

**NADEL AND GUSSMAN PERMIAN, L.L.C.**

601 N. Marienfeld, Suite #508

Midland, Texas 79701

(432) 682-4429

Fax (432) 682-4325

RECEIVED  
SEP 14 2005  
OCU-ARTESIA

NMOCD.

District II

1301 W. Grand Avenue


Artesia, NM 88210

September 12, 2005

Please find attached our application to down hole commingle the Upper Penn and the Morrow in our Dulce Amor #1. Neither zone is commercial by its self. NGP believes that commingling these 2 zones will allow us to economically produce the well.

We recompleted the well to the Upper Penn and put it on line in June of this year. The Upper Penn as shown on the attached plot is marginal at best and we recommend that we be allowed to commingle it with the existing Morrow.

Yours truly,

  
Kem E. McCready  
Operations Engineer  
Nadel and Gussman Permian  
432-682-4429 office  
432-425-6347 cell

**District I**  
1623 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 87503

State of New Mexico  
Energy, Minerals and Natural Resources Department

**Oil Conservation Division**  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

Form C-107A  
Revised June 10, 2003

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

**APPLICATION FOR DOWNHOLE COMMINGLING**

Nadel and Gussman Permian 601 N. Marienfeld Suite 508  
Operator Address

Dulce Amor 1 2 S 4. T 18S, R 26E Eddy  
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 156615 Property Code 32673 API No. 30-015-32925 Lease Type: Federal State ☒ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Kennedy Farms Upper Penn		Kennedy Farms Marrow
Pool Code	79525		79520
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	6872-6892 Perforated		8640-8650 Perforated
Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
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)	2000 psi		2600 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1100 BTU		1050 BTU
Producing, Shut-In or New Zone	Producing		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: 8/23/25 Rates: 0 bopd, 0 bwpd 23 mcf	Date: Rates:	Date: 8/01/05 Rates: 0 bopd, 45 mcf, 0 bwpd
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 34 % 66 %	Oil Gas % %	Oil Gas 34 % 66 %

**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: \_\_\_\_\_

**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.

DISTRICT I  
1325 N. French Dr., Hobbs, NM 88240  
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1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV  
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised March 17, 1999

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

OIL CONSERVATION DIVISION

2040 South Pacheco  
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number <b>30-015-32925</b>	Pool Code <b>79525</b>	Well Name <b>Kennedy Farms Upper Penn</b>
Property Code	Property Name <b>DULCE AMOR</b>	Well Number <b>1</b>
OGED No. <b>155615</b>	Operator Name <b>NADEL AND GUSSMAN PERMIAN, L.L.C.</b>	Elevation <b>3358'</b>

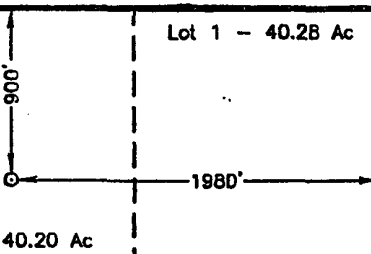
Surface Location

UL or lot No. <b>Lot 2</b>	Section <b>4</b>	Township <b>18 S</b>	Range <b>26 E</b>	Lot Idn	Feet from the <b>900</b>	North/South line <b>NORTH</b>	Feet from the <b>1980</b>	East/West line <b>EAST</b>	County <b>EDDY</b>
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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
Dedicated Acres <b>320</b>	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 - 40.04 Ac	Lot 3 - 40.12 Ac	Lot 1 - 40.28 Ac
Lot 2 - 40.20 Ac Lot - N32°46'54.8" Lon - W104°23'04.7"		
		
<b>OPERATOR CERTIFICATION</b> I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. Signature <u>Joel Martin</u> Printed Name <u>Joel Martin</u> Title <u>Engineering Manager</u> Date <u>7/25/03</u>		
<b>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. Date Surveyed <u>MAY 22 2003</u> Signature of Surveyor <u>GARY L. JONES</u> Professional Surveyor No. <u>7977</u> Certified by <u>W.O. No. 330</u> Professional Surveyor No. <u>7977</u> BASIN SURVEYS		

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1825 N. French Dr., Hobbs, NM 88240

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Form C-102  
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2040 South Pacheco  
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name Undesignated Morrow
Property Code	Property Name DULCE AMOR	Well Number 1
OGRID No.	Operator Name NADEL AND GUSSMAN PERMIAN, L.L.C.	Elevation 3358'

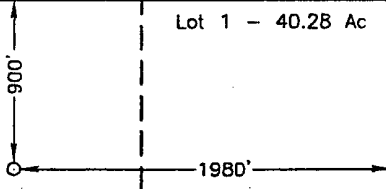
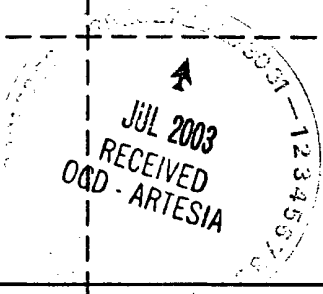
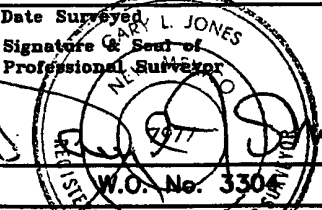
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Lot 2	4	18 S	26 E		900	NORTH	1980	EAST	EDDY

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
Dedicated Acres 320					Joint or Infill	Consolidation Code	Order No.		

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I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.		
Signature <i>Joel Martin</i>		
Printed Name Joel Martin		
Title 7/25/03		
Date		
<b>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.		
MAY 22, 2003		
Date Surveyed		
Signature & Seal of Professional Surveyor 		
W.O. No. 3306		
Certified No. Gary L. Jones 7977		
BASIN SURVEYS		

# NADEL and GUSSMAN PERMIAN

