

DATE IN 04/27/09	SUSPENSE	ENGINEER J. W. Warren	LOGGED IN 4/27/09	TYPE DHC	APP NO. PKAAD911735178
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RECEIVED

ABOVE THIS LINE FOR DIVISION USE ONLY

4189

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

1220 South St. Francis Drive, Santa Fe, NM 87505



30-041-20819
Speight #001
Sovereign Eagle
263940

2009 APR 27 AM 9 29

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.

Jennifer Zapata
Print or Type Name

(see ltr)
Signature

Production Analyst
Title

4/24/09
Date

jzapata@stratanm.com
e-mail Address

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

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised June 10, 2003

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

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

APPLICATION FOR DOWNHOLE COMMINGLING

DAC-4189

Sovereign Eagle, LLC Operator P.O. Box 968, Roswell NM 88202-0968 Address

Speight #1 I: S22, T2S, R29E Roosevelt
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 263940 Property Code _____ API No. 30-041-20819 Lease Type: Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Tule; PENNSYLVANIA Gas Pool		Tule; MONTOYA Gas Pool
Pool Code	86443		86442
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	6880'-6992'		7084-7119'
Method of Production (Flowing or Artificial Lift)	PUMPING		PUMPING
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)	1.078		1.078
Producing, Shut-In or New Zone	PRODUCING		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.)	GAS Date: 02/09 Rates: 2362 gas (Feb) 690 wtr (Feb)	Date: Rates:	GAS Date: 02/09 Rates: 1013 gas (Feb) 296 wtr (Feb)
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 % 70%	Oil Gas % %	Oil Gas % 30%

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 n/a

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 n/a

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.)
- n/a For zones with no production history, estimated production rates and supporting data.
- Data to support allocation method or formula.
- n/a 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 Jennifer Zapata TITLE Production Analyst DATE 4-20-09

TYPE OR PRINT NAME Jennifer Zapata TELEPHONE NO. (575) 622-1127

E-MAIL ADDRESS jzapata@stratanm.com

SOVEREIGN EAGLE, LLC

P.O. BOX 968
ROSWELL, NM 88202-0968
575-623-1957 TEL 575-623-3533 FAX

April, 24 2009

SENT VIA FEDERAL EXPRESS

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

CC: Hobbs District Office
1625 N. French Drive
Hobbs, NM 88240

RE: C-107A for Sovereign Eagle, LLC
Application for Downhole Commingling
Speight #1
Roosevelt County, NM

Dear Examiner,

The Speight #1 is a producing gas well in Roosevelt County New Mexico. Sovereign Eagle, LLC would like to request downhole commingling for the Montoya and Pennsylvania pools. The name, its location, and all attachments included are listed below:

<u>Well Name</u>	<u>Attachments</u>
Speight #1 Sec. 22, T2S, R29E Roosevelt County, NM	C-107 A, C-102 for Penn, Administrative Checklist, production curve for March 08 – February 09 and formula for allocation

The original application was sent to NMOCD in Santa Fe. Should you have any questions feel free to call Jennifer Zapata @ (575) 622-1127 or e-mail @ jzapata@stratanm.com. Thank you for your attention to this matter.

Sincerely,



Jennifer Zapata
Production Analyst

Allocation Formula:

Monthly Well Test x Days Produced = monthly average

Speight monthly average / total monthly average = decimal

Production/sales x decimal = Speight volumes/value

All distances must be from the outer boundaries of the Section.

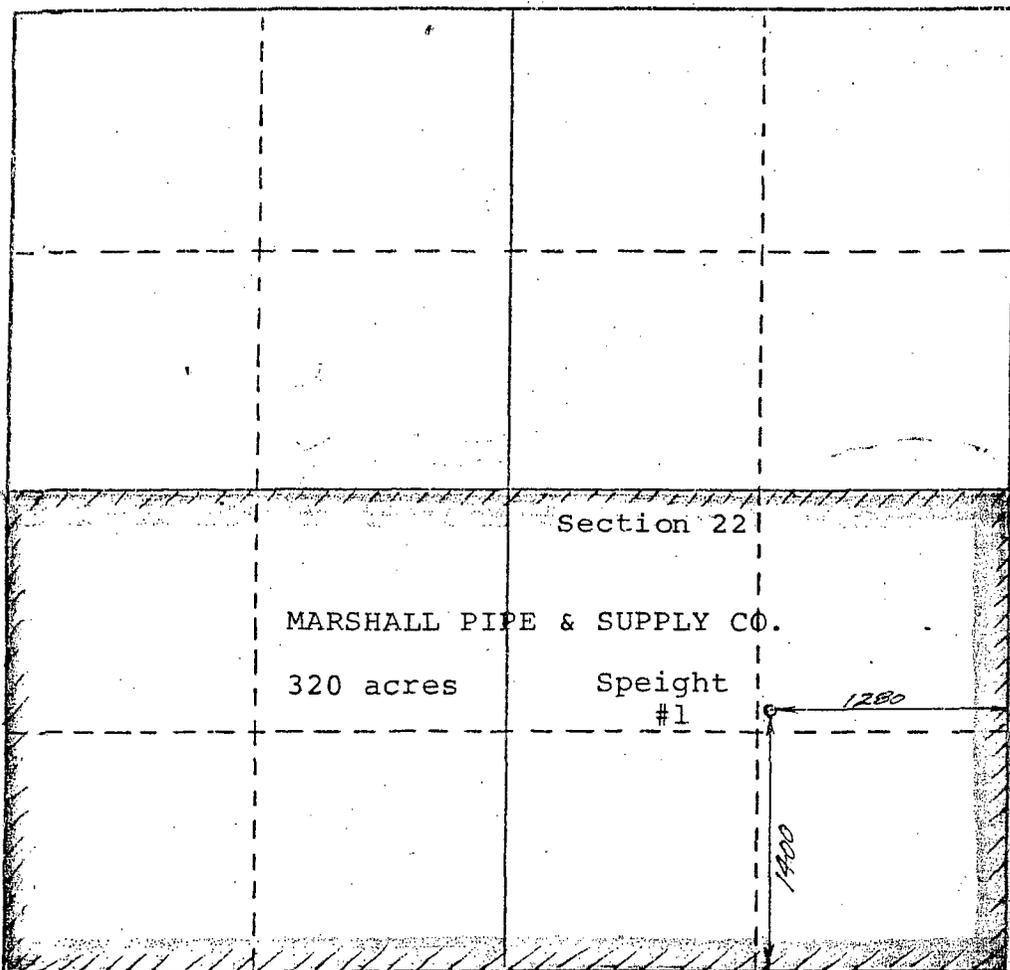
Operator Marshall Pipe & Supply Co.		Lease Speight			Well No. 1
Unit Letter I	Section 22	Township 2 South	Range 29 East	County Roosevelt	
Actual Footage Location of Well: 1400 feet from the South line and 1280 feet from the East line					
Ground Level Elev. 4388	Producing Formation		Pool Penn	Dedicated Acreage: 320 Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation Communitization

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



CERTIFICATION

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

Name **J. W. Marshall**

Position **Partner/ OPERATOR**

Company **MARSHALL PIPE & SUPPLY**

Date **July 2nd, 1987**

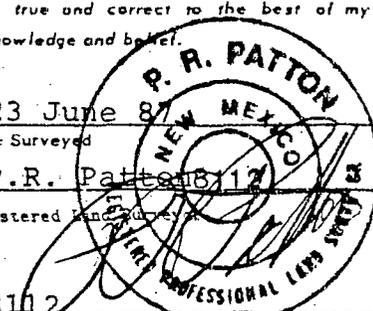
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

P. R. Patton 8112

Registered Professional Land Surveyor

8112
Certificate No.



Speight Production Curve

