

**MEWBOURNE OIL COMPANY**

P.O. BOX 7698  
TYLER, TEXAS 75711  
903 - 561-2900  
FAX 903 - 561-1870

October 27, 2006

UPS NEXT DAY AIR #1Z F69 8E8 01 9176 3278

Mr. William Jones  
New Mexico Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

RE: Form C-107A  
Ruger "31" Federal #2  
Sec 31 T19S R29E  
Burton Flat; Atoka, East (Gas) and Winchester; Morrow (Gas) Pools  
Eddy Co., NM

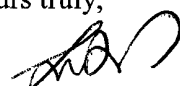
Dear Mr. Jones:

Please find enclosed the following for the application to downhole commingle production from the Atoka and Morrow zones in the referenced well:

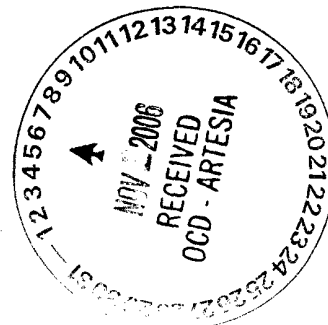
Form C-107A  
Attachments information  
Form C-102 for both zones  
Production curve  
Administrative Application Checklist

A copy of Form C-107A is being mailed today to the Bureau of Land Management in Roswell.  
If you need further information, please call me at (903) 561-2900.

Yours truly,

  
Janet Burns  
Reg. Tech.

cc: ☒ NM OCD - Artesia  
Bureau of Land Management  
Hobbs  
Midland  
Allen Brinson  
Wayne Jones



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

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

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

APPLICATION FOR DOWNHOLE COMMINGLING

Mewburne Oil Company P. O. Box 7698, Tyler, TX 75711  
Operator Address  
Ruger "31" Federal #2 I - Sec 31, T19S, R29E Eddy  
Lease Well No. Unit Letter-Section-Township-Range County  
OGRID No. 14744 Property Code 34199 API No. 30-015-33904 Lease Type: X Federal State Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Burton Flat; Atoka, East (Gas)		Winchester; Morrow (Gas)
Pool Code	73200		87600
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	10,612 - 10,640'		11,102 - 11,188'
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)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)			
Producing, Shut-In or New Zone	Producing		SI below plug
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: 10/24/06 Rates: 120 MCFD, 1 BO, 2 BW	Date: Rates:	Date: 12/20/05 Rates: 200 MCFD, 1 BO, 3 BW
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 50 % 38 %	Oil Gas % %	Oil Gas 50 % 62 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes X 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 X No  
Will commingling decrease the value of production? Yes No X  
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 X 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 TITLE Reg. Tech. DATE 10/27/06  
TYPE OR PRINT NAME Janet Burns TELEPHONE NO. ( 903 ) 561-2900  
E-MAIL ADDRESS

## **Attachments to C-107A**

Mewbourne Oil Company  
Ruger "31" Federal #2  
Unit Letter I, Sec 31 T19S R29E  
Burton Flat; Atoka, East (Gas) and Winchester; Morrow (Gas) Pools  
Eddy Co., NM

**C-102 for each zone to be commingled showing its spacing unit and acreage dedication**

**Production curve is attached**

**Estimated production rates and supporting data**

Test Data:

Morrow	12/20/05	200 MCFD, 1 BO, 3 BW: last recorded production
Atoka	10/24/06	120 MCFD, 1 BO, 2 BW: current production

**Data to support allocation method or formula**

Test as shown above for both zones

**Notification list of working, royalty and overriding royalty interests for uncommon interest cases**

No uncommon interests.

**Any additional statements, data or documents required to support commingling**

The well is completed with 5 1/2" OD casing. In order to dually complete the well to recover all economic reserves, the use of small diameter special clearance tubing would be required. Performing a dual completion as described could not be economically justified for a zone with limited deliverability. To produce the Atoka interval (upper zone) up the annulus (5 1/2" - 2 7/8") is not recommended due to liquid loading and insufficient velocity to lift produced fluids with the estimated gas rates listed above. The addition of the Atoka as a commingled zone will prevent waste and will decrease the cost of producing each zone individually. Commingling will prevent early abandonment of each production zone.

DISTRICT I  
A. French Dr., Hobbs, NM 88240  
DISTRICT II  
11 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 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	Pool Code	Pool Name Winchester MORrow
Property Code	Property Name RUGER "31" FEDERAL	Well Number 2
OGRID No. 14744	Operator Name MEWBOURNE OIL COMPANY	Elevation 3285'

Surface Location

UL or lot No. 1	Section 31	Township 19 S	Range 29 E	Lot Idn	Feet from the 1460	North/South line SOUTH	Feet from the 990	East/West line EAST	County EDDY
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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 320	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

	<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  Kristi Green Printed Name  Hobbs Regulatory Title  11/30/04 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.  NOVEMBER 17, 2004 Date Surveyed   Signature & Seal of Professional Surveyor  NEW MEXICO 7977 W.O. No. 8847 Certificate No. Gary Jones 7977 REGISTERED PROFESSIONAL LAND SURVEYOR BASIN SURVEYS

DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240

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 and Natural Resources Department

Form C-102  
Revised March 17, 1999

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OIL CONSERVATION DIVISION

2040 South Pacheco  
Santa Fe, New Mexico 87504-2088

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code 73200	Pool Name East Burton Flat Atoka
Property Code	Property Name RUGER "31" FEDERAL	Well Number 2
OGRID No. 14744	Operator Name MEWBOURNE OIL COMPANY	Elevation 3285'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	31	19 S	29 E		1460	SOUTH	990	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.						

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

	<p>Lease #NMNM13237</p>	<p>OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>Kristi Green</i> Signature</p> <p>Kristi Green Printed Name</p> <p>Hobbs Regulatory Title</p> <p>01/09/06 Date</p>
		<p>SURVEYOR CERTIFICATION</p> <p>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.</p> <p>NOVEMBER 17, 2004 Date Surveyed</p> <p><i>[Signature]</i> Signature of Registered Professional Surveyor</p> <p>NEW MEXICO 7977 W.O. No. 4547 Certificate No. 7977 Jones</p> <p>REGISTERED PROFESSIONAL LAND SURVEYOR</p>

Lease: RUGER 31 FED #2  
 Location: 31-19S-29E  
 Reservoir: M MORROW & ATOKA  
 Field: BURTON FLAT EAST  
 Cty/St: EDDY, NM  
 Operator: MEWBOURNE OIL COMPANY

Water, Bbl/day

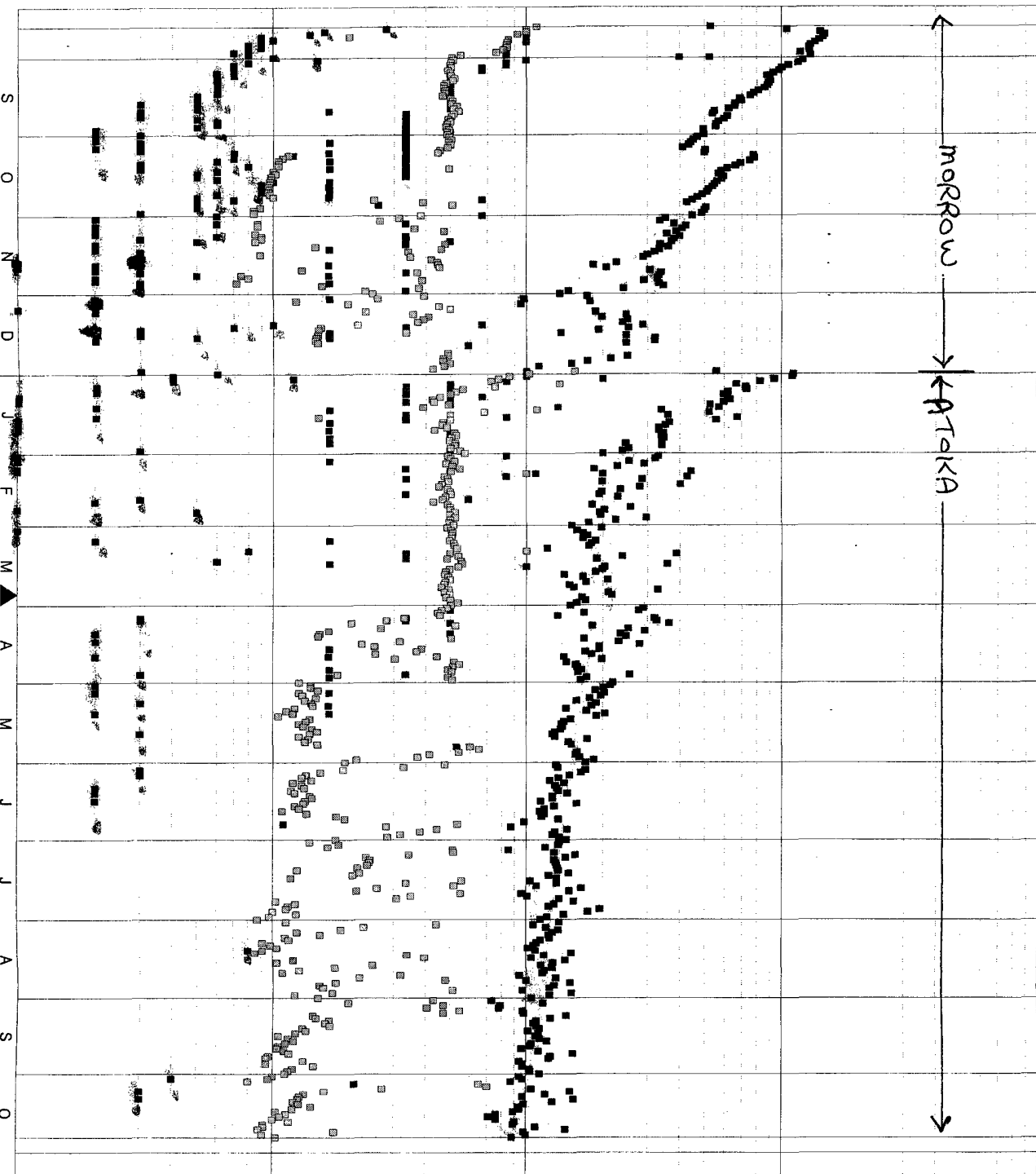
Oil, Bbl/day

Gas, Mcf/day

MORROW ← ATOKA →

2005

2006



FTP, psi

Gas, Mcf/day	■
Ref=	10/2006
Cum=	124257
Oil, Bbl/day	●
Ref=	10/2006
Cum=	638
Water, Bbl/day	▲
Ref=	10/2006
Cum=	670
FTP, psi	—
Ref=	10/2006
Cum=	141640

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
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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



**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.*

Corky Henry      Corky Henry      Petroleum Engineer      10/27/06  
 Print or Type Name      Signature      Title      Date

\_\_\_\_\_  
 e-mail Address