

DATE IN 3/17/08	SUSPENSE	ENGINEER W. Jones	LOGGED IN 3/17/08	TYPE DHC 4002	APP NO. PKR0807754306
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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.

Steven Gray  
 Print or Type Name

Signature

Manager  
 Title

3/17/08  
 Date

steveg@pecoscompanies.com  
 e-mail Address

RECEIVED  
 2008 MAR 17 PM 3:06

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

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

District III  
1000 Rio Bravo 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

RECEIVED

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 Operating Company  
Operator

400 W. Illinois Ave., Suite 1210  
Midland, TX 79701  
Address

Gallagher State  
Lease

2  
Well No.

Lot 6 Section 2 T-16-S R-35-E  
Unit Letter-Section-Township-Range

Lea County  
County

OGRID No. 246798 Property Code 303318 API No. 30-025-33385 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Townsend Permo - Upper Penn. oil		South Big Dog Strawn
Pool Code	59847		96690
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	10,322-11,017		11,538-11,580
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)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	41 deg		41 deg
Producing, Shut-In or New Zone	producing		SI - previously produced
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: 3/1/08 Rates: 3 bo + 23 mcf + 1 bw	Date: Rates:	Date: 1/1/1999 Rates: 9 bo + 65 mcf + 0 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                  Gas 25   %                  25   %	Oil                  Gas %                  %	Oil                  Gas 75   %                  75   %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?  
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes ☒ No ☐  
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: Order DHC-2774 previously commingled these reservoirs

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.
- 

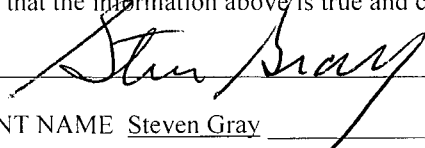
### **PRE-APPROVED POOLS**

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.

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

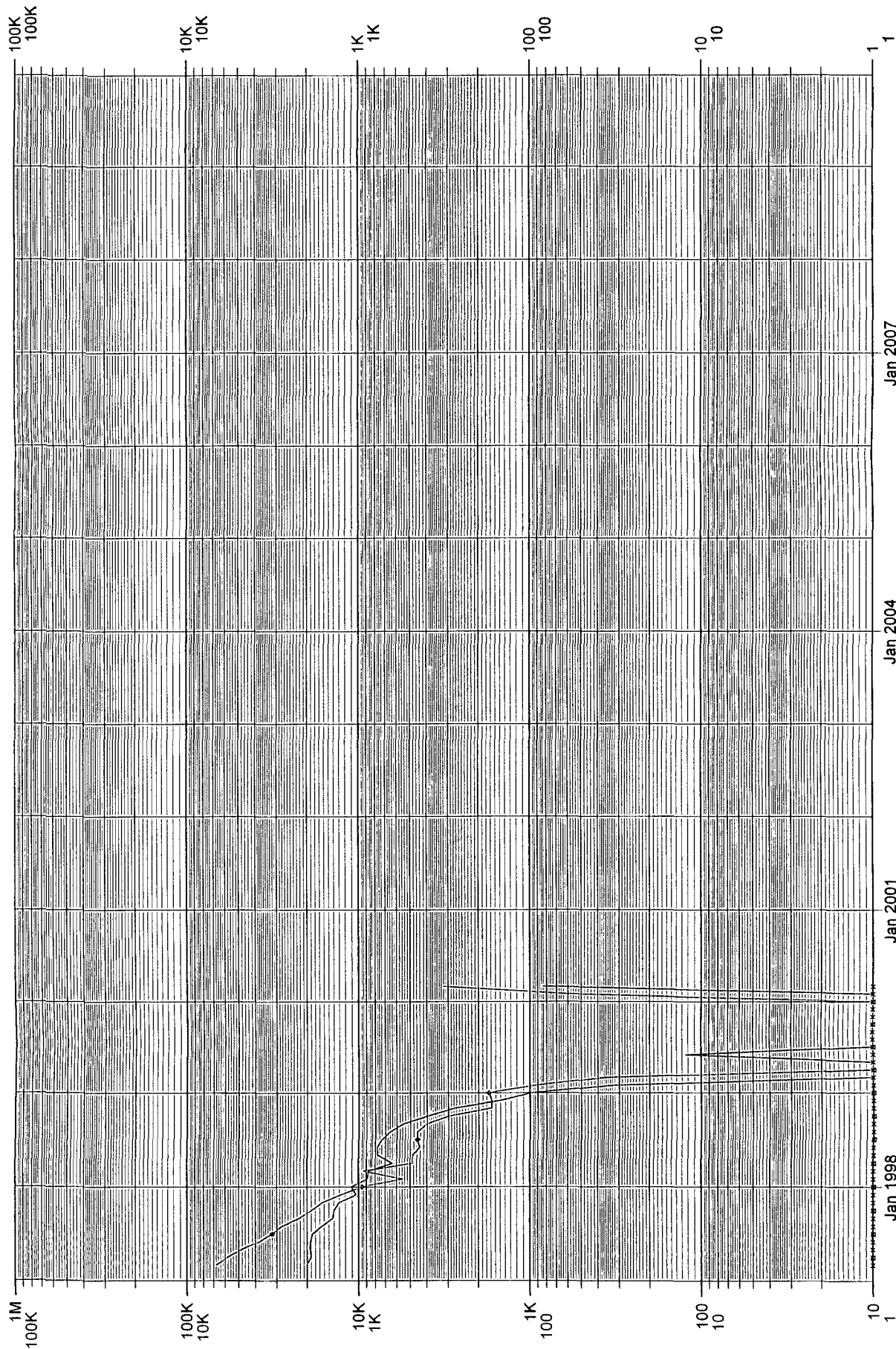
SIGNATURE  TITLE Manager DATE 3/10/08

TYPE OR PRINT NAME Steven Gray TELEPHONE NO. ( 432 ) 620-8480

E-MAIL ADDRESS steveg@pecoscompanies.com

Field: BIG DOG (STRAWN, SOUTH) 96690  
Operator: AMERIND OIL CO L P 000671  
Lease Name: GALLAGHER STATE 002  
LPD ID: 300253338596690  
Location: 16S35E02F

County: State: LEA, NM  
Status and Date: P/A 2000/02/02  
District: 1, Phase: OIL  
Gas Cum: 245621, Oil Cum: 40865



— Monthly Gas (Mcf)  
—◆— Monthly Oil (Bbls)

Rate Vs Time Graph All Data- Gas, Oil, Water

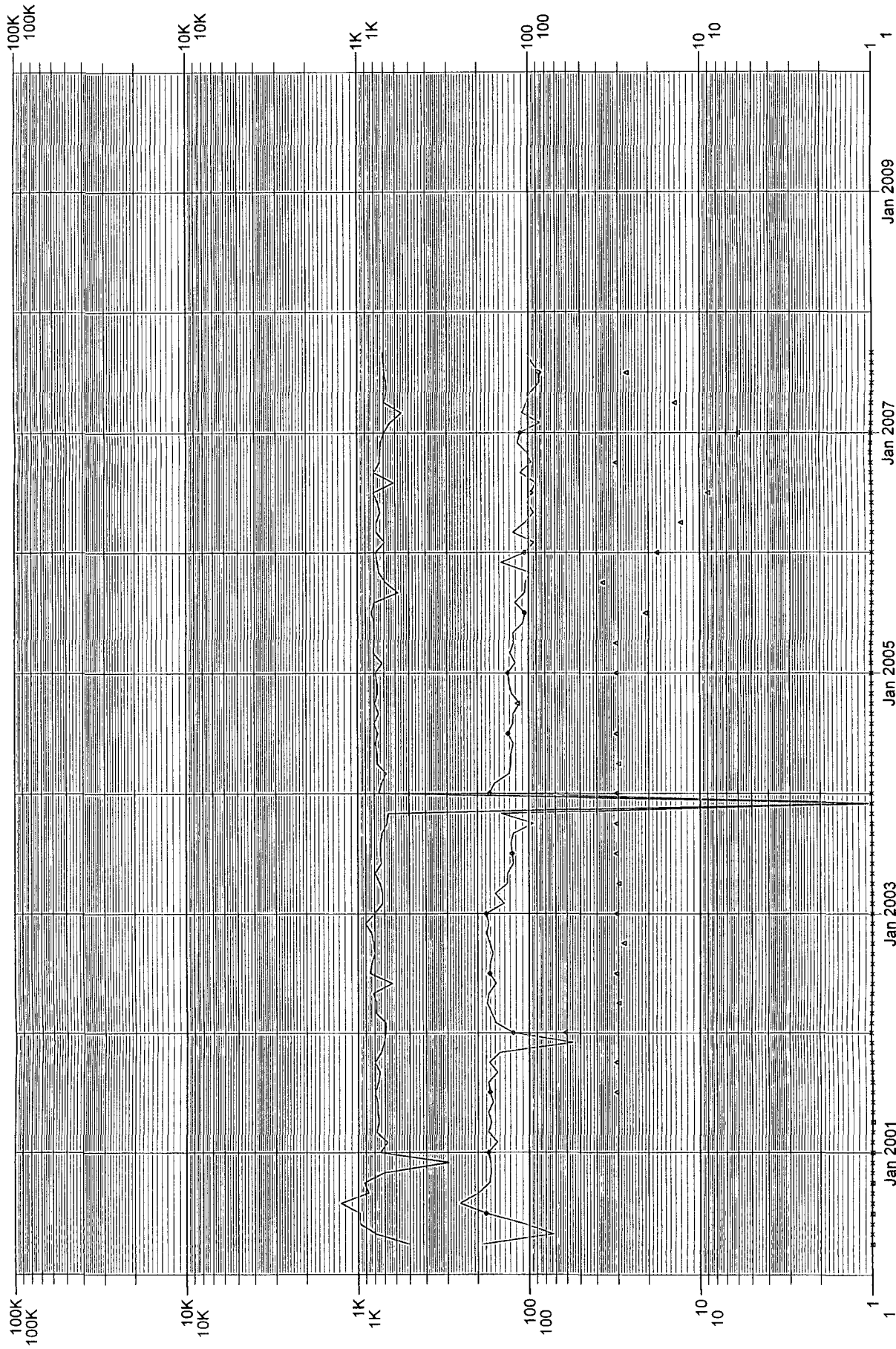
Monthly Water (Bbls) ▲  
Monthly Number of Total Producing Wells \*---\*

CD Date: 200707

Copyright 14:09:56 03/07/08, Lasser, Inc.

Field: TOWNSEND (PERMO UPPER PENN) 59847  
Operator: PECOS OPERATING COMPANY, LLC 246798  
Lease Name: GALLAGHER STATE 002  
LPD ID: 300253338559847  
Location: 16S35E02F

County: State: LEA, NM  
Status and Date: ACT 2007/02/01  
District: 1, Phase: OIL  
Gas Cum: 67444, Oil Cum: 12005



Monthly Gas (Mcf)  
Monthly Oil (Bbls)

Monthly Water (Bbls)  
Monthly Number of Total Producing Wells

Rate Vs Time Graph All Data- Gas, Oil, Water

CD Date: 200707

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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 & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-102  
Revised October 12, 2005  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

☐ AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

<sup>1</sup> API Number 30-025-33385	<sup>2</sup> Pool Code 59847	<sup>3</sup> Pool Name Townsend Permo Upper Penn
<sup>4</sup> Property Code 303318	<sup>5</sup> Property Name Gallagher State	<sup>6</sup> Well Number 2
<sup>7</sup> OGRID No. 246798	<sup>8</sup> Operator Name Pecos Operating Company	<sup>9</sup> Elevation 3992

<sup>10</sup> Surface Location

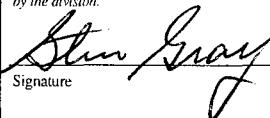
UL or lot no. F/6	Section 2	Township 16S	Range 35E	Lot Idn 6	Feet from the 2646	North/South line North	Feet from the 2299	East/West line West	County
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<sup>11</sup> Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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<sup>12</sup> Dedicated Acres 80	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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				<p><b><sup>17</sup> OPERATOR CERTIFICATION</b></p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p> March 10, 2008</p> <p>Signature Date</p> <p>Steven Gray</p> <p>Printed Name</p>
				<p><b><sup>18</sup> SURVEYOR CERTIFICATION</b></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>Refer to Original Plat</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p>Certificate Number</p>

DISTRICT I  
P.O. Box 1800, Hobbs, NM 88241-1800

DISTRICT II  
P.O. Drawer RD, Artesia, NM 88211-0718

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

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

State of New Mexico

Energy, Minerals and Natural Resources Department

Form C-102  
Revised February 10, 1994  
Submit to Appropriate District Office  
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OIL CONSERVATION DIVISION

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-33385	Pool Code 59847	Pool Name TOWNSEND PERMO UPPER PENN
Property Code 18838	Property Name GALLAGHER STATE	Well Number 2
OGRID No. 000671	Operator Name AMERIND OIL COMPANY LIMITED PARTNERSHIP	Elevation 3992

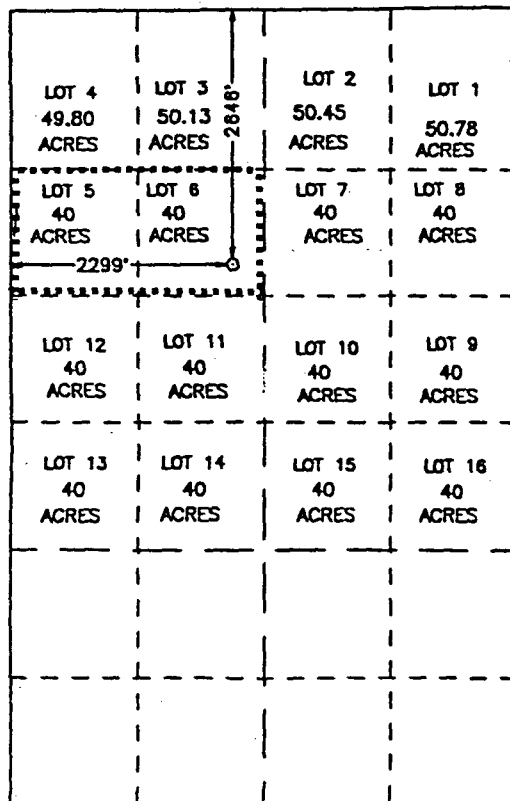
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F/6	2	16 S	35 E	6	2646	NORTH	2299	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
F/6	2	16 S	35 E	6	2646	NORTH	2299	WEST	LEA
Dedicated Acres 80	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



SCALE: 1"=2000'

OPERATOR CERTIFICATION

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

*Robert C. Leibrock*

Signature

ROBERT C. LEIBROCK

Printed Name

GENERAL PARTNER

Title

MAY 5, 2000

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.

APRIL 10, 1996

Date Surveyed  
Signature & Seal of  
Professional Surveyor

*James J. Eidson*  
JLP  
3279  
P.O. Num. 96-11-0438

Certified to  
JAMES J. EIDSON, 3279

## State of New Mexico

Form C-102

Energy, Minerals &amp; Natural Resources Department

Revised October 12, 2005

## OIL CONSERVATION DIVISION

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## WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number <b>30-025-33385</b>	<sup>2</sup> Pool Code <b>96690</b>	<sup>3</sup> Pool Name <b>Big Dog Strawn</b>
<sup>4</sup> Property Code <b>303318</b>	<sup>5</sup> Property Name <b>Gallagher State</b>	<sup>6</sup> Well Number <b>2</b>
<sup>7</sup> OGRID No. <b>246798</b>	<sup>8</sup> Operator Name <b>Pecos Operating Company</b>	<sup>9</sup> Elevation <b>3992</b>

<sup>10</sup> Surface Location

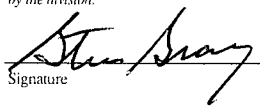
UL or lot no. <b>F/6</b>	Section <b>2</b>	Township <b>16S</b>	Range <b>35E</b>	Lot Idn <b>6</b>	Feet from the <b>2646</b>	North/South line <b>North</b>	Feet from the <b>2299</b>	East/West line <b>West</b>	County
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<sup>11</sup> Bottom Hole Location If 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
---------------	---------	----------	-------	---------	---------------	------------------	---------------	----------------	--------

<sup>12</sup> Dedicated Acres <b>80</b>	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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	<sup>17</sup> OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i>  Signature March 10, 2008 Date Steven Gray Printed Name			
	<sup>18</sup> SURVEYOR CERTIFICATION <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> Refer to Original Plat Date of Survey Signature and Seal of Professional Surveyor:  Certificate Number			



DISTRICT I  
P.O. Box 1800, Hobbs, NM 88241-1800

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
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DISTRICT II  
P.O. Drawer DD, Artesia, NM 88211-0710

OIL CONSERVATION DIVISION

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

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-33385	Pool Code 59847	Pool Name TOWNSEND PERMO UPPER PENN
Property Code 18838	Property Name GALLAGHER STATE	Well Number 2
OGRID No. 000671	Operator Name AMERIND OIL COMPANY LIMITED PARTNERSHIP	Elevation 3992

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F/6	2	16 S	35 E	6	2646	NORTH	2299	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
F/6	2	16 S	35 E	6	2646	NORTH	2299	WEST	LEA
Dedicated Acres 80	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 49.80 ACRES	LOT 3 50.13 ACRES	LOT 2 50.45 ACRES	LOT 1 50.78 ACRES
LOT 5 40 ACRES	LOT 6 40 ACRES	LOT 7 40 ACRES	LOT 8 40 ACRES
LOT 12 40 ACRES	LOT 11 40 ACRES	LOT 10 40 ACRES	LOT 9 40 ACRES
LOT 13 40 ACRES	LOT 14 40 ACRES	LOT 15 40 ACRES	LOT 16 40 ACRES

SCALE: 1"=2000'

OPERATOR CERTIFICATION

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

*Robert C. Leibrock*

Signature

ROBERT C. LEIBROCK

Printed Name

GENERAL PARTNER

Title

MAY 5, 2000

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.

APRIL 10, 1996

Date Surveyed

Signature & Seal of  
Professional Surveyor

*Robert C. Leibrock*  
3219  
54-11-96

NO. Num. 96-150438

Certified by: *Robert C. Leibrock*  
PROFESSIONAL SURVEYOR  
WEST. 676  
J. EIDSON. 3239

Copies mailed 5/9/2000

# Pecos Operating Company, LLC.

---

**FACSIMILE TRANSMITTAL SHEET**

---

TO:	Kimberly	FROM:	Steve GRAY
COMPANY:	OCD	DATE:	
FAX NUMBER:	505-476-3462	TOTAL NO. OF PAGES INCLUDING COVER:	2
PHONE NUMBER:		SENDER'S REFERENCE NUMBER:	
RE:		YOUR REFERENCE NUMBER:	

---

☐ URGENT    ☐ FOR REVIEW    ☐ PLEASE COMMENT    ☐ PLEASE REPLY    ☐ PLEASE RECYCLE

---

**NOTES/COMMENTS:**

Administrative app attached. There were no notifications made since the ownership of both zones is common.

Steve

---

400 WEST ILLINOIS, SUITE 1210  
MIDLAND, TEXAS 79701  
PHONE: (432) 620-8480    FAX: (432) 682-2197