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XERIC Oil & Gas Corporation

1801 W. Texas, P. O. Box 352
Midland, Texas 79702

NOV - 6 2002

November 1, 2002

(914) 683-3171

Fax: (915) 683-3152

Richard Azanium
Energy, Minerals and Natural Resources Dept.
Oil Conservation Division
1220 S. Saint Francis Dr.
Santa Fe, NM 87505

State of New Mexico
Commissioner of Public Lands
Attn: Ray Powell
P. O. Box 1148
Santa Fe, NM 87504-1148

RE: Downhole Commingling
Porfidio State #1, API #30-025-35890
Lea County, New Mexico

Dear Mr. Azanium:

Xeric Oil & Gas Corporation respectfully requests an exception for the above captioned well to NM Statewide Rule 303. The final single completion is in the East Warren Drinkard (Oil-63120), September 26, 2002. The well was previously completed and tested in the DK Abo (Oil-15200), July 23, 2002. Xeric proposes the following production allocation for the two zones based on the most recent production rates from each zone as follows:

	<u>OIL</u>	<u>GAS</u>	<u>WATER</u>
East Warren Drinkard	55%	38%	99%
D-K; Abo	45%	62%	1%

Please find attached our application with supporting documentation for the downhole commingling of the captioned well for you review and approval. Due to the recent completion dates we are not able to furnish a one-year production curve but have provided the last fifteen days production for each zone.

Thank you for your attention to this matter. Should you have any questions or need additional information, please call Angie Crawford at the number above.

Sincerely,


R. C. (Rob) Barnett
AC

Cc: Hobbs District Office

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised May 15, 2000

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

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

District III
1000 Rio Brazos Road, Aztec, NM 87410

APPLICATION FOR DOWNHOLE COMMINGLING

District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

Xeric Oil & Gas Corporation

P. O. Box 352

Midland, TX 79702

Operator

Address

Porfidio State #1

M, Sec. 17, T20S, R39E

Lea

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No. 025482 Property Code 29655 API No. 30-025-35890 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	<i>UPPER</i> East Warren Drinkard	N/A	<i>LOWER</i> D-K; Abo
Pool Code	65120 <i>OK 15390</i>		15200 <i>OK</i>
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	7014-7066		7300-7513
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
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)	N/A		N/A
Oil Gravity or Gas BTU (Degree API or Gas BTU)	36.8		37.3
Producing, Shut-In or New Zone	Producing		SI
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: 10/22/02 Rates: 20 BO, 45 MCF 90 BW	Date: Rates:	Date: 9/20/02 Rates: 16 BO, 64 MCF 2 BW
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil 55 % Gas 38 %	Oil % Gas %	Oil 45 % Gas 62 %

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? 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 Angie Crawford TITLE Production Analyst DATE 10/25/02

TYPE OR PRINT NAME Angie Crawford TELEPHONE NO. (915) 683-3171

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised February 10, 1994
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

OIL CONSERVATION DIVISION

P.O. Box 2088

Santa Fe, New Mexico 87504-2088

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

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-025-35890	Pool Code 63120	Pool Name East Warren Drinkard
Property Code 29655	Property Name PORFIDIO STATE	Well Number 1
OGRID No. 025482	Operator Name XERIC OIL & GAS CORPORATION	Elevation 3531'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	17	20-S	39-E		660	SOUTH	660	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.
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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

	LOT 1	TEXAS	29.02 AC	<p>OPERATOR CERTIFICATION</p> <p><i>I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.</i></p> <p><i>Angie Crawford</i> Signature</p> <p>Angie Crawford Printed Name</p> <p>Production Analyst Title</p> <p>10/25/02 Date</p>
	LOT 2		29.07 AC	
	LOT 3		29.11 AC	
	LOT 4		29.16 AC	
	29.16 AC			
			<p>SURVEYOR CERTIFICATION</p> <p><i>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.</i></p> <p>MARCH 29, 2002</p> <p>Date Surveyed _____ AWB</p> <p>Signature & Seal of Professional Surveyor <i>Ronald J. Eidson</i> 3239 02-11-0236</p> <p>Certificate No. RONALD J. EIDSON 3239 GARY EIDSON 12641</p>	

DISTRICT I
P.O. Box 1980, Hobbs, NM 88241-1980

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Energy, Minerals and Natural Resources Department

Form C-102
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OIL CONSERVATION DIVISION

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Santa Fe, New Mexico 87504-2088

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

DISTRICT IV
P.O. BOX 2088, SANTA FE, N.M. 87504-2088

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

API Number 30-025-35890	Pool Code 15200	Pool Name D=K; Abo
Property Code 29655	Property Name PORFIDIO STATE	Well Number 1
OGRID No. 025482	Operator Name XERIC OIL & GAS CORPORATION	Elevation 3531'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	17	20-S	39-E		660	SOUTH	660	WEST	LEA

Bottom Hole Location If Different From Surface

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	LOT 1	
	29.02 AC	
	LOT 2	
	29.07 AC	
	LOT 3	
	29.11 AC	
	LOT 4	
	29.16 AC	

TEXAS

OPERATOR CERTIFICATION

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

Angie Crawford
Signature

Angie Crawford
Printed Name

Production Analyst
Title

10/25/02
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.

MARCH 29, 2002

Date Surveyed _____ AWB

Signature & Seal of Professional Surveyor
Ronald J. Eidson
3239
02-11-0236

Certificate No. RONALD J. EIDSON 3239
GARY EIDSON 12641

XERIC OIL & GAS CORPORATION

PORFIDIO STATE #1 PRODUCTION

DK Abo			
	BBLS OIL	BBLS WTR	MCF
9/5/02	18	2	60
9/6/02	18	2	60
9/7/02	18	2	60
9/8/02	6	2	60
9/9/02	18	2	60
9/10/02	18	2	60
9/11/02	18	2	64
9/12/02	18	2	64
9/13/02	18	2	64
9/14/02	18	2	64
9/15/02	18	2	64
9/16/02	18	2	60
9/17/02	18	3	60
9/18/02	18	2	60
9/19/02	18	2	64
9/20/02	16	2	64
TOTAL	274	33	988
Daily Average	17	2	62
Gravity	37.3		

EAST WARREN DRINKARD			
	BBLS OIL	BBLS WTR	MCF
10/7/02	9	160	45
10/8/02	15	147	82
10/9/02	15	100	60
10/10/02	29	100	59
10/11/02	24	100	27
10/12/02	24	111	30
10/13/02	26	100	30
10/14/02	20	105	40
10/15/02	24	97	30
10/16/02	20	97	32
10/17/02	20	120	32
10/18/02	21	104	31
10/19/02	22	106	33
10/20/02	22	94	37
10/21/02	22	90	37
10/22/02	20	90	45
TOTAL	333	1721	650
Daily Average	21	108	41
Gravity	36.8		

Production rates for most recent 16 days from each zone.

XERIC OIL & GAS CORPORATION
 PORFIDIO STATE #1
 APPLICATION FOR DOWNHOLE COMMINGLE
 ALLOCATION OF PRODUCTION

	BBLs OIL	% OF TOTAL	MCF	% OF TOTAL	BBLs WATER	% OF TOTAL	SOURCE
East Warren Drinkard	21	55%	41	38%	107	99%	10/7/02 through 10/22/02 16 day Avg of Totals
DK;Abo	17	45%	66	62%	2	1%	9/5/02 through 9/20/02 16 day Avg of Totals
TOTAL	38	100%	107	100%	109	100%	