

PC N/R  
FAX (915) 686-0302  
997

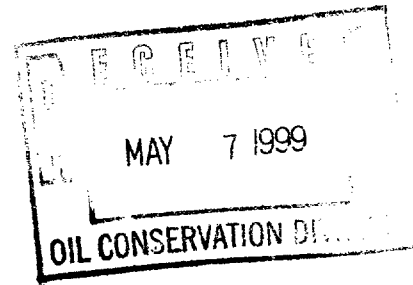
**COLLINS & WARE, INC.**

508 WEST WALL AVENUE, SUITE 1200

MIDLAND, TEXAS 79701-5076

(915) 687-3435

May 5, 1999



Mike Stogner  
State of New Mexico  
Oil Conservation Division  
2040 S. Pacheco Street  
Santa Fe, New Mexico 87505-5472

Re: Surface Commingling  
Exception to Rule 303-A

Dear Mr. Stogner:

Collins & Ware, Inc. respectfully requests permission to surface commingle production at the W. E. Mathers "A" lease tank battery and gas meter. The pools to be commingled will be the Bagley Penn and the Bagley Lower Penn (Gas). *1570 7/12/00*

Located in Section 3, T-12S, R-33E, Lea County, New Mexico, both pools have similar oil and gas properties, oil gravity being 45.3 and 46.9 and gas BTU factors being 1.336 and 1.348 respectively. Commingling the production from these pools will not affect the value received for the oil or gas produced, it will however extend the economic life of this lease and enable Collins & Ware to continue producing hydrocarbons from this marginal lease.

The Bagley Penn holds a 40-acre OPU while the Bagley Lower Penn (Gas) holds a 320-acre GPU. The royalty interests in each of these pools are different with the BLM holding an ORRI in the Bagley Lower Penn Gas. Therefore, a request to surface commingle this lease has also been submitted to BLM for their approval.

For allocation purposes, a Port-A-Check tester will be utilized each month to in order to determine the correct percentage of production from each well. This allocation will also take into consideration producing days for each well.

A copy of this letter along with the information sent to the BLM has been sent by certified mail to each interest owner regarding this request to surface commingle.

Form C-102 and a facilities diagram as well as a copy of the data sent to the BLM is enclosed for your information.

Thank you for your review of our request. If you have any questions, please do not hesitate to give me a call at (915) 686-4313 or E-mail me at: [dsumrall@collinsandware.com](mailto:dsumrall@collinsandware.com).

Sincerely,

Dianne Sumrall  
Production Administrator

ds  
enclosures  
cc

District I  
PO Box 1980, Hobbs, NM 88241-1980  
District II  
811 South First, Artesia, NM 88210  
District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department  
**OIL CONSERVATION DIVISION**  
2040 South Pacheco  
Santa Fe, NM 87505

Form C-102  
Revised October 18, 1994  
Instructions on back  
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 30-025-01047	<sup>2</sup> Pool Code 03770	<sup>3</sup> Pool Name BAGLEY PENN
<sup>4</sup> Property Code 19164	<sup>5</sup> Property Name MATHERS, WE "A"	<sup>6</sup> Well Number 2
<sup>7</sup> OGRID No. 004874	<sup>8</sup> Operator Name COLLINS & WARE, INC.	<sup>9</sup> Elevation


**<sup>10</sup> Surface Location**

UL or lot no. B	Section 3	Township 12S	Range 33E	Lot Idn	Feet from the 1980	North/South line NORTH	Feet from the 1980	East/West line WEST	County LEA
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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	<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

<div style="display: flex; align-items: center;"> <div style="border: 1px solid black; width: 100px; height: 100px; position: relative;"> <div style="position: absolute; top: 0; right: 0; transform: rotate(90deg);">1980</div> <div style="position: absolute; bottom: 0; left: 0;">1980</div> </div> </div>	<b><sup>17</sup> OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief  <div style="text-align: right;">             Signature            DIANNE SIMBALL            Printed Name            PRODUCTION ADMINISTRATOR            Title            5-4-99            Date         </div>			
	<b><sup>18</sup> SURVEYOR CERTIFICATION</b> 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.  <div style="text-align: right;">           Date of Survey            Signature and Seal of Professional Surveyor:         </div>			
	Certificate Number			

New Mexico Oil Conservation Division  
C-102 Instructions

IF THIS IS AN AMENDED REPORT, CHECK THE BOX LABELED "AMENDED REPORT" AT THE TOP OF THIS DOCUMENT.

Surveyors shall use the latest United States government survey or dependent resurvey. Well locations will be in reference to the New Mexico Principal Meridian. If the land is not surveyed contact the appropriate OCD district office. Independent subdivision surveys will not be acceptable.

horizontal hole show that portion of the well bore that is open within this pool.

Show all lots, lot numbers, and their respective acreage.

If more than one lease has been dedicated to this completion, outline each one and identify the ownership as to both working interest and royalty.

1. The OCD assigned API number for this well
2. The pool code for this (proposed) completion
3. The pool name for this (proposed) completion
4. The property code for this (proposed) completion
5. The property name (well name) for this (proposed) completion
6. The well number for this (proposed) completion
7. Operator's OGRID number
8. The operator's name
9. The ground level elevation of this well
10. The surveyed surface location of this well measured from the section lines NOTE: If the United States government survey designates a Lot Number for this location use that number in the "UL or lot no." box. Otherwise use the OCD unit letter.
11. Proposed bottom hole location. If this is a horizontal hole indicate the location of the end of the hole.
12. The calculated acreage dedicated to this completion to the nearest hundredth of an acre
13. Put a Y if more than one completion will be sharing this same acreage or N if this is the only completion on this acreage
14. If more than one lease of different ownership has been dedicated to the well show the consolidation code from the following table:

C	Communitization
U	Unitization
F	Forced pooling
O	Other
P	Consolidation pending

17. The signature, printed name, and title of the person authorized to make this report, and the date this document was signed.

18. The registered surveyors certification. This section does not have to be completed if this form has been previously accepted by the OCD and is being filed for a change of pool or dedicated acreage.

**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!**

15. Write in the OCD order(s) approving a non-standard location, non-standard spacing, or directional or horizontal drilling
16. This grid represents a standard section. You may superimpose a non-standard section over this grid. Outline the dedicated acreage and the separate leases within that dedicated acreage. Show the well surface location and bottom hole location, if it is directionally drilled, with the dimensions from the section lines in the cardinal directions. (Note: A legal location is determined from the perpendicular distance to the edge of the tract.) If this is a high angle or

District I  
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District II  
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District IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION  
2040 South Pacheco  
Santa Fe, NM 87505

Form C-102  
Revised October 18, 1994  
Instructions on back  
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 30-025-01047		<sup>2</sup> Pool Code 71320	<sup>3</sup> Pool Name BAGLEY LOWER PENN (GAS)
<sup>4</sup> Property Code 19164	<sup>5</sup> Property Name MATHERS, WE "A"		<sup>6</sup> Well Number 1
<sup>7</sup> OGRID No. 004874	<sup>8</sup> Operator Name COLLINS & WARE, INC.		<sup>9</sup> Elevation 4244

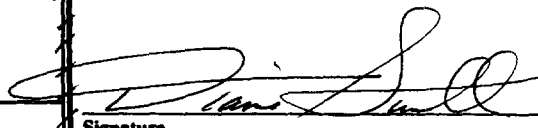
<sup>10</sup> Surface Location

UL or lot no. B	Section 3	Township 12S	Range 33E	Lot Idn	Feet from the 660	North/South line NORTH	Feet from the 1980	East/West line EAST	County LEA
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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		<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code		<sup>15</sup> Order No.				

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<div style="position: relative; height: 400px;"> <div style="position: absolute; top: 0; left: 0; width: 100%; height: 100%; border: 1px solid black; border-style: dashed;"></div> <div style="position: absolute; top: 50%; left: 50%; transform: translate(-50%, -50%);"> <div style="border: 1px solid black; padding: 5px;"> <div style="position: relative; height: 100px;"> <div style="position: absolute; top: 0; left: 0; width: 100%; height: 100%; border: 1px solid black; border-style: dashed;"></div> <div style="position: absolute; top: 0; left: 0; width: 100%; height: 100%; border: 1px solid black; border-style: dashed;"></div> </div> </div> </div> </div>	<p><sup>17</sup> OPERATOR CERTIFICATION</p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</i></p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>Signature </p> <p>Printed Name DIANNE SUMRALL</p> <p>Title PRODUCTION ADMINISTRATOR</p> <p>Date 4-20-99</p> </div>	
	<p><sup>18</sup> 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> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyer:</p> </div>	
	<p>Certificate Number</p>	

New Mexico Oil Conservation Division  
C-102 Instructions

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**COLLINS & WARE, INC.**

508 WEST WALL AVENUE, SUITE 1200

MIDLAND, TEXAS 79701-5076

(915) 687-3435

May 5, 1999

Andy Cortez  
Bureau of Land Management  
414 West Taylor  
Hobbs, New Mexico 88240

Re: Mathers, W E "A" Well No. 1  
NWNE of Sec 3, T-12S, R-33E, NMP  
Lea County, New Mexico  
CA - NMNM471108

Dear Mr. Cortez:

I am responding to your notice of Incidents for Noncompliance, page 3. A copy is attached for your reference.

The Mathers "A" #1 well is producing from Com NMNM71108 in the Bagley Lower Penn Gas pool. The Mathers "A" #2 well is currently SI in the Bagley Penn pool, therefore the com and non-com wells are not being surface commingled at this time. However, in the future, both wells may produce and surface commingling would be necessary, therefore, at this time we request approval for surface commingling.

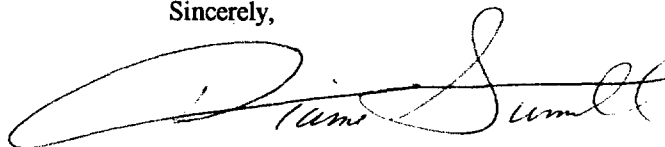
We are in the process of requesting surface commingling from the State of New Mexico as well; a copy of the data submitted to that agency is attached for your review.

I have complete form 3160-5 with attachments as per your guidelines.

1. Map w/ lease numbers
2. Facilities schematic
3. Estimated monthly production
4. Measurement and allocation methods
5. Statement of notification to interest owners
6. Evidence of interest ownership integrity
7. Economic justification

After your review, please feel free to give me a call if you have any questions regarding this application. I have also forwarded a copy of all data to your Roswell District Office for review.

Sincerely,



Dianne Sumrall  
Production Administrator

ds  
enclosures  
cc

Form 3160-5  
(June 1990)

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

FORM APPROVED  
Budget Bureau No. 1004-0135  
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.  
Use "APPLICATION FOR PERMIT—" for such proposals

5. Lease Designation and Serial No  
14080015237

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE

7. If Unit or CA, Agreement Designation

NMNM 71108

8. Well Name and No.

MATHERS "A" #1

9. API Well No.

30-025-01047

10. Field and Pool, or Exploratory Area

BAGLEY LOWER PENN (GAS)

11. County or Parish, State

LEA, NEW MEXICO

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

COLLINS & WARE, INC.

3. Address and Telephone No.

508 W. WALL, SUITE 1200 MIDLAND, TEXAS 79701 (915) 687-3435

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

660' FNL, 1980' FEL UNIT LETTER B  
SEC 3, T-12S, R-33E (NWNE/4)

CHECK APPROPRIATE BOX(s) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

☒ Notice of Intent  
☐ Subsequent Report  
☐ Final Abandonment Notice

TYPE OF ACTION

☐ Abandonment  
☐ Recompletion  
☐ Plugging Back  
☐ Casing Repair  
☒ Altering Casing  
☐ Other  
☐ Change of Plans  
☐ New Construction  
☐ Non-Routine Fracturing  
☐ Water Shut-Off  
☐ Conversion to Injection  
☐ Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)\*

AT THIS TIME COLLINS & WARE, INC. RESPECTFULLY REQUESTS PERMISSION TO:

SURFACE COMMINGLE: MATHERS "A" #1, BAGLEY LOWER PENN (GAS) - PRODUCING

: MATHERS "A" #2, BAGLEY PENN - SI

14. I hereby certify that the foregoing is true and correct.

Signed

Title

PRODUCTION ADMINISTRATOR

Date

4-26-99

(This space for Federal or State office use)

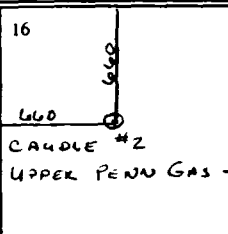
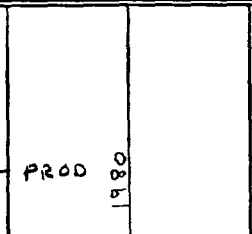
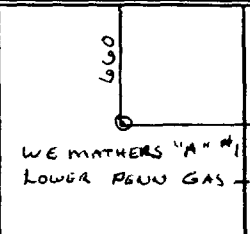
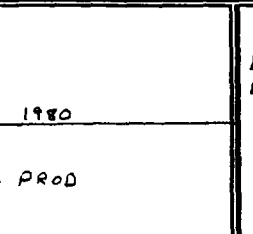
Approved by

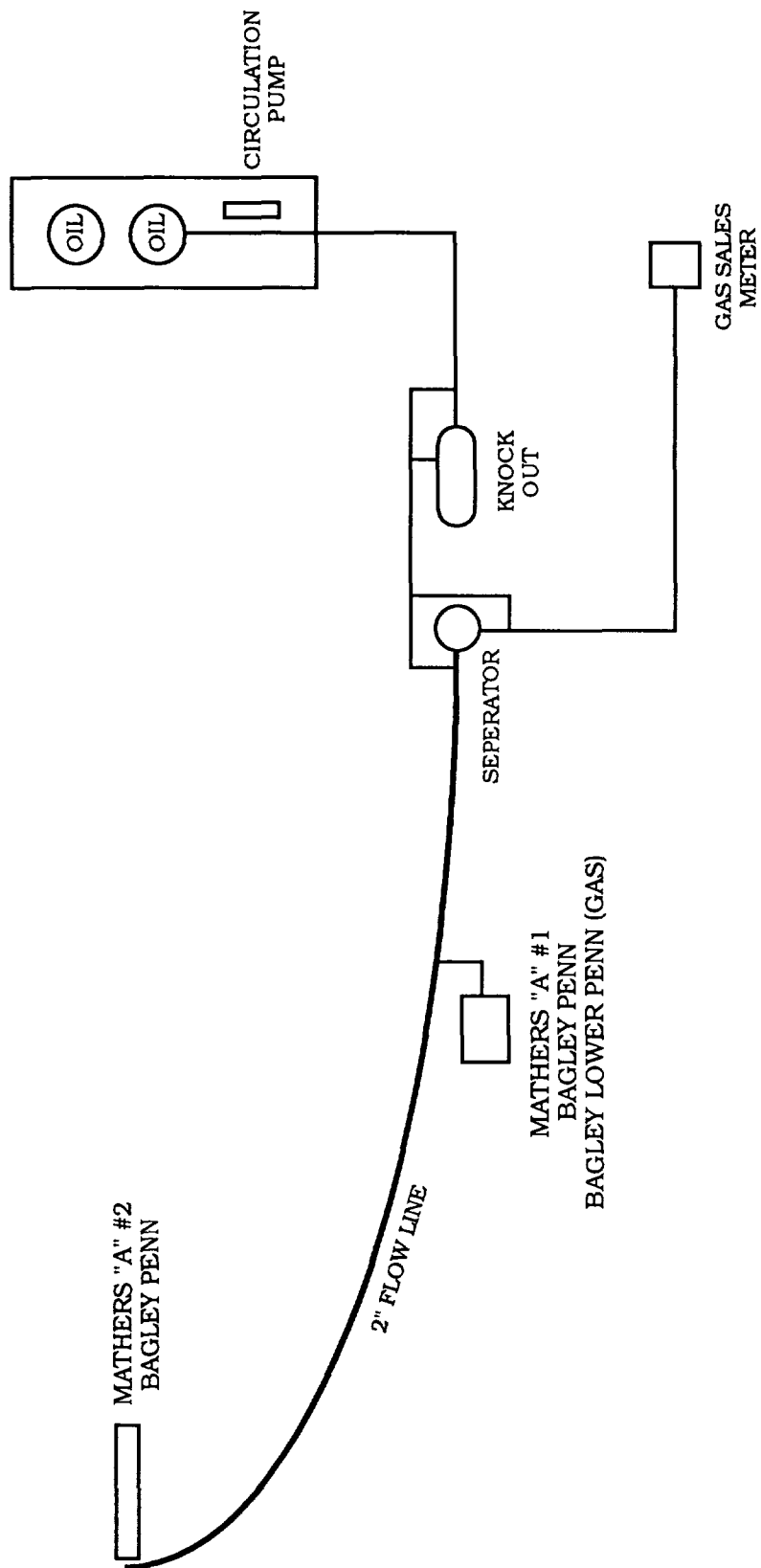
Title

Date

Conditions of approval, if any:

☐ AMENDED REPORT

16  		1980  	1980  	<b>17 OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief  <hr/> Signature  <hr/> Printed Name  <hr/> Title  <hr/> Date
CA NMNM471108 320 ACRES  BAGLEY UPPER PENN GAS = 320 AC PROPORTION BAGLEY LOWER PENN GAS 320 AC PROPORTION				<b>18 SURVEYOR CERTIFICATION</b> 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.  <hr/> Date of Survey  <hr/> Signature and Seal of Professional Surveyer:  <hr/> Certificate Number
NON COMMUNITIZED  BAGLEY PENN = 40 AC PROPORTION				



COLLINS & WARE, INC.

MATHERS "A" 1 & 2  
SEC. 3, T-12-S, R-33-E  
Lea County, New Mexico

**MONTHLY PRODUCTION CURRENTLY – FEBRUARY, 1999**

	<u>Oil / Cond Bbls</u>	<u>Gravity</u>	<u>Gas</u>	<u>BTU</u>	<u>Water</u>
Mathers “A” #1 - Lower Penn Gas	77	46.9	1332	1.348	0
Mathers “A” #2 – Penn	0	45.3	0	1.336	0

**ESTIMATED MONTHLY PRODUCTION WITH SURFACE COMMINGLE  
BETWEEN PENN & LOWER PENN GAS**

	<u>Oil / Cond Bbls</u>	<u>Gravity</u>	<u>Gas</u>	<u>BTU</u>	<u>Water</u>
Mathers “A” #1 - Lower Penn Gas	77	46.9	1332	1.348	0
Mathers “A” #2 – Penn	105	45.3	580	1.336	630

## **PERPOSED METHOD FOR MEASURING AND ALLOCATING PRODUCTION**

Oil / Condensate	A monthly 24 hour field test will be performed with a Port-A-Check tester to insure proper allocation of production.
Gas	A monthly 24 hour field test will be performed with a Port-A-Check tester to insure proper allocation of production.
Water	A monthly 24 hour field test will be performed with a Port-A-Check tester to insure proper allocation of production.

Each well will be allocated it's proportionate percentage of production based on the Port-A-Check test and days producing.

No lease use volumes are anticipated.

## **STATEMENT OF NOTIFICATION TO ALL INTEREST OWNERS**

All interest owners have been notified by certified mail of our intention to Surface commingle the Mathers "A" #1 and Mathers "A" #2 wells.

Each interest owner has been supplied with a copy of form 3160-5 as notification of this request.

## **EVIDENCE OF OWNERSHIP**

The 320 acre communization agreement from which the Mathers "A" #1 produces out of the Bagley Lower Penn Gas will not reduce or increase as an effect from the surface commingling of this well.

MMS currently holds an ORRI of .00037580 and this ownership will be maintained if requested commingling is approved.

## **DETAILED ECONOMIC JUSTIFICATION**

The Mathers "A" is a marginally producing lease.

The Mathers "A" #1 well is currently the only producer on the lease and has reached its economic limit. To increase the economic limit of this lease, the Mathers "A" #2 well must be returned to production and the two should be surface commingled to keep production costs to a minimum.

The oil and gas product prices will not be affected by the commingling of this lease.