



June 23, 2010

RECEIVED

**Mr. Paul Kautz
New Mexico Oil Conservation Division
1625 N French Drive
Hobbs, New Mexico 88240**

JUN 25 2010

HOBBSOCD

**RE: Application for Exception for Downhole Commingling
Diamondback #2-House Field-API # 30-025-39649
Unit J, Section 14, T-20-S, R-38-E
Blinebry Oil & Gas (Oil), House; Tubb and House; Drinkard Pools
Lea County, New Mexico**

Dear Mr. Kautz,

I am proposing to use offset production allocation data to determine the allocation percentages used when downhole commingling the Blinebry, Tubb, and Drinkard Oil & Gas pools. I have enclosed the administrative application form (C-103) and attachments used to determine the new allocation method proposed for the Diamondback #2 completion. The ownership (WI, NRI, and ORRI) of these pools are identical in this well. The fluids from each of these zones are compatible as seen in other surrounding commingled wells in this area. Commingling these fluids together will not damage the wellbore nor have any impact on the value of the total remaining production. The wells in this area are operated by a production lift system which maximizes production by keeping the well pumped off. This system can easily handle cross flow without encountering any problems. Overall, commingling will improve the efficiency of our present and future recovery operations.

This allocation method was found by calculating the cumulative and average production data for each individual zone in a nine section area surrounding the Diamondback #2. By analyzing the average oil, gas and water production for the Blinebry, Tubb and Drinkard pools, I was unable to calculate the percentage production allocation for each zone. Please refer to the attached spreadsheets for my calculations.

If you need additional information or have any questions, please give me a call at (918) 491-4968.

Sincerely,

A handwritten signature in cursive script that reads "Amber Cooke". The signature is written in dark ink and is positioned to the right of the word "Sincerely,".

**Amber Cooke
Production Engineering Tech
Enclosures**

Lease Name	Well Number	10DIGITAP	Location	Cum Oil (BBL)			Cum Gas (MCF)			Cum Water (BBL)		
				Blneby	Tubb	Drnkard	Blneby	Tubb	Drnkard	Blneby	Tubb	Drnkard
ARNOLD A	1	3002507761	11F 20S 38E	454	28897	670	1854	1362973		2813	4503	
HOUSE B	1	3002507764	11P 20S 38E		9855			118752				
BLANKENSHIP	1	3002507766	12E 20S 38E			54657			16638			7010
BLANKENSHIP	2	3002507767	12L 20S 38E	3906	20	134312	9570	42	1177187	2664	114	37126
BLANKENSHIP	3	3002507768	12M 20S 38E NE SW SW	5093	8669	39616	30097	46619	2435461	4277	15152	22235
CONE A	1	3002507770	12F 20S 38E		16853	206392		66151	236861		56322	83837
CONE B	1	3002507771	12J 20S 38E			239833			591551			69199
HESTER 12	3	3002507772	12O 20S 38E			150171			853402			32702
HESTER 12	2	3002507773	12N 20S 38E			82932			540453			17896
CARTER A	1	3002507987	19M 20S 39E			10840						
CARTER B	1	3002507988	19N 20S 39E			19665			41425			63553
HESTER 12	1	3002512549	12K 20S 38E			97448			457760			16669
CROWN	1	3002520195	13B 20S 38E NW NW NE		8453	57149		40093	687081			11360
HOWSE C	1	3002522165	11H 20S 38E SE NE			26370			143078			6340
LINDA FEDERAL	1	3002524724	23K 20S 38E C NE SW	53301	85464		439625	497793		35147	28916	
LINDA FEDERAL	2	3002525758	23L 20S 38E	21514			147797			16681		
LINDA FEDERAL	3	3002525759	23E 20S 38E	3866			38006			2158		
LINDA FEDERAL	4	3002525760	23F 20S 38E	26892			174625			25551		
LLANO FEDERAL	1Y	3002525870	23M 20S 38E	73026			166670			266105		
CONE B	2	3002525921	12G 20S 38E			398			86772			1460
LINDA FEDERAL	5	3002526043	23N 20S 38E SE SW	16157	45943		25812	236083		7295	28732	
SIMS FEDERAL	1	3002527653	23O 20S 38E	52536	25547		181175	54779		34835	7192	
KYTE	1	3002530793	23J 20S 38E C NW SE	72948	2414	7837	284539	10395	8472	63381	7758	13795
HOUSE	1	3002531006	13D 20S 38E NW NW	32922	164	36210	772812	7546	515800	15436		13278
FEDERAL 24	1	3002533182	24M 20S 38E C SW SW	17325	72065		72193	535742		19538	30720	
KYTE	3	3002533427	23I 20S 38E C NE SE	32458	75034		122982	391537		13495	9277	
KYTE	4	3002533683	23H 20S 38E C SE NE	34008	18522		272950	66525		51377	42969	
PAYDAY	1	3002533706	24L 20S 38E	67671	87512		429496	660802		42311	35179	
FEDERAL 24	2	3002533779	24N 20S 38E C SE SW	25356	22845		86638	115902		21212	32855	
PAYDAY	2	3002533833	24K 20S 38E	30579			404890			37696		
NMFU FEDERAL	1	3002533836	23P 20S 38E C SE SE	23179	29580		115822	123506		31302	54855	
M & M	1	3002533837	24E 20S 38E	18368	36656		340310	667064		49185	49406	
M & M	2	3002533879	24F 20S 38E	45544			410865			28051		
M & M	3	3002533880	24D 20S 38E	40925			550509			27084		
CARTER 19	1	3002533904	19M 20S 39E SW SW SW	22088			84921			80300		
KYTE	5	3002533927	23G 20S 38E C SW NE	21004	5090		220365	46807		37331	26435	
M & M	4	3002534018	24C 20S 38E	40796			438046			33064		
SHARPS	1	3002534060	13M 20S 38E	38209			199070			40301		
SHARPS	2	3002534061	13N 20S 38E	32153			135685			29689		
FEDERAL 24	4	3002534104	24P 20S 38E S2 SE SE	12987	269		55092	589		26048	7757	
KYTE	7	3002534107	23A 20S 38E SE NE NE	29569			737583			38858		
TERRY	1	3002534157	24G 20S 38E SW NE	14009	24391		149880	16442		32483	25640	
JOE CAMEL	1	3002534160	13K 20S 38E	37204	93	167	64647	332	400	65928		
BULL DURHAM	1	3002534187	14P 20S 38E S2 SE SE	46470	6502		1063845			41228	6159	
FEDERAL 24	5	3002534199	24J 20S 38E C NW SE	14699	21869		73488	287537		10942	38864	
FEDERAL 24	6	3002534200	24I 20S 38E S2 NE SE	6803	2913	8385	25281	10561	30342	21183	7074	21795
JOE CAMEL	2	3002534211	13F 20S 38E SW SE NW	18402	1460		61992	3204		38473	477	
CAPPS FEDERAL	1	3002534267	24B 20S 38E C NW NE	33126			209185			30382		
DIAMONDBACK	1	3002534274	14J 20S 38E NW SE	29537			195342			32013		
PEARL	1	3002534275	13J 20S 38E NW SE	11214			34904			27152		
LUCKY STRIKE	1	3002534285	14I 20S 38E NE SE	77853			1051713			68515		
CAPPS FEDERAL	2	3002534289	13O 20S 38E SW SE	33763	6851		143067	41928		28897	9408	
KYTE	8	3002534296	23B 20S 38E NW NE	20929	1633		347554	8899		36780	5702	
BULL DURHAM	2	3002534363	14O 20S 38E SW SE	35880	119		319494	885	481	55172		
MCCASLAND 18 FEE	1	3002534391	18K 20S 39E NE SW	17338	2072	3027	430789	137308	13825	74900	6470	1490
CHESTERFIELD	1	3002534420	14H 20S 38E SE NE	26379	107	310	736857	49285	5786	36636		
KYTE	9	3002534457	23C 20S 38E C NE NW	12496			49067			35150		
CARTER 19	2	3002534469	19L 20S 39E NW SW	34581			134739			104865		
BUGLER	1	3002534506	13L 20S 38E NW NW SW	73063	539		429937	79590		40981	488	
MCCASLAND 18 FEE	2	3002534523	18F 20S 39E SW SE NW	27267	8719	4891	16969	126548	21209	21204	7396	4242
MOONEY	1	3002534569	13I 20S 38E NE SE			21639			31362			94985
PAIGE	1	3002534570	13P 20S 38E SE SE	7282		18729	14757		28807	16483		26466
VICEROY	1	3002534625	13E 20S 38E SW NW	30415			512155					
PALL MALL	1	3002534634	14A 20S 38E NE NE	331	133	30192	310	5394	339096	52	165	73926
KOOL	1	3002534642	14B 20S 38E NW NE	36249	494	2960	330977	2088	3344	34773		
PICAYUNE	1	3002534734	11J 20S 38E C NW SE		13624	25383	825	66539	376047			17895
ROITAN	1	3002534735	14G 20S 38E SW NE	23698	4815		571182	108505		53256		
MARLBORO	1	3002534968	14C 20S 38E S2 NE NW	968			9591					
GINGER MC	1	3002535203	24A 20S 38E SW NE NE	3034			19095			6883		
MERIT	1	3002535240	11O 20S 38E E2 SW SE		9304			581439			7350	
BEECHNUT	1	3002535241	14E 20S 38E SE SW NW	540			2239					
JONES ROBINSON	1	3002535246	19O 20S 39E C SW SE			370			1030			7624
MERIT II	1	3002535448	11G 20S 38E C SW NE	2502	16444	21816	11231	26589	151181		11887	19464
DUKES	1	3002535614	11K 20S 38E E2 NE SW		7818	30981		38544	130109		8390	26341
BOURDON 18	1	3002536233	18O 20S 39E C SW SE		13561	12254		70858	82566		15704	13376
DUNCAN 19	1	3002536235	19A 20S 39E		814	814		13021				
BOURDON 18	2	3002536385	18P 20S 39E C SE SE			30324			89105			7990
DIXIE QUEEN	1	3002536421	11P 20S 38E S2 SE SE		7221			500644				0
BIG KICK	1	3002536745	13C 20S 38E W2 NE NW	14915	861	9326	220996	12958	63667	2410		2526
BOURDON 18	4	3002536793	18J 20S 39E C NW SE	570	2059		7760	20333			4879	
HESTER 12	6	3002536795	12N 20S 38E SW SE SW	25369	7728	9830	312775	177221	53932	24880	5838	4417
HESTER 12	4	3002536800	12O 20S 38E SW SW SE	15093	4520	4017	255628	108238	98166	37277		2318
BOURDON 18	5	3002537015	18H 20S 39E C SE NE		2709	1544		10293	6320	9754	574	
JOE CAMEL	3	3002538033	13F 20S 38E NW SE NW		3685	1651	1016	179380	150098	36607	5844	1587
HESTER 12	8	3002538076	12K 20S 38E SW NE SW	12023	3511	3365	117774	79893	50666	9111	10279	3973

Lease Name	Well Number	10DIGITAPI	Location	Cum Oil (BBL)			Cum Gas (MCF)			Cum Water (BBL)		
				Blinebry	Tubb	Drnkard	Blinebry	Tubb	Drnkard	Blinebry	Tubb	Drnkard
M & M	5	3002538112	24C 20S 38E NE NE NW	2718	3639		20768	21712		5164	9077	
HESTER 12	5	3002538211	12P 20S 38E NW SE SE	17831	5179	9985	169076	73325	70494	37049	4884	
HESTER 12	7	3002538369	12N 20S 38E NE SE SW	5676	6538	2696	49998	47207	27622	14939	7710	9281
MELOT	1	3002538370	11C 20S 38E SW NE NW	4166	5356	2377	38978	30316	17327	20539	19955	18195
BULL DURHAM	3	3002538379	14P 20S 38E NE SE SE	5359	6591		63167	46303		613		
M & M	6	3002538380	24E 20S 38E SW SW NW	3693	4012		35736	90970		10511	7909	
PAYDAY	3	3002538381	24L 20S 38E SW NW SW	5493	3864		45839	25830		13666	2010	
BLANKENSHIP	4	3002538397	12L 20S 38E NE NW SW	2504	2692	5673	11431	19204	20098	9309	3850	2888
BLANKENSHIP	5	3002538399	12M 20S 38E SW SW SW	10952	4028	4995	39032	73423	220817	17925	3984	2989
BLANKENSHIP	6	3002538400	12L 20S 38E SW NW SW	6154	4696	1052	26840	1470	52942	6842	502	9340
KOOL	2	3002538439	14B 20S 38E SW NW NE	6932	1106	620	14004	24351				
RHINO	2	3002538484	11N 20S 38E SE NE SW	7997	2175	4348	22026	14794				
MAGNOLIA	1	3002538660	11E 20S 38E NE SW NW	4783	4459	3254	67510	13023	13584	15616	2293	28752
DIXIE QUEEN	2	3002538661	11P 20S 38E NE SE SE	9287	2505	3676	44417	19972	35812			
HESTER 12	10	3002538662	12O 20S 38E NE SW SE	3598	264	2087	25714	5696	15197	22769	2577	6700
HESTER 12	11	3002538663	12P 20S 38E SW SE SE	1266	1114	2080	69050	68388	6528	5447	7112	3980
BIG KICK	2	3002538664	13C 20S 38E SE NE NW	7111	1177	2894	20476		52417	32283	13445	4480
HOUSE	2	3002538665	13D 20S 38E SE NW NW	4095	1803		28688	2242				
M & M	7	3002538666	24E 20S 38E NE SW NW	1021	988		5076	4626		4057	2689	
PAYDAY	4	3002538667	24L 20S 38E NE NW SW	3768	7700		7132	39202		6870	6891	
LUCKY STRIKE	2	3002538688	14I 20S 38E SW NE SE	3347	926		19352	4411				
BUGLER	2	3002538689	13L 20S 38E SW NW SW	5235	1106		46094	14519		11427	3168	
MELOT	2	3002538700	11C 20S 38E NW NE NW	12871	3995	1570	32994	5493	16015	13600	16051	12036
HESTER 12	9	3002538791	12K 20S 38E NE NE SW	1587	1011	3587	37531	4813	4167	17409	4720	9638
MAGNOLIA	2	3002539090	11D 20S 38E NE NW NW	1173	374	3146	48512	26458	72032	11677	2502	2502
MCCASLAND	1	3002539091	7L 20S 39E SW NW SW	1360	1732		10334	26572		9667	9290	
DIXIE QUEEN	3	3002539451	11I 20S 38E	531	137	1046	1272	541	1368			
CROWN	2	3002539457	13B 20S 38E	264	119	216	406	207	250			
MELOT	3	3002539458	11B 20S 38E	649	168	1277	2231	948	2398	6421	1180	5504
BLANKENSHIP	7	3002539488	12E 20S 38E				356	151	382	1968	410	1722
MAGNOLIA	3	3002539489	11E 20S 38E	483	125	953	5105	2170	5488	3852	707	3302
ARNOLD A	2	3002539490	11F 20S 38E	215	54	406	1518	645	1632	1705	348	1426
PALL MALL	2	3002539530	14A 20S 38E	200	91	164	3031	1582	1977	1368	426	448
TOTALS				1,787,549	832,946	1,462,398	16,079,411	8,491,465	10,051,236	2,389,485	746,163	849,389
AVERAGES				18,620	10,158	24,786	164,076	104,833	176,337	28,112	12,035	17,334

Proposed Allocations	Oil	Gas	Water
Blinebry	35%	37%	49%
Tubb	19%	23%	21%
Drnkard	46%	40%	30%
TOTAL	100%	100%	100%