

DATE IN 12.22.10	SUSPENSE	ENGINEER DKB	LOGGED IN 12.22.10	TYPE DHC	APP NO. 1035637521
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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



Sundown Energy
RECEIVED OGD 12/26/11
Lea 396" state #2

ADMINISTRATIVE APPLICATION CHECKLIST

DEC 21 10 10 03
30-025-63718

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]

4342
Lea
State

[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.

David Catanach
Print or Type Name

David Catanach
Signature

Agent for Sundown Energy LP
Title

12/20/10
Date

drcatanach@netscape.com
E-Mail Address

December 20, 2010

Energy, Minerals and Natural Resources Department
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Attention: Mr. Mark E. Fesmire, Director

Re: Form C-107A
Sundown Energy LP
Lea "396" State Well No. 2
API No. 30-025-03718
1980' FNL & 1980' FWL (Unit F)
Section 35, T-15S, R-36E, NMPM,
Lea County, New Mexico

Dear Mr. Fesmire,

Enclosed please find a Division Form C-107A for the Sundown Energy LP Lea "396" State Well No. 2. It is proposed to downhole commingle the Dean Permo-Penn and Dean-Devonian Pools within the subject well. Approval of the application will allow Sundown Energy LP to economically produce the oil and gas reserves in the Permo-Pennsylvanian and Devonian intervals, thereby preventing waste.

The Dean Devonian Pool was last produced in this well in the 1970's, and the Dean Permo-Penn Pool was last produced in this well in 1993. Sundown Energy LP has recently acquired this well, and has performed remedial work on the well in order to return the well to producing status. A well work-over report is included for your review. The proposed production allocation is based upon recent swab test data, fluid levels and oil cut percentages.

The interest ownership is common in each of the zones to be commingled. A copy of the application is being furnished to the Commissioner of Public Lands for the State of New Mexico.

I believe that all the information necessary to approve the application is enclosed. If additional information is needed, please contact me at (505) 690-9453.

Sincerely,



David Catanach
Agent for Sundown Energy LP
13455 Noel Road, Suite 2000
Dallas, Texas 75240

Xc: OCD-Hobbs

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

☒ Single Well
☐ Establish Pre-Approved Pools
EXISTING WELLBORE
☒ Yes ☐ No

APPLICATION FOR DOWNHOLE COMMINGLING

Sundown Energy LP 13455 Noel Road Suite 2000 Dallas, Texas 75240
Operator Address

Lea "396" State 2 Unit F, Section 35, T-15S, R-36E Lea
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 232611 Property Code API No. 30-025-03718 Lease Type: ☐ Federal ☒ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Dean Permo-Penn		Dean-Devonian
Pool Code	Oil-16720		Oil-16530
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	10,385'-11,540' (Perforated)		13,684'-13,720' (Perforated)
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)	Not Required		Not Required
Oil Gravity or Gas BTU (Degree API or Gas BTU)	45.4° API		53.2° API
Producing, Shut-In or New Zone	Shut-In		Shut-In
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: 9/14/2010 Rates: 13 BOPD 30 MCFGPD	Date: Rates:	Date: 9/16/2010 Rates: 72 BOPD 7 MCFGPD
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 15% 81%	Oil Gas % %	Oil Gas 85% 9% 119

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 David Catanach TITLE Agent for Sundown Energy LP DATE 12/20/2010

TYPE OR PRINT NAME David Catanach TELEPHONE NO. (505) 690-9453

E-MAIL ADDRESS drcatanach@netscape.com

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 15, 2009
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-03718	² Pool Code 16720	³ Pool Name Dean Permo-Penn
⁴ Property Code	⁵ Property Name Lea 396 State	⁶ Well Number 2
⁷ OGRID No. 232611	⁸ Operator Name Sundown Energy LP	⁹ Elevation 3856 GL

¹⁰ Surface Location

UL or lot no. F	Section 35	Township 15S	Range 36E	Lot Idn	Feet from the 1980	North/South line North	Feet from the 1980	East/West line West	County Lea
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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	¹⁴ Consolidation Code	¹⁵ Order No. NSP-1488						

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	¹⁷ 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> 12/20/10 Signature Date David Catanach, Agent for Sundown Energy LP Printed Name	
	¹⁸ 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>	
	Date of Survey Signature and Seal of Professional Surveyor:	
	Certificate Number	

District I
1625 N. French Dr., Hobbs, NM 88240
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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 15, 2009
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-03718		² Pool Code 16530		³ Pool Name Dean-Devonian	
⁴ Property Code		⁵ Property Name Lea 396 State			⁶ Well Number 2
⁷ OGRID No. 232611		⁸ Operator Name Sundown Energy LP			⁹ Elevation 3856 GL

¹⁰ Surface Location

UL or lot no. F	Section 35	Township 15S	Range 36E	Lot Idn	Feet from the 1980	North/South line North	Feet from the 1980	East/West line West	County Lea
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	¹⁸ 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>
	Date of Survey Signature and Seal of Professional Surveyor:
	Certificate Number

WELLWORK

District: PERMIAN

LEA 396 ST 2
 Operator: SUNDOWN ENERGY LP
 SpudDate:
 Job Purpose:

County, State: LEA, NM
 AFE Type: Workover
 W/:
 NRI:
 TD: 0
 TVD: 0
 AFE No.: 2309331
 AFE \$: \$618,500
 PBTD: 0

Date	Primary Activity	Costs	Cumm	Daily Report Summary
9/28/2010	Temp. Drop from Reports	\$2,340	\$158,183	Finish POH and LD total of 310 jts 2-7/8" P-110 tbg. and 128 joints of 2-7/8" N-80 tbg. (4) DC's and shoe. Part of packer wedged inside shoe. No sign of tbg below packer. ND BOP. NU WH. RDMO PU. Drop from report pending sub pump installation.
9/27/2010	Mill on Pkr.	\$5,640	\$155,843	Finish RIH w/ tbg. RU power swivel. Mill on packer for 2 hours and fell thru. Chase to bblm. Attempt to wedge packer in shoe. RD power swivel. POH and LD 180 jts workstring. Install thread protectors. SDON. Will finish LD tbg in a.m.
9/24/2010	Run Tbg & tools	\$5,540	\$150,203	POH and LD shoe. Cutrite was worn. PU new shoe and RIH w/ all but 40 stands tbg and SD for weekend.
9/23/2010	Milling	\$5,040	\$144,663	Finish RIH and tag TOF. Tagged 1' higher. RU power swivel. Break circ. Mill on for 7 hours. Made 2'. Mill possibly worn out. PUH 2 stands. SDON. Will POH in a.m.
9/22/2010	Mill on Pkr.	\$6,040	\$139,623	PU redressed shoe w/ 4' extension, 4 (DC's) and RIH and tag TOF at 13,593.5'. About 1' higher than where we left it. Break circ conventionally. Switch to reverse. Start milling at 11:30 a.m. Mill on 5 hours and made about 6" and quit making any hole. RD swivel. POH w/ shoe. Found 6" piece of metal lodged inside. Possible cement retainer. Will identify in a.m. Shoe was still good. RBIH on 4 joints and SDON.
9/21/2010	Mill on Pkr.	\$8,640	\$133,563	RIH w/ tbg and tag packer at 13,592'. RU power swivel. Break circ down tbg. Circ approx 100 bbls oil out backside. Switch to reverse circ. Start milling on packer. Mill for 6 hours and stopped making hole. Start POH w/ tbg. Change out BOP due to pipe rams unable to open fully. Wait 2 hours for BOP. POH w/ mill. Mill appeared to be stacking out. Shop mill for redress. Will PU short joint of wash pipe w/ mill in a.m. SDON.
9/20/2010	Run Tbg & tools	\$8,300	\$124,943	Finish POH w/ RBP. Had rubbers in mandrell and would not allow it to scope all the way. LD RBP. PU RIH w/ 5-7/8" OD X 5" ID shoe w/ cutrite on btm and ID, XO, (4) 3-1/2" DC's, XO on 365 jts tbg leaving EOT at 11,527'. Spot 70 bbls 2% Kcl FW LCM over Strawn formation and SDON. Will finish in hole in a.m. and start milling out packer.
9/17/2010	Retrieve RBP	\$4,250	\$116,643	POH and LD packer. RBIH w/ retrieving tool. Fisherman advised not to run jars due to retrieving tool weakness. RU power swivel. Latch onto plug. Pump down tbg. Plug finally released. Start POH, tool is dragging while coming out. POH w/ 110 stands and SDON.

Date	Primary Activity	Costs	Cumm	Daily Report Summary
9/16/2010	Swabbing	\$4,690	\$112,393	Strawn perfs: 11,504-40'. Release packer, RIH and retrieve RBP. Set RBP at 11,632' on 373 jts. Test plug to 500 psi and held OK. PUH and set packer at 11,190' on 358 jts tbg. RU swab. IFL at 2600'. Made 12 swab runs in 4-1/2 hours. Approx 10 bbls fluid entry per hour. 25% oil cut on last 3 runs. Recovered 66 bbls fluid. FFL at 7100'. RD swab. Release packer. RIH and latch onto RBP. Work to release RBP for 2 hours. Pumped 75 bbls water down tbg and still unable to release. Unlatch from RBP. PUH above perfs and SDON. Will attempt to release RBP in a.m.
				Fluid entry for Devonian perfs (13,654-94') - 20 bbls per hour with fluid level at 3700' Fluid entry for Permo Penn (10,385-94; 10,639-62') - 11 bbls per hour w/ fluid level at 3800' Fluid Entry for Strawn perfs (11,504-40') - 10 bbls per hour w/ fluid level at 7100'
9/15/2010	Swabbing	\$3,750	\$107,703	SITP = 0 psi. Open well. RU swab & swab test perfs 10,385-394, 10,639-662. IFL = 2800'. Make 23 swab runs recovering 122 bbls (5% oil cut on last 10 runs). FFL = 4100'. RD swab. Prep to swab test Strawn formation in AM. SDON.
9/14/2010	Swabbing	\$4,350	\$103,953	Swab test perfs 10,385-94' and 10639-62'. RIH w/swab. IFL at 2100'. Made total of 27 swab runs recovering 150 bbls fluid. Last 13 runs were recovering approx 5% oil cut. After 4 runs fluid level stayed around 3800'. FFL - 3800'. Secure well and SDON.
9/13/2010	Swabbing	\$4,450	\$99,603	SITP - 80 psi. Swab testing the Devonian perfs 13,654-94'. Last weeks swab results recovered 20 bbls oil out of 102 total bbls fluid. RU swab. IFL at 640' FS. First 4 runs recovered 100% oil. 5th run 100% water. 6th run had 5% oil cut. FFL at 3100'. RD swab. PUH with RBP and packer. Attempt to set RBP on 352 jts at 11,004'. Felt like we may have left RBP downhole. RBIH w/438 jts tbg to 13,595'. Latch RBP. PUH and stand back 86 joints. Set packer at 10,324' on 330 jts tbg. Swab test perfs 10,385-94' and 10639-62'. RU swab. IFL at 1400'. Made 5 swab runs averaging 30% oil cut when rig broke down. Lost air on clutch. SDON. Will repair clutch tonight if parts can be found.
9/10/2010	Swabbing	\$3,450	\$95,153	Finish RIH w/total of 400 joints tbg and set packer at 12,495'. RU swab. IFL at 1400' FS. Swab from 2400'. First run recovered 100% oil. Second run fluid level at 2100'. Recovered 5% oil. Made total of 18 swab runs recovering 102 bbls fluid. FFL at 3700'. Oil cut on last run was 30%. Will color cut tank Monday a.m. for exact oil recovery. SD for weekend.
9/9/2010	Drill out CIBP	\$5,450	\$91,703	RBIH and tag packer. RU power swivel. Break circ using 80 bbls FW. Drill on CIBP remnants for 2 hours. Circ hole clean. Made approx 7". POH and LD bit and DC's. PU 7" RBP and packer. RIH on 10 stands and SDON.
9/8/2010	Drill out CIBP	\$5,450	\$86,253	RBIH and tag at 11,586'. RU power swivel - break circ with 150 bbls FW KCL. Drill on plug getting back cement and cast iron. Fell thru. Circ hole clean. Chase BP down to top of packer set at 13,595' by talley. POH w/56 stands and SDON.
9/7/2010	Drill out CIBP	\$6,710	\$80,803	RU Cavins sandline drill bailer w/chisel on bitm. Tag plug and work on for 2 hours w/no success. POH and recovered fine shavings of steel and some cement. RBIH w/ muleshoe cutter and tag plug at same depth. Same results only getting a little more cement back. RD Cavins. PU used 5-7/8" bit, BS, (6) DC's and RBIH above top perfs. SDON. Prep to cont to drill on plug.
9/3/2010	Drill out CIBP	\$5,745	\$74,093	RBIH and tag CIBP. RU power swivel. Break circ with 150 bbls FW 2% kel. Drill on for 6-7 hours and only made 1 foot. Decision made to POH and inspect bit. LD DC's and bit. Bit was worn. Will run sandline drill bailer Tuesday a.m.
9/2/2010	Drill out CIBP	\$6,745	\$68,348	RBIH w/339 jts tbg. Pump down tbg w/approx 200 bbls and caught circ. Switch to reverse circ. Pumping 2 BPM and getting 1-1.5 BPM in returns. Adding LCM to system while drlg. Start drlg on plug f/10,768'. Drill 1' and fell thru in 2 hrs. Wash down 3 jts due to plug remnants hanging. RD swivel RIH with 22 add'l joints (total of 365 jts in hole leaving 73 on racks). Tag plug at 11,568'. RU swivel. Break circ with 8 bbls FW. Drill cement and CIBP for 8 hours and fell thru. Pushed plug down 14'. Circ hole clean. PUH 23 stands and SDON.

Date	Primary Activity	Costs	Cumm	Daily Report Summary
9/1/2010	Circulate	\$8,245	\$61,603	PU new 5-7/8" varel bit, same BHA, & RIH on 338 jts tbq. Mix 60 bbl pill of LCM. RU power swivel. Pump 60 bbl LCM pill ahead down tbq. Flush down tbq and attempt to get circ back conventionally. Pump add'l pill and still no circ. Spot 100 bbl pill to end of tbq and will let sit overnight. RD power swivel. PUH 10 stands and SDON. Will attempt to break circ in a.m.
8/31/2010	Drill out CIBP	\$4,045	\$53,358	RBIH and tag CIBP. Drill on for 4-1/2 more hours and finally fell thru. Lost circ after falling thru. Could not catch up with circulation. Decision made to POH and check bit while waiting on water and LCM. SDON.
8/30/2010	Drill out CIBP	\$4,545	\$49,313	RU power swivel. SD to repair swivel. Control valve malfunction. Tag cement at 10,270' on 323 joints tbq. Took 12 bbls to break circ. Start drif cement. Cement was not very solid. Drill out CIBP at 10,290'. Circ clean. RIH and tag cement on next CIBP at 10,750' on 338 jts tbq. Drill on CIBP for 2 hrs. Circ hole clean for 1 hour. PUH 10 stands and SDON.
8/27/2010	Trip to CO Tools	\$3,945	\$44,768	POH - LD pkr & RBP. PU 5-7/8" Baker bit, BS, (6) 3-1/2" DC, & XO - RIH & tag CIBP at 10,265'. Close in well & SD for weekend.
8/26/2010	Pressure Test Csg	\$9,545	\$40,823	POOH w/7" casing scraper & 328jts. RIH w/7" TS RBP, RT, HD Packer, Seat nipple, & 327jts. Set RBP @ 10,232'. Pulled 1jt - set packer @ 10201'. Test tools to 600 psi - tested good. POOH w/167jts - set packer @ 5008' (159 jts in hole). Test down tubing to 600 psi - tested good. Test down casing (15bbls to load) - test good. Release packer. RIH to retrieve & release RBP. Tested CIBP 600 psi - tested good. No casing leak found. SION.
8/25/2010	Run Tbg & tools	\$9,525	\$31,278	ND WH. NU BOP from D&L. Set catwalk and pipe racks (3 sets). Unload and rack tbq. Pinner delivered 128 jts 2-7/8" N-80 8rd (4020.9') and 310 jts 2-7/8" P-110 8rd. Remove thread protectors. Tally tbq. PU 5-7/8" bit and casing scraper for 7" casing. PU tbq off racks and RIH to 10,265' (Top of CIBP). SDON. Prep to POOH with bit and scraper.
8/24/2010	MIRU	\$21,753	\$21,753	MIRU Joe's Well Service. Replace sandline while on location. MI reverse unit. Set Frac tank from VMJ. Fill with 500 bbls FW. SDON. Prep to PU to make bit and casing scraper run.

Rate/Time Graph

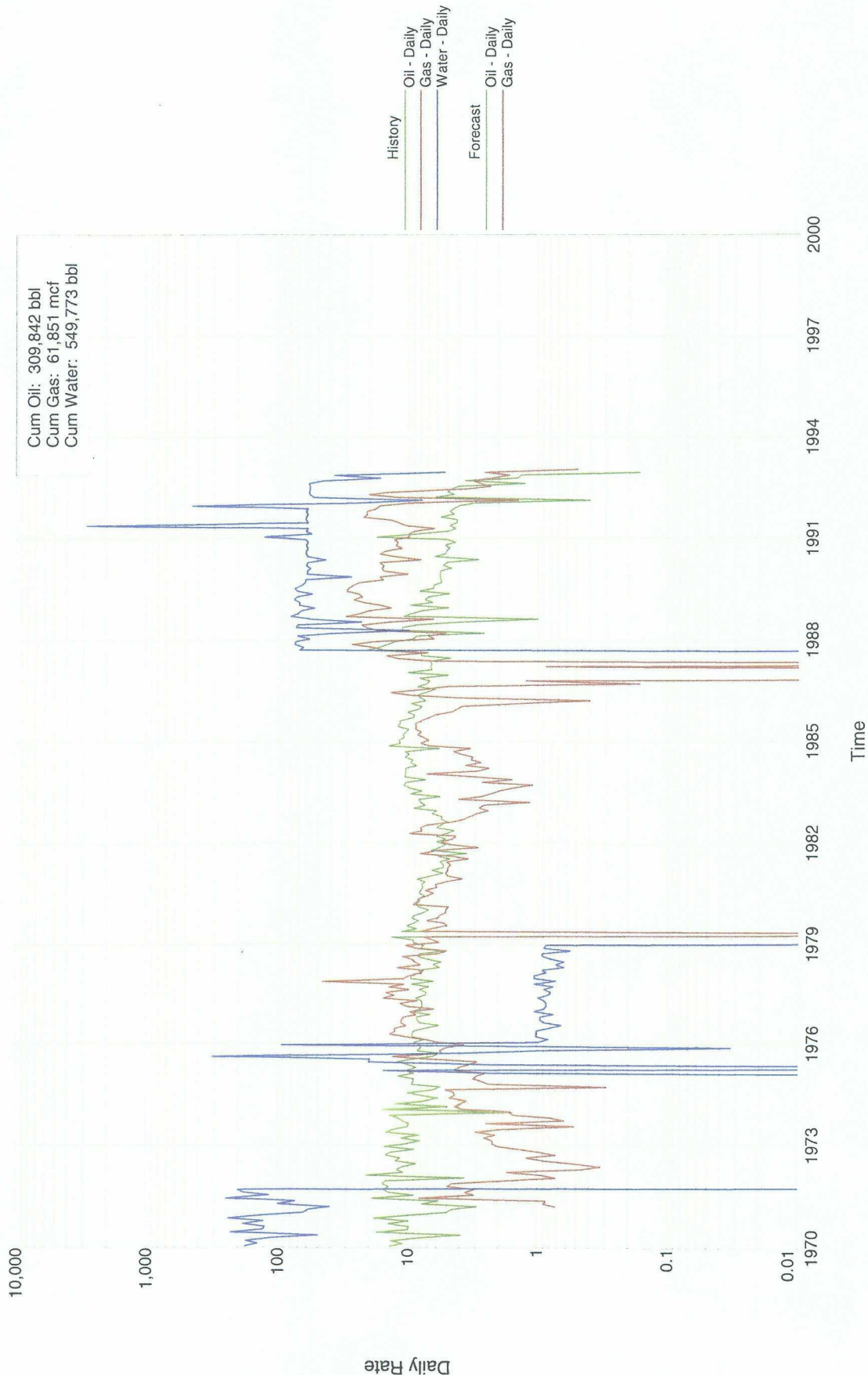
Lease Name: LEA 396 STATE (2)
County, ST: LEA, NM
Location: S15 E36 35

Project: t:\program files\ihs energy\projects\deanpermo.mdb

Date: 10/27/2010
Time: 8:38 AM

Operator: SUNDOWN ENERGY LIMITED PARTNERSHIP
Field Name: DEAN (*Perrmo-Penn*)

LEA 396 STATE 2 - 30025037180000



Rate/Time Graph

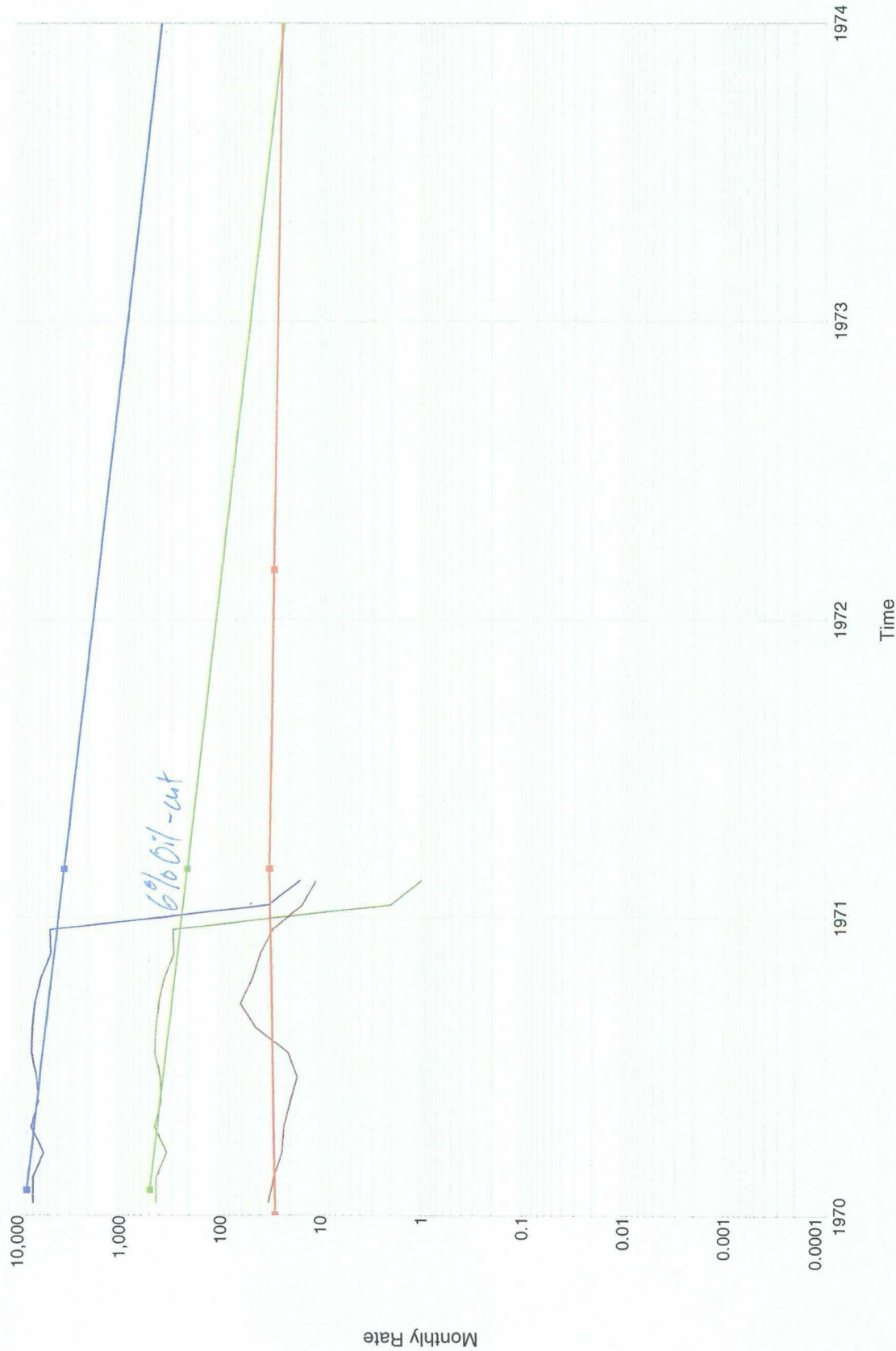
Lease Name: Lea 396 State Devonian ()
County, ST: ,
Location: 0-0-0

Project: c:\program files\ihs energy\power tools v8.0\project1.mdb

Operator:
Field Name:

Date: 10/29/2008
Time: 8:29 AM

Lea 396 State Devonian -



December 20, 2010

Commissioner of Public Lands
Oil, Gas and Minerals Division
P.O. Box 1148
Santa Fe, New Mexico 87504-1148

Attention: Mr. Pete Martinez

Re: Form C-107A
Sundown Energy LP
Lea "396" State Well No. 2
API No. 30-025-03718
1980' FNL & 1980' FWL (Unit F)
Section 35, T-15S, R-36E, NMPM,
Lea County, New Mexico

Dear Mr. Martinez,

Enclosed please find a copy of Oil Conservation Division Form C-107A for the Sundown Energy LP Lea "396" State Well No. 2. It is proposed to downhole commingle the Dean Permo-Penn and Dean-Devonian Pools within the subject well. Approval of the application will allow Sundown Energy LP to economically produce the oil and gas reserves in the Permo-Pennsylvanian and Devonian intervals, thereby preventing waste.

I believe that all the information necessary to approve the application is enclosed. If additional information is needed, please contact me at (505) 690-9453.

Attached is Check No. 0168439 in the amount of \$30.00.

Sincerely,



David Catanach
Agent for Sundown Energy LP
13455 Noel Road, Suite 2000
Dallas, Texas 75240