF



Production History Edith Butler # 2 Tubb

Year Total Gas- 3,920 MCF
Oil-0

