

DATE IN <u>12.30.10</u>	SUSPENSE	ENGINEER <u>DKB</u>	LOGGED IN <u>12.30.10</u>	TYPE <u>DHC</u>	APP NO. <u>103643 4643</u>
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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



Lynx Petroleum
13645

Lu 11/31 Fed #3

ADMINISTRATIVE APPLICATION CHECKLIST

30-025-34593

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]

Lea Fed

[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
AMEND

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify _____

DHC-4317-A
Amend to include Bone Spring

[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.

Debbie McKelvey
 Print or Type Name

Debbie McKelvey
 Signature

Agent
 Title

12/27/10
 Date

Debbie McKelvey
 e-mail Address

LYNX PETROLEUM CONSULTANTS, INC.
P.O. BOX 1708
HOBBS, NM 88241

RECEIVED OCD

2010 DEC 28 P 12: 25

December 27, 2010

Attention Engineering Department
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

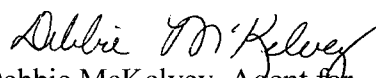
Re: Request to Amend DHC 4317
Lusk 31 Federal No. 3
API #30-025-39593
Unit Letter J, Sec. 31, T-18S, R32E, Lea County, NM

Dear Sir:

By Downhole Commingle Order 4317, the NMOCD authorized commingling the Wolfcamp, Cisco Canyon, and Strawn pools for the referenced well. Lynx Petroleum has completed the well in the approved pools and currently testing; Lynx would like to request permission to amend the order to also include the Bone Spring pool. Attached is a C107a and applicable attachments for the Bone Spring.

Your prompt attention to our request would be appreciated as we are in the process of completing the well. If you have questions regarding the application, please call me at 575-392-3575. Thank you for your consideration.

Sincerely,


Debbie McKelvey, Agent for
Lynx Petroleum Consultants, Inc.

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Lusk 31 Federal No. 3
30-025-39593

Attachments to Amend Downhole Commingling Application (Form C-107A)

1. C102 for Lusk; Bone Spring North is attached.
2. Production curve not available as this is a new well.
3. Estimated production rates and supporting data – No data is available.
4. Allocation method to be determined by swab test on each zone.
5. All working, royalty, and overriding royalty interests are common in all zones.
6. The lower three proposed zones would all be considered unconventional completion intervals as they are either shaly limestones or outright shales which will require significant stimulation to yield fluid in commercial quantity.
7. Letter requesting permission to add Lusk; Bone Spring North pool to be down-hole commingled with the already approved Lusk; Wolfcamp, North, Cisco-Canyon Wildcat, and Lusk; Strawn pools.

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

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

Operator Lynx Petroleum Consultants, Inc. Address P.O. Box 1708, Hobbs, NM 88241

Lease Lusk 31 Federal Well No. 3 Unit Letter-Section-Township-Range J-31-18S-32E Lea Lea County Lea

OGRID No. 13645 Property Code 37315 API No. 30-025-39593 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	LUSK;BONE SPRING, NORTH		
Pool Code	41450		
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	8264-9260'		
Method of Production (Flowing or Artificial Lift)	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)	To be determined by Swab test		
Oil Gravity or Gas BTU (Degree API or Gas BTU)	To be determined by Swab test		
Producing, Shut-In or New Zone	New Zone		
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.)	No production data available in the area. Date: Rates:	Date: Rates:	Date: Rates:
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 To be determined by Swab test % %	Oil Gas % %	Oil Gas % %

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: DHC 4317 Approved to commingle Wolfcamp, Cisco Canyon & Strawn

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 Debbie McKelvey TITLE AGENT DATE 12/27/2010

TYPE OR PRINT NAME DEBBIE MCKELVEY TELEPHONE NO. (575) 392-3575

E-MAIL ADDRESS debmkelvey@earthlink.net

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

Lynx Petroleum Consultants, Inc. P.O. Box 1708, Hobbs, NM 88241
Operator Address

Lusk 31 Federal 3 J-31-18S-32E Lea
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 13645 Property Code 37315 API No. 30-025-39593 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	LUSK;WOLFCAMP, NORTH	CISCO-CANYON WILDCAT	LUSK; STRAWN, NORTH
Pool Code	41608		96678
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	10332-10376'	10738-10992'	11163-11212'
Method of Production (Flowing or Artificial Lift)	Pumping	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)	To be determined by Swab test	To be determined by Swab test	To be determined by Swab test
Oil Gravity or Gas BTU (Degree API or Gas BTU)	To be determined by Swab test	To be determined by Swab test	To be determined by Swab test
Producing, Shut-In or New Zone	New Zone	New Zone	New Zone
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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 To be determined by Swab test % %	Oil Gas To be determined by Swab test % %	Oil Gas To be determined by Swab test % %

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 ☐
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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 TITLE Agent DATE 12/27/10
TYPE OR PRINT NAME Debbie McKelvey TELEPHONE NO. (575) 392-3575
E-MAIL ADDRESS debmckelvey@earthlink.net

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Monday, January 03, 2011 9:20 AM
To: 'debmcKelvey@earthlink.net'
Subject: Lynx Petroleum - Lusk 31 Fed #3; DHC Application

Dear Ms. McKelvey

We have been advised by the United States Bureau of Land Management that they have some concerns about this application, and have accordingly placed a "hold" on this matter.

Please advise us if you resolve their concerns.

Sincerely

David K. Brooks
Legal Examiner

Brooks, David K., EMNRD

From: Brooks, David K., EMNRD
Sent: Monday, January 24, 2011 3:54 PM
To: 'debmcKelvey@earthlink.net'
Subject: Lynx Petroleum - Lusk 31 Fed #3; DHC Application

Dear Ms. McKelvey

BLM has indicated to us that you will be plugging off two of the four zones that you requested to commingle, and that, on that basis, they do not object.

Please confirm our understanding of this and advise us which zones will remain, so that we can issue the order accordingly.

Sincerely

David K. Brooks

Brooks, David K., EMNRD

From: Debbie McKelvey [debmkelvey@earthlink.net]
Sent: Monday, January 24, 2011 4:20 PM
To: Brooks, David K., EMNRD
Subject: Re: Lynx Petroleum - Lusk 31 Fed #3; DHC Application

Mr. Brooks,
The lower zones, Strawn and Cisco Canyon will be plugged and the Wolfcamp and Bone Spring will be open.

I have another issue that I have been checking on for another operator that I serve as Agent - Agua Sucia. I believe they went to hearing last month to request permission to convert their RT Wilson #1 well 30-015-05864 to an SWD. I have been checking online to see if anything has been approved but so far, I haven't found anything. Do you know the status?

Thanks for your help.
Debbie McKelvey

-----Original Message-----

From: "Brooks, David K., EMNRD"
Sent: Jan 24, 2011 3:53 PM
To: "debmkelvey@earthlink.net"
Subject: Lynx Petroleum - Lusk 31 Fed #3; DHC Application

Dear Ms. McKelvey

BLM has indicated to us that you will be plugging off two of the four zones that you requested to commingle, and that, on that basis, they do not object.

Please confirm our understanding of this and advise us which zones will remain, so that we can issue the order accordingly.

Sincerely

David K. Brooks